Joint submission by

The Licensed Clubs Association of SA &
The Australian Hotels Association (SA)

to the Inquiry into the

SOCIAL AND ECONOMIC IMPACT OF GAMING MACHINES IN SOUTH AUSTRALIA

AHA
SA

AUSTRALIAN
HOTELS
ASSOCIATION
(SA)

LICENSED CLUBS ASSOCIATION OF SA
AUSTRALIAN HOTELS ASSOCIATION (SA BRANCH)

27 September, 1995

Mr. Doug Kitchin
Manager, Lottery & Gaming
Department of Treasury & Finance
GPO Box 771
ADELAIDE SA 5001

Dear Sir,

The two Associations have pleasure in submitting this joint submission to the Inquiry into gaming machines in South Australia.

The Associations are prepared and willing to make representation to the Committee to support this submission.

Please contact Ian Horne on 232 4525 for any additional assistance.

Your sincerely,

Max Beck

MAX BECK
President LCA

Peter Hurley

PETER HURLEY
President AHA

EXECUTIVE SUMMARY

1. OVERVIEW

The Licensed Clubs Association of SA and the Australian Hotels Association (SA) Branch are responding to the Inquiry into the social and economic impact of gaming machines in clubs and hotels in the form of this joint submission.

The Associations welcome the opportunity to address the many issues raised in the public arena and to put those issues in context of the positive economic and social outcomes enjoyed as a result of the introduction of gaming machines.

The Associations acknowledge that a small percentage of the population will be adversely affected and are putting in place a range of strategies in consultation with appropriate agencies to address these issues.

2. ECONOMIC OUTCOMES

2.1 The Associations engaged Mr. Barry Burgan of Economic Research Consultants Pty Ltd to provide a position paper on the performance of South Australia over the preceding twelve months in comparison with previous years and the National trend.

2.2 The Associations engaged Mr. Richard Lovell of R.S.J. Lovell, Chartered Accountants to provide an overview of the cost structures of the Industry. Mr. Lovell is considered one of the State's most experienced Accountants to the Hotel & Hospitality Industry.

2.3 The Associations have undertaken major surveys of our Industry as part of the process of accessing data relating to the cost structure, employment growth and investment. These have been assessed by Mr. Lovell as part of developing a reasonable cost structure overview.

2.4 The Associations have conducted a detailed analysis of other gambling codes, drawn on interstate comparisons, and developed models to predict likely outcomes based on information accessed from the Liquor Licensing Commission.

3. MARKET RESEARCH

The Associations have engaged McGregor Marketing Pty Ltd to undertake a major survey of the general public in clubs and hotels so as to provide an overview of patron profiles, playing preferences and consumer attitudes.

4. PROBLEM GAMBLING

4.1 The Associations have drawn heavily on the expertise of the Australian Institute of Gambling Research (A.I.G.R.) and its Executive Director, Professor Mark Dickerson.

4.2 GAMBLERS REHABILITATION FUND (G.R.F.)

The Associations who are represented on the G.R.F. Committee have analysed the allocations to date and drawn comparisons with interstate contributions to demonstrate the significant achievements accomplished in SA by interstate standards.

4.3 The Associations have also received ongoing support from A.I.G.R. to develop our 'SMARTPLAY' information brochure, our Employees Handbook and our policy and procedures strategy to compliment the Industry's 'Code of Practice'.

5. COMMUNITY FUNDRAISERS

The Associations have been fortunate to be able to have liased with the Australian Fundraisers Institute (SA), Variety Club and individual charities.

The Associations are continuing to work with these individual organisations to maximise a range of community projects.

6. MEDIA

The Associations have analysed the commentary of the print media in particular and made relevant comments.

7. POST CODE DISTRIBUTION

The Associations have allocated gaming machines in SA by postcode to assist the Inquiry in its deliberations.

8. RECOMMENDATIONS & CONCLUSION

The Associations have summarised the submission into key points to emphasise the various social and economic outcomes for SA.

9. SUMMARY

The Associations believe that;

9.1 The establishment of the gaming machine industry including the central monitoring provider, the Independent Gaming Corporation Ltd, at **NO COST** to the SA Government or tax payer, is an **OUTSTANDING** achievement and should provide a model for other business sectors to follow in achieving genuine positive economic and social change for their industry at **NO COST TO THE GOVERNMENT**.

9.2 The Associations would maintain that the economic impact on other business sector and small retailers in particular, is grossly exaggerated and cannot be substantiated.

9.3 The Associations believe that there has been a significant overall economic gain for the South Australian economy which is a reflection of what has happened in other Australian jurisdictions.

9.4 The Associations believe that our customers and South Australians generally are enjoying the new leisure opportunity provided by gaming machines. They are enjoying the new and improved facilities and are enjoying the new levels of improved service.

9.5 The Associations believe that the Industry has made enormous progress in establishing higher standards of facilities and service in just 12 months and believe that these services and facilities will continue to improve as competition for the leisure dollar increases.

9.6 The Associations maintain that unlike other jurisdictions, the **Industry** not the Government, has made significant and generous allocations for the rehabilitation and prevention of problem gamblers. In fact, the Associations would maintain that the SA Industry is leading Australia in terms of funding and implementation of educational programs.

9.7 The Associations assert that the Club & Hotel Industry sector have, are and will continue to be major contributors to the social development of South Australia through the provision of donations, support and facilities for community based organisations.

9.8 The Associations believe that the proposal previously presented to the Treasurer provides an appropriate resolution for allocation of additional support for fundraising organisations who can prove a direct impact as a result of the introduction of gaming machines.

9.9 The Associations believe there is significant opposition to establishing a 'community chest' concept and believe that the Industry MUST BE an integral part of addressing any proposed solution.

9.10 The Associations are opposed to utilising our sector to subsidise broader unrelated welfare and community needs.

9.11 **The Associations believe that an increase in the current level of turnover tax is inappropriate at this early stage of development of our Industry.**

The Associations strongly believe that the level of goodwill that exists between this Industry and the Government provides an opportunity to continue to develop satisfactory solutions to meet our expected community responsibility.

CONTENTS

Section 1

SA GAMING MODEL

Gaming Machines commenced in SA Hotels and Licensed Clubs on Monday, 25 July, 1994. The first 48.75 weeks to 30/6/95 has seen significant positive impacts on the trading circumstances of the 307 venues involved.

The legislation in South Australia is unique. There are no comparisons with interstate jurisdictions. The following will assist in providing an overview and understanding of the significant economic benefits to the SA Government of the SA Gaming Model.

MONITORING & MANAGEMENT (SA)

South Australia has in place a monitoring and management process that oversees the various functions of the Industry and provides services to the Industry.

Independent Gaming Corporation (I.G.C.)

It is a requirement that all gaming machines in SA (except Casino & Woomera based machines) be connected to an approved monitoring system. The monitoring system is required to retrieve statistical information including taxation liability from every machine on a 24 hour basis.

The I.G.C. is licensed to provide a monitoring service as required by the Act. The I.G.C. is a non-profit company limited by guarantee whose shareholders are the Licensed Club Association of SA and the Hotels Association of SA.

The I.G.C.'s mandate is to provide a monitoring service of high integrity at the lowest possible cost.

The I.G.C. was licensed in November 1993 and its systems approved in December 1993 after establishing its corporate credentials, and technical expertise. The I.G.C. is independent of government but accountable to government through the L.L.C. As a result of I.G.C.'s licence and conditions as detailed in the Gaming Machines Act, it is also responsible to the Auditor General of SA.

The I.G.C. is managed by full-time employees and overseen by a board of directors who represent the Club & Hotel Industry Associations and include 3 independent directors. Directors of the Board are nominated by the shareholders, and approved by the L.L.C.

The initial I.G.C. line fee was established at $120 per month per machine from 25 July, 1994. This rate was subsequently reduced to $100 in early 1995 and was set at $65 from 1 July, 1995.

Therefore, the initial per annum fee per machine was $1,440 or $14,400 per 10 machines or $57,600 per 40 machine venue.

The current rate of $65 per month per machine means that the annual fee per machine is $780 or $7,800 per 10 machines or $31,200 per 40 machines.

The IGC was established, developed and is maintained at no <u>cost to the Government</u>.

The cost of the establishment and on-going maintenance of IGC is met entirely by Clubs and Hotels who provide gaming machines through the application of the line fee.

INTERSTATE EXPERIENCE

<u>Victoria</u>

Central monitoring systems are provided by 2 <u>private</u> sector operators. They are Tattersalls and TABCORP.

The TABCORP system has been replaced by a more appropriate management system.

"A significant write-off of assets ($55m) occurred in 1992/93, reflecting the recognition by the TAB Board of the inappropriateness of its choice of gaming machine technologies"*

**Review of Electronic Gaming Machines in Victoria.*
Vol 1. April 1994

It should be noted that no other single jurisdiction in the world provides more than one central monitoring system.

We would assert that the Victorian experience reinforces the wisdom of the South Australian model which provides private sector efficiencies with appropriate government controls at no cost to the SA Government.

The duopoly arrangement utilised in Victoria represents an unnecessary duplication in costs and therefore an additional burden on venues and government.

This scenario has been avoided in South Australia.

<u>Queensland</u>

Provides a central monitoring system that is owned, managed and maintained by the Department of Treasury of the Queensland Government. Cost of providing this facility and the Government owned gaming machines are recouped through monthly rental charges to clubs & hotels.

We would assert that this Government ownership aspect has lead to inferior quality products (namely machines) compared to the SA experience, e.g. governments making marketing and purchasing decisions on behalf of the retail provider.

The Queensland Government takes total financial responsibility for the provision of gaming machines in that State. It therefore seems reasonable to assume that with that responsibility goes a significant level of risk.

SA COST STRUCTURE

The SA model does not expose the SA government to any financial or management responsibility, including the cost of regulation, which is recouped from industry via a .2% of turnover loading on the tax rate and therefore does not expose the SA Government to any risk.

L.L.C. CHARGES & FEES

In fact, the .2% administration component *(See Section 2, Page 4)* although designed to cover the administration costs of the Liquor Licensing Commission and the SA Police, is an additional recoupment to the commission's fees charged to venues for **<u>all</u>** applications. *(See attached (1a)*

The additional fees range from;

- Approval of a gaming machine employee = $54
  up to;
- Application for a gaming machine licence = $306.10

Therefore, administration costs are recouped by the application of;

1. .2% of Turnover
2. Gaming Fees as per attached schedule

STATE SUPPLY BOARD CHARGES & FEES

In addition, the State Supply Board who are responsible for **processing** the sale of machines (both new and 2nd hand) and processing game conversions, charge the venue the following;

Commission on new machines	1% of value
Commission on game conversions	1% of value
2nd hand machine sales	$100 per sale

APPROVAL OF MACHINES

All gaming machines available for sale in SA must be approved by a 'G-Test'. G-Test is a joint venture between Techsearch and Gaming Laboratories International. The **total** cost of the approval process including additional fees to the L.L.C. are met by the manufacturers of the machines.

Therefore, the entire risk and costs for all aspects of the industry are carried by the operators of gaming machines and the Associations through the underwriting of I.G.C..

The South Australian experience is therefore one of establishing an efficient and cost effective monitoring system utilising 'dial-up' **technology that has performed flawlessly from day one.** No events have transpired that could in anyway question the integrity of the system or professional management of the Independent Gaming Corporation's facility. **This in itself is unique when compared to both the Victorian & Queensland experience.**

TAKE UP OF MACHINES

The SA model allows every Licensed Club, Licensed Hotel & General Facility Licence that previously held a Club or Hotel licence to be eligible for the provision of machines. Furthermore, each of those venues can choose to participate, and has the sole discretion for machine selection.

The legislation allowing the introduction of gaming machines passed the House of Assembly on 31/3/92 and subsequently passed the Legislative Council on 8/5/92 with amendments. These amendments were passed in the House of Assembly on 8/5/92.

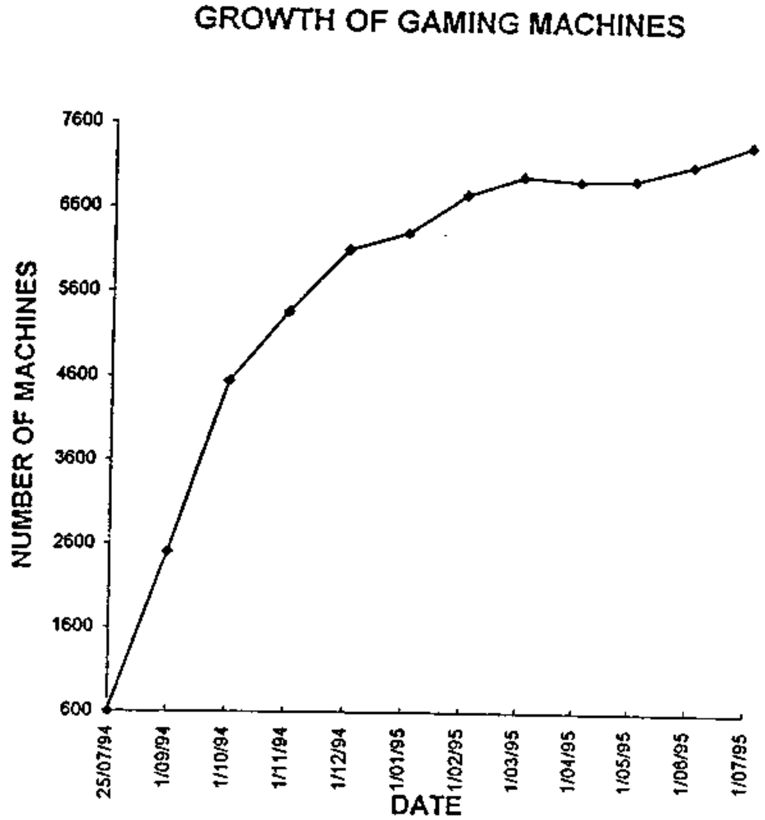
The Act was returned to Parliament for minor amendments in August 1992 and the Act assented to in October 1992.

Regulations became available from 5/4/93.

Gaming commenced on 25 July 1994, some two years and two months after the original Bill passed Parliament.

To September 10, 1995 7738 machines have been installed in venues.

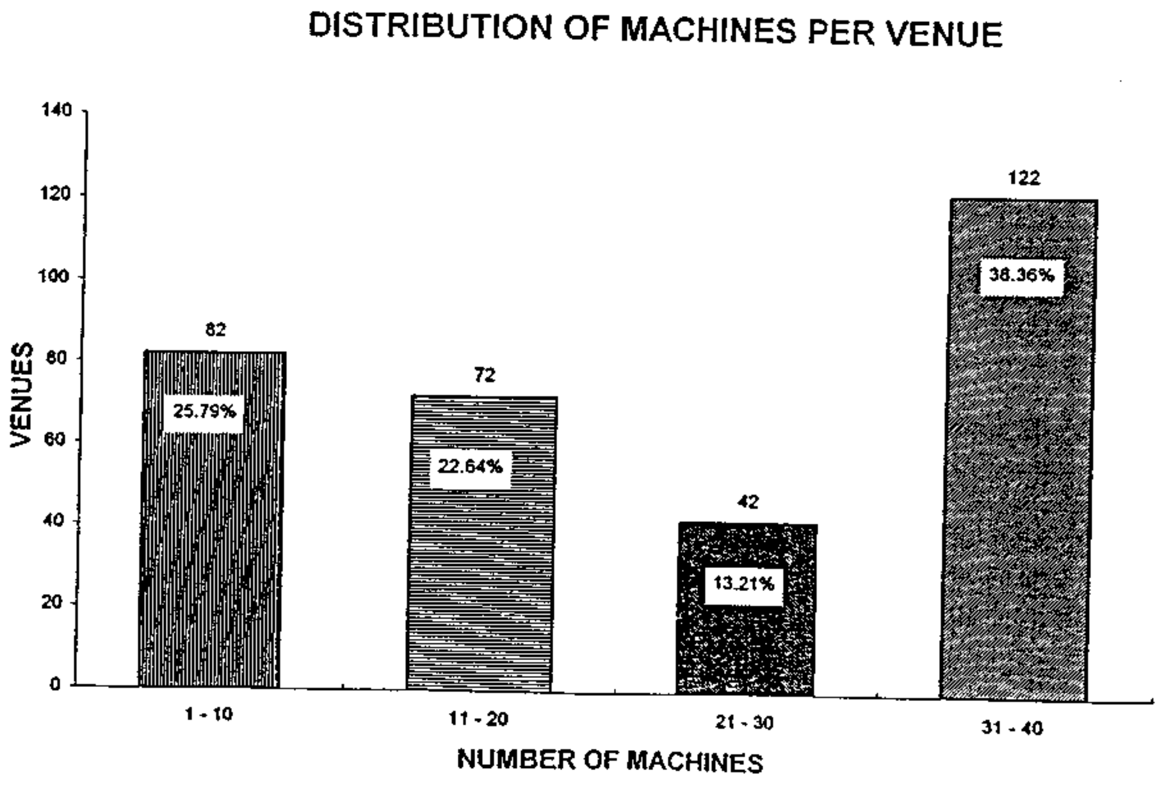
The following chart demonstrates the growth in machines and venues.



The average number of machines per venue at 30/6/95 was 24.

The actual distribution of those machines per venue is demonstrated in the following chart.

Distribution of Machines



Features of Distribution

* 61.64% of venues have 30 machines or less
* Over 25% of venues have 10 machines or less
* 38.36% or 122 of 318 venues have between 31 & 40 machines

The average machine take up per venue is 24. Over 3/5th of the venues have chosen to have less than 30 machines.

The Associations would maintain that the 40 machine limit has ensured that **a balance has been maintained in the Industry**. That is, that the limit of 40 machines has enabled significantly more venues to participate with considerably less than the maximum number of machines without facing unrealistic competition. Therefore, the 40 machine limit has served to ensure that the gaming opportunity has been spread widely amongst a range of small and medium businesses.

By comparison, Victoria has a maximum of 105 machines and the average number of machines per venue is 43.3*. Victoria also lacks the freedom of choice of machines and participation. These commercial decisions are made by TABCORP & Tattersalls who decide which venue participates and this has created significant inequities for the broader Industry.

**(Source: Review of Electronic Gaming Machines in Victoria, Vol. 1, April 1994, Page 57, Table 8).*

In NSW, the average machine per club venue is 40.6*

(Source: NSW Gaming Analysis, Department of Racing & Gaming, Page 18)

It is interesting to note however that 78% of NSW clubs have less than 50 machines & 60.5% have less than 25 machines.

CONCLUSION

1. **The South Australian model has ensured a fairer distribution of machines across the club and hotel sector and avoided, as a result of the limit of 40 machines, a 'handful' of venues becoming 'mini casinos' to the detriment of the remainder.The Associations strongly support the continuation of the 40 machine maximum limit.**

2. **The total cost of establishing, maintaining and developing the Gaming Industry in clubs and hotels is met by the operator. The SA model does not exposure the SA Government to any financial risk or management cost.**

Office of the Liquor Licensing Commissioner

Liquor Licensing Act 1985 and Gaming Machines Act 1992

FEES and CHARGES

from 1 July 1995

GPO Box 2169
Adelaide 5001

Phone: 08 226 8410
Fax: 08 226 8512

W A Pryor
Liquor Licensing Commissioner

OFFICE OF THE LIQUOR LICENSING COMMISSIONER

FEE STRUCTURE FROM 1 JULY 1995

LIQUOR LICENSING FEES

APPLICATION	FORM NUMBER	REGULATION	CURRENT FEE
New Licence Category A or B (excluding Restricted Club Licence) + Government Gazette Fee	1 - (Category A) or 2 - (Category B)	Second Schedule	$270.00 $36.10 $306.10
Restricted Club Licence + Government Gazette Fee	3	Second Schedule	$54.00 $36.10 $90.10
Conversion of Temporary Licence into Ordinary Licence		Second Schedule	$270.00
Transfer of Licence + Government Gazette Fee	13	Second Schedule	$270.00 $36.10 $306.10
Removal of Licence (excluding Restricted Club Licence) + Government Gazette Fee	12	Second Schedule	$270.00 $36.10 $306.10
Removal of Restricted Club Licence + Government Gazette Fee	12	Second Schedule	$54.00 $36.10 $90.10
Late Night Permit + Government Gazette Fee	11	Second Schedule	$270.00 $36.10 $306.10

Section 2

GAMING ANALYSIS

GAMING MACHINES ACTUAL - END OF FINANCIAL YEAR 30/6/95	
Turnover	$1.49B
Cash In	$468.0m
Cash Out	$281.0m
Gross Revenue (actual expenditure)	$187.0m
Government tax	$62.5
After tax hold (before expenditure)	$124.5m
Average return to player	87.4%

**(Source: Liquor Licensing Commission 30/6/95 - figures rounded off)*

TAX IMPLICATIONS

Explanation

Turnover: $1.49B

Turnover is the measurement of games played and the original investment 'turning over' 7.96 times, i.e. actual expenditure ($187m) multiplied by 7.96 equals $1.49B.

Turnover is a measurement for tax. That is, $1.49B multiplied by 4.2% = $62.5m. The actual tax rate on **gross revenue** ($187m) is 33.42% i.e. $62.5m represents 33.42% of $187m.

Return to Player (R.T.P.)

The Gaming Machines Act requires a minimum of 85% total credits bet be returned to players. To the year end 30/6/95 the Statewide R.T.P. was approx 87.4%.

* It is anticipated that average Statewide R.T.P. will increase during 1995/96.

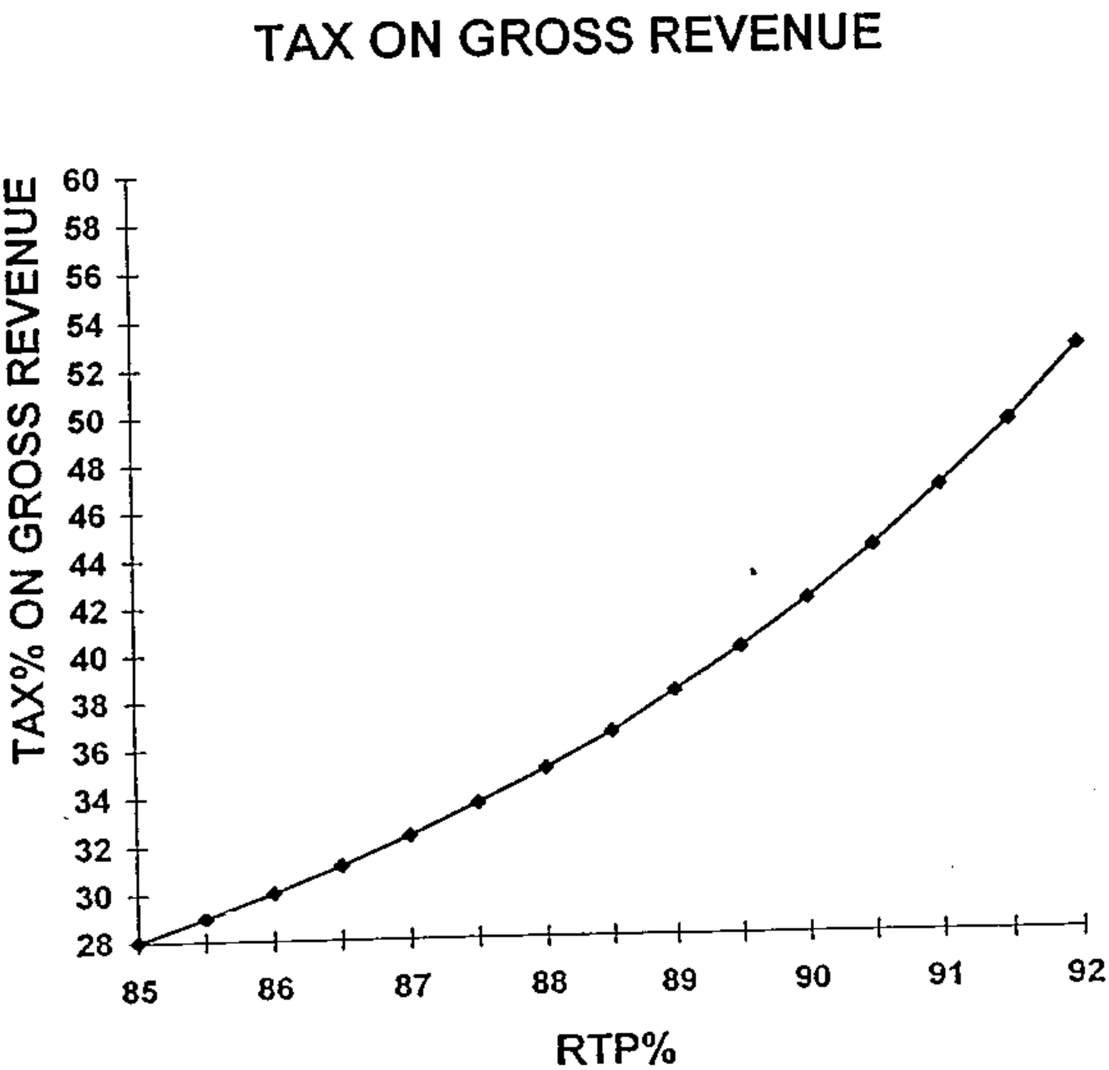
N.B. (*See Attachment 2a)* for examples of higher R.T.P. approvals.

As the R.T.P. increases so does the 'tax on nett' and the venue hold as a percent reduces.

R.T.P. Impact on Tax

R.T.P.	TAX ON GROSS EQUIVALENT OF 4.2% T/O
85%	28%
85.5	28.96
86	30
86.5	31.1
87	32.3
87.5	33.6
88	35
88.5	36.5
89	38.2
89.5	40
90	42
90.5	44.2
91	46.7
91.5	49.4
92	52.5

The following graph demonstrates the impact on the tax as a % of 'hold' as a result of increasing R.T.P's.



Turnover Tax vs Tax on Actual Gaming Expenditure

By adopting a Tax on turnover, the legislation inhibits the opportunity for higher Return to Player machines that could be enjoyed by SA players and are enjoyed by interstate customers.

That is, Turnover as a basis for tax is not an accurate indicator of gross revenue or actual gaming expenditure.

The operator is therefore faced with the dilemma of providing machines that maximise customer participation and enjoyment (e.g higher R.T.P. machines) but incur increasing tax liability or minimise tax by providing less appealing machines, therefore lessening participation and therefore producing less revenue and less tax.

The difference is demonstrated by interstate experience.

Victoria

The Statewide average Return to Player in Victoria for 1993/94, where a tax on actual expenditure is utilised, was 90.6%*

The Victorian Gaming Review also rightly identified on Page 27 that a "*turnover tax can result in the imposition of substantial tax on electronic gaming machines that may have lost money through large payouts*".

(Source: Review of Electronic Gaming Machines in Victoria. Vol 1. Page 79)

NSW

The Statewide average return to player in NSW Clubs for 1993/94, where a tax on actual expenditure is also utilised, was 89.9%.

(Source: NSW Gaming Analysis - 1995: Dept of Gaming and Racing - Page 17)

SA

The Statewide average Return to Player for SA to 30/6/95 was approx. 87.4% - 3.2%, less R.T.P. than Victoria & 2.5% less R.T.P. than NSW.

Both Associations believe that consideration of converting the turnover tax to a tax on gross revenue/actual gaming expenditure is therefore fairer and more beneficial to;

1. **The Player**
2. **The Government**
3. **The Venue**

The Tax Make-up

The current tax structure on gaming machines in SA is 4.2% of Turnover. This equates to 33.4% of Actual Gaming Expenditure for 1994/95.

The Industry's understanding of the tax arrangement is as follows:

4% to general revenue
.2% to cover administration of the Act (e.g. SA Police & L.L.C.)

Administration Component .2%

The .2% was agreed by the Industry as a solution to ensuring gaming machines were introduced at no cost to Government and therefore avoiding the requirement for large 'up front' application fees by venues. Such fees would have been a deterrent to venue involvement.

The .2% component of actual tax to 30/6/95 is $2.98 million.

The 'estimate outcome 1994-5' on Page 4.4 of the State Budget papers (*See Attachment 2b)* puts gaming machine tax at $53.2m (we understand this represents actual trading results to the end of May 95.)

Of this budget figure, the .2% component would equate to $2.53m.

However, based on industry predictions for 1995/96 *(Section 3)* the .2% should generate in excess of $5m.

HOW MUCH IS ACTUALLY SPENT

Gross Revenue (Actual Gaming Expenditure)

The actual expenditure by players to 30.6.95 was $187m.

Therefore, Actual Gaming Expenditure per Adult South Australian in 1994/95 was:

TOTAL ACTUAL EXPENDITURE	ADULT POPULATION +18 (ABS)	ACTUAL GAMING EXPENDITURE PER ADULT		
		Year	Week	Day
*$187m	1,109,800	$168.50	$3.24	46c

**(Source: Liquor Licensing Commission 30/6/95)*

***Conclusion: South Australians DID NOT spend $1.49B on gaming machines in 1994/95. Turnover is not actual gaming expenditure. Per Adult South Australian spent 46c per day.**

**(Advertiser 19/8/95, See Attachment 2c)*

A comparison for Victoria for 1993/94 is as follows:

Victoria

TOTAL ACTUAL GAMING MACHINE EXPENDITURE	ADULT POPULATION +18 (ABS)	ACTUAL GAMING MACHINE EXPENDITURE PER ADULT		
		Year	Week	Day
*$704.9m	3,350,000	$210.42	$4.05	58c

**(Source: Aust & NZ Gambling Report 1995. I.G.W.B.)*

A comparison for NSW for 1993/94 is as follows:

NSW

TOTAL ACTUAL GAMING MACHINE EXPENDITURE	ADULT POPULATION +18 (ABS)	ACTUAL GAMING EXPENDITURE PER ADULT		
		Year	Week	Day
*$1,950,236,124	4,512,100	$432.22	$8.31	$1.19

**(Source: NSW Gaming Analysis: Dept of Gaming and Racing 1995)*

SA COMPARISON WITH OTHER CODES

How does actual gaming machine expenditure compare with other gambling codes?

At the time of writing, the 1994/95 annual reports of Lotteries Commission and TAB were not available.

For the purposes of this paper we have therefore analysed the available 1993/94 figures.

Lotteries Commission 93/94

ACTUAL GAMBLING EXPENDITURE	ADULT POPULATION +18 (ABS)	ACTUAL EXPENDITURE PER ADULT		
		Year	Week	Day
*$91,264,000	1,109,800	$82.23	$1.58	23c

**(Source: Lotteries Commission Annual Report 1993/94)*
N.B. See Gambling Analysis (2) attached for 1994/95

TAB 93/94

Actual gambling Expenditure	Adult Population +18 (ABS)	Actual expenditure per adult		
		Year	Week	Day
*$82,475,000	1,109,800	$74.32	$1.43	20c

**(Source: TAB Annual Report 1993/94)*

On-Course Tote/Bookmakers 1993/94

Actual gambling Expenditure	Adult Population +18 (ABS)	Actual expenditure per adult		
		Year	Week	Day
*$31,311,000	1,109,800	$28.21	54c	8c

**(Source: Aust & NZ Gambling Report 1995 - I.G.W.B.)*

Adelaide Casino

Actual gambling Expenditure	Adult Population +18 (ABS)	Actual expenditure per adult		
		Year	Week	Day
*$116,204,000	1,109,800	$104.70	$2.01	29c

**(Source: Australian & New Zealand Gaming Report 1995: IGWB)*

SUMMARY OF ACTUAL EXPENDITURE (SOUTH AUSTRALIA)

Total actual gambling expenditure for 93/94 for major codes as detailed above was:

Total actual expenditure:	:	$321,254,000
Per year per adult	:	$353.26
Per week per adult	:	$6.79
Per day per adult	:	97c

Actual gaming expenditure for gaming machines in 1994/95 was $187,000,000 or 46c per day per adult.

IMPACT OF GAMING MACHINES ON OTHER CODES

State Budget papers state on Page 4.4 that:

"the impact of the introduction of gaming machines on the operation of the Lotteries Commission and TAB has been lower than expected resulting in improvements above budget..."

"Revenue from the Casino, in contrast, has fallen below budget in respect to both table games and gaming machines."

THE ADELAIDE CASINO

The Adelaide Casino has had zero growth in gambling turnover for the two financial years preceding the introduction of poker machines into clubs and hotels.

ADELAIDE CASINO PERFORMANCE			
	Gambling T/O	Gross Profit	Tax
1989-90	$577.2m	$82.7m	$16.2m
1990-91	$432.7m	$86.6m	$17.3m
1991-92	$466.5m	$88.5m	$17.8m
1992-93	$457.6m	$100.4m	$20.1m
1993-94	$457.4m	$116.2m	$23.9m

**(Source: Advertiser 25/3/95 (See Attachment 2d)*

In fact the SA Casino was the only Australian facility not to enjoy growth.

WA	+33.4%
Queensland	+18.3%
Tasmania	+13.0%
NT	+12.7%

**(Source: Australian Gaming Statistics Report - Advertiser 25/3/95)*

The Treasurer, the Hon. Stephen Baker was reported in the Advertiser (25/3/95, *See Attachment 2d*) as suggesting that:

"The Casino has lost its novelty factor to many South Australians and the key to its success was 'outside' patrons."

"The trade (of high rollers) has just about disappeared and we need to get back into it."

The Casino's CEO, Mr. Terry Shanahan was reported in the Advertiser (*4/7/95, See Attachment 2e*) in announcing a $15m upgrade that;

"We are determined to protect our market share by providing even greater entertainment options."

The shareholders of the Adelaide Casino are the SA Government, SA Superannuation Fund Investment Trust and the Japanese developer, Kumagai.

The Associations believe that the Adelaide Casino's future growth depends largely on 'winning back' its share of national and international customers as well as being responsive to the needs of local patrons.

The Adelaide Casino's lack of growth and relative poor performance by interstate standards commenced some two years before the introduction of gaming machines into hotels and clubs.

The Associations believe that with the application of strong management and marketing strategies, the Adelaide Casino will recover.

TAB

We understand from discussions with TAB that they have faced a number of problems in the 1994/95 year that include;

- cancelled race meetings
- less meetings in the financial year

We also understand from our own Industry's feed back that the publication of the new TAB form guide has had an immediate and negative impact on TAB T/O.

However, as reflected in the State Budget papers, *"...the impact... has been lower than expected..."*.

**(Source: State Budget Papers: Page 4.4. See Attachment 2b)*

Future Opportunities

The Associations strongly believe that future growth opportunities for the TAB rely very heavily on working in co-operation with clubs and hotels.

The TAB derived 39.75%* of their total turnover from agencies in licensed premises in the financial year 1993/94, up 3.89% on the previous 1992/93 year.

**(Source: TAB Annual Report 1993/94: Page 43)*

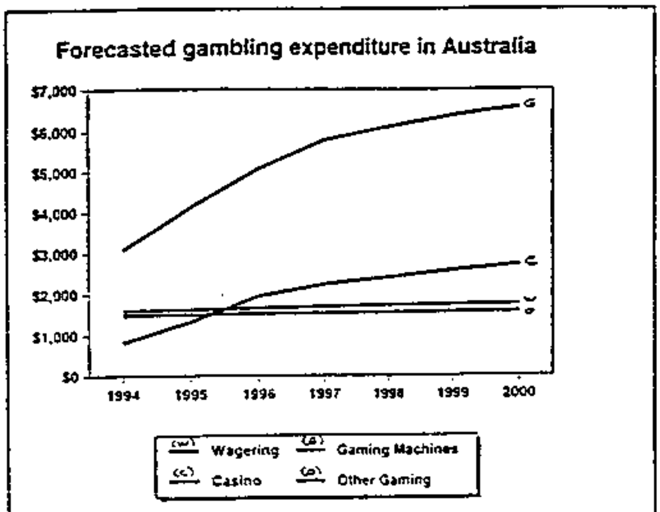
With additional 'TAB auditoriums' coming on line in 1994/95 and the increasing trend of patrons to visit licensed premises*, this contribution to TAB turnover by licensed premises is expected to reach nearly 50% in the near future.

**(Source: McGregor Marketing Research)*

The Associations would maintain that the TAB's current dilemma relates more to management and marketing issues than the introduction of gaming machines into clubs and hotels.

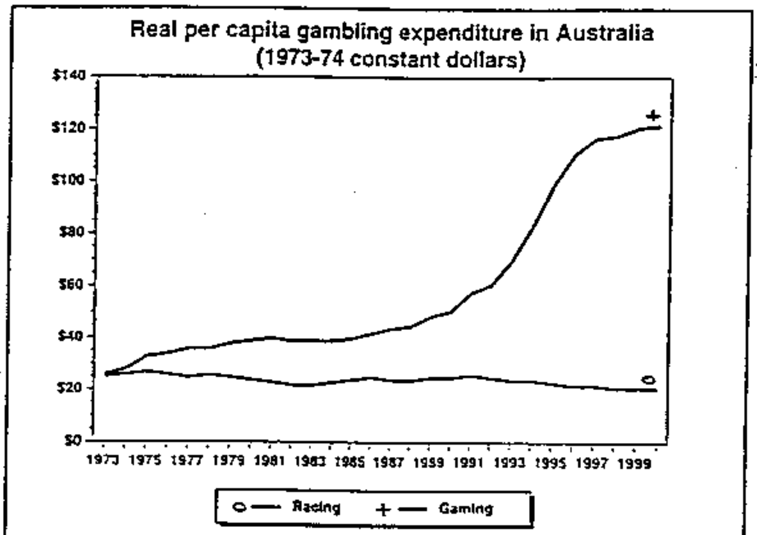
Forecast Gambling Expenditure (Racing)

The realities for the Racing industry in Australia are that they can expect relatively little growth compared to other gambling codes. The following charts demonstrate predicted expenditure to the year 2000.



Source: McIntosh (Australia)

Notes:
1. Casino expenditure includes expenditure on gaming machines and gaming tables located within casinos.
2. Gaming machine is the generic term used to describe poker machines, slot machines, fruit machines, etc. Gaming machine expenditure does not include machines located in casinos.
3. Forecast period assumes state-wide gaming machines will not be introduced in Tasmania (scheduled for 1997) or Western Australia (after 2000).



Source: Bain & Company (Australia)

These are national trends. Individual State TAB's must still rely on their entrepreneurial skills to maintain market share.

The future threat to all gambling codes and TAB in particular, is the likely introduction of home based, interactive gambling and racing services.

This must also be seen as a major issue for State Governments.

LOTTERIES COMMISSION

According to the Lotteries Commission 1993/94 Annual Report (P14), the range of lottery products enjoyed mixed growth.

1994 - 1993 FINANCIAL YEAR COMPARISON			
	Sales	**Variance**	**% of total**
Saturday X Lotto	$100.97m sale	+ .98%	38.1%
Thursday X Lotto	$30.52m sale	- 5.15%	11.5%
X Lotto Xtra	$16.02m sale	- 1.14%	6.1%
Oz Lotto	$5.56m sale	New Game	2.1%
Super 66	$4.5m	- 17.8%	1.7%
Club Keno	$69.73m	+ 22.88%	26.3%
Instant Money	$35.36m	- 20.09%	13.4%
The Pools	$2.14m	+ 66%	.8%

<u>Club Keno</u>

The following appeared in the Commission's 93/94 Annual Report (Page 3).

"Club Keno is the Commission's outstanding product in terms of sustained growth."

All other major contributing products to the Lotteries Commission range (shown above) have either had marginal growth (Saturday X Lotto up .98%) or significant reductions (Instant Money - down 20.09%)

Clubs and hotels however account for 45%* of Club Keno sales.

There were 131 hotels and 41 clubs 'on line' with Lotteries Commission products in 1993/94.

**(Source: Lotteries Commission of SA)*

The Lotteries Commission recognise the need to develop more professional relationships with the Club & Hotel sector to maximise their own growth opportunity. The Associations are working co-operatively with the Commission to maximise that opportunity. However the Commissions own technology is already creating difficulty for expansion.

We are advised by members that installation of new terminals is in many cases, subject to removal from those 'profitable' sites as the current system is near capacity. Assuming this interpretation is correct, this aspect will restrict the Commission's opportunity to maximise club and hotel participation.

Future Outlook

The General Manager of the Lotteries Commission, Ms. June Roach, was quoted in the Advertiser (*22/8/95. See Attachment 2f*) saying:

"The pokies have had an impact but it hasn't been as strong as we had thought."

She said she expected;

"An improvement in turnover this financial year (95/96) with continued growth predicted until 2000 and beyond."

The Associations would maintain that the Lotteries Commission will enjoy continued growth by the application of strong management and marketing strategies.

GAMBLING ANALYSIS (2)

1994/95 VS 93/94

Analysis of Lotteries Commission Annual Report 1994/95

	1994/95 ('000)	1993/94 ('000)
Net Sales/turnover	$248,255	$264,819
Less Prizes	$162,335	$173,555
Actual Gambling - Expenditure	$85,920	$91,264
Actual gambling expenditure per adult South Australian (1,109,800 ABS)		
• per year	$77.42	$82.23
• per week	$1.49	$1.58
• per day	.213	.23
Actual gambling expenditure per adult	.21269	.2259

Therefore, actual expenditure per adult reduced by 5.85%.

<u>Lotteries Commission Expenses</u>

<u>Items to Note</u>

Salaries/wages & other staffing costs + 9.67%

<u>Funds available for appropriation</u>

- Transfer to Hospitals Fund - reduction 1.56%

Attachment 2 (a)

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No:	#4265	**Licence No:**	52200070
Premises:	I Sheridan Close Milperra, NSW 2214		
Licensee:	Precise Craft Pty. Ltd. (Video Poker Machines).		
Date of Order:	29 August, 1995	**Effective Date:**	29/8/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by Precise Craft Pty. Ltd., the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order approves a new game Last Straw 88.05%.*

Reference:

Application to Approve a Game:-
#4265 Last Straw 22/6/95

Game Detail Sheets:
Last Straw Var 01 *5 / 10 cent* GTest Processed 17/7/95

GTest Game Certification:
GT0235/VID021 Last Straw 88.05% 28/8/95

Independent Gaming Corporation Certification:
Last Straw 88.05% 13/8/95

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No:	#3634	**Licence No:**	52200010
Premises:	85-113 Dunning Avenue ROSEBERY NSW 2018		
Licensee:	Aristocrat Leisure Industries Pty Ltd		
Date of Order:	4 September, 1995	**Effective Date:**	4/9/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by *ARISTOCRAT LEISURE INDUSTRIES PTY. LTD.* the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order adds a $1 play denomination to the game Dinomight 87.95%. (A previously approved game).*

Reference:

Application to Approve a Game:
Dinomight 87.95% #3634 30/03/95

Game Detail Sheet:
Dinomight 87.95% *(5, 10, 20 cents, & $1)* Processed 22/8/95

GTest Game Certification:
GT0247/ARI039 Dinomight 87.95% 22/8/95

Independent Gaming Corporation Certification:
Dinomight 87.95% 6/6/95

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No: #3635 **Licence No:** 52200010

Premises: 85-113 Dunning Avenue
ROSEBERY NSW 2018

Licensee: Aristocrat Leisure
Industries Pty Ltd

Date of Order: 4 September, 1995 **Effective Date:** 4/9/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by *ARISTOCRAT LEISURE INDUSTRIES PTY. LTD.* the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order adds a $1 play denomination to the game Dinomight 90.75%. (A previously approved game).*

Reference:

Application to Approve a Game:
Dinomight 90.75% #3635 30/03/95

Game Detail Sheet:
Dinomight 90.75% *(5, 10, 20 cents, & $1)* Processed 22/8/95

GTest Game Certification:
GT0248/ARI040 Dinomight 90.75% 22/8/95

Independent Gaming Corporation Certification:
Dinomight 90.75% 12/6/95

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No: #470 23/3/94 **Licence No:** 52200070

Premises: 1 Sheridan Close
Milperra, NSW 2214

Licensee: Precise Craft Pty. Ltd.
(Video Poker Machines).

Date of Order: 4 July, 1995 **Effective Date:** 4/7/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by Precise Craft Pty. Ltd., the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order approves a new game Ants Pants 88.11%.*

Reference:

Application to Approve a Game:-
#470 Ants Pants 23/3/94

Game Detail Sheet:-
Ants Pants GTest Processed 16/6/95

GTest Game Certification:-
GT0228/VID017 Ants Pants 88.11% 27/6/95

Independent Gaming Corporation Certification:-
Ants Pants 88.11% 28/6/95

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No: #4556 **Licence No:** 52200030

Premises: 1562-1568 Centre Road
Springvale VIC 3171

Licensee: Olympic Amusements Pty. Ltd.

Date of Order: 15 August, 1995 **Effective Date:** 15/8/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by *OLYMPIC AMUSEMENTS PTY. LTD.*, the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order approves a new game Prize Catch Version 9 89.93%.*

Reference:

Application to Approve a Game:
Prize Catch 89.93% #4556 7/8/95

Game Detail Sheet:
Prize Catch var 05 Processed 14/8/95

GTest Game Certification:
GT0245 / OLY042 Prize Catch 89.93% 14/8/95

Independent Gaming Corporation Certification:
Prize Catch 89.93% 14/8/95

GAMING MACHINES ACT, 1992
ORDER OF THE LIQUOR LICENSING COMMISSIONER

Application No:	#468	**Licence No:**	52200070
Premises:	1 Sheridan Close Milperra, NSW 2214		
Licensee:	Precise Craft Pty. Ltd. (Video Poker Machines).		
Date of Order:	28 August, 1995	**Effective Date:**	28/8/95

APPLICATION FOR APPROVAL OF GAMES AND MACHINES

This is an application by Precise Craft Pty. Ltd., the holder of a gaming machine dealer's licence for approval of games and machines.

The machines and games have been referred to Techsearch for testing and evaluation and to the Independent Gaming Corporation for certification that the machines meet the communications protocol requirements of the central monitoring system. Both certificates have been received and are on file.

Summary: *This order approves a new game Pluck A Buck 87.68%.*

Reference:

Application to Approve a Game:-
#468 Pluck A Buck 23/3/94

Game Detail Sheets:
Pluck A Buck Var 01 *5 cent* GTest Processed 23/6/95
Pluck A Buck Var 01 *10 cent* GTest Processed 23/6/95

GTest Game Certification:
GT0226/VID015 Pluck A Buck 87.68% 27/6/95

Independent Gaming Corporation Certification:
Pluck A Buck 87.683% 17/8/95

$16 million). Stamp duties on mortgages will also fall below budget due to the relatively weak housing market.

Guarantee fees are expected to fall short of budget mainly because budgeted guarantee fees for SGIC are now shown as part of the total distribution from SGIC and hence are classified to the receipt category "Other Revenue".

The improvement above budget in gambling tax receipts mainly reflects an expected $11.7 million improvement in revenue from gaming machines, due to a faster than expected rate of installation of machines and higher than budgeted levels of turnover. The impact of the introduction of gaming machines on the operations of the Lotteries Commission and TAB has been lower than expected resulting in improvements above budget in the distributions to the Government from these bodies. The revenue return from the Casino, in contrast, has fallen below budget in respect both of table games and Casino gaming machines.

Details are summarised below:

Table 4.2
Gambling Taxes

	1994-95 Budget	1994-95 Estimated Outcome	Variation
	$m	$m	$m
Lotteries Commission — distribution of surplus	68.2	74.7	6.5
Gaming machines	41.5	53.2	11.7
Casino	24.5	20.8	(3.7)
TAB - distribution of residual surplus	18.6	21.6	3.0
Other[1]	15.7	15.0	(0.7)
Total	168.5	185.3	16.8

Note: Totals may not add due to rounding.

(1) Mainly racing taxes (eg distributions to the Government, the Racecourses Development Board and the Greyhound and Harness Racing Boards from commissions on bets with bookmakers and the on-course totalizator).

Payroll tax is expected to exceed budget by $12 million reflecting the combined impact of:

- higher than expected growth in gross wages and employer superannuation contributions ($8 million); and
- shortfalls against budget in expenditure on payroll tax rebate schemes, the cost of which is netted against gross payroll tax receipts ($4 million).

Revenue from regulatory fees (eg fees for fisheries, firearm, environmental, builders' and other licences) is expected to fall $1 million below budget, while revenue from fines is expected to exceed budget by $6 million, due to higher than expected receipts from traffic fines.

Expected outcomes for taxes, fees and fines are summarised in Table 4.3.

Attachment 2 (c)

Advertiser - 19/8/95

$3000m gambling spre[e]

By PETER MORGAN

South Australians have embarked on an unprecedented gambling spree in the past 12 months, splurging more than $3 billion.

This is double the turnover of about $1.5 billion in each of the previous five years.

In real terms, people are now losing an average of $40 a week on gambling – a rise of $13 for that period.

This amounts to a staggering $530 million "lost" to other sections of the economy.

Retailers have been stung and social welfare services stretched to the limit by the unexpected gambling spree.

Some delicatessens and restaurants, located near hotels with gambling facilities, say turnover has dropped as much as 80 per cent but the overall downturn is 7.8 per cent.

Despite this, the boom is set to continue, with gambling predicted to be one of the State's biggest growth areas leading into the next century.

More than half the total gambling turnover in the 1994-95 financial year went through pokies in hotels and licensed clubs, which have enjoyed soaring popularity in their first 12 months.

Those pokies turned over $1.68 billion to break the State's record for all other gambling combined.

As a result, these forms of gambling suffered an across-the-board decline of between 5 per cent and 10 per cent.

But both the Lotteries Commission and the TAB have breathed a sigh of relief, saying they had expected "pub pokies" to have had a far stronger impact on their turnovers.

The gambling boom has also caught the State Government by surprise.

It had estimated gambling tax would total $165.3 million in 1994-95, but will reap tens of millions of dollars extra.

Official gambling figures are still being compiled, with reports by the Lotteries Commission, the

TAB and the Adelaide Casino expected to be tabled when State Parliament resumes on September 26.

However, according to estimates by *The Advertiser* – based on gambling trends and industry figures – it is expected total turnover will top $3 billion. (The breakdown is shown at right).

Small business has been hit hardest by the gambling boom that has seen gamblers spend $530 million in "hard cash", as distinct from turnover, in the past year.

A recent survey by the Small Retailers Association shows shops have suffered an average downturn of 7.8 per cent since the introduction of pub pokies a year ago.

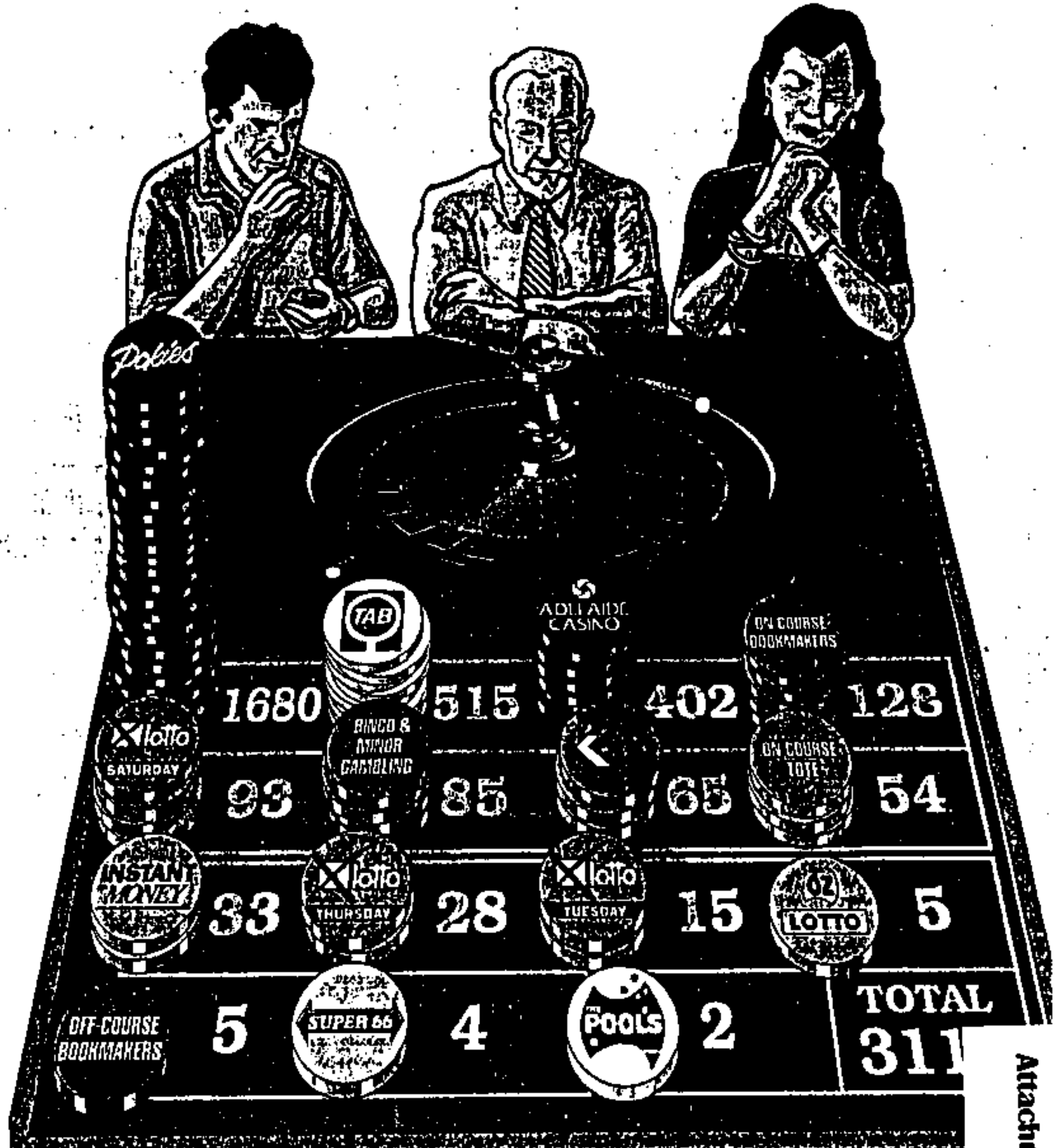
But, with no other surveys being undertaken, the overall effect is difficult to gauge.

The Retail Traders Association executive director, Mr David Shetliffe, said yesterday the total turnover of pub pokies equated to 12 per cent of retail sales.

However, while some outlets have been badly affected, department stores and supermarkets say they experienced growth of 10 per cent after many slow years.

But they believe that figure could have been higher had there been no pub pokies.

● Continued Page 2



SA turnover in $millions 1994-95 (estimated)

State in $3000m gambling spree

● From Page 1

The Small Retailers Association's executive director, Mr John Brownsea, said the effect on small retailers was greater than expected.

"One northern suburbs hotel used to sell 500 meals a week but sells 2500 cheap meals since pokies came," he said.

"This affects a variety of shops – from butchers to delis – because fewer people are eating at home.

"In an extreme case, a small restaurant next to a hotel is down 80 per cent.

"There is help for gambling addicts and charities but nothing for the retailers who are innocent victims."

The Chamber of Commerce and Industry's finance director, Mr Ian Harrison, said the "redirection of spending" had had mixed effects.

Some retailing areas, such as clothing, hardware and food, were "struggling".

The Australian Hotels Association executive director, Mr Ian Horne, said pub pokies had created 2500 jobs.

"As well, $75 million has been spent on hotel renovations, creating work for assorted people in the building trade," he said.

Gamblers lose $700m at casino

25.3.95

SPECIAL REPORT

By PETER MORGAN

Gamblers have lost more than $700 million at the Adelaide Casino since its opening nine years ago, but details of profit-sharing remain secret.

Even the Treasurer, Mr Stephen Baker, who has announced a shake-up of casino management and multimillion-dollar renovations, says he is in the dark.

This is because the casino, as a private company, has not been accountable to the State Government, which took a controlling interest this week.

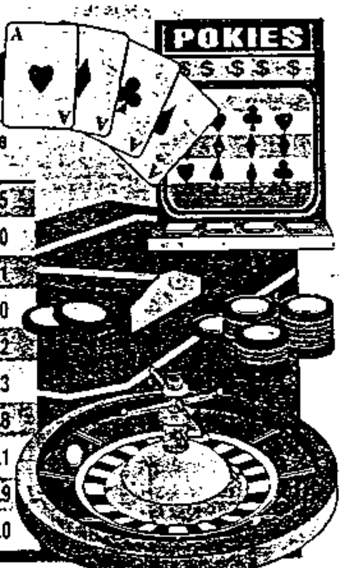
Expected "super profits" have not filtered through to investors and the casino's turnover is falling in the wake of pub pokies.

GAMBLING DOLLARS

CASINO FIGURES IN $MILLION

Year	Gambling turnover	Gross profit	State tax
1985-86	$132.4	$32.4	$5.5
1986-87	$238.7	$54.7	$11.0
1987-88	$294.8	$61.0	$12.1
1988-89	$447.3	$75.2	$15.0
1989-90	$577.2	$82.7	$16.2
1990-91	$432.7	$86.6	$17.3
1991-92	$466.5	$88.5	$17.8
1992-93	$457.6	$100.4	$20.1
1993-94	$457.4	$116.2	$23.9
Total	$3504.6	$700.7	$139.0

*Sources: Lotteries Commission, State Treasury



The only figures released by the casino are for gambling turnover and gambling gross profit before all expenses, including tax and wages, are deducted. Details of clear profit and where it has gone are known only by the casino.

Figures gleaned yesterday by *The Advertiser* show the casino had a turnover of more than $3500 million between its opening in December, 1985, and the end of last June.

The State Government took $139 million in tax, according to Treasury statistics.

The casino's gross profit from gambling – or the amount punters lost – was more than $700 million.

Mr Baker put the casino in the spotlight this week by announcing the Government had taken a $25 million one-third shareholding in the casino from Southern Cross Homes.

He said Southern Cross Homes invested in the casino in 1988, but had since lost $1.5 million because no "super profits" or dividends had filtered through.

Unspecified ordinary profits had gone to the other major shareholders, the SA Superannuation Fund Investment Trust and the Japanese developer Kumagai, which developed the ASER complex.

Figures show the casino's turnover has been static for the past two financial years, and a casino spokesperson confirmed yesterday projected turnover was down because of the effect of pub pokies.

The Government, by combining Southern Cross Homes' shareholding and that of the SA Superannuation Fund Investment Trust, now has a controlling interest in the casino.

Mr Baker plans to streamline the complicated management and corporate structure, and give the casino a multimillion-dollar facelift.

● Continued Page 2

● PAGE 4: SA pokies force giant club into receivership

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Attachment 2 (d)

25-3-95

Gamblers lose $700m at casino

● From Page 1

The ASER complex, which includes the casino, Hyatt Regency Hotel, Adelaide Convention Centre and car park, would then be sold.

The present value is more than $400 million.

Mr Baker said yesterday the new board, now being assembled, would address the casino's problems as "a matter of priority".

He said the casino had failed to deliver "super profits" but he was unable to say when a turnaround could be expected.

The casino had lost its novelty factor to many South Australians and the key to its success was "outside" patrons.

"The trade (of high rollers) has just about disappeared and we need to get back into it," Mr Baker said.

"Casinos in Sydney (to open this year) and Melbourne could take all the cream unless we respond.

"There is also a need to change the format and decor of the casino; the way it sells itself is absolutely vital."

The high popularity of pub pokies has taken a big toll which will not be fully exposed until the casino releases its report for this financial year.

In the past two financial years, the casino's annual turnover has remained static at $457 million.

In contrast, the turnover of pub and club pokies has topped $900 million in the first eight months.

The casino's "zero growth" defies a national trend, according to economic analyst Mr Peter Bennett, of Hobart.

His *Australian Gaming Statistics Report*, commissioned by the Tasmanian Gaming Corporation, shows casinos increased turnover by an average of 22.1 per cent last financial year.

Heading the way was Western Australia, with 33.4 per cent growth, followed by Queensland (18.3 per cent), Tasmania (13) and the Northern Territory (12.7).

Mr Bennett's figures show "0.0" change in turnover for SA from 1992-93 to 1993-94 but Lotteries Commission statistics show turnover dropped by $209,000.

This drop happened before the introduction of pub pokies last July.

Adelaide Casino spokeswoman, Ms Ros Kitt, said pub pokies had had a "significant impact" on the casino.

She confirmed there was stronger competition to entice high-rollers now Australia had 10 casinos, with another to open in Sydney this year.

However, an average of 8000 people a day continued to visit Adelaide's casino.

Attachment 2 (e)

asino to get facelift in 'war' on pub pokies

Casino chief executive Mr Terry Shanahan with a near-rted bank of pokies at the casino yesterday afternoon.

By PETER MORGAN

The Adelaide Casino is about to declare a $13 million "war" on the phenomenally successful poker machines in hotels and clubs.

Faced with falling patronage and turnover, the casino management geared up for the battle yesterday by:

REVEALING plans to spend a further $13.5 million on Las Vegas-style renovations on top of $1.5 million already being spent.

INCREASING its pokies giveaways to include a $46,000 BMW car and a $24,000 Mitsubishi Lancer.

PLEDGING to instigate further "significant developments" in the next 12 months to lure back customers.

Australian Hotels Association spokesman Mr Ian Horne said yesterday the casino had no choice but to "look at itself and fight back".

"The competition will become more intense and the customer will be the overall winner," he said. Official figures show the casino's business has not grown for several years but the slowdown has been aggravated since pub pokies were introduced almost a year ago.

In contrast, pub pokies have experienced popularity beyond hoteliers' expectations to reach a turnover of $1.5 billion in the first 11 months.

The casino's initial response was to allocate $1.5 million for new bar, dining and entertainment facilities on the first floor.

This work is now under way but chief executive Mr Terry Shanahan said yesterday the project "could well be the forerunner of even bigger and brighter plans".

Mr Shanahan said he had recommended to the casino's board that a further $13.5 million be spent on renovations.

These renovations, aimed at providing drawcards such as live entertainment, would enable the casino to reach its full potential.

"The casino will celebrate its 10th birthday in December and the time is ripe for a further review of facilities," Mr Shanahan said.

The effect of pub pokies had been greater than the casino expected.

"We are determined to protect our market share by providing even greater entertainment options," he said.

In March, the State Government took a controlling interest in the casino by spending $25 million to buy the shareholding of Southern Cross Homes.

The Government appointed a new board and announced plans to streamline the casino's complicated management and corporate structure, and give the building a multimillion-dollar facelift.

This followed sluggish performances which saw the casino fail to deliver expected "super profits" to investors.

In the 1992-93 and 1993-94 financial years, the casino's annual turnover remained static at $157 million. This was before the introduction of pub pokies.

The turnover for the financial year just ended will not be tabled until August or September but is expected to be lower because of pub pokies.

Yesterday's figures from the Liquor Licensing Commission put turnover of hotel and club pokies so far at $1.49 billion.

A total of $468 million has been invested, with $281 million won back by players.

This left hotels and clubs with revenue of $187 million, of which $62.5 million went to the State Government in tax.

There are now 7350 pokies at 306 venues, with the "saturation point" of 10,000 machines expected to be reached late this year.

Gambling boom tipped to snowball

SPECIAL REPORT

By PETER MORGAN

THE BETTING GAME

South Australia's gambling boom is expected to escalate even further.

Latest statistics in Victoria show the amount gambled on poker machines has grown at a phenomenal rate – 166 per cent – to reach $7.23 billion.

And, based on Victorian findings, SA's Lotteries Commission expects to regain within six months the turnover it has lost to pub pokies.

Victoria, where pub pokies were introduced four years ago, is regarded as the closest model to SA.

The Advertiser revealed on Saturday that SA's gambling turnover had doubled from $1.5 billion to $3 billion, with pub pokies making up the lion's share ($1.68 billion) of turnover.

"The gambling dollar overall is growing," the Lotteries Commission's general manager, Ms June Roache, said yesterday.

"Predictions to 2000 show gambling will be a growth industry Australia-wide."

Statistics released by the Sydney-based Australian Institute of Gambling Research showed pokies were enjoying soaring popularity throughout the eastern States.

Researcher Ms Ellen Baron said Victoria's 166 per cent rise in turnover was mainly attributed to more pokies coming on line.

More pokies are also being commissioned in SA, with up to 3000 being planned to bring the number to 10,000.

In Queensland, which has had pokies for a similar time as Victoria, pokies' turnover rose by 41.5 per cent to $2.34 billion.

And pokies are enjoying increasing popularity in New South Wales, where they began 40 years ago, with a 33.6 per cent increase in turnover to $8.8 billion.

"A big factor overall is the increase in availability," Ms Baron said.

"And the factor that they (pokies) are vigorously marketed has a big influence."

At the SA Lotteries Commission, Ms Roache said pokies had enjoyed an initial novelty period in both Victoria and Queensland.

"Lotteries sales in both these States dropped by about 4 per cent, but the lost ground had been recouped after 18 months," Ms Roache said.

SA Lotteries Commission figures for the last financial year are still being calculated but Ms Roache predicted a drop in turnover of between 5 and 10 per cent.

"The pokies have had an impact but it hasn't been as strong as we had thought," Ms Roache said.

She said she expected an improvement in turnover this financial year, with continued growth predicted until 2000 and beyond.

She said the opening of the Adelaide Casino in 1985 had had a "minor impact" on both the Lotteries Commission and the TAB, with both quickly regaining market share.

Both groups are planning new marketing strategies to deliver better "service and product".

Saturday X-lotto is the Lotteries Commission's unchallenged star performer, with an estimated turnover of about $93 million representing one third of total lotteries turnover.

The regular $12 million "megadraws" sees a 35 per cent rise in transactions.

Club Keno was next (about $65 million) followed by Instant Money ($33 million), Thursday X-lotto ($26 million), Tuesday X-Lotto ($15 million), Oz Lotto ($5 million), Super 66 ($4 million) and the Pools ($2 million).

The commission is understood to be looking at merging two of the weekday X-lotto draws.

"We are looking at doing something with Thursday X-lotto which has been in decline for several years," Ms Roache said.

Section 3

PREDICTIONS FOR 1995/96

TURNOVER, ACTUAL GAMING MACHINE EXPENDITURE & TAX

Initial installation of gaming machines saw massive growth to late January 1995. As at 29/1/95 6732 machines had been installed in 261 venues. Since that date, to September 17, 1995 the total had risen to 7811 machines in 328 venues.

Therefore 86% of the current available machines were installed in 79.5% of current venues in the first 6 months of gaming.

The remaining 14% (1079) machines were installed in 67 venues in the remaining 8 months to 17/9/95.

The average number of machines per venue (24) remained consistent throughout the first 12 months of operation.

ASSUMPTIONS

It is not unreasonable to assume that another 1079 (@ 24 per venue) could be installed in an additional 67 venues in the remaining 9 months to 30/6/96. (This is based on the Associations own experience of demand).

If this were the case, then the average Statewide installation for 1995/96 would be 8000 (approx).

If for the purposes of this calculation, we were to use the week ended 17/9/95 figures and applied those to the predicted average number of machines, then the following outcomes would be achieved;

Week ending Sunday 17/9/95 (figures rounded off)

Turnover	$49m
Gross Revenue	$6m
Tax	$2m

**(Source: Liquor Licensing Commission 22/9/95)*

PREDICTION: MODEL 1

An average of 8000 is an increase of 689 machines over the 17/9/95 figure or a 2.4% increase over the current number.

Assuming turnover per machine remains consistent, then the current $49m T/O per week multiplied by 2.4% equals $50.17m T/O per week.

Multiply $50.17m T/O by 52 weeks = $2,609,152,000 T/O per annum.
Assuming an annual R.T.P. 88% then actual gaming expenditure is likely to be $313,098,240, e.g. T/O x 12% hold.

Apply a 4.2% tax to T/O = $109,584,384m

Therefore, a fair and reasonable prediction for 1995/96 is:

Average number of machines	8000
Total number of venues	395
Average machines per venue	20.25

MODEL 1 - OUTCOMES	
Actual Gaming expenditure (88% RTP)	$313,098,240
4.2% tax	$109,584,384
Nett revenue before expenses	$203,513,856

MODEL 1 VS STATE BUDGET ESTIMATES	
State Budget estimates for (95/96)	$76,000,000
Surplus over budget	$33,584,000
Total Tax Collect	$109,000,000
.2% admin component	$5,190,000
To General Revenue	$103,810,000

Model 2

Assume that regardless of increase machines, the average Statewide weekly turnover will remain @ $49m as per week end 17/9/95.

Therefore, $49m T/O per week multiplied by 52 weeks = $2.548m.

Apply 4.2% T/O tax to $2.548m = $107m.

Therefore;

MODEL 2 - OUTCOMES	
Actual Gaming Expenditure (RTP 88%)	$305,760,000
Less tax	$107,000,000
Nett revenue before expenses	$198,760,000

MODEL VS STATE BUDGET ESTIMATES	
State Budget estimates (95/96)	$76,000,000
Surplus over Budget	$31,000,000
Total Tax Collect 95/96	$107,000,000
.2% admin component	$5,090,000
To General Revenue	$101,910,000

Under both scenarios, the Government is likely to collect significant increases in tax revenue over budget and achieve substantial surplus for the .2% admin component.

Section 4

FINANCIAL ANALYSIS
GAMING VENUES

The current economic benefits which gaming has contributed to the hotel and club industries should be assessed in the context of the economic and business environment in which hotels and clubs have operated over recent years. There are several factors which have had a negative impact on the profitability of this specific sector of the business community as well as others which have had an effect on business generally. These include:

* The removal in 1985 from the Federal Income Tax Assessment Act of the deductibility of entertainment expenses incurred in the course of earning assessable income, with the consequent diminutive affect on the incidence of business entertainment both in terms of business customer/client entertainment and corporate employee functions.

* The effects of the statewide introduction and subsequent increasing awareness of the Random Breath Testing programme, resulting in a move to greater off-premise consumption of alcoholic beverages, and a consequent reduced level of gross profit margin.

* The effects of the reduction in legal maximum Blood Alcohol Level from .08 to .05.

* The entry of large national discount liquor retailers into the state and the formation of competitive liquor groups which have contributed to a gradual and continuing erosion of gross profit margins on packaged liquor sales.

* The effects of the recession.

* The introduction of the Fringe Benefits Tax regime.

* The increasing awareness of health issues amongst consumer groups.

* The increasing number of food and beverage outlets (particularly in the categories of retail liquor outlets and cafes).

Hotels and clubs have traditionally been relatively high fixed overhead structured businesses. The effect, inter alia, of some of the factors mentioned previously, has been the gradual decline in levels of profitability, increasingly in many cases to levels which would not justify continued investment or afford the possibility of ongoing maintenance of the asset base.

In a survey of venues which have installed gaming machines 71.7% of venues reported that prior to gaming their business was operating at a loss.

Gaming has provided in many cases the opportunity for improved returns for the hotel/club industry, and, the survey shows the maintenance and indeed in many cases the improvement of the asset base in the industry so that hotels and clubs can ensure they maintain the relatively high level of facilities, increase employment opportunities and provide longer term career paths for many people in or entering this section of the hospitality industry.

Contrary to general perceptions that most venues have at or near the maximum number of gaming machines installed, a profile of machine installations at 22nd August 1995 would disclose the following in terms of ranges of number of machines installed:

Number of Gaming Machines Installed	Number of Venues	Percentage of Venues
01 - 10	82	25.79%
11 - 20	72	22.64%
21 - 30	42	13.21%
31 - 40	122	38.36%
Total 7632	Total 318	Total 100.00%

In fact, it can be seen from the above that approximately 62% of sites have 30 or fewer gaming machines installed, with the average number of machines installed per venue being 24.

A meaningful analysis of actual figures to date is practically unachievable because of a number of factors:

* Time frame of Inquiry

* Lack of standardisation of income and expense categorisation, and hence difficulties associated with making valid comparisons and thereby identify trends.

* Difficulties involved in extrapolating data because of the lack of regular, timely financial reporting.

* The unavailability of data from the I.G.C. which prevents the analysis required to identify and grasp different characteristics of venues eg. venue geographical location with number of installed machines, levels of turnover per machine etc.

* The fact that at the end of the first financial year during which gaming commenced all venues had been operating for less than a complete twelve month period. In addition, many of these venues which commenced gaming operating in the initial months of the 1994/95 financial year enjoyed an unsustainable level of turnover merely because of the limited number of outlets with gaming facilities, combined with the effect of the initial "honeymoon period". It is not possible at this stage of the cycle to accurately predict what the maintainable level of turnover will be given that the number of gaming machines installed is progressively increasing.

* The effects of what will be in some cases very significant increases in rental levels brought into operation by rental reviews to market value have not yet been factored into the expenses of most leasehold operators.

* The effect of the increase in liquor licence fee arising from increased liquor purchases due to the gaming activity similarly will not be evident in actual results until at least after January 1996 at which time some of the effect of increased liquor purchases in the 1994/95 financial year will reflect itself in increased quarterly instalment payments.

An analysis of data supplied by venues in two recent surveys forms the basis for the following expectations:

1. An expected per annum increase in the quantum of sales revenue derived from beverage sales in the order of $41m, representing additional purchases from wholesale suppliers to the industry in the order of $12m and additional liquor licence fees to the State Government in the order of $1m.

2. An expected per annum increase in the quantum of sales revenue derived from meal sales in the order of $27m, representing additional purchases from wholesale suppliers to the industry in the order of $14m.

3. It is estimated that approximately $92.2m has been spent on improvements to hotels & clubs and associated equipment in respect of the 318 installation sites at 22 August 1995.

   Furthermore it is estimated that a further $60m has been budgeted by operators of gaming venues for capital expenditure on venues which would not have been budgeted for spending but for the introduction of gaming.

   Additionally, it is estimated that approx. $69m has been spent on gaming machines.

4. Increased employment amounting to some 2870 employees directly employed in venues, with an associated increased payroll of $51m per annum for gaming venues.

5. Payments in the order of $5m per annum being made to entertainers and musicians at gaming venues.

6. Promotional and advertising expenditure in the order of $18m per annum a significant component of which is returned to players in the form of showcase prizes, raffle prizes, competition prizes etc.

7. Payments of $3m per annum to the gaming machine service provider with consequent flow on effects in terms of creation of jobs in this new service sector.

8. In respect of increased payroll in the order of $51m per annum referred to in 4. above there will also be an associated increase in payroll tax payments. Analysing the data supplied in the surveys referred to, there are three categories of employer in relation to payroll tax.

   a. employers who pre gaming were liable to payroll tax who continue to be liable to payroll tax.

   b. employers who pre gaming were not liable to payroll tax but who have become liable to payroll tax due to an increase in the level of remuneration for payroll tax purposes increasing to a level in excess of $456,000 per annum.

   c. employers who pre gaming were not liable to payroll tax and remain under the payroll taxable remuneration level of $456,000 per annum.

On the basis of data supplied it is estimated that there will be increased payroll tax paid in the order of $1.15m by those employers in category a. and approximately $1m by employers in category b. ie. total additional payroll tax to be paid in the order of $2.15m due to additional remuneration paid as a result of the introduction of gaming.

Additionally, it is estimated that $10m has been paid by way of sales tax on gaming machines, and significant amounts of sales tax have also been paid on stools, coin counting equipment and stands for machines (these last three categories being taxed at a rate of 21% pre 30 June 1995 and 22% post 30 June 1995).

An example of a "typical" trading scenario in the operation of a gaming area with the average number of gaming machines installed (being 24 to 22 August 1995) would appear as follows:

Turnover		7,318,080
Less Credits Won	6,439,910	
Less Gaming Tax (4.2% Turnover)	307,359	
		6,747,269
CONTRIBUTION AFTER RETURN TO PLAYER AND GAMING TAX		570,811
Less EXPENSES		
Advertising/Promotional Expenditure	84,000	
Bank Fees (including EFTPOS)	3,500	
Depreciation	96,000	
Electricity	8,000	
Game Change Costs	7,500	
Insurance	2,500	
Interest	22,870	
Maintenance Agreement Fees	11,232	
Monitoring Fee	18,720	
Music & Entertainers	15,600	
Payroll Tax	3,780	
Printing & Stationery	3,000	
Repairs & Maintenance	4,000	
Security	1,000	
Staff Hiring Costs	500	
Staff Licensing Costs	250	
Staff Training Costs	2,000	
Subscriptions	600	
Superannuation	3,000	
Wages	60,000	
Workcover	1,800	
		349,852
NET CONTRIBUTION		$ 220,959

Note: Assumptions:

Average turnover $840 per machine (average turnover for last week of June 1995)
Return to player % = 88%
Interest calculated on asset purchase over 3 years at interest rate of 11%
Capital cost of equipment $240,000

This scenario does not take into account the effect;

- of future rental increases in a leasehold situation due to the gaming activity
- no allowance has been made for finance costs in relation to monies expended on capital and/or refurbishment work to create, modify or improve the area into which gaming machines have been installed.

Additionally, it should be noted that this example illustrates the effect of the gaming activity on the marginal increase in costs and does not include all the other costs on a pro rata basis that the gaming department should bear as a cost centre, for example;

- a proportion of rent
- rates and taxes
- building insurance
- other fixed costs which apply to the business.

It is also evident from the survey results as commented upon previously, wherein 71.7% of venues reported that prior to gaming their business was operating at a loss, that in a majority of cases the net contribution from gaming is offsetting a loss from the other departments of the business.

CONCLUSION

The introduction of gaming has created a significant amount of investment by the hotel and club industries. There has also been created significant employment opportunities with consequent flow on effects in terms of wages and on costs, payments to numerous providers of services and goods. There has also been created an opportunity (but no guarantee) for profits to be generated by the hotel and club industry. This in turn should result in significant additional income tax being paid by those hotel operators who successfully manage the gaming opportunity in their businesses, over and above the other taxes and charges which will be paid irrespective of the profitability status of the businesses concerned.

Note:

The Financial Analysis has been prepared using figures and data supplied by the Australian Hotels Association (SA) and Licensed Clubs Association of SA from operators of venues and at the request of those two Associations.

Under the terms of our engagement, we have not audited the records of the venues which have provided figures and data, which were in fact provided without identification of venue.

R.S.J. Lovell BA(Acc) ACA 27 September, 1995
N.B. Attachments 4a & 4b are examples of two individual club contributions

Attachment 4 (a)

The Returned & Services League

(Mount Gambier Sub-Branch & Memorial Club) Inc.
16 Sturt Street, Mount Gambier
P.O. Box 80, Mount Gambier, SA 5290

Established 1917
Serving Still

Telephone: (087) 25 8181
Facsimile: (087) 25 1944

22nd September 1995

Mr. M. Beck
President
Licensed Club Association of SA
198 Greenhill Road
EASTWOOD SA 5063

Dear Max

Re: Gaming Inquiry

We would like to provide our input to the inquiry through the LCA and have enclosed some letters from suppliers, and make the following comments of fact.

1. Employment

With the commencement of gaming in Mount Gambier, we increased our staff numbers from 4 to 34, of whom 7 are full-time, 4 Regular Part-time, and 23 permanent casuals. Most of the new employees had been unemployed, and two were on Jobstart subsidy.

Wages have increased from $43,006 as at 30.6.93
to $143,364 as at 30.6.94 when Bistro had been in operation for six months in anticipation of Gaming introduction.
to $502,491 as at 30.6.95.

2. Renovations

We spent $1.1m in our total development, providing $0.33m to local trades, through our Architect plus another $0.37m on fitout, furnishings, computer etc. Poker Machines accounted for the balance of $0.4m. Local tradesmen were used throughout the development.

3. Tax

We have paid the Government a total of $601,410 in gaming tax from opening 13.8.94 to 31.8.95. This relates to an average of $15,035 tax per machine.

4. Costs
ETSA and Gas costs have escalated with the business.

5. Profit
While we are generating profit, we also have overheads to cover and profit is not exorbitant, simply a viable return on investment.

As a club, our profits can only be used in improving member benefits and facilities. We have always been active in our charitable work and expect our donations this calendar year to be near $30,000, a three-fold increase. Most welfare agencies benefit from our generosity and have for many years.

Should the government increase the tax to be paid, then this will in turn restrict our charitable and welfare work.

One only has to look at the NSW Club industry to acknowledge the benefit of Clubs to communities. More can be done in encouraging and assisting clubs in entering the gaming industry in South Australia.

6. Entertainment
Mount Gambier RSL and other venues have also provided work for many entertainers with our regular functions and performances.

7. Gambling Addicts
We are not aware of any addicts who are members or visitors to this club. We are certainly alert to any such instance.

Finally, we emphasis that gaming has been good for the Lower South East. The downstream effects on other business has been enormous.

We have also been able to provide pleasure for middle to older age patrons who previously had little or nothing to keep them occupied.

We hope that our input can assist in the LCA inquiry.

Yours faithfully

Jock Chambers
Executive Officer

MALSEED
REFRIGERATION & AIR CONDITIONING

★ 24 HOUR / 7 DAY SERVICE ★

17 Crouch Street South.
P.O. Box 1462
Mount Gambier, 5290
Phone (087) 23 1004
Fax (087) 25 0810

20th September 1995

Mr Max Beck
President
Licensed Clubs Association of S.A.
198 Greenhill Road
Eastwood S.A. 5063

Reference : Gaming Enquiry

Dear Sir,

I wish to inform you that we supply, install and maintain all aspects of Refrigeration and Air Conditioning in the South East Region.

Since the introduction of Poker Machines within Hotels and Clubs in the region our business volume has grown considerably.

The Mount Gambier RSL Clubrooms has been one of the facilities which has given us a large amount of work both during the initial installation and since with any ongoing routine maintenance or service requirements.

Yours faithfully

G. Malseed

Grant Malseed
Malseed Refrigeration
& Air Conditioning

Grantville Court Butchers
Boandik Terrace
MOUNT GAMBIER 5290

September 20, 1995

Mr Max Beck
President
Licensed Clubs Association of SA
198 Greenhill Road
EASTWOOD 5063

Dear Sir,

GAMING INQUIRY

I wish to advise that we supply meat to many clients in the Mount Gambier area.

Since introduction of Gaming and associated facilities in clubs and hotels we have experienced an enormous increase in our business.

In particular, we have gained new business with the Mount Gambier RSL which was previously limited to meat tray raffle prizes. The down stream effects on business locally have been absolutely fantastic!

Overall, the introduction of poker machines 12 months ago has been very good for the area.

Yours faithfully,

Helen J. Edwards.

T & H Edwards

chapman herbert architects pty ltd
78 gray st mt gambier sa 5290
ph 087 258386 fax 087 249284

david chapman b arch. aráia
stephen herbert b arch aráia

20 September 1995

The Secretary
Mount Gambier RSL
16 Sturt Street
MOUNT GAMBIER 5290

Dear Sir,

Your gaming room and associated bistro/bar development provided a most welcome $300,000.00 injection into the local building economy, providing employment to builders, tradesmen and suppliers at a time when work was a 'bit thin on the ground'.

In addition, we and other consultants were most appreciative of the $30,000.00 professional fees the project provided, a not insubstantial part of our fee income for the year.

Yours faithfully,

S.P. HERBERT.
for
Chapman Herbert Architects Pty Ltd.

53 Cardinia Street
MOUNT GAMBIER 5290

September 20, 1995

Mr Max Beck
President
Licensed Clubs Association of SA
198 Greenhill Road
EASTWOOD 5063

Dear Sir,

GAMING INQUIRY

I wish to advise that we supply fresh fruit and vegetables to many clients in the Mount Gambier area.

Since introduction of Gaming and associated facilities, clubs and hotels we have experienced an enormous increase in our business.

In particular, we have gained new business with the Mount Gambier RSL which was previously non-existent. The down stream effects on business locally have been nothing short of fantastic.

Overall, the introduction of poker machines 12 months ago has been good for the area.

Yours faithfully,

GA & MA Versace

CONROE MEAT WHOLESALERS
Shop 7/125 North Terrace,
MOUNT GAMBIER.
Phone 087 259444, 249486

The Licensed Clubs Association,
C/- R.S.L.
Mount Gambier. 5290

Since the introduction of gaming machines at the R.S.L. in Mount Gambier, there has been a substantial increase in in their purchases from us for their Bistro section.

for CONROE MEAT WHOLESALERS.

ESTABLISHED 1891

THE TANUNDA CLUB INCORPORATED

26 September 1995

Mr M Beck
President
Licensed Clubs Association of SA
198 Greenhill Road
EASTWOOD SA 5063

Dear Max

On behalf of the Committee of Management of the above Club we wish to submit some input and comments through the LCA to the inquiry on gaming. Please accept these as fact; they can be substantiated at any time.

The Tanunda Club Inc was the first club on line in South Australia, and began its gaming operations on 25 July 1994.

Employment
Prior to gaming this Club employed 22 staff, of which 2 were full time and the rest were casual. At the commencement of gaming the Club employed 28 staff - 3 full time, 5 permanent part time and 20 casuals. The wage bill at the beginning was $284,000, which increased by 100,000 in 12 months. With the opening of our new building in one week, the Club has employed an additional 12 staff creating an extra 600 hours per week. All of the staff live locally, giving the Barossa Valley a huge injection of funds. The Tanunda Club is the biggest employer in Tanunda.

Renovations
This Club has spent $1.7million in the last 12 months on renovations. Of this $1.1million was injected into local community by way of payment to local contractors. Plans are being drawn up to continue internal renovations costing approximately $200,000, using all local contractors.

Local Traders
Since the introduction of gaming machines this Club's meals have grown from 400 to 1200 meals per week. 50% of produce is purchased locally, injecting a further $80.000 per annum to local traders.

A sample of our expenditure is given below:-

Tanunda Supa Barn	(Mike McNeil - Manager)	$15,600 per annum
Tanunda Meat Barn	(Mark Kroepsch - owner)	$26,000 per annum
Baverstock Menswear (uniforms)	(Peter Baverstock - owner)	$ 2,000 last year
Brooksby Design & Drafting	(Mike Brooksby - owner)	$30,000 last year
Lange's Wurst Haus	(Ron Fuller - owner)	$ 6,000 per annum
Radio Rentals Tanunda	(J Gaskin - owner)	$12,000 per annum

All of the above local traders can be contacted to verify the expenditure.

45 MacDonnell St, TANUNDA, 5352 S.A. Phone: (085) 63 2058 FAX: (085) 63 0072

ESTABLISHED 1891

THE TANUNDA CLUB INCORPORATED

Community Assistance

The Tanunda Club is committed to supporting local sporting and community organisations. In the past 5 years this Club has spent approximately $150,000 in assisting community groups. A sample below:-

Australian Red Cross	Barossa & Light Darts Assn
Tanunda Hospital	Barossa & Light 8-Ball Assn
Barossa Horizons	Tanunda Football Club
Barossa Rural Youth	Tanunda Cricket Club
Barossa Skillshare	Barossa Valley Jnr Motorcycle Club
Teen Challenge	Variety Club Bash (car no 29)
Bible Society	Vine Vale Tennis Club
Tanunda Primary School	Barossa & Light Table Tennis Club

The Tanunda Club has budgeted a further $40,000 donations for the next financial year.

Gaming Tax

This Club has paid the government $280,000 since gaming was introduced in July 1994.

Entertainment

The Tanunda Club is committed as a total entertainment venue. Like other gaming venues we provide local and interstate entertainment on a regular basis.

Gambling Addicts

This Club is not aware of any gambling addicts who are either members or visitors. All staff have been trained and instructed in how to handle these situations if they arise.

SUMMARY

The Tanunda Club is solely committed to its members and the community. Under our constitution, any profits generated must be returned to the members and/or the community. This Club is heavily committed to its bankers with the new building. Any extra taxes would have an adverse affect by forcing this Club to cut back on overheads, mainly community assistance. We ask the government to look at the positive aspects of South Australian Clubs, and not to hinder the assistance given to the communities.

We hope that our input will assist the LCA submission.

Yours sincerely

IAN J EDWARDS
Manager

Section 5

IMPACT ON THE SA ECONOMY

The media has made much of the claims of some small business spokespersons on the impact of gaming machines on the viability of small business - particularly the small retail/service sector. To address these specific issues, the Associations engaged the services of Mr. Barry Burgan, consultant and senior lecturer, Department of Commerce, University of Adelaide.

B. Burgan's complete document is attached in Appendix (1).

The paper raises a number of broad issues such as:

* Is the expenditure on gaming machines a transfer from existing retail expenditure as is being suggested, or is it rather a transfer from other areas of the economy (including savings) or from increased incomes for what might be regarded as discretionary or uncommitted income?

* Do the claims concerning pressure on small retailing business relate more to an exchange within retailing forms, with trends in favour of larger business rather than the impact of gaming machines per se?

* Is the impact of gaming machines short term or long term?

* **Is there any reason on economic grounds to direct consumer tastes. That is, if consumers choose to spend on gaming machines, at clubs or hotels rather than other forms of recreation or indeed any other activity, is this an economic concern or for that matter, a responsibility of government.**

B. Burgan's paper also addresses the statistical reality of the SA economy in the last 12 months that includes:

1. Strong growth in household spending (+5% in real terms).

2. Strong forecasts of growth.

3. Reasonable increases in employment and increase in average weekly earnings.

4. Strong performance in motor vehicle registrations.

5. Sharp decline in housing activity, consistent with national experience.

6. Excellent outlook for agriculture in 1995 which will further stimulate the local economy.

DEFINING GAMBLING EXPENDITURE

Despite media fascination with turnover (see Section 123) actual expenditure on gaming machines in 1994/95 was 35% to 40% of total gambling expenditure. (See specific gambling analysis section).

This represented only 0.9% of private final consumption and dwelling investment and <u>only</u> 2.2% of retail sales in South Australia.

Gambling as a whole (including gaming machines) represented 0.52% of household expenditure compared to 0.53% nationally.

The strong performers in 1994/95 in addition to Hospitality Services were:

	INCREASE IN TURNOVER	
	SA	Australia
Clothing & Softgoods	12.4%	2.4%
Other Retailing	15%	7.6%

All other categories were consistent with National trends.

B. Burgan's conclusion is important.

"While the influence of gaming machine expenditure is very evident in the retail trends, it is not at all clear that it is a consequence of transfer of expenditure from other retailing sectors in a broad sense..."

***"Indeed, with generally slower income growth in the State than nationally, the retail performance over the last 12 months has been reasonably solid - reflecting a catch up from poor outcomes in the early 1990's"* - (Page 7).**

SUMMARY

The Associations are of a strong belief that the claims of many retailers are unsubstantiated and unsustainable.

The Associations believe that the challenges facing many small service sector retailers including clubs and hotels, are more to do with environmental changes such as:

- **consumer tastes**
- **consumer expectations**
- **general extended shopping hours**
- **more flexible weekend trading options**
- **multi-functional consumer facilities such as 24 hour/7 day service stations that sell petrol ancillary to other consumable goods**
- **24 hour/7 days or extended trading supermarkets**

* **the development of modern franchise operations catering more specifically to consumer needs including increasing home delivery services**
* **competition from major State wide professional sporting codes promotions (e.g. AFL etc)**

The Associations' submission addresses more specifically a number of the claims by small business as expressed through the media in Section (9).

CONCLUSION

The most recent study of the economic impact of gaming machines on an Australian jurisdiction was the "Review of Electronic Gaming Machines in Victoria - April 1994"

The Review Committee engaged the National Institute of Economic and Industry Research to undertake a costs and benefits analysis of the operation of electronic gaming machines in Victoria.

The Review concludes that;

"the NIEIR analysis indicates that the annual economic benefits of $1.4 billion overshadows annual economic costs of $36.3 million".

**(Source: Review of Electronic Gaming Machines in Victoria - Vol 1 - April 1994. Page 96)*

The Associations cannot identify any extraordinary factors in comparison to Victoria that would suggest any other outcome could be expected for South Australia other than what has been experienced in Victoria.

Section 6

MARKET RESEARCH

Survey Profile

In an effort to establish a fair and reasonable overview of;

1. Community perceptions
2. Players perceptions
3. Player profile
4. Player habits

The Associations engaged McGregor Marketing to undertake;

1. Omnibus survey of the Community
2. Exit interviews of Patrons of clubs and hotels

The complete findings are attached in Appendix (2) - Summary & (3) Results

Overview

Number of people interviewed		1,101
Type of Interview		
- Omnibus survey		400
- Exit Interviews		701
Venues utilised	16	100%
Metro	12	73%
Country	4	27%
Hotels	13	83%
Clubs	3	17%

The 16 venues have a total of 477 machines. This sample represents 6.1% of all machines as at 17/9/95 and 4.9% of all venues as at 17/9/95.

Major Findings

	General Public	Hotel/Club Patrons
Frequency of playing gaming machines (currently players)	35%	74%
Gambling form used in the last 12 months		
• X-Lotto/Lotto Block	63%	76%
• Bingo tickets/small lotteries/raffles	50%	63%
• Gaming Machines (Pokies)	45%	79%
• Instant Money/Scratchies	33%	37%
• Club Keno	20%	44%
• TAB	19%	40%
• Casino gaming machines	16%	26%

	General Public	Hotel/Club Patrons
Change in expenditure on Eyes down bingo, bingo tickets, small lotteries/raffles (in last 12 months)		
• Non Participant	30%	19%
• Non Pokie players		
- same	89%	60%
- decrease	9%	8%
- increase	2%	2%
- never		23%
• Pokie players		
- same	76%	67%
- decrease	17%	18%
- increase	7%	4%
- never		17%
Overall effect	**Reduction of 9%**	

	General Public	Hotel/Club Patrons
Frequency of playing machines		
• Daily/Most Days	1%	6%
• Two or three times a week	2%	30%
• About once a week	5%	26%
• Two or three times a month	11%	14%
• About once a month	18%	9%
• Once every few months	34%	13%
• Less often	29%	2%
	100%	**100%**
Therefore, weekly players	**8%**	**62%**

	General Public	Hotel/Club Patrons
Aspects of playing that appeal (multiple answer)		
• Fun ofplaying	27%	40%
• Prospect of winning (other than big prizes)	23%	39%
• Somewhere to go out/socialising	21%	24%
• Something to do with friends/partners	19%	12%
• Win big prizes	11%	11%
• Inexpensive entertaiment	12%	10%
• Freebies/giveaways	3%	1%

	General Public	Hotel/Club Patrons
Hotels/clubs are more pleasant with gaming		
• Agree	29%	61%
• Disagree	36%	22%
• Neutral/Don't know	36%	17%

	Hotel/Club Patrons
Use of EPTPOS to fund gaming playing	
• Yes	27%

	1st	2nd	3rd
Reasons for choice of Venue (top 3 reasons)			
• Nice atmosphere	36%	21%	15%
• Convenient location	27%	11%	16%
• Service from staff	11%	23%	19%

	Mean Score	10/10
Venue Rating by Patrons surveyed (rating based on venues surveyed)		
• Standards of service	8.7/10	42%
• Rating for quality of food	8.4/10	26%
• Parking facilities	8.1/10	38%
• Atmosphere	8.5/10	41%
• Enjoyment of session	8.4/10	36%

CONCLUSION

There has been a high level of acceptance of gaming machines by club/hotel patrons with a significant majority appreciating the entertainment and leisure value and the improved facilities and service.

The shift in spending on 'minor lotteries' is mixed between both players and non-players, but falls well short of the claims of some organisations.

The overwhelming majority of players cite fun, socialising and excitement as their major motivation for playing.

Regular weekly players make up only 8% of the population with 45% suggesting they play at some time.

Section 7A

PROBLEM GAMBLERS

The issue of problem gamblers and gambling addicts has received wide publicity in the local media. The actual extent of problem gamblers has not been quantified by any SA based welfare agency.

The Associations, in addressing this issue, have sought advice and information from the Australian Institute for Gambling Research (A.I.G.R.).

The A.I.G.R.'s Executive Director, Associate Professor Mark Dickerson has provided a range of information that is included in this submission.

In addition, the A.I.G.R. has agreed to provide consulting services to the Associations in developing a number of consumer and industry based initiatives aimed at addressing many of the Institute's own recommendations. These initiatives are also detailed in the submission.

Putting the Problem Gambler into perspective

Prevalence

The A.I.G.R. suggests in the attached paper (NZ.WPD. *See Attachment 7A(a)* that;

"The present working estimate of just over 1% of the adult population being currently (in the last six months) a problem gambler arose from the 1991 national study..." (Page 1 A.I.G.R./Papers:NZ.WPD)

During a visit to Adelaide to consult with the Department of Family & Community Services in April 1995, Associate Professor Dickerson was reported in the Advertiser on 22/4/95 as saying:

"The introduction of poker machines in South Australia had seen the emergence of an estimated 11,000 'potential problem gamblers'.

"....based on experience elsewhere, 1 percent of SA's adult population had the potential to develop gambling addictions."

"of those, 300-400 a year would seek professional help. Among them would be relatives trying to cope with a gambling addict in the family."

Other forms of Gambling

Professor Dickerson also was reported in the Advertiser as saying:

"It is too easy to assume that because of poker machines we have (gambling) problems."

"the problems have been around a long time. They didn't start with the machines".

The spread of problem gambling is well demonstrated in the A.I.G.R.'s paper "Problem Gambling" (attached) which is an extract of a detailed study of gambling problems in Queensland and the establishment of the 'BREAKEVEN' program.

'BREAKEVEN' Research* (Problem Gambling)*(See Attachment 7A(b))*

*Section 5.3.1.4 Client's preferred form of gambling (Page 143)

Clients of the BREAKEVEN program were classified by the form of gambling on which they spent the most time or money per week, unless two or more forms were used to a similar extent, i.e. showed similar weekly time and money expenditure patterns.

The results were;

	TAB	**Gaming Machines in Clubs/Hotels**	**Casino (incl machines)**
Preference	32%	25%	12%

21% of clients used two or more forms of gambling or similar weekly expenditure patterns. (The remaining 10% of clients' preference was not identified.)

Table 5.3 Percentage Distribution of preferred gambling by sex on Page 144 shows the preference by sex of clients of the BREAKEVEN program.

% DISTRIBUTION			
	TAB/Horse Racing	**Gaming Machines**	**Casino Gaming**
Women (n=37)	3	68	13.5
Men (n=137)	52	16	16

n = number of clients

The majority of women clients (68%) used gaming machines compared to 16% of men.

In contrast 52% of male clients preferred betting on TAB/Horse Racing compared with just 3% of women.

To further reinforce the preferences of problem gamblers the A.I.G.R. paper - NZ.WPD suggests on Page 2 at point 1.2.2 that in Victoria, of the 293 new clients attended, the preference in gambling was:

GAMING MACHINES	TAB	CASINO
45%	45%	10%

Conclusion

Based on existing data provided by the Australian Institute of Gambling Research, it seems fair to assume that South Australia is likely to have 1% of the adult population as potential problem gamblers.

Most recent ABS statistics put the population of SA at 1,469,784. Of that number 1,109,800 are over 18. Therefore SA may see 11,000 potential problem gamblers of which some 3% are likely to seek assistance (Advertiser 22/4/95 - Professor Dickerson).

Based on the A.I.G.R. research in both Victoria & Queensland (see attached), it is fair to assume that of those patrons presenting for assistance, some 40 to 45% will experience gaming machine related problems, some 40 to 45% TAB/horse racing related problems and some 10% to 20% as a result of Casino gambling. What does not show from this interstate research is the potential problems associated with Club Keno (SA's on-line Keno game) which has operated in this jurisdiction since 1992 but only more recently introduced into Eastern State jurisdictions. There is some anecdotal evidence from the Adelaide Central Mission (Vin Glen) that Keno has in fact created a level of problems amongst players.

Accordingly, we would suggest that the South Australian experience is likely to reflect the Eastern States rather than produce significantly more problem gamblers. It is therefore important to consider what arrangements have been made for the provision of services to problem gamblers - See Gamblers Rehabilitation Fund.

1.1 Prevalence

The present working estimate of just over 1% of the adult population being currently (in the last 6 months) a problem gambler arose from the 1991 national study. This is very similar to the New Zealand National Study and significantly <u>less</u> than most US estimates which are considered to be using a much less rigorous criterion.

Characteristics of Problem Gamblers in Australia

- men to women	7:1
- average age	45 years
- average weekly spend	$180
- preferred forms	gaming machines and TAB
- negative impacts reported in all domains:	interpersonal, finance, employment, legal
- South Oaks Gambling Screen scores	all > 10

More recent surveys in Tasmania and Western Australia using similar methods have found lower levels. It is difficult to be confident that these are real differences, but it would fit with the <u>lower</u> availability of gaming machines in those two states where they can only be played in the casinos.

As in New South Wales, where there is a mature gaming machine market and machines cause 50% of the problem gamblers, increased availability is likely to cause almost a doubling in prevalence. <u>In NZ,</u> given that the first year report of the telephone counselling hotline showed that by the end of the year the preferred form of problem gamblers was 50/50 betting/gaming machines, this has already occurred despite the limited gaming machine product that is available.

Queensland and Victorian data shows that as gaming machines are introduced de novo, then the prevalence of problem gambling amongst <u>women</u> rapidly - within 2 years - matches that of <u>men</u>.

1.2 Service Developments for Problem Gamblers

Funding is from Community Benefit levies on most casinos and sometimes gaming machines in hotels and registered clubs. Except for Sydney casino where the levy will be 2%, the rate is 1% of gaming revenue.

In Queensland up to 1% of gaming machine turnover in a registered club or 4.5% in hotels goes to charities and rehabilitation funds.

In fact, those funds have been used for general community projects and only in Queensland and Victoria has recurrent funding of services for problem gamblers been established:

- Queensland	~ $1 million p.a.
- Victoria	~ $4.1 million over 4 years to establish services

1.2.1 Services

Queensland:

- 5 resource centres for problem gamblers and their families opened in 1993 (May-July).
- 2 impact studies, charities and social economic.
- commission - 3 year prospective study coordinated by Department of Family Services & Aboriginal and Islander Affairs.

Victoria:

- 13 resource centres, based on Queensland model, opened in early 1995.
- Late 1993, G-Line, a toll-free phone referral and counselling service advertised, up and running. Structure includes Problem Gambling Advisory Group with representatives from gaming and wagering industry and community organisations, coordinated by Department Health & Community Services.

ACT:

- has a limited service of 2 counsellors based in Lifeline since 1993.

WA:

- has funded a baseline survey and approximately $150,000 to support existing community agencies.

Tasmania

- has conducted a baseline study and may not fund a service until the gaming machines are extended to clubs and hotels in 1997. NSW has a Casino Community Benefit Trust which has commissioned two major studies in advance of the revenue stream (2%) coming from the Darling Casino in the last quarter of 1995.

1.2.2 Take-up of New Services

In Queensland in 1993-1995, 1200 new clients have attended the centres for counselling, about 2/3 of whom are players and 1/3 are families/partners of players, where the player has refused to attend.

In Victoria 293 new clients attended in the first 85 days of operating with a one week waiting period developing. G-line calls continue to escalate quarter by quarter, now at ~200 calls per month.

- preferred forms; gaming machines and TAB 45/45:10% casino
- sex ratio : within one year of services opening 50/50 men to women

1.2.3 Future Developments in Services

The resource centre model involves prevention and education as well as direct counselling services to clients.

- TV advertising campaign about to commence in Victoria linking gambling types TAB, Casino, Slots, with possible problems and giving G-Line number.

- Year 10 Curriculum on social issues focussing on gambling - prepared in Victoria but not likely to be available in schools for some time.

- Patron care, responsible marketing themes, discussion of preparing a code of conduct for the industry.

- Banning of problem players included in the regulations as a power for gaming machine managers in Queensland. Little evidence of how it can be used except when players bounce cheques in the club or hotel.

For Australia, it seems likely that there will be a national network of resource centres (possibly all using the name Break Even) and a single toll-free number for at-a-distance counselling and referral on to local counsellors.

SECTION FIVE: PROBLEM GAMBLING

5.1 INTRODUCTION

The focus of this section of the Report is the negative impact of the availability of gaming machines on individuals and families where excessive or problematic levels of gambling have resulted in a range of personal, employment, financial and legal problems. Gamblers who fit such a pattern may satisfy the criteria of the Diagnostic & Statistical Manual (Edition III-R)(American Psychiatric Association, 1987) for the diagnosis "pathological gambling". A review of the research literature on this topic, its prevalence, characteristics and treatment is given at Appendix 1 (Page 145).

Prevalence studies of problem gambling conducted in 1991 prior to the introduction of gaming machines to Queensland indicated that the best estimate for Australia for current prevalence i.e. problem gambling experienced in the last six months was 1.16% ± .34% (see Appendix 5.2). Furthermore from the amounts spent by problem players at any one session of betting or gaming on estimate of each players annual gambling expenditure was calculated to be $9109 dollars. On the basis of these self-reported levels of expenditure, which are probably conservative, it was established that approximately 25% of *all* expenditure on gambling was by problem player. Applied to Queensland this gives a total of 26,404 ± 7739 individuals[1], 86% of whom would be male. Problem gambling is typically associated with betting, gaming machines and casino gaming. Approximately 15% of those who gamble on gaming machines once per week or more often are likely to be classified as problem gamblers.

The telephone survey described in chapter 4 established that 10% of the adult population in Queensland reported playing gaming machines once per week or more often. If 15% of these regular players become problem players then the introduction of gaming machines will have created more problem players in Queensland.

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1 Based on an adult population of 2,276,247 (Australian Bureau of Statistics (1994) Estimated Resident Population by age and sex: states and Territories of Australia CAT NO:3201.0)

Using a similar approach the Review of Electronic Gaming Machines in Victoria (1994) used the cost estimating of Politzer and colleagues from the US in the early 1980's as a basis for estimating the cost in dollars of the creation of a new population of problem gamblers in Victoria.

However if the categories of costs used by Politzer, Morrow and Leavey (1981) are examined:-

1. Lost production
2. Costs of enforcing, adjudicating, and detaining in relation to the 'average' white-collar offence committed by pathological gamblers
3. Costs of maintaining the gambler in prison
4. 'Abused dollars' - an estimate of the amount obtained legally or illegally, and then gambled which otherwise would have been used for some essential purpose.

only the first can be readily defended at this stage of our knowledge. The relationship between crime and problem gambling still requires considerable research before such a factor can be included as a cost associated with the introduction of a form of gambling. In the Australian context where the money gambled is part of a legalised, taxed, leisure activity, it is difficult to view the 'abused dollars' as a cost factor.

At this stage it therefore seems premature to attempt to put a dollar figure to the creation of new problem gamblers. There is no doubt that estimates of the costs incurred by problem gamblers such as lost productivity merit research attention and this is reaffirmed below.

The approach adopted in this the first year of a three year project was to provide a detailed description of those problem gamblers and their families who had sought help from the newly established Break Even services.

5.2 ESTABLISHING THE BREAK EVEN SERVICE

Throughout the 1980s the reviews and enquiries into gambling conducted in various States throughout Australia increasingly noted the existence of problem gamblers and the need to provide services to ameliorate the negative impact of legalised gambling. At the end of the decade as several States planned the extension of legalised gambling to include in particular gaming machines, (Queensland, Victoria, South Australia, Tasmania) and casinos (ACT, Victoria, NSW) public concerns about the social costs resulted in policies that allocated portions of the new gambling taxation revenues specificly to the development of services for problem gambling and related social impact research.

The ACT, Victoria, NSW and Queensland all have allocated funds to such services but Queensland was the first state to establish a comprehensive state-wide network of resource centres.

5.2.1 Model

The Department of Family Services and Aboriginal and Torres Strait Islander Affairs Information Paper, " Resource Centre for Problem Gamblers and their Families" (September, 1992) described a resource centre model that would have the following functions:

> "To provide direct services, i.e., information, advice, counselling and, where appropriate, referral, to problem gamblers and their families.
>
> To link with other community services within the region and provide them with information, advice and professional support, in relation to gambling issues.

To provide information and advice to the general community concerning gambling issues."

There were to be four such centres, Brisbane, Townsville, Rockhampton & Toowoomba with the former providing an outreach service to the Gold Coast.

The staffing was to comprise trained counsellors with expertise in addictions and financial counselling with access to family counselling and other specialist services as required. The resource centres were to form a coordinated network and would participate in the social impact study which included the evaluation of the resource centre services.

5.2.2 Staffing

TABLE 5.0: STAFFING

BRISBANE (SUNSHINE COAST)	
Auspicing agency:	Marriage Guidance Queensland*
Financial Counsellors:	2
Addictions Counsellors:	2
Family Therapist:	1
Administration Support:	1
GOLD COAST	
Auspicing agency:	Marriage Guidance Queensland*
Financial Counsellors:	1
Addictions Counsellors:	1
TOWNSVILLE	
Auspicing agency:	Townsville Centacare Catholic Family Services
Financial Counsellors:	1
Addictions Counsellors:	1
Administration Support:	.5
TOOWOOMBA	
Auspicing agency:	Lifeline Darling Downs
Financial Counsellors:	1
Addictions Counsellors:	1
Administration Support:	.5
ROCKHAMPTON	
Auspicing agency:	Marriage Guidance Queensland*
Financial Counsellors:	1
Addictions Counsellors:	1

* now called 'Relationships Australia'

5.2.3 Staff training and development

This was a new service in the Australian context - previously there existed only the volunteer self-help group called Gamblers Anonymous (GA) and a very limited number of clinical psychologists or psychiatrists (eg., Associate Professor Alex Blaszczynski, and Dr Clive Allcock in Sydney) providing treatment, thus considerable time was put to staff training and development.

Prior to the opening of the Resource centres:-

May 19 - June 4, 1993	13 day training for financial counsellors
June 7 - June 16, 1993	8 day training for both addictions and financial counsellors focussing on problem gambling, assessment and approaches to counselling; team building.

These sessions immediately preceded the opening of the resource centres. A subsequent continued training session was held:-

Oct 19 - Oct 27, 1993	with separate sessions for financial counsellors followed by sessions for all staff which covered further training in the addictive aspects of problem gambling.

5.2.4 Interim, 6 Month Evaluation of the Break Even Services

In November, Associate Professor Mark Dickerson visited each of the resource centres and met with both management of the auspicing agencies and the BreakEven coordinators and counsellors.

The Interim Report is given in full at Appendix 5.3. In brief its broad conclusions were very positive:-

- the name Break Even was attractive to counsellors, clients and the gambling industry

- even in the absence of state-wide advertising problem, gamblers were presenting to the resource centres in significant numbers

- resource centre staff were taking a professional and creative approach to the development of this new service.

5.3 EVALUATION OF THE BREAKEVEN RESOURCE CENTRES

During the initial addictions training the resource centre staff participated in the design of intake forms that would provide essential descriptive data of the clients, whether problem gamblers or families of problem gamblers.

The intake forms included demographic information, detailed evaluation of the person's gambling behaviour, an appraisal of the extent and degree of gambling related problems and a rating by counsellors of the extent to which problem gamblers satisfied the diagnostic criteria for pathological gamblers.

The data from these forms provides the first Australian state-wide description of problem gamblers and their families seeking help from an identified specialist service for such problems.

> In boxes similar to this are a number of individual client examples. All have been modified to ensure no particular person is described but they are none-the-less valid illustrations of the kinds of issues described by those seeking help with gambling-related problems.[1]

5.3.1 Characteristics of client gamblers attending Break Even

Intake forms from all the resource centres were requested in March 1994 to permit the research team to collate and analyse the data for this report. The data on 174 clients given below therefore represents the total contacts during the first 7-8 months since the resource centres opened in July and August 1993. The total number of cases opened July'93 - June '94 is 663 each of which generated an average 5 hours of counselling.

> A thirty-three year old male executive in an international finance company came to Break Even asking for help with ending a 14 month 'binge' on gaming machines in the casino, hotels and clubs which was costing him $500 per week and had lead him to recently misappropriate small sums of cash from work having lost all the family savings and withdrawn all the deposits from his children's trust.

5.3.1.1 General demographic characteristics

Throughout the following sections, if differences between men and women show up in the data, they are described. A final section summarises these differences and evaluates possible interpretations and implications.

21 % of the clients were women. The same ratio of women to men was reported in the description of the first year of operating the national telephone hotline and clinics for problem gamblers and their families in New Zealand (Abbott, Sullivan and McAvoy, June 1994). The age of clients ranged from 19-70 with a mean age of 38.6 years. Women (mean = 37.3 years) were slightly younger than the men (mean = 38.9 years). 2% of the men and 10% of the women were of ATSI descent. 72% of the clients were Australian born and the only other grouping larger than 5% being 8.7% born in the United Kingdom.

43% of clients were married or in defacto relationships, 27% single and the remainder separated, divorced or widowed. The modal duration of the current relationship was between 6 & 10 years. 58% of all clients had completed their education to the secondary level and 12% to tertiary or postgraduate levels. Overall there was a trend for women to have a higher level of education with almost a fifth of women clients having tertiary or postgraduate qualifications.

The average annual income of clients was $19,000 with 37% earning less than $10,000 p.a. However this low income group is comprised of 30.7% of the men but 62.5% of the women. The income of the women peaked at $40,000 but 9.5% of the men reported incomes in excess of this figure with 7.1% over $60,000.

A thirty-two year old woman came to BreakEven following the sudden breakup of her defacto relationship. Her defacto partner had been a regular punter at the TAB and she was now being hounded for the payment of a credit card debt in her name.

5.3.1.2 Employment Status

18% of all clients were unemployed but this figure was driven by significant differences between resource centres and between men and women. In Brisbane (23%) and Townsville (30%), the unemployment rate among clients was much higher than other centres. The average rate of unemployment for men across all centres was 22.6% and for women 2.7%. However 29.7% of women were described as 'full-time home duties'.

The other significant difference between men and women was the 16.8% of men employed in professions or as managers compared with 8.1% of women.

A forty-seven year old married man described how he had emigrated from New Zealand where he had sold up a small local store bringing the capital of $35,000 with him to establish his family here in Australia. In a consultation with a GP, he admitted the family and marital situation was very stressful at present as in the first 3 months, while looking for employment, he had lost $25,000 playing blackjack.

5.3.1.3 Extent and degree of gambling related problems

Sources of client referrals

As shown in Table 5.1 the majority of referrals (32%) came from other community agencies. This suggests the rapid acceptance of Break Even by other agencies and underlines the importance of the networking commented upon in the Interim Report (Appendix 5.3). The data at this time also shows large variations in referrals from other agencies between centres with the smallest (15%) in Rockhampton and the largest in Townsville (45%). If such variations in this type of referral continue they merit further research.

The rate of self-referrals averaged 16% but did not occur at all in Brisbane. This is a very important finding and may reflect the relative ease with which Break Even became known to the general public in smaller towns such as Toowoomba and Townsville, but in the city of Brisbane, without the support of an ongoing advertising campaign few people may know of the existence of the resource centre.

TABLE 5.1: PERCENTAGE DISTRIBUTION OF GAMBLING CHARACTERISTICS OF BREAK EVEN CLIENTS - 1994 (N = 174)

	BRISBANE	*TUGUN*	*TWOOMBA*	*TVILLE*	*R'HAMPTON*	*SUNSHN COAST*	*ALL CENTRES*
	n=59	*n=36*	*n=14*	*n=40*	*n=20*	*n=5*	*n=174*
FORMS OF GAMBLING							
Betting	28.99	27.78	35.71	15.00	30.00	40.00	28.16
Gaming *	26.09	25.00	14.29	7.50	25.00	20.00	21.84
Casino **	2.90	19.44	0.00	22.50	0.00	0.00	10.34
Other	4.35	5.56	0.00	0.00	0.00	0.00	2.87
2 or more forms	17.39	13.89	7.14	17.50	30.00	0.00	17.82
ANNUAL INCOME							
<10,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10,000-14,999	28.99	47.22	0.00	52.50	5.00	0.00	33.91
15,000 - 19,999	14.49	11.11	7.14	0.00	25.00	20.00	12.07
20,000 - 24,999	8.70	5.56	7.14	7.50	20.00	20.00	9.77
25,000 - 29,999	15.94	25.00	35.71	12.50	20.00	40.00	20.69
30,000 - 39,999	5.80	2.78	28.57	5.00	15.00	0.00	8.05
40,000 - 49,999	1.45	0.00	0.00	0.00	5.00	0.00	1.15
50,000 - 59,999	0.00	0.00	0.00	2.50	0.00	0.00	0.57
>60,000	4.35	5.56	0.00	10.00	0.00	0.00	5.17
DEBT							
MEAN	82,350.31	32760.43	20872.22	13381.82	24999.50	17500.00	46268.53
SD	243,445.00	100470.99	35185.89	17683.99	71015.87	17677.67	149684.71
YEARS OF PROBLEM GAMBLING							
0-2	28.99	30.56	14.29	12.50	50.00	20.00	28.16
3-5	13.04	11.11	28.57	22.50	5.00	40.00	16.67
6-10	5.80	27.78	7.14	25.00	15.00	0.00	16.09
11-15	14.49	11.11	14.29	0.00	5.00	0.00	9.77
15-20	7.25	0.00	7.14	5.00	5.00	20.00	5.75
>20	14.49	19.44	28.57	35.00	20.00	20.00	22.99
SOURCES OF REFERRAL							
Self	0.00	16.67	42.86	27.50	20.00	20.00	16.09
Family/Friends	14.49	5.56	21.43	12.50	15.00	0.00	13.22
Another BE Client	0.00	5.56	0.00	0.00	0.00	0.00	1.15
BreakEven Staff	0.00	2.78	0.00	2.50	0.00	0.00	1.15
Marr.Guid Staff	1.45	0.00	0.00	2.50	0.00	0.00	1.15
Phone Book	5.80	0.00	0.00	0.00	5.00	0.00	2.87
Comm. Agency	28.99	22.22	21.43	45.00	15.00	60.00	31.61
Self-help Group	8.70	2.78	0.00	0.00	15.00	0.00	5.75
Health Service	1.45	2.78	0.00	2.50	5.00	0.00	2.30
Legal	2.90	0.00	0.00	5.00	0.00	0.00	2.30
Another Therapist	7.25	2.78	7.14	0.00	5.00	20.00	5.17
Other	14.49	36.11	7.14	2.50	20.00	0.00	16.67

TABLE 5.2: RATIO OF MEN TO WOMEN CLIENT DISTRIBUTIONS BY RESOURCE CENTRE.

	MEN	WOMEN
All Centres	3.7	1.0
Toowoomba	13.0	1.0
Rockhampton	1.9	1.0

Table 5.2 illustrates the differences in sex ratios by resource centres. From earlier prevalence surveys in 1991 the expectancy for problem gamblers in the general population would be 5.6 men for each woman problem gambler, although in NSW (ie the only state with poker machines in 1991) the ratio would be 4:1 or less.

The differences between the two extreme ratios at Toowoomba and Rockhampton, although based on a small sample, may simply be a function of a small sample and cannot be attributed to the all male staff at Toowoomba and all female at Rockhampton as both counsellors at Tugan are female and this centre attracts a high ratio of men.

A woman in her early 40's married for 16 years with four children found out that over the last four years that her husband had been gambling very heavily on horse races throughout their marriage. On recently discovering he had forged her signature at the bank in order to obtain a large cash loan she came to Break Even with the objective of protecting the family's remaining resources.

5.3.1.4 Client's preferred form of gambling

Clients were classified by the form of gambling on which they spent the most time or money per week, unless two or more forms were used to a similar extent, ie., showed similar weekly time and money expenditure patterns. 32% preferred betting at the TAB, 25% poker machines in clubs and hotels and 12% casino gaming (including machines).

21% of clients used two or more forms of gambling on similar weekly expenditure patterns, usually a combination of 2 of betting, poker machines or casino gaming. No clients preferred lotto as their main form of gambling and only one client bought daily lotto tickets, spending $125 per week on them.

TABLE 5.3: PERCENTAGE DISTRIBUTION OF PREFERRED GAMBLING BY SEX

% DISTRIBUTION

	TAB/(Horse Racing)	Poker Machines	Casino Gaming
Women (n=37)	3	68	13.5
Men (n=137)	52	16	16

The majority of women clients (68%) used poker machines as their main preferred form of gambling compared with 16% of men. In contrast 52% of men clients preferred betting compared with just 3% of women.

In Table 5.1 the variations in the percentage of clients who preferred casino gaming (including machines) across resource centres, with Townsville and the Gold Coast showing much higher client preferences, has good face validity, matching the ready availability of casinos in those two population centres.

A fifty-one year old widow had been a regular bingo player for several years. The problem she described to Break Even began when she played the poker machines before and after the bingo sessions. She felt it was now an escape from being alone at home and she was embarrassed at her credit card debt of $850 she could not pay, having lost savings of about $10,000.

5.3.1.5 Money & time expenditure on gambling

TABLE 5.4: AVERAGE EXPENDITURE BY FORM PER WEEK FOR MEN AND WOMEN CLIENT GAMBLERS.

	MEN $	WOMEN $
Lotto	42.8	79.6*
Bingo	-	94.2*
TAB	724.0	28.0*
Pokies	413.0	322.6
Casino	658.0	969.0*

(* frequencies very low; N <= 7)

The average total spent on gambling per week by male clients was $240.08 (SD=194.45) and for female clients was $149.71 (SD=106.53). The time spent per week involved in all gambling activities was estimated from the clients reported 'typical' session length by the number of sessions per week. This gave for men, 15.85 (SD=13.24) hours and women 12.80 (SD=11.34) hours per week spent gambling.

> A twenty-three year old single woman came to Break Even seeking financial and addictions counselling for her poker-machine behaviour and its related problems. In a period of a year and a half she had progressed from an initial dislike of her first go on the machines when she lost $5 to a daily session of up to 4 hours duration. She has debts of $21,000 on a variety of credit cards and two bank

5.3.1.6 Adverse effects of gambling

BreakEven counsellors rated the level of adverse effects of the clients gambling on various areas of their clients lives:

Personal problems such as difficulties in controlling their expenditure on gambling or using gambling as a means of escaping from stress or depression;

Interpersonal problems such as gambling causing arguments in the family or resulting in loss of friends, separation or divorce;

Vocational problems such as the loss of time from work or the loss of the job itself;

Financial Effects such as the level of debts incurred from gambling and borrowing to pay for gambling debts;

Legal problems such as the misappropriation of monies for gambling, court appearance or prison due to gambling-related offences.

A twenty-nine year old married woman with a young baby had recently stopped work expecting her second child. The situation she described to Break Even counsellors was that despite her husband's recent sacking following frequent absences to play poker machines, he refused to stop gambling or come to counselling with her.

Personal

Both men and women were rated similarly with the typical rating meaning that the client believed they have a personal problem with regard to their gambling and that they are currently experiencing personal distress as a result of their gambling. 40% of men and 43% of the women were rated in the 'severe' category indicating that these clients were using their gambling as an escape from depression.

Interpersonal

The adverse interpersonal effects for men were rated somewhat higher than for women with 44.4% of men reporting the break-up of important relationships as a result of their gambling. This contrasted with 22% of women. The relatively milder problems for women ranged equally between creating problems for family and friends to causing frequent arguments about money.

Vocational effects

Only 14% of women were rated has having moderate or severe work-related problems arising from gambling in contrast to 45% of the men for whom their gambling had resulted in time lost from work or in the loss of the job itself. This may well be because women generally had gambling problems of a much shorter duration than the men. Work-related negative impacts of problem gambling may well take several years to accrue.

Financial effects

Men and women were rated very similarly with over half of each group gambling to win money to pay debts and for having borrowed money to gamble and unable to pay it back.

Gambling debts

Women's debts were $4,564 on average with the individual totals ranging from $0-70,000. 24% of women had <u>no</u> gambling related debts at the time of seeking help from Break Even. For men the average debt was $33,158, ranging from $0-1million. 44% of men had no gambling related debts at the time of seeking help.

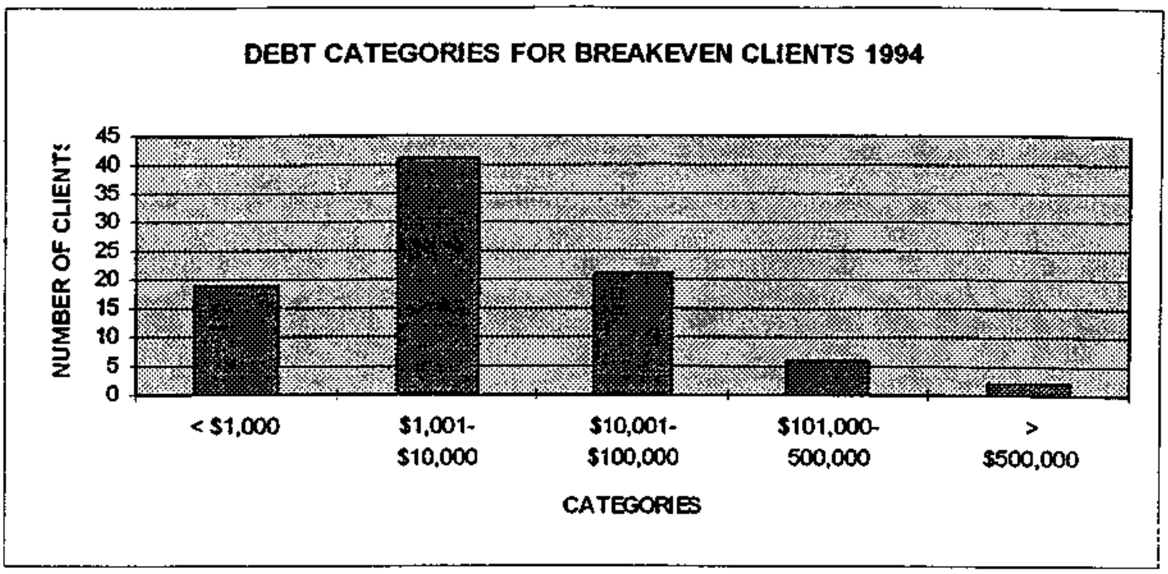


Figure 1: Debt Categories for Break Even Clients 1994

5.3.1.7 Adverse legal effects

The adverse legal effects attributed by clients to their gambling is given at Table 5.7 That such issues arose for 31% of male clients and 22.2% of female clients is significant. Further research into this is required not only to clarify the direction of causality but also to develop a costing for this social impact of gambling and gaming.

TABLE 5.5: ADVERSE LEGAL EFFECTS OF GAMBLING

	% MEN	% WOMEN
No gambling-related legal problems	69.0	77.8
Gambling has caused problems with the police	7.1	5.6
Taken money without authority to gamble	9.7	11.1
Court appearance/prison due to gambling	14.2	5.6

TABLE 5.6 : DSM CRITERIA

	BRISBANE	TUGUN	TOOWOOMBA	TOWNSVILLE	ROCKHAMPTON	SUNSHINE COAST	ALL CENTRES
	X (SD)	X (SD)	X (SD)	X (SD)	X (SD)	X (SD)	X (SD)
Have a frequent preoccupation with gambling or obtaining money to gamble?	1.51 (0.70)	1.71 (0.98)	1.27 (0.47)	2.00 (0.80)	1.58 (0.63)	1.50 (0.58)	0.86 (0.34)
Often gamble larger amounts of money or over a longer period of time than intended?	1.69 (.69)	1.31 (0.68)	1.64 (0.92)	1.87 (0.63)	1.50 (0.73)	1.75 (0.50)	0.90 (0.30)
Need to increase the size or frequency of bet to achieve the desired excitement?	1.98 (0.71)	1.97 (0.95)	2.36 (0.67)	2.40 (0.56)	2.06 (0.85)	2.50 (0.58)	0.68 (0.47)
Show restlessness or irritability if unable to gamble?	1.98 (0.71)	1.77 (0.84)	1.63 (0.51)	2.03 (0.72)	1.81 (0.66)	2.00 (0.00)	0.81 (0.39)
Repeatedly lose money gambling and returns another day to win back losses?	1.93 (0.93)	1.45 (0.78)	1.73 (0.65)	1.83 (0.46)	1.63 (0.72)	2.00 (0.82)	0.81 (0.39)
Show repeated efforts to cut down or stop gambling?	2.15 (0.92)	1.91 (1.12)	2.36 (0.81)	2.83 (0.53)	2.13 (0.81)	1.50 (0.57)	0.52 (0.51)
Often gamble when expected to fulfil social, educational or occupational obligations?	2.24 (0.73)	2.40 (1.09)	2.09 (0.83)	2.47 (0.63)	2.75 (1.00)	2.50 (0.58)	0.56 (0.50)
Appear to have given up some important social, occupational or recreatonal activity in order to gamble?	2.11 (0.69)	2.20 (0.96)	1.91 (0.70)	2.37 (0.62)	2.81 (0.66)	2.50 (0.58)	0.61 (0.49)
Continue to gamble despite inability to pay mounting debts, or despite other significant social, occupational or legal problems that the individual knows to be exacerbated by gambling?	1.83 (0.77)	1.88 (1.05)	1.73 (0.79)	1.97 (0.72)	1.63 (0.62)	1.50 (0.57)	0.81 (0.40)
Number of people scoring 4 or more on DSM criteria	44	32	10	27	16	4	133

KEY: FOR EACH BRANCH THE ITEMS WERE SCORED: 1=DEFINITELY; 2= PROBABLY; 3= PROBABLY NOT; 4=DEFINITELY NOT
THESE ITEMS WERE THEN COLLAPSED INTO 1=YES ; 0=NO FOR THE ALL GROUPS CATEGORY.

5.3.1.8 DSM III-R criteria

The diagnostic category "Pathological Gambling" in the Diagnostic and Statistical Manual (3rd Edition, revised) (American Psychiatric Society, 1987) is the main method of classifying problem gamblers that permits international comparisons.

The ratings completed on the DSM III-R criteria are given in Table 5.6 by resource centre. 77% of all those seeking help from Break Even satisfied 4 or more of the criteria for the diagnosis of 'Pathological Gambling'.

The trend throughout the ratings on the diagnostic criteria was for men to be rated more severely, particularly in those areas considered most indicative of a well-established addictive behaviour, ie., chasing losses and missing or giving up other social or occupational activities in order to gamble. Some understanding of this difference between men and women is given in the next section dealing with the duration of problems.

TABLE 5.7: DURATION OF PROBLEM GAMBLING BY PREFERRED FORM

Years of Problem	Betting TAB	Pokies	Casino	Other
0-2	2.3	12.1	6.3	3.4
3-10	10.3	6.9	7.5	2.3
> 11	15.5	5.7	2.3	4.6

TABLE 5.8: DISTRIBUTION OF THE NUMBER OF YEARS GAMBLING HAS BEEN A PROBLEM BY MEN AND WOMEN.

YEARS	MEN %	WOMEN %
1 - 2	21.7	68.6
3 - 5	20.0	17.2
6 - 10	20.8	11.5
11 - 15	13.9	2.9
16 - 20	8.8	-
20 +	14.9	-

5.3.1.9 Duration of gambling-related problems

Tables 5.7 and 5.8 illustrate the association between the shorter duration of gambling related problems and poker machines as the client's preferred form of gambling, and hence by association, with women clients. Male clients with their significant preference for betting report that their gambling has been a problem for much longer; 38% for more than 10 years.

5.3.1.10 Comment on Client Problem Gambler Characteristics

The predominance of men confirms the prevalence and treatment studies conducted previously both in Australasia and the United States. However, the fact that 21% were women gamblers, almost exclusively using gaming machines, shows a significant change from the 1991 survey in Brisbane which failed to identify any woman problem gamblers in a random door-knock sample (see Appendix 5.2). This is not to say they did not exist at that time but that they did so at such a low frequency that the sampling failed to detect a 'case'.

The introduction of machines has provided a ready opportunity for women to enjoy a continuous form of gambling whereas previously there was the male dominated TAB and on-track betting and casino gaming. The associated cost has been the appearance of women problem gamblers.

One more positive aspect of Queensland's gaming machine policy is that this group of women problem gamblers has typically sought help at Break Even within the first 2 years of encountering difficulties. This contrasts with the men, typically TAB bettors, who were seeking help with gambling problems of over 20 years duration. In the absence of <u>any</u> funded identified service for problem gamblers prior to 1993, it is not possible to attribute the longer duration of gambling problems in men to sex related differences such as income levels. It seems more likely that the existence of a clearly identified service has for the first time enabled problem gamblers to seek help regardless of the duration of their problems.

In terms of the severity of the gambling problems whether assessed in terms of DSM III-R criteria or more generally by counsellor ratings of gambling-related social and interpersonal costs, the first group of clients attending Break Even are very similar to those attending treatment centres elsewhere. The majority are without doubt experiencing an addictive-like involvement in gambling, preferring TAB betting, gaming machines or casino gaming.

<u>5.3.2 Characteristics of the Spouse/Family of problem gamblers seeking help from Break Even</u>

35% of those seeking help from Break Even services (94 people) were the spouses or relatives of a problem gambler, i.e., the problem gambler did not attend, did not wish to stop gambling or had recently separated from their partner or family. 76% of this group were women (median age, 39 years), typically with 2 dependent children with 55% married or in a defacto relationship.

Although such clients presented at all Break Even services, 34% of all women (40.4% of men and women) were seen at the one centre, the Gold Coast (Tugun) resource centre. 25.7% of clients were referred from counselling agencies and 14% were self-referred.

4% of these clients were of Aboriginal or Torres Strait Islander origin.

60% had completed their education to a high school level and 17% to a tertiary level.

Almost two thirds were in unpaid activities or in receipt of a pension:-

11.3%	Unemployed
25.4%	Full-time Home Duties
7%	Full-time Education
17%	Pensioner
57%	received an annual income of less than $10,000.

5.3.3 The Impact of Problem Gambling on the Spouse/Family

These clients, both men and women, described the duration of gambling-related problems from one to over twenty years with almost 60% in the latter category. The size of debts accrued from gambling were most often not known by the client but when reported ranged from $500-$400,000.

Almost 80% of these clients were rated by counsellors as having moderate or severe interpersonal problems arising from the problem gambling with 51.7% reporting the break-up of an important relationship, typically the marriage /defacto relationship.

62% were rated as having experienced moderate or severe negative impacts associated with the gambling partner having lost time from work or been sacked as a result of their gambling.

Over 70% of these clients were assessed to have experienced moderate or severe financial problems with inability to repay debts and the partner continuing to gamble despite outstanding debts, rental and mortgage payments.

Although 76% of the spouses of problem gamblers were assessed as having no gambling-related legal problems, 7% reported that their partners had misappropriated monies and 10% that gambling partners had been charged for a gambling-related offence.

5.3.4 Summary of the impact of problem gambling on the spouse/family

The typical non-gambling client was a woman aged in her late 30's with two dependent children, married/defacto to a problem gambler, or recently separated. The duration of the gambling problem was most often over ten years and often pre-dated the marital relationship. The majority of the women clients were unemployed and in receipt of less than $10,000 per annum. They were essentially a very vulnerable group with very limited resources to cope with the range of severe financial and interpersonal stresses created by the problem-gambling of their partner. The duration of these gambling-related problems is an indication of the degree of stress such families may experience and suggests that it is particularly difficult for them to present for help to any agency when the gambling-related problems are in their early stages. The recent provision of the Break Even service provided for many clients the first opportunity to seek professional help in the resolution of gambling related problems.

5.3.5 Networking, Community Awareness and other Resource Centre Activities

As reported in the Interim Report (Appendix 5.3) all the resource centres have developed detailed data bases on a planned sequence of networking that has included not only other welfare agencies and mental health services but banks and accountants as well as registered clubs and hotels.

The networking with the clubs and hotels has taken several forms depending on the accessibility of industry representatives and the creativity of the Break Even staff at different centres. The level of contact has ranged from providing basic information giving to sensitivity training sessions for floor managers and club staff that has included information on problem gamblers and their characteristics.

All centres have conducted seminar/open days with invited keynote speakers and have received support from the community and from local newspapers and radio programs. All centres are aware of the significance of educational and preventative work in their overall profile of service. As noted above in the analysis of the referral sources of clients attending Break Even it is apparent that other agencies in the community have rapidly come to an awareness of Break Even and regularly refer on clients with gambling related problems. The response from the club and hotel industry to Break Even staff has varied from the suspicious/hostile to open and supportive. The former negative repsonses came from a small proportion of clubs and hotels and seemed to arise from the prejudice that problem gambling was none of their concern.

5.3.6 Conclusions concerning the Break Even services after one year of operation

1. The Break Even service currently provided by the auspicing agencies is resourcing a clearly identified community need:- ie. problem gamblers whether defined in terms of the personal costs incurred or as an internationally recognised diagnostic category do exist in significant numbers in Queensland. The impact of the introduction of gaming machines has been to add to pre-existing problems generated primarily by TAB betting and to a lesser extent, casino gaming.

2. In other words legalised gambling, particularly betting, gaming machines, and casino gaming is associated with a wide range of significant costs for individuals

and families. These may include: marital breakdown; loss of employment; and gambling-related crime/criminal proceedings.

3. Existing Break Even centres and staff provide the essential nucleus for the provision of a state-wide service to problem gamblers and their families - ie., subject to the possible expansions, developments and advertising detailed below under policy considerations.

4. Women have been shown to be particularly vulnerable both as 'new' problem gamblers using gaming machines and as spouses coping with the impact of their partner's excessive gambling.

5.4 POLICY CONSIDERATIONS

<u>Break Even services for problem gamblers and their families</u>

5.4.1 It is recommended that Break Even be consolidated as a state-wide service by way of:

- evaluating the need to fully fund existing outreach services to the Sunshine Coast and perhaps also those to Mackay and Bundaberg. These arrangements are establishing the need for Break Even services in these populations but are essentially temporary and probably could not be sustained should there be an increase in clients in response to the planned statewide advertising campaign.

- developing a Break Even service delivery model and related policies and procedures that will consolidate a state-wide network which facilitates referrals, the delivery of services such as telephone counselling and the effective use of additional specialist services such as clinical psychologists, family therapists and psychiatrists. The Break Even centres need to work in collaboration to ensure that a cohesive statewide service is developed.

- evaluating the need for services in other population centres such as Ipswich, Cairns and Mount Isa

- given the particular vulnerability of women as partners to problem gamblers, as well as the greater risk of women becoming problem gamblers since the introduction of gaming machines, it may be valuable for Break Even services to emphasise those aspects when networking with health, community and welfare agencies that target the needs of women

- in view of the very large debts accrued by problem gamblers, banks and other financial institutions that provide personal loans should liaise with Break Even and include in staff training a sensitivity to problem gambling.

5.4.2 In regard to other addictive problems, preventative strategies and early interventions may be most effective. In this context the early presentation to a counselling service, particularly of women problem gamblers is significant. Earlier presentation and effective help may prevent the development of the more severe gambling-related problems such as loss of employment, marital breakdown and gambling related criminal offences.

A statewide education and advertising campaign is required to ensure that individuals and families may, when appropriate, attribute problems to excessive gambling and seek help. The Department of Family Services and Aboriginal and Islander Affairs, Jupiters Casino and the Break Even service are commended for their joint venture in developing a statewide program of advertising about problem gambling and the Break Even resource centres.

As noted in the 6 month Report it is important that potential clients have a clear path of access to Break Even services and not one which is obscured by advertising focussed on the auspicing agencies themselves or other services offered by those agencies.

This point has been debated with the Directors of the auspicing agencies. The case for associating the agencies' names with Break Even has been that the existing professional credibility of the agencies has lead to the rapid acceptance of the new service both by other agencies and clients.

The former may well be the case and the significant percentage of referrals from the agencies to Break Even in the first few months supports this argument. However as the service moves into its second year this is less significant as Break Even will have a developing reputation of its own.

If the future of the service lies primarily in the area of early intervention, education and preventative work then the main contacts will be between Break Even staff/services and firstly clients, and secondly the gambling and gaming industry. In both instances if is hard to see how the presence of the auspicing agency name along with the Break Even name can do other than complicate communication with and the perception of Break Even.

5.4.3 Regarding the training and recruitment of counselling/resource centre staff:

- the ratio of financial counsellors to addictions counsellors should continue to be evaluated. At present most centres are of the opinion that the most cost-efficient ratio of the order of 1 : 3, financial : addictions counsellors.

- The Department should examine the need to review the training available to addictions counsellors. The need for such a review might well be supported by counsellors in alcohol and drug services. The appropriate level for such a training may well be a university Masters or Diploma. Certainly as far as recruitment for the Break Even services is concerned it is important that courses in addictions counselling include a component on the assessment and management of problem gambling.

The Gambling and Gaming Industry

5.4.4 The focus of the research project is the impact of gaming machines. However given the fact that the negative impacts detailed in this section of the report arise from TAB betting, casino gaming, as well as from gaming on machines in clubs and hotels it seemed an artificial constraint to consider policy options only for the latter.

Under the machine gaming legislation club and hotel managers have the proprietary responsibility concerning problem gamblers. Those who market and provide betting and casino gaming need to make the case as to why similar responsibility in law should not include them..

The present research has confirmed that the availability of betting and casino gaming also generates significant levels of problem gamblers.

In considering other policy options perhaps the most useful parallels may be drawn with another significant leisure activity, drinking alcohol. In recent years the responsible marketing of alcohol has been a significant response to the growing awareness of the social costs of the excessive drinking of alcohol. In Queensland for example on the Gold Coast this is exemplified by the 'due care' strategies in clubs and pubs as the industry tries to eliminate marketing that encourages binge or excessive drinking of alcohol.

PASTORAL HOTEL (AUGUSTA) PTY LTD

DONATIONS 1994/1995

Galilee New Life Centre	$ 100.00
Apex Fair	$ 100.00
Pt Augusta Golf Club Open Day	$1500.00
Pichi Richi Roadrunners Marathon	$ 200.00
Crippled Children's Down Every Street Appeal	$ 100.00
Q.E.Hospital Research Foundation	$ 300.00
Badminton Club	$ 60.00
Soccer Club	$ 30.00
"CANTEEN" Kids with Cancer	$ 100.00
Red Cross Society	$ 350.00
Caritas College	$ 50.00
Royal Flying Doctor	$1000.00
Special Needs Children	$ 350.00
Pt. Augusta Football League	$ 100.00
Pt. Augusta Combined Juniors Basketball	$ 100.00
Pt. Augusta BMX Club	$ 200.00
Wheelchair Sports	$ 100.00
Family & Community Services (Xmas gifts for needy)	$ 200.00
Nerrilda Nursing Home	$ 50.00
South Augusta Football Club	$ 100.00
Naval Cadets	$ 200.00
Pt. Augusta Police Charity Day	$ 500.00
Spastic Centre	$ 20.00
Flinders View Primary School	$ 50.00
Salvation Army Toy Run	$ 200.00
Salvation Army Xmas Appeal	$1000.00
Quorn/Willsden Football Club	$ 250.00
St Johns Ambulance Cadets	$ 150.00
Neighbourhood Watch	$ 75.00
Pt. Augusta Swimming Club	$ 50.00
Fire & Police Games athletes	$ 50.00
Pt. Augusta Softball Assoc.	$ 50.00
Special Needs Centre - Port Augusta	$ 400.00
St John Ambulance	$ 100.00
Pt Augusta Police Social Club	$ 150.00
Epilepsy Assoc. (Pt Augusta)	$ 50.00
Canteen For Kids	$ 50.00
Royal Flying Doctor Service	$ 500.00

It is recommended that those who market gambling products should be obliged to develop similar responsible marketing strategies that include the following:

- advertising to include information that facilitates informed and potentially skilful gambling by the punter

- staff training at all levels to include sensitisation to problem gambling

- clubs, hotels, TAB's and casinos to develop explicit policies and strategies concerning problem gamblers e.g. in the same way that some clubs have developed strategies to ensure the secure return home of major jackpot winners, clubs should develop parallel strategies that staff will carry out with identified problem gamblers. e.g. self-banning which has had some success in the smaller casinos.

It should be emphasised that there exist no proven answers/strategies for dealing with problem gamblers, but the objectives of early detection, the provision of information concerning services for such problems, as well as proactive strategies such as the avoidance of advertising that encourages excessive or impulsive gambling can only be met with the assistance and active participation of a gambling industry that explicitly espouses such goals.

The state government steering committees on problem gambling established in Tasmania and Western Australia include representatives from each sector of the gambling and gaming industry. The adoption of a similar approach in Queensland could lead to the development of significant proactive strategies concerning problem gambling and an important formal meeting point between government, the industry and Break Even.

The SIS Project

5.4.5 The project will continue to evaluate the Break Even service providing a data base to the Department that will facilitate programme development. The project team should broaden it's enquiry into the negative impact of the introduction of gaming machines to include:

- an exploration of ways of costing loss of productivity arising from problem gambling

- preliminary research into the nexus of problem gambling and types of criminal offence and related costs

- a preliminary examination of the extent to which gambling poses unique problems within ethnic communities

- an exploration of the contribution of problem gambling to bankruptcy.

- an exploration of the different patterns of problem gambling and related issues shown by women and men.

Section 7B

GAMBLERS REHABILITATION FUND (GRF)

The establishment of the G.R.F. was an initiative of the Club & Hotel Industry Associations.

Representatives of both Associations met with the Minister of Family & Community Services on 6 July 1994 and proposed that the Club & Hotel Industry, utilising the Independent Gaming Corporation Ltd's collection process, would be prepared to contribute up to $1m for the provision of services to those adversely affected by the introduction of machines *(See letter dated 19/7/94, Attachment 7B(a))*.

The SA Government subsequently sought support from the Adelaide Casino for additional funding to $.5m to supplement the G.R.F.

Therefore, the total funding available for the provision of services to those adversely affected by gaming machines was $1.5m for 1994/5.

The Club & Hotel sectors contribution was increased to $1.5m for 1995/96 in addition to $.5m from the Adelaide Casino. Therefore, a total of $2m was allocated for 1995/96.

This initiative was embraced by the Industry and achieved without Government intervention. It demonstrates our level of commitment and understanding of the issues and puts our Industry at the forefront of responsible service to the Community.

Is the G.R.F. funding adequate?

As has been identified earlier, the issue of problem gambling did not start with gaming machines. However, the introduction of machines did provide a positive catalyst for provision of appropriate funding for services.

When considering whether the current allocation is adequate, we believe reasonable conclusions can be drawn from interstate experience.

The Australian Institute of Gambling Research has identified the following provisions made interstate.

STATE	$	POPULATION (+18) (ABS)
Queensland	$1m p.a.	2,347,200
Victoria	$4.1m over 4 years	3,350,000

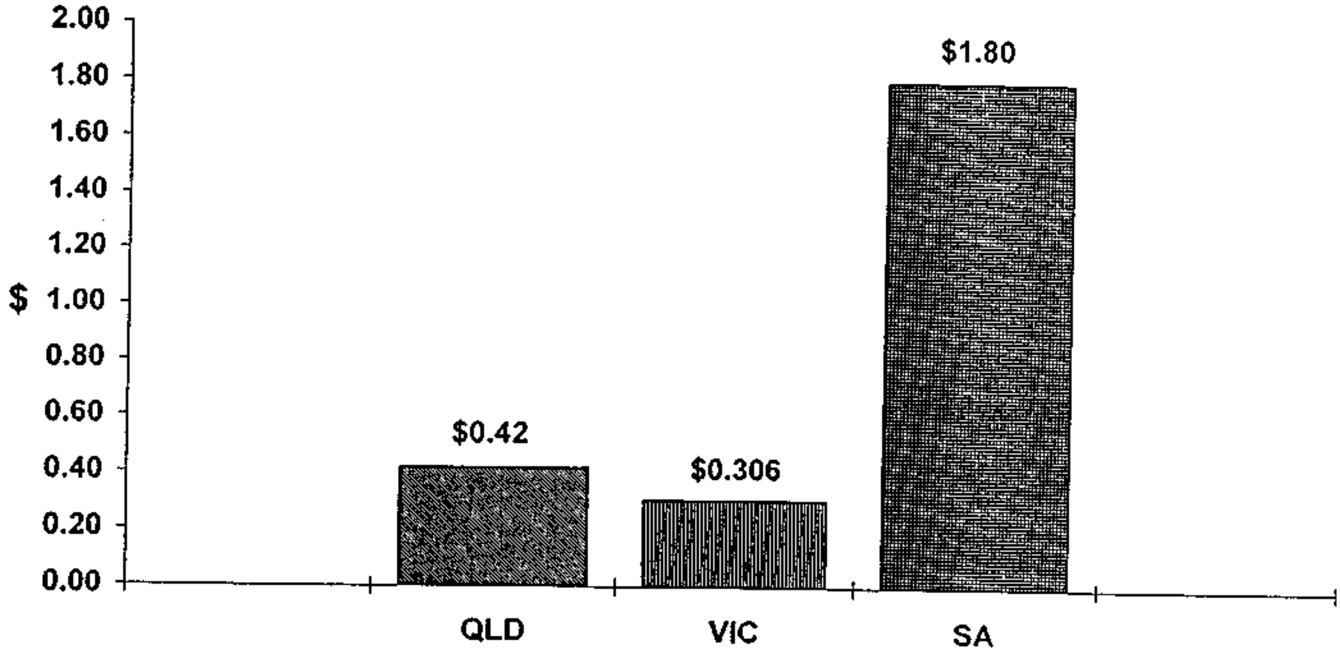
*(*Source: A.I.G.R/Papers: NZ.WPD Page 1 - Attachment 7A(a))*

Therefore, the allocation in those States per adult population is:
Queensland: 42 cents per adult
Victoria: 30.6 cents per adult

The SA experience for financial year 1995/6 is:

ALLOCATION		**Adult Population +18 (ABS)**	**Allocation per adult in SA**
Clubs & Hotels	$1,500,000		
Adelaide Casino	500,000		
Total	**$2,000,000**	**1,109,800**	**$1.80**

GAMBLERS REHABILITATION CONTRIBUTIONS PER STATE



CONTRIBUTION PER ADULT

It is clear from this comparison that SA's contribution per adult South Australian is 428.6% higher than Queensland and 588.2% higher than Victoria **despite significantly less machines**. There appears to be no formal allocation for similar services from clubs, hotels or Government in NSW, although A.I.G.R. research *(A.I.G.R./Papers: NZ.WPD Page 2, Attachment 7A(a))* suggeststhat a 2% of nett revenue from the Darling Harbour Casino will be allocated for this purpose.

WHAT HAS HAPPENED WITH G.R.F. FUNDS?

Attachment 7B(b) identifies the allocation to date. The Committee, chaired by Dale West of Centa Care and including industry representatives, advertised for applications from community groups that could provide a gamblers' rehabilitation service in both financial counselling and therapeutic management specifically for those adversely affected by the introduction of gaming machines into clubs and hotels in SA.

The Minister of Family & Community Services, the Hon. David Wotton announced the first grants on 28/5/95. *(See Attachment 7B(c)).*

To quote the Minister;

"These organisations were chosen because they were well established and were representative of geographical needs". (Media release 28/5/95)

That first allocation represented $727,500 specifically for nine metropolitan and regional agencies.

Phase Two included the approval of additional funds ($504,500) to specialist and other services to assist in establishing and supporting the Statewide agency infrastructure. **1994/95 & 1995/96 has seen a total of $3.5m provided for the G.R.F.**

To date, a total of $1,252,000 has been allocated from the Gamblers' Rehabilitation Fund. **There remains $2,248,000 unallocated.**

Country/Regional Bias

It is of interest to note as per attachment (GRF) that although only 26.8% of the South Australian population are country/regional based, some 33.8% of private provider agency funding has been allocated to the country regional areas. This approach is arguably a reflection of the additional problems created in country and regional areas because of geographic isolation.

Delays in Funding

It is disappointing from the Associations point of view that the positive and pro-active stance taken by the industry in consultation with the Government, did not see funds become more readily available. This has lead to a significant delay in providing resources to appropriate agencies to establish the Gamblers' Rehabilitation Network. In fact, gaming machines had been operating in South Australian clubs and hotels for some 10 months before the Phase 1 allocations were made. This has put significant pressure on approved agencies to find, train and allocate personnel and resources to manage the range of service delivery requirements as envisaged by this industry.

Broader Welfare Needs

It is of equal concern that some agencies seem to view the G.R.F. as an alternative funding source for more traditional welfare services. This aspect is highlighted in a letter to the G.R.F committee (of which both Associations are members) from the Salvation Army on 11/7/95 (*See Attachment 7B(d)*) that raises a number of issues that included:

* Reduction by the Commonwealth Department of Human Services & Health in the Emergency Relief Funding Programme of more than $360,000 or 23%.

* Increase in material aid and assistance for client families some 24 months before the introduction of machines into clubs and hotels.

The Associations have also had discussions with some welfare agencies who have openly expressed the view that as a result of new F.A.C.S. funding guidelines, they see the G.R.F as a legitimate alternative to supplement their broader welfare services.

The Associations have great sympathy with the plight of these agencies who rely heavily on local and volunteer support. However, the Associations committed themselves to what is by interstate standards, a very generous allocation for the provision of services to those adversely affected by the introduction of gaming machines in clubs and hotels in SA only.

The Associations do not see that the industry has a responsibility to subsidise broader welfare needs.

Other Gambling Codes

In fact, as gambling related problems are not isolated to just gaming machines, the Associations note that **neither the racing industry via T.A.B. or the Lotteries Commission make any provision, either voluntarily or otherwise to the provision of services to those adversely affected by broader gambling products despite the fact that it was widely recognised that there were significant problem gamblers before gaming machines were introduced.**

The Associations would maintain that the G.R.F. is already providing funding for the support of clients with non-gaming gambling related problems. This is unavoidable in a practical sense. Based on this reality, the Associations strongly believe that both TAB/Racing industry and the Lotteries Commission should be required to make similar contributions to support those adversely affected by their products rather than impose further obligations on clubs and hotels.

CONCLUSION

The provision of statewide gambling services funded by the G.R.F. is in its infancy. It now rests heavily on those approved and funded agencies to statistically justify their current and future funding.

There will undoubtedly be a requirement to adjust, and in some cases significantly adjust, funding allocations to more accurately reflect the need in various regions (both metro & country).

It may well prove that the current levels of funding to the G.R.F. are not only adequate, based on interstate experience, but may in fact be in excess of the real need. If this proves to be the case, then the Government should consider utilising those surplus funds for other gaming machines related issues as proposed in Section 8 (Fundraisers) or reduce the club and hotel sectors' commitment.

The Associations recommend that non-contributing gaming/gambling codes also contribute to the funding of the Gamblers Rehabilitation Fund.

Attachment 7B(a)

COPY

19 July 1994

Hon S Baker
Deputy Premier
12th Floor
State Administration Centre
Victoria Square
ADELAIDE SA 5000

Dear Deputy Premier

RE : PROVISION FOR PROBLEM GAMBLERS

The issue of providing appropriate support and services for "problem" gamblers has been a point of debate since the proposal for gaming machines in South Australia was first raised.

Being conscious of these concerns the Industry as represented by the Hotel and Club Associations wishes to propose the following.

When the two Associations established the Independent Gaming Corporation, a section of its Business Plan (January 1993) submitted as part of IGC's licence application (April 1993), included the ability to cater for the needs of those adversely effected by the introduction of gaming machines.

Both Industry sectors are in agreement that compulsory levies as utilised in other States are inefficient and unfair in as much that they ignore other gaming and wagering providers and arguably to a large extent ignore the intended recipients.

The Industry therefore wishes to initiate a fund utilising the facility of IGC to address this community issue. This proposal therefore has no impact on government revenue including the 4% tax and the .2% administration recovery.

How will the fund operate?
The Industry believes that without increasing the monthly service fee of IGC (a fee paid by venues), that provision can be made to fund suitable agencies for up to $1 million per annum. This can be achieved as a result of the expected increase of machine take-up as compared to budget.

The Industry believes that only agencies directly involved in the provision of services to people adversely affected by gaming machines should be recipients.

Who are these agencies?
As part of the conditions of an hotel or club licence, venues must display at least three service providers who can assist gamblers or their families with advice and support. After research and discussion with various agencies, the following have been chosen and are incorporated in venue signage (see attached). They are :

1. Family and Community Services incorporating Debt-Line and Crisis Care.
2. Adelaide Central Mission incorporating Gamblers Anonymous and Life Line.
3. Relationships Australia (SA) formerly the Marriage Guidance Council.

Relationships Australia (SA) provide a range of services and have extensive experience in gambling counselling. The Central Mission currently provides extensive services and expertise. (The Mission has provided the Industry with detailed costings on their proposed services). FACS is the obvious government agency as they have a broader management role in terms of community welfare.

The Industry has had discussions with all three agencies and believe there is significant support and agreement. We have also had positive discussions with the Honourable David Wotton MP, Minister for Family and Community Services.

Who distributes the funds?
The Industry would propose utilising the expertise of FACS to accept proposals, validate projects or programs and advise on payments to "appropriate" agencies.

The Industry would wish as part of enhancing this cooperative concept, to participate in a quarterly working group to review these arrangements. We believe it is essential for Industry to have a level of "ownership".

Summary
The Industry believes that this proposal :

1. Minimises administration costs.
2. Directly involves Industry in cooperation with government and providers.
3. Maximises "goodwill" for all parties concerned.
4. Ensures maximum utilisation of funds.

The Industry is of the belief that this voluntary initiative provides South Australia with a unique opportunity to demonstrate to the community and others what can be achieved through cooperation.

The Industry believes that as it is the venues' (hotels and clubs) money that funds IGC (as opposed to the government tax) that the Industry should also enjoy a level of recognition for what is an Australian first and an initiative that will reflect well on this State.

We look forward to your early response.

Yours sincerely

I P HORNE
General Manager

cc Hon D Brown & Hon D Wotton

LET.GAM

GAMBLERS REHABILITATION FUND

TOTAL AVAILABLE FOR ALLOCATION		CONTRIBUTIONS	
		Hotels/Clubs	Casino
1994/95	$1,500,000	$1,000,000	$500,000
1995/96	$2,000,000	$1,500,000	$500,000
TOTAL	$3,500,000	$2,500,000	$1,000,000

METRO SERVICES	$PA
Relationships Australia	120,000
Adelaide Central Mission	120,000
- plus once off	15,000
Anglican Community Services	120,000
Salvation Army	60,000
Wesley Uniting Mission	60,000
Total Metro Services	$495,000

COUNTRY SERVICES	$PA
Relationships Australia	65,000
Centacare	62,500
Lifeline Mt. Gambier	62,500
Port Pirie Central Mission	62,500
Total Country Services	252,500
TOTAL ALLOCATIONS TO AGENCIES	$747,000

Allocation to Country Agencies = 33.8%
Allocation to Metro Agencies = 66.2%

SA POPULATION PROFILE		
Metropolitan	1,070,240	73.2%
Country	391,481	26.8%
Total	1,461,721	100.0%

SPECIALIST & OTHER SERVICES	APPROVED FUNDING
Agency	$PA
Flinders Medical Centre	60,000
Dept Family & Community Services (co-ordination)	60,000
Dept Family & Community Services (policy & development)	55,000
Aboriginal/Torres Strait Island Services	120,000
Adelaide Central Mission (Training)	90,000
Prevention Campaign	75,000
Research Project	30,000
Education Consultant	1,500
Co-ordination & Training Workshops	13,000
TOTAL (SPECIALIST & OTHER)	$504,500

SUMMARY

Total approved allocations	$1,252,000
Total available funding to 30/6/96	$3,500,000
Un-allocated funding	$2,247,500

Attachment 7B(c

Minister for the Environment and Natural Resources
Minister for Family and Community Services
Minister for the Ageing

Hon David Wotton MP

9th Floor
Chesser House
91-97 Grenfell Street
ADELAIDE SA 5000

Telephone: 2049377
Facsimile: 2049385

MEDIA RELEASE

May 28, 1995

Help on way for problem gamblers

Family and Community Services Minister, Mr Wotton, today announced the first grants under the $1.5 million Gamblers Rehabilitation Fund to provide services, support and rehabilitation to problem gamblers and their families.

And he said another $2 million would be made available in the 1995-96 financial year. The $2 million includes a $1.5 million contribution from hotels and licensed clubs through the Independent Gaming Corporation, and a contribution from the Adelaide Casino.

Mr Wotton said grants had been approved to nine organisations so far.

The organisations are:

Northern metro	**Anglican Community Services**	$120,000
Southern metro	**Adelaide Central Mission**	$120,000
Western metro	**Wesley Uniting Mission**	$60,000
	Salvation Army	$60,000
Cent-East metro	**Relationships Australia**	$120,000
Whyalla/Eyre Pen	**Centacare Whyalla**	$62,500
South East	**Lifeline Mt Gambier**	$62,500
Pirie-Yorke Pen	**Pt Pirie Central Mission**	$62,500
Intensive Therapy	**Flinders Medical Centre**	$60,000
	Total	$727,500

Mr Wotton said these organisations were chosen because they were well established and were representative of geographic needs.

Discussions are under way to allocate funds in the Murraylands and Riverland areas, and to provide Aboriginal Services, taking the total funding allocated in the first phase to $910,000.

A second phase of funding for coordination of the gamblers rehabilitation sector, training of the community and service providers and for research and evaluation will be determined by mid-July.

The Director of the Australian Institute of Gambling Research, Professor Mark Dickerson, recently visited Adelaide to talk to welfare groups about how best to address the issue of problem gambling. Professor Dickerson said unlike other States, South Australia had been quick to act to address problems of gambling addiction relating to the introduction of poker machines.

Professor Dickerson commended the SA Hotel and Hospitality Industry Association and Licensed Clubs Association of SA for their involvement in setting up and contributing to this fund to help people affected by gambling addiction and their families.

The $1.5 million fund was financed by the Independent Gaming Corporation and the Adelaide Casino. The allocations were recommended by an independent committee comprising representatives of welfare, and the Hotel and Hospitality Industry Association, Licensed Clubs Association, Treasury and Department of Family and Community Services representatives.

Media Contact: Andrew Holman 204 9377, 018 802794

THE SALVATION ARMY
FAMILY SUPPORT SERVICES

Telephone 231 0166
Fax 231 0450
42-46 Carrington St.
ADELAIDE SA 5000

d:\projects\gambling\revbudgt.doc

Attachment 7B(d)

hk:dl

July 11 1995

Mr Dale West
Chairperson
Gamblers Rehabilitation Committee
PO Box 39
Rundle Mall SA 5000

ATTENTION: FRANCESCA SEITH

RE: GAMBLERS REHABILITATION PROJECT- WESTERN REGION

Please find enclosed our official receipt for $30,000 being your committee's first contribution to the Gamblers Rehabilitation Project.

I am writing to you concerning our revised budget for the Western Metropolitan Region of Adelaide. You will recall that our original submission had to be scaled down because of a smaller allocation of funds from your committee.

A revised budget, duty statements, goals and objectives, were discussed with Ms Francesca Seith on Tuesday 26th June. At that meeting Mrs may Shotton and I pointed out that our revised budget was still in excess of the committee's $60,000 grant, which means we are requesting consideration for an additional $9,250. (see attached Copy)

In speaking with Francesca Seith yesterday I was advised that the committee does not wish the funds to be used for material aid assistance, as the members believe there are sufficient agencies in the community to provide this kind of service.

I would like to advise you of factors influencing our request for material aid assistance.

Within metropolitan Adelaide, agencies providing material aid are experiencing increased demand on their resources. My own agency has experienced an escalation in client families over the last few years. i.e.

	1992/93	1993/94	1994/95
Families helped	8,406	9,157	10,674
% increase		8.0%	16%

You will see that the increase from 1992/93 to 1993/94 was 8% whilst the increase from 1993/94 to 1994/95 was double that at 16%. Over the two year period the increase amounts to 27%. Hence, our resources are already stretched to the limit.

We believe these drastic increases are due in part to the introduction of poker machines into the South Australian community during the 1994/95 budget.

The introduction of a Gamblers Rehabilitation Project into our Family Support Services program will attract clients to our agency with gambling addiction who will require material aid assistance. Even if we could refer them to other Emergency Relief Agencies this would not be in the best interest of the client or the success of the project.

We need to provide a "one stop shop" where gamblers can develop a sense of trust and confidence. Can you understand how difficult it would be to refer gambler clients to other agencies, when one of our main services is Emergency Relief assistance?

Since making our application, the Commonwealth Department of Human Services and Health have advised of a reduction in Emergency Relief funding of around 23%, this will mean a loss of resources in excess of $360,000 for South Australian agencies providing material aid assistance.

Gamblers who seek our intervention therapy will present with multiple problems. High on this list will be debts and lack of basic financial resources. If we are unable to help them address these immediate needs, it will be doubly difficult to get them to focus on the long term goals associated with their addiction.

In the original submission we asked for an amount of $5,750 to assist families of gamblers with such things as rent arrears, utilities and food. In our revised budget we again ask for this amount, because it as a vital part of addressing the issues associated with families experiencing crisis through gambling addiction.

The Emergency Relief component represents around 8% of the proposed budget, which will add substance to our four fold goal of:

- direct assistance to gambling addicts
- support to gambling families facing crises
- financial counselling and support
- community education and information

With the above in mind, I would respectfully request that your committee reconsider it's decision and grant us a funding increase in line with our amended budget i.e. an additional $9,250

Hoping for a favourable response.

Yours faithfully,

Harry Knowles (Captain)
DIRECTOR

Section 7C

MANAGING THE PROBLEM GAMBLER - THE INDUSTRY'S FUTURE ROLE & RESPONSIBILITY

In addition to providing funds for Gamblers' Rehabilitation Services, the Associations also focus heavily on the recommendations of the A.I.G.R. as detailed in their paper 'Problem Gamblers' Page 160.(*See Attachment 7A(b)*)

The A.I.G.R. believes that the gambling Industry as a whole should develop and adopt the following strategies:

"

1. **Advertising to include information that facilitates informed and potentially skillful gambling by the punter.**

2. **Staff training at all levels to include sensitisation to problem gamblers.**

3. **Clubs, Hotels, TAB's and Casinos to develop explicit policies and strategies concerning problem gamblers."**

The Associations have agreed to develop a number of strategies and initiatives in line with these recommendations. The Associations have engaged the services of the A.I.G.R. to assist in the development of the following initiatives. The A.I.G.R. believes it is 'crucial to have the backing' of the Industry in setting up support services *(Advertiser 22.4.95. Attachment 7C(a))*

They include;

'SMARTPLAY' - Consumer Information

In line with A.I.G.R. Recommendation No. 1 there is a responsibility to ensure that customers can maximise their gaming opportunity through increased awareness of the technology, options and features incorporated into modern gaming machines.

The Associations have therefore commenced a process to develop consumer information in the form of brochures that incorporate;

1. Basic descriptions of how machines work.
2. The range of features and options on various machines.
3. How to read and understand a pay table.
4. Who to contact for customer service related issues.
5. Strong statements on use of EFTPOS and credit betting.
6. Tips on controlling and managing gaming expenditure.
7. Where to go for help with problem gambling.

The Associations have engaged the A.I.G.R. as consultants to this project to ensure the outcomes are both valid and focused on issues raised by the A.I.G.R. recommendations.

In addition, the Associations have invited a number of welfare agencies to consult with the Associations on the project.

Preliminary meetings have been held with these agencies. The A.I.G.R.'s Professor Mark Dickerson will be in Adelaide on 12 October to assist in finalising the package.

It is envisaged that final production and distribution of the "SMARTPLAY' brochures will occur in November.

It should be noted that this is an 'Australia First' initiative and reflects the level of goodwill that exists between this Industry and welfare agencies.

'HANDBOOK FOR STAFF'

Consistent with A.I.G.R. Recommendation 2 the Associations have initiated the production of a 'Handbook for Staff' that includes:

1. Understanding the Law
2. Responsibilities of an approved person
3. Identify problem gamblers
4. What course of action to take
5. Who to contact for assistance
6. Banning options

(See Attachment 7C(b))

This 'Handbook for Staff' will be part of a new gaming 'PATRON CARE' training package that will be used to sensitise staff to the issues of problem gambling.

Its development includes consultation with welfare agencies and support from the A.I.G.R.

N.B. The SA Industry has already launched Australia's first accredited PATRON CARE training package for responsible service of alcohol. The SA Industry is regarded as leaders in this field.

'CODE OF PRACTICE'

The Associations have already demonstrated the commitment to developing Industry standards with the launch in April 1995 of the CODE OF PRACTICE for gaming venues *(See Attachment 7C(c))*.

The CODE OF PRACTICE is another AUSTRALIAN FIRST. In line with A.I.G.R. Recommendation 3.

The code will be supported by the development of more specific policies and procedures on;

* banning options
* information distribution
* credit betting

This process has already commenced with the support of A.I.G.R.

CONCLUSION

The Industry via the Associations has demonstrated a willingness to be pro-active in addressing many of the issues associated with problem gamblers.

The A.I.G.R. believes that it is essential to have Industry support if the outcomes of various education and rehabilitation programs are to be maximised.

The Industry in SA has demonstrated through practical application their desire to remain at the leading edge of consumer education. (c.f. Patron Care Program)

The Industry should be commended and supported for its positive contribution to developing a 'patron care' culture, and is already initiating a number of programs to support our customers and employees.

Attachment 7C(a

Advertiser 22/4/95


Professor Dickerson . . . research on gambling.

Warning on wheel of misfortune

By JOHN DRISLANE

The introduction of poker machines in South Australia had seen the emergence of an estimated 11,000 "potential problem gamblers", a leading gambling researcher said in Adelaide yesterday.

Associate Professor Mark Dickerson, of the Australian Institute for Gambling Research, said that, based on experience elsewhere, 1 per cent of SA's adult population had the potential to develop gambling addictions.

Of those, 300-400 a year would seek professional help. Among them would be relatives trying to cope with a gambling addict in the family.

Professor Dickerson, who was in Adelaide to talk to welfare agencies about rehabilitation strategies for problem gamblers, said Queensland and Victoria had introduced counselling programs for addicts, although it was not clear yet how successful they were.

He said South Australia could learn from their experiences when setting up rehabilitation and prevention services.

"It is too easy to assume that because of poker machines we have (gambling) problems," Professor Dickerson said. "The problems have been around a long time. They didn't start with the machines."

Professor Dickerson said the $1.5 million set aside in SA for the Gamblers Rehabilitation Fund was adequate.

He said it was crucial to have the backing of the hotel and poker machine industry in setting up support services, as was the case in SA.

His visit to Adelaide was arranged by the Family and Community Services Minister, Mr Wotton.

Since the Australian Institute for Gambling Research was set up two years ago, it has conducted research in four States.

GUIDELINES FOR THE

RESPONSIBLE

PROVISION OF GAMING MACHINE SERVICES

Foreword:

BY MNISTER FOR FAMILY & COMMUNITY SERVICES

The publication of these guidelines is welcome evidence of a co-operative approach to problems associated with the use of gaming machines in South Australia.

There is evidence to suggest that Australians as a society enjoy gambling, however also condones sensible gambling practices.

It is therefore useful to find a balance between problems associated with gaming machine use and the proper approach to these issues.

With the introduction of gaming machines into South Australian in July 1994 , comes the need to examine strategies to assist those people who will be amongst the small percent of the adult population who will develop problems associated with gaming machines.

These guidelines provide a framework to assist industry efforts to promote a responsible approach to the provision of gaming machine services in South Australian hotels and clubs.

The guidelines will assist both experienced and newer staff in identifiying the issues and options available to deal with potential problem gamblers, and can form part of ongoing training in the industry.

I commend those involved in the hotel and club industry associated with gaming who have co-operated with the relevant government and private sector service providers in developing these guidelines.

Hon David Wotton, MP
Minister for Family & Community Services

The Australian Hotel Association (SA) and the Licensed Clubs Association has been very pleased to work with the Minister for Family & Community Services as well as Centa Care and the Adelaide Central Mission in developing these guidelines which aim to assist those with responsibilities for delivering gaming services to the South Australian public.

Hotels and Clubs in South Australia form an integral part of the social network and well being of the state. Within this role their lies a level of responsibility for providing both a safe and enjoyable environment and also being sensitive to the needs of gaming patrons. This handbook is an industry initiative that could only be possible in an environment which encourages co-operation between all sectors involved.

The industry should feel a level of pride in initiating this pro-active program and on the standard of services and facilities currently provided.

This booklet must form part of the day to day management of your venue. There is a significant community expectation that as the provders of gaming facilities we are also the providers of community support and sensitve practices. This booklet is the investment in the future development of our industry.

MAX BECK
LICENSED CLUBS ASSOCIATION

PETER HURLEY
AUSTRALIAN HOTELS ASSOCIATION (SA)

These guidelines are intended for **licensees, managers and staff** of hotels and clubs operating under a gaming machine license.

CONTENTS:

SECTION ONE:

GAMING AND THE LAW

Gaming machines as a source of entertainment for patrons of South Australian hotels and clubs came into practical use in July 1994. Rules for the operation of machines are governed by the **Gaming Machines Act, 1994.** The Act covers sepcific areas of responsibility which impact on the day to day management of a gaming venue in both hotels and clubs.

Key areas effecting licensees, gaming managers and gaming employees are highlighted here.

Ensure you are familiar with these issues as any breaches of the Act, either by licensees or staff can have a severe consequences.

LICENSEE/GAMING MANAGER OBLIGATIONS

POSITION DUTIES:

Gaming Machine Employees and Gaming Machine Managers share some job responsibilities. There are some duties however which are performed by Managers in addition to those of the gaming machine employee. The following duties must only be performed by an **Approved Gaming Machine Manager:**

clearing money from a gaming machine
filling hoppers with money
clearing jammed money from a gamng machine
replacing a light globe or fuse within a gaming machine cabinet
paying out any winnings
making decisions when appropriate regarding the withholding of winnings
control of keys

SECTION 48:

No person must supervise or manage a gaming area unless they are either the licensee or approved gaming machine manager.

SECTION 52:

The issue of providing credit for use on gaming machines is illegal and a most serious breach of the Act if entered into. This section of the Act states that:

* lending monies or the extention of credit **is prohibited**
* Penalties for breaches are a **Maximum $30,000 fine;**
* **and or 2 year imprisonment**

SECTION 55:
Particular mention regarding the care to be taken with regard to minors is made in the Act, reflected in the following points:

* Licensees and Managers must ensure that minors **are not employed** in the gaming area.

SECTION 56:
The Act states further in relation to the protection of minors that:

* Licensees and Managers must ensure that minors are not permitted to enter gaming areas.

SECTION 57:
The Associations, in conjuction with the Liquor Licensing Commission have produced appropriate signage for compulsory display in venues. This signage is available from either Association, and reflects the provisons under this section of the Act which state:

Licensees and Managers must ensure there is proper display of appropriate signage relating to:

* Venue's Gaming License
* Rules of Gaming
* Referral to Agencies for those with problems arising from gaming related services.

The issue of barring a patron from using a gaming facility is a sensitive one, but one which may from time to time be necessary, either from the point of view of the Licensee, or at the request of the individual patron. The following sections of the Act relate the this isue in turn:

SECTION 59
The licensee or approved Gaming Manager, after appropriate consideration and consultation may consider the option of:

* Barring a patron deemed to be an excessive gambler

SECTION 67

The licensee or approved gaming Manager may also need to consider barring a patron on the grounds of unruly or disruptive behaviour or breaching house dress codes or rules. This would of course be undertaken having taken other existing Discrimination Laws into consideration, and having been careful not to breach such an Act. This section of the Gaming Machines Act provides that:

* Consideration to bar patrons for issues generally related to:

  - Disorderly behaviour
  - Damage & Abuse of Machines
  - Committing Other Offences

SECTION 68

* Profit Sharing

GAMING MACHINE EMPLOYEE OBLIGATIONS

Gaming Machine Employees should familiarise themselves with their venue's House Policies related to the provision of gaming services, and ensure enforcement of these policies.

In additon, gaming machine employees must ensure that the requirement under the Act to prevent minors from entering a gaming area is enforced.

The following duties can only be performed by approved Gaming Machine Employees:

Clearing money from a gaming machine
filling hoppers with money
clearing jammed money from a gaming machine
replacing a light globe or fuse within a gaming machine cabinet
paying out any winnings

SECTION 51:

The protection of the individual as well as the business against potential conflicts ofinterest in relation to gaming machine use and winnings is an important issue. The Act specifically deals with this by indicating the following:

* Gaming machine employees cannot play machines on the premises for which they are approved.

SECTION 50:

Identification of key staff who are able to assist patrons with gaming machine use is critical. These staff are "approved gaming machine employees" who have also undergone the necessary checks with relevant authorities to avoid the inappropriate selection of staff to work in this area. The Act clearly states that an approved gaming machine employee will at all times:

* Wear an official numbered photographic identification badge, as issued by teh Liquor Licensing Commission.

SECTION 59

To assist enforcement of important barring provisions with offenders, gaming machine employees must know that:

* It is an offence to allow a Barred Person to Remain in a gaming area

As well as familiarise themselves with in house procedures for the removal of such a person.

SECTION 60

* Prevention of Entry to Barred Persons.
* Power to remove a Barred person

NB: The Gaming Machines Act from which each of these sections is drawn, does not apply when patrons are using KENO and TAB facilities.

SECTION TWO:

INDUSTRY CODE OF PRACTICE

An Industry Code of Practice is an essential component of industry setting and maintaining standards in the interests of venues and the broader community.

A Code of Practice also demonstrates to Government and consumers that the industry takes its responsibilities seriously.

The following Code of Practice was a joint initiative of the Australian Hotels Association (SA) and the Licensed Clubs Association of SA. Venues are encouraged to display the code, understand the code and abide by the code.

CODE OF PRACTICE

Spirit of the Code: This venue undertakes to conduct all aspects of this facility in a professional and responsible manner in keeping with the spirit of this Code.

Gaming Legislation: This venue will ensure that all management and staff are aware of all aspects of the Gaming Machine Act (1992) and abide by those requirements in the interest of the industry and community.

Prizes and Winnings: This venue has a policy to pay all prizes and winnings in cash or cheque at the time of claiming.

Machine Management: This venue undertakes to maintain gaming machines in premium condition for members and customers convenience and enjoyment. Machines in an unplayable state will be clearly marked to avoid member and customer confusion and disappointment.

Customer Comfort and Service: This venue recognises that the satisfaction of members and customers is our prime reason for providing this facility. To that end, this venue undertakes to ensure management and staff conduct themselves in a professional, supportive and courteous manner at all times. Customers are encouraged to seek advice or help on any aspect of gaming machines at this venue.

Member/Customer problems: This venue accepts that some members and customers may encounter difficulty in controlling their personal level of expenditure. Management and staff are able to assist in directing members and customers to appropriately qualified support agencies. Such support agencies are detailed on signage displayed at this facility.

Community Support: This venue contributes to the Gamblers Rehabilitation Fund for the assistance of players experiencing problems with compulsive behaviour. An example of agencies benefiting from this fund are detailed on signage within this venue.

Staff Development and Training: This venue recognises the importance of our staff in maximising members and customers enjoyment. To that end, this venue will ensure our staff are trained and supported to provide the highest possible standards of servcie.

Wagering on Credit: The provision of wagering on credit is illegal. This venue will enusre that credit is not inadvertently provided for the purpose of gambling. A co-operative approach by customers will assist in our management and staff in ensuring this provision is adhered to.

If you have any questions or concerns relating to this venue, please contact the management who will be pleased to assist.

If any issues cannot be satisfactorily resolved at this venue, please contact either of the fllowing organisations for advice.

Licensed Clubs Association
Ph: (08) 373 1256

Australian Hotels Association
Ph: (08) 232 4525

SECTION THREE

CUSTOMER SERVICE
Strategies for delivering responsible gaming services

1. CUSTOMER INFORMATION

* Ensure "SMARTPLAY" brochures are readily accessible to customers

* Ensure your own familiarity with the venues range of machines, including the features, paytables and gaming options.

* Be able and willing to communicate the above information to customers seeking advice on your venue's machines.

* Ensure that you understand your venue's additional promotion packages so that customers can maximise their playing opportunities.

2. HOUSE POLICIES

Familiarise yourself with your venue's Policies to ensure that you understand:

* Who your immediate Supervisor is;

* Who is empowered to ultimately resolve complaints;

* Rules relating to payouts;

* What to do in the event of machine malfunctions;

* What to do about customer disputes relating to machine performance;

3. STAFF TRAINING

A range of modules from basic to management level are available to staff and managers from:

Licensed Clubs Association
198 Greenhill Road
EASTWOOD SA 5063
Tel: 373 1256

Australian Hotels Association (SA)
Level 4/60 Hindmarsh Square
ADELAIDE 5000
Tel: 232 4525 OR Toll Free: 008 814525

4. CREDIT BETTING

Section 52 of the Gaming Machines Act (SA) specifically prohibits the lending of or extention of credit.

Such activities are considered highly illegal and carry penalties of up to two years imprisonment or a $30,000 fine.

Ensure that credit is not inadvertantly provided for the purposes of gaming. For example:

* **Goods and services purchased on credit cards that are returned for cash.**

* **Misrepresentation of credit card transactions, i.e. giving $200 cash and entering the transaction as "meals" on the credit card voucher.**

* **Providing credit in anticipation of payment by personal or government cheque.**

* **Providing credit in anticipation of a cash payment at a later time or date.**

IN ADDITION TO HEAVY PENALTIES UNDER THE ACT,

* Credit card providers will remove the facility from the venue if any abuse of their credit card facilities are detected.

* A licensee could be prosecuted and lose their right to hold a gaming license.

* Staff who have knowingly advanced credit to a patron in breach of the House Policy of the Hotel and of the Act, will be dismissed if an investigation reveals this.

CUSTOMERS

Customers who seek to access credit should be clearly advised the practice is illegal and is not in the venue's interest, the employee's interest, nor customers' interest to provide.

Signage

Signage should be placed in the cashier's area to re-emphasise to the customer that credit is not available, nor should be sought.

***IF YOU CAN'T AFFORD TO PAY
YOU CAN'T AFFORD TO PLAY***

SECTION FOUR:

BEING SENSITIVE TO GAMBLING PROBLEMS

WHAT IS YOUR ROLE - A QUESTION OF BOUNDARIES

The issue of gambling addiction or problems related to gambling and gaming machine use are highly complex and sensitive.

It is not easy to know when someone has a problem associated with gaming addiction. This cannot easily be assessed on straight forward indicators such as how much money someone chooses to spend or how long they are playing a machine in any given day.

It is important to remain clear about roles, and have a clearly defined boundary around those roles. In other words, knowing where your responsibilities start and finish, and knowing the reasonable limits to your ability to assist.

Gaming machine employees, even licensees or managers are not counsellors. They are untrained in this area.

This should not stope hotel staff being sensitive to problems associated with gaming machine use. It makes good business sense to be sensitive to your customer needs. Satisfied customers will return to your venue. They will experience a minimum degree of problems and enjoy an entertainment experience that includes a balanced approach to their gaming dollar expenditure.

The best approach is to intervene or give advice only in the most clear situations. For example in the following circumstances:

* **Where patrons approach you for assistance or advice**
* **Where patrons seek credit for gaming**
* **Where a patron asks you to ban them from the gaming area**

The following are guidelines for suggesting when, how and where to take action in this area, within the boundaries of your role:

SELF DISCLOSURE:

* Act when someone approaches you and volunteers information about their gaming addiction/problem. Don't try to assess or guess this yourself.

* If you see someone clearly distressed, either angry or upset, crying etc., you can ask them if they are alright, and do they need assistance. Avoid counselling the person, but if they disclose they have a gaming problem, provide them with contact numbers for the appropriate agencies for counselling in this area.

SEEKING CREDIT OR ADVANCES ON CASH OR CHEQUE PAYMENTS

* Credit betting is illegal under Section .....of the Gaming Machines Act. Advise them this is not possible, the hotel cannot provide this as it is unlawful.

* If after being advised of the above, the patron becomes angry, upset or abusive, you may consider providing them with a copy of the publication *"SMARTPLAY"* which outlines the rulesof play for gaming and provides useful information for them on how to get the most out of their gaming playing dollar.

  SMARTPLAY also includes a comprehensive list of appropriate referral agencies for problems associated with gaming. You should refer the person to the Gaming Manager or person designated in your establishiment.

  Discussion should take place with the patron in a confidential and non-threatening context.

REQUESTS TO SELF BAN

* If a patron approaches you and volunteers that they may have a gaming problem and asks you to ban them from the gaming area or give advice on options, you should refer them to the management person designated.

  Discussion can then take place regarding a mutually agreed approach to the issue. Management may consider suggesting the involvement of an appropriate agency.

* If approached by a "friend or relative" of a person requesting their banning, avoid engaging in discussions with them regarding an individual. It is far better for the person with the problem to make such a direct request for advice than rely on the input, however well meaning from a third person.

  Acting without the permission of the person concerned is in most instances not recommended. You may wish to provide the concerned friend or relative with a copy of "SMARTPLAY", drawing their attention to the referral list of appropriate agencies.

  A distinction should be made here between discussing the issue with a trained counsellor representing their client who has provided you witht he appropriate identification and is clearly doing so with the permission of the patron.

SECTION FIVE:

BANNING PROVISIONS
THE OPTIONS

SMARTPLAY - CONSUMER INFORMATION

SECTION ONE:

How machines work

* Random number generator
* Combinations
* Tokenisation
* Steppers
* Videos

SECTION TWO:

Features and options on various machines

* Multi-games
* Multi-lines
* Multi-bets
* Feature Games
* Progressive Credits

SECTION THREE:

Reading Pay Tables

* Combinations
* Left to Right/Right to Left
* Scatter Pays
* Prize vs Bet

SECTION FOUR:

Customer Service Issues - Who to contact

* Problems with Machines
* Problems with Customer Service
* Disputed Pay Outs
* Liquor Licensing Commissioner
* AHA & LCA

SECTION FIVE:

EFTPOS and Credit Betting

* Debit Only
* Illegal Credit Betting

SECTION SIX:

Tips on managing gaming expenditure

* Never Gamble with Borrowed Money
* Gamble to a Budget, not Above It
* If you Can't Afford to Pay, You Can't Afford to Play

SECTION SEVEN:

Where to go for assistance with problem gambling

* Appropriate Agencies who can assist
* Family & Friends
* Can the Hotel or Club Help (Banning)

GAMING MACHINE VENUE

CODE OF PRACTICE

This venue commits to managing this facility in accordance with the Code of Practice guidelines established by the Club and Hotel Industry.

Spirit of the Code: This venue undertakes to conduct all aspects of this facility in a professional and responsible manner in keeping with the spirit of this Code.

Gaming Legislation: This venue will ensure that all management and staff are aware of all aspects of the Gaming Machine Act (1992) and abide by those requirements in the interest of the industry and community.

Prizes and Winnings: This venue has a policy to pay all prizes and winnings in cash or cheque at the time of claiming.

Machine Management: This venue undertakes to maintain gaming machines in premium condition for members and customers convenience and enjoyment. Machines in an unplayable state will be clearly marked to avoid member and customer confusion and disappointment.

Customer Comfort and Service: This venue recognises that the satisfaction of members and customers is our prime reason for providing this facility. To that end, this venue undertakes to ensure management and staff conduct themselves in a professional, supportive and courteous manner at all times. Customers are encouraged to seek advice or help on any aspect of gaming machines at this venue.

Member/Customer Problems: This venue accepts that some members and customers may encounter difficulty in controlling their personal level of expenditure. Management and staff are able to assist in directing members and customers to appropriately qualified support agencies. Such support agencies are detailed on signage displayed at this facility.

Community Support: This venue contributes to the Gamblers Rehabilitation Fund for the assistance of players experiencing problems with compulsive behaviour. An example of agencies benefiting from this Fund are detailed on signage within this venue.

Staff Development and Training: This venue recognises the importance of our staff in maximising members and customers enjoyment. To that end, this venue will ensure our staff are trained and supported to provide the highest possible standards of service.

Wagering on Credit: The provision of wagering on credit is illegal. This venue will ensure that credit is not inadvertently provided for the purpose of gambling. A cooperative approach by customers will assist our management and staff in ensuring this provision is adhered too.

If you have any questions or concerns relating to this venue, please contact the management who will be pleased to assist.

If any issues cannot be satisfactorily resolved at this venue, please contact either of the following organisations for advice.

Licensed Clubs Association
Phone: (08) 373 1256

Australian Hotels Association
Phone: (08) 232 4525

AHA SA

AUSTRALIAN HOTELS ASSOCIATION (SA)

Section 8

COMMUNITY FUNDRAISING

Much media attention has been given to the plight of fundraising organisations as a result of the introduction of gaming machines into hotels and clubs.

A range of organisations have been quoted in various media stories.

The include;

ORGANIZATION	CLAIM	SOURCE
Red Cross	Down $172,000	Advertiser 26/6/95
Surf Life Saving	Down about 25%	Advertiser 26/6/95
Multiple Sclerosis	Down $277,000	Advertiser 26/6/95
Crippled Childrens	Down $160,000	Advertiser 26/6/95
Wheelchair Sports	Down about 15%	Advertiser 26/6/95
Sports SA	Down $1m	Advertiser 16/9/95
SA Darts Council	Crowded conditions and continual interruptions	Messenger Press 16/9/95

(See Attachments 8(a) & 8(b))

While the Associations are sensitive to the plight of these Groups, the Associations believe that available market research does not support their claim.

The McGregor Market Survey commissioned by the Associations provides the following results:

CHANGE IN EXPENDITURE ON EYES DOWN BINGO, BINGO TICKETS, SMALL LOTTERIES AND RAFFLES. PAGE 25 (APPENDIX 2)

* 30% of respondents have not played these games in recent years.

* Of the 70% surveyed who reported having invested in one or more of this type of gambling, most (84% players -58% of the total sample) indicated that their expenditure had **stayed the same**.

* 4% of respondents either started playing or increased their expenditure and 12% stopped playing or decreased their expenditure. The overall net effect is -8%.

* Significantly, 9% of **non-gaming machine players** claimed to have stopped playing this type of game or decreased their expenditure.

INDUSTRY SURVEY (conducted August/September 1995)

In anticipation of the Inquiry, the Associations have undertaken a range of surveys amongst members. One specific question asked was:
Donations to charity/community in cash and kind for 1994/95 (n = 132)

The results of that survey indicate that in 1994/95 a total contribution from gaming venues only was in excess of;

$5,874,850 in cash
$4,125,550 in goods/kind
(See Attachment 8(c) example Pastoral Hotel)

Questions that need to be asked of fundraisers

1. What have been their fundraising trends over the last three financial years?
2. Who are fundraising organisations accountable to?
3. Has negative media on general charity managements (Care Aust) impacted on community confidence?
4. Are their fundraising techniques appropriate and attractive to the consumer?
5. How many charity/fundraisers have enjoyed stable or increased income and why?
6. What are the cost structures of these groups - are they cost efficient?
7. Can these groups demonstrate a direct gaming machine link or is any downturn part of a more complex issue?
8. What other competition are fundraisers experiencing e.g. AFL fund raising/national sporting codes sponsorship?
9. Is there duplication in the fundraising community.

The Associations are not privy to these organisations finances, management strategies or fundraising techniques. We have to a large extent relied on the less than objective media, and are therefore constrained in making further comment.

Proposals to Assist Fundraisers

The Associations being conscious of the needs of fundraisers, have commenced discussions on this issue with the Treasurer of SA, the Hon. Stephen Baker MP on 7 August, 1995.

The Associations subsequently put an Options Paper to the Treasurer as part of a planned process to address this issue (See Attachment 8(d)).

The key components of the paper were;

* Apply the excess component of the .2% admin fee (estimated by Industry to be in excess of $3.5m in 1995/96) to specific charity/fundraising needs as determined by the Government.

* Apply any excess in the Gamblers' Rehabilitation Fund to similar purposes (current unallocated funds are $2,248,000).

* Access additional funds from I.G.C. as per the G.R.F. arrangement without impacting on the line fee. *(See Option 2, Attachment 8(d))*

* The Associations to harness the current and future community efforts undertaken by the Industry under an appropriate corporate banner - survey shows a conservative figure of $9.9m is already provided.

  NB. This process is well underway and will be launched in early November.

SIZE OF THE FUNDRAISING COMMUNITY

The Associations have had discussions with the Fundraising Institute Australia (SA).

They suggest that SA could have as many as 600 community fundraising organisations.

The questions must again be asked by the Associations.

* **Is there duplication?**
* **Is there accountability?**
* **Is one organisation's purpose more important than another?**
* **Who monitors their efficiency?**

ON GOING INDUSTRY SUPPORT

As stated earlier, recent surveys put the current Industry's contribution to Community Groups in excess of $9.9m . These contributions are voluntary and great care must be taken not to endanger this support by forcing unwarranted changes.

In addition, the Associations, in co-operation with Variety Club of SA are about to announce a major fundraising exercise to generate almost $500,000 this year. This specific project is additional to the already significant effort made by venues.

The Industry will continue to be major contributors to Community projects and organisations despite the negative perceptions of a few.

POTENTIAL OUTCOMES

The Associations believe that the options put to Treasurer Stephen Baker are the most practical and appropriate mechanism to involve Industry and Community.

The Associations are strongly opposed to a 'Community Chest' concept. We believe the majority of fundraisers share this view. Such an approach creates;

1. **Major administration costs**
2. **Subjective allocation procedures**
3. **Is not in the interests of those community fundraisers who are performing well**

The Associations strongly believe that the Industry MUST BE an integral part of any community effort and has already demonstrated its pro-active stance on many occasions.

Attachment 8(a)

$1m funds shortfall

Charities drained by pokies

By NADINE WILLIAMS

South Australian charities are reeling as people plough millions of dollars into gaming machines.

Figures show the charities have suffered a shortfall of at least $1 million in their fundraising since the introduction of pokies last year.

"Rather than going to eyes-down bingo, they're going to the hotel for the night to play pokies," the Red Cross's chief executive officer, Mr Reece Jones, said yesterday.

He said the Red Cross was about $172,000 short of its donations target this year.

Mr Jones heads a lobby group of five major charities which has asked the State Government to establish a body similar to Foundation SA to counter the impact of poker machines.

The proposed foundation would channel the machines' profits back into charities.

The Advertiser reported on June 12 that poker machines' total turnover had hit $1344 million since July last year.

Gamblers had spent $421 million and won $252 million in prizes.

Hotels and clubs had reaped $169 million profit, of which $56 million went to the State Government in tax.

Other charities comprising the lobby group – the Crippled Children's Association, the Multiple Sclerosis Society, Wheelchair Sports and Surf Life Saving SA – also say their fundraising has fallen far below expectations.

Surf Life Saving SA bingo takings are down 25 per cent, the Multiple Sclerosis Society says it has lost $277,000 – almost half its annual takings – Wheelchair Sports' charity income is down 15 per cent and the Crippled Children's Association is $160,000 below budget.

Mr Jones warned that charities would be unable to buy equipment and provide essential support programs and services for the disabled and disadvantaged without drastic action to reverse the flow of funds.

The greatest impact has been on charities which sell instant bingo tickets and hold bingo sessions.

But the charity dollar also has been pruned by poor lottery sales, doorknocks and badge day takings.

"There is only a certain amount of money to go around for gambling," Mr Jones said.

The Crippled Children's Association public relations manager, Ms Chris Rowell, said the charity had a projected income loss of $330,000 in 1995-96.

"Our patrons are telling us they're saving their money, which they normally would have spent on instant bingo tickets, to spend on poker machines," she said.

"Our old traditional ways of lotteries are not working".

Mr Jones said it was imperative the Government took action over the charity crisis or "the community will suffer".

"Either the Government will have to support the services charities provide or they will be unable to be maintained," he said.

"It's that serious."

He said this ran counter to Government policy, which had been to farm out as many programs and services to charities as possible.

INSIDE

REVIEW

Darts players getting stuck into their 'No.1 enemy': poker machines

By ANDREW MALE

THE State's darts fraternity is officially up in arms over the intrusion of poker machines into the pubs and clubs where the dartboard once reigned supreme.

The South Australian Darts Council has lodged an official submission with the SA Sports Federation saying that poker machines are "destroying" the sport.

The submission asks for poker machine revenue to be made available to support darts.

The loss of "darts rooms" in hotels to make way for poker machines, crowding of competition players by other drinkers and the loss of bingo and

raffle ticket sales had all pushed the SA darts competition to the brink of destruction.

The SADC president Dennis Nolan said that darts players were now leaving the competition in droves.

"Up until the beginning of 1994 darts in SA was booming," he said.

"Some of these hotels and clubs had four or five teams in them. Now they may have one team crammed in the front bar," he said.

"Conditions are crowded, players are continually interrupted by other patrons, team support is lost, excessive noises break concentration, other furniture (is left) in the road, blaring TVs and music machines and many other distractions."

He said poker machines were the "No.1 enemy" of darts players.

The Brown Version does not inspire any confidence

ALEX KENNEDY

AFTER 18 months, Dean says he can remember vividly, but the judge chose not to accept his version of events.

After three years, Carmen says she can't recall and a Royal Commission is still to make up its mind if it believes her.

Memories, how good, how bad, and how selective, are the name of the political game.

SA's very own game of how good is a Premier's memory came to an embarrassingly sticky end for Dean Brown last week in the Supreme Court.

It was a political gutting. The judge "unhesitatingly" chose "to prefer the evidence" of sacked senior public servant Dr David Blaikie about what was said during a meeting between himself in concluding, that, had she been called she would not have assisted the Government case," said Justice Olsson.

During the case, the judge points out, Mr Moss, the Premier's counsel, had actually conceded the Premier must be mistaken "as to some aspects which occurred".

He "very properly conceded that must be so," said Olsson.

Since no one has accused Brown of telling fibs, including the judge, it all goes back to memory, and lack of it.

be ultra careful about accuracy — especially given the following comments by Justice Olsson:

"His (Brown's) present expressed memory may well reflect some aspects of what he had in mind rather than what he specifically said to the applicant at the time.

"I am also of the impression that some aspects of his evidence may have been influenced by a degree of ex post facto reasoning. This is particularly so as there were important matters of detail testified to by him (Brown) in the course of his oral evidence which found no expression at all in his affidavit sworn on 18 May, 1995."

These statements are not likely to give journalists confidence in the Premier's memory for detail.

What state will the memory be in after another six years in the job, if the

Skin Cancer Research	$ 150.00
Pt Augusta Junior Basketball	$ 100.00
5AA Xmas Party for Special Needs Children	$ 185.00
Family & Community Services Xmas Toy Appeal	$ 300.00
TOTAL	$9770.00

Ian,

In addition to these donations, we have financed the building of a hydrotherapy spa pool for the people of Port Augusta with Special Needs. This is expected to cost in the vicinity of $25,000 & will be officially opened in two weeks by our Mayor.

If it is inevitable that we are to be further levied by the Government, I suggest a % levy (similar to Training Levy) which could easily be monitored. If you don't donate that to charities then you pay it as a tax.

From our point of view at the Pastoral, it is imperative that we are allowed to spend our hard earned dollars as we see fit.

We have always heavily supported local charities and sporting clubs and we want to keep it that way. At least then our money stays in our town & we can direct it to the fund of our choice.

I would like to also add that all our promotions for the Gaming Room are bought through local traders, totalling over $1000 per week, usually in the form of gift vouchers and goods.

Kind Regards

Helen

HELEN TAYLOR

26 September, 1995

Hon. Stephen Baker, MP
Deputy Premier
GPO Box 2264
ADELAIDE SA 5001

Dear Deputy Premier,

RE: CHARITABLE ARRANGEMENTS

Thank you for the opportunity of meeting with our two Industry Associations on Monday 7 August, 1995.

As a result of those discussions we would like to submit the following options for your consideration.

Both Associations are committed to developing a process that satisfies the realistic expectations of various community groups.

We believe a combination of approaches as detailed in Options 1 & 2 will satisfy these concerns.

Yours sincerely,

<u>PETER HURLEY</u>
President
AHA (SA)

<u>MAX BECK</u>
President
L.C.A.

OPTION 1

1.1 BACKGROUND

1.1.1 A significant amount of support in terms of goods, services and money is already been provided for various charity and community groups by individual operators.

1.1.2 The nature of our collective Industry is that such support will continue to grow regardless of any additional efforts.

1.2 PROPOSAL

1.2.1 It is therefore our intention to more professionally harness these current efforts by encouraging our members to promote their collective charitable and community projects under an Industry endorsed corporate banner. This will assist in focusing the community's attention on what is already a multi-million dollar effort.

1.2.2 The Associations, who collectively represent over 90% of venues with gaming, will launch a new initiative to our members to encourage them to allocate or account for in their budgets a monthly or annual figure to be allocated to community projects on an industry basis.

1.2.3 Assuming the current 7,500 machines will grow to around 10,000, this approach when embraced by our Industry, should generate between $450,000 and $600,000 per annum.

1.2.4 The AHA will encourage current and new fundraising initiatives conducted by our individual and collective members to be directed towards this purpose.

1.2.5 The AHA will utilise the expertise of The Variety Club management structure to advise on the appropriate mechanisms for distribution of funds to qualifying community groups or projects, thus keeping the Industry at arms length from the decision making process.

1.2.6 The AHA have already had detailed discussions with Variety Club Chairman, Ian Martens and Executive Director, Sue Fraser who have indicated enthusiastic support for the concept of harnessing the goodwill of this Industry.

1.2.7 The L.C.A. will undertake to maintain a similar record of community based efforts of their members and consolidate those efforts under the L.C.A. banner.

1.3 OTHER OPPORTUNITIES

1.3.1 .2% Administrative Component

The current tax rate applied to gaming machines is 4.2% of Turnover.

The Industry understanding is that 4% is directed to general revenue and .2% is to cover the costs of Government agencies for the provision of resources to implement management control systems to monitor the Industry.

For the financial year 30/6/95, total tax collected (4.2%) was approx. $62.5m. Of this figure, $2,976,190 (approx) represents the .2% component.

The projected annual turnover for 1995/96 is in the vicinity of $2.5b.

This projection is as a result of:

- a full year of trading
- between 7,500 & 10,000 machines in service
- **an increasing "Return to Player as a result of new games**

If $2.5b is achieved, the 4.2% tax rate will generate $105m of which the .2% component will be $5m.

The Industry is not privy to the cost structures of either the Liquor Licensing Commission or the South Australian Police Department, who are responsible for managing this component. However the Industry, based on its own experience, would suggest that there should be some $3m plus un-utilised funds available of the .2% administration allocation.

The Industry's expectation as to a future reduction of the .2% component has to a large extent been reduced by the application of a similar tax rate for gaming machines in the Adelaide Casino, an approach which this Industry supports.

It would therefore seem that the Government of South Australia has some level of flexibility by applying a component of the un-utilised administrative component to address various community requirements.

1.3.2 Gamblers Rehabilitation Fund (G.R.F.)

An opportunity may exist to utilise funds from the G.R.F. not required by welfare groups for the treatment and support of people adversely affected by gaming machines.

As is the case now, hotels and clubs through their contribution via I.G.C. and the Adelaide Casino provide funding for agencies who supply services to clients adversely affected by gaming 'perse' regardless of the source of their gambling problem. This is unavoidable.

However, it is the Industry's expectation that funding for the G.R.F. is specifically for those welfare agencies who could provide a Gamblers' Rehabilitation service. The fund was not to be utilised to make up shortfalls for other welfare services as a result of changing government policies. There is a fear that this may be the expectation of some agencies.

It therefore seems reasonable to assume that some funding may be made available from the G.R.F. for other community purposes as per the model described at our recent meeting.

OPTION 2

2.1 **BACKGROUND**

2.1.2 The success of the Gamblers' Rehabilitation Fund process is that every venue contributes via the I.G.C. collection mechanism.

2.1.3 Under the G.R.F. arrangement, even those operators who are traditionally un-cooperative with Industry initiatives must "pay their way".

2.1.4 We would be concerned that the lack of 'compulsion' of Option 1 would see the responsibility fall on those venues committed to the future development of the Industry but allow the 'un-committed' a 'free ride'.

2.1.5 We believe that the majority would favour an allocation via the I.G.C. to ensure 100% participation and guaranteed outcomes.

2.2 **PROPOSAL**

2.2.1 Utilise the I.G.C. as the collection process as per the Gamblers' Rehabilitation Fund.

That is, via the I.G.C. 'line fees', allocate $500,000 for community benefit projects.

2.2.1 The actual allocation would be made by a committee representing the two Industry Associations, an I.G.C. representative, Treasury official and independent person/s with appropriate charity industry experience.

2.2.3 Obviously existing charitable and community efforts would continue as per Option 1 (1.1).

2.2.4 Additional opportunities should be utilised as per Option 1 (1.3) i.e. surplus from the administration allocation and from the G.R.F.

Section 9

THE MEDIA COMMENTS

The Associations ask the Inquiry to consider the role played by the print media in 'creating' the issue of gaming machines in the public arena and the concept of 'Super Profits'. The media has been less than objective and highlights the difficulties any community faces when media has a monopoly.

The print media's record on accurate reporting of this issue is appalling.

THE STORIES

*\$25.4 BILLION TURNOVER

One example of the inaccuracy of much of the print media's attention is demonstrated in an article in the Advertiser 26/7/95 (*See Attachment 9(a))*.

Headline:	**"Betting spree tipped to surge"**
Author:	Peter Morgan
Date:	Wednesday, 26 July 1995
Quote:	"*... will accelerate... from \$46m per day to \$70m by this time next year.* "*...turnover of \$70m per day equates to \$490m a week, or \$25.4 billion a year.*"
Comment:	The Advertiser reporter placed the decimal point in the wrong place and in doing so increased predicted turnover by 900% - subsequent action to correct the mistake - NIL.

*COLONNADES CENTRE

The print media has demonstrated a fascination with this particular Southern Metropolitan shopping centre. They have interviewed two small retailers - (Advertiser 26/8/95. *See Attachment 9(b))* and Sunday Mail (27/8/95. *See Attachment 9(c))*.

The Associations provide extracts from the Colonnades Centre Management Monthly Newsletter to clarify the issue. *(See Attachment 9(d))*

The major features to note are;

* Customer traffic up 9.6% for May 95
* Customer traffic up 4.4% for June 95

*SPORTS SA - .5% OF TURNOVER FOR SPORT

Advertiser: Saturday, 16 September 1995. *(See Attachment 9(e))*

Ms. Kathy Edwards, C.E.O of Sports SA claims that "*pokies had drained at least $1m from sporting groups, leading to the cancellation of some junior sports programs.*"

Asks for "*the Government to follow Victoria by channelling .5% of pokies turnover to sporting programs.*"

Response:

1. .5% of current weekly T/O would be $245,000 per week or $12.74m per annum - significant compensation for an alleged reduction in funding of up to $1m.

2. Victoria **DOES NOT** allocate .5% of T/O to sport. The Community Support Fund established by the Victorian Government is used at the **discretion** of the Minister.

   In 1992/93 the Victorian Government had allocated

   - $1.625m for development of a State Swimming Centre.
   - $90,000 to repair a squash court at Albert Park
   - $125,000 for the Australian Masters Games

**(Source: Review of Electronic Gaming Machines in Victoria. Vol I, Pg 64)*

To that date, no money had been allocated to 'sporting programs'.

*SPORTS SA "REPRESENTS 500,000 PEOPLE"

Advertiser: Saturday 16 September 1995. *(See Attachment 9(e))*

Sport SA's CEO Ms. Kathy Edwards is reported as saying that Sports SA represents 500,000 people in 85 sporting associations and claiming that '*sporting clubs have been hit by falling bingo and small lottery sales*".

Response:

The Licensed Club Industry has access to up to 40 machines at their club rooms. The recognised body for sporting clubs is the Licensed Clubs Association of SA.

*MORE MONEY FOR REHABILITATION

Sunday Mail: 24/ September 1995. *(See Attachment 9(f))*

Salvation Army's State Commander, Lt-Colonel Carl Schmidtke is quoted as saying;

"*...I would like to see the clubs and hotels show a greater sense of responsibility and more profits diverted into rehabilitation services.*"

Response:

1. There remains $2,248,000 un-allocated funds in the GRF for the remainder of 95/96.

2. SA provides $1.80 per adult for Gamblers Rehabilitation compared to Victoria's 30.6c and Queensland's 42c.

***SMALL RETAILERS DOWN 7.8%**

Advertiser: 19 August 1995. *(See Attachment 9(g))*

"A recent survey by the small Retailers Association shows shops have suffered an average downturn of 7.8% since the introduction of pub pokies a year ago."

Response:

In the same article, the Retail Traders Association said *"department stores and supermarkets say they experienced growth of 10% after many slow years"*.

THE POSITIVE STORIES

During the same period as the above articles were published, the Advertiser also ran stories on the following;

"SA LEADS IN CONSUMER SPENDING
Advertiser 4/7/95. *(See Attachment 9(h))*

"RETAIL TRADE TURNOVER ON THE UP...AND UP"
Advertiser 13/8/95. *(See Attachment 9(i))*

"SA'S SMALL BUSINESS OUTLOOK ON THE MEND"
Advertiser 30/8/95. *(See Attachment 9(j))*

"NEW CAR SALES IN FIVE YEAR HIGH"
Advertiser 6/9/95. *(See Attachment 9(k))*

"DIP IN JOB ADS - BUT NOT SA"
Advertiser 5/9/95. *(See Attachment 9(l))*

"CONFIDENT SA SET FOR A BOOM"
Advertiser 11/9/95. *(See Attachment 9(m))*

"HUNDRED OF JOBS TIPPED IN GROWTH BOOM"
Advertiser 20/9/95. *(See Attachment 9(n))*

CONCLUSION

The Associations would maintain that much of the 'public' debate has been fueled by the daily print media.

The most recent article in the Sunday Mail (24/9/95) "Pokies Greed" is more proof of emotive reporting.

The obvious mis-use of statistical information and at times emotive headlines and biased story lines does not seem to have deterred adult South Australians from enjoying the newly created leisure experience.

2 The Advertiser, Wednesday, July 26, 1995

Betting spree tipped to surge

By PETER MORGAN

POKIES 1 YEAR ON

South Australians will accelerate their betting on pub and club pokies from $46 million a day to almost $70 million by this time next year.

This estimate of the huge increase is based on demand for extra machines and other States' experience.

The estimate represents:

AN INCREASE in the number of pokies from the present 7500 to the "saturation" point of 10,000.

A RISE of up to 20 per cent in turnover per machine.

A turnover of $70 million a day translates to $490 million a week, or $25.4 billion a year.

Today marks the first anniversary of pub pokies, which have enjoyed phenomenal success – far beyond publicans' expectations.

The Advertiser revealed on Saturday that the top hotels have made pokies profits of $1.3 million in the first year. The average Statewide daily turnover per machine is $850, giving hotels with the maximum 40 machines a $550,000 profit.

Most of the big hotels have enjoyed turnover of $1000 and $1500 per machine per day – which translates to profits of up to $1.3 million.

The State Government has not missed out, grabbing $70.8 million in tax – far higher than predicted in the Budget.

In Victoria, pub pokies introduced four years ago now have an average daily turnover of more than $2000, according to the Australian Hotels Association.

After one year in Victoria, the average was $1460, which built to $1850 by the end of the second year.

Pub pokies have continued from strength to strength in Victoria and similar results are eventually expected here. After one year, pokies are installed in about one-third of SA hotels and one-quarter of clubs, allowing scope to increase the current number of 7500 machines.

"Many people haven't yet been exposed to the pokies, so there is big potential for growth," said a leading hotelier.

But the AHA's executive director, Mr Ian Horne, moved to downplay growth forecasts.

"I know you won't believe me but I think it (turnover) will plateau," Mr Horne said.

"In fact, we might be close to a plateau now."

However, in a regular pokies facts sheet sent to hotels, the AHA says SA daily turnover per machine continues to rise – "in line with Victoria".

The social cost of pokies is impossible to calculate, with welfare groups saying "hundreds of desperate people" are seeking financial help.

However, despite *Advertiser* requests spanning many months, no welfare group has been able to produce any "pokies addict" who is prepared to speak openly.

The most outspoken pokies critic, Adelaide Central Mission's financial counsellor, Mr Vin Glenn, is on holidays until mid-August.

Attachment 9

26/8 Adv

3

Plan to slug hotels, clubs over big profits

Pokies super tax

By MELISSA KING

A "super tax" could be levied on South Australian hotels and clubs making excessive profits from poker machines.

Describing them as "abhorrent", the Premier, Mr Brown, said the State Government was considering the move as part of a major inquiry into the social and economic impact of gaming machines.

This follows concerns about huge profits at some venues and growing pressure on welfare services.

If the inquiry finds some venues are making excessive profits, one option being considered is a "super tax" on profit over a certain amount.

It is understood the extra tax would be directed to welfare programs. The Gamblers Rehabilitation Fund already receives $3.5 million a year. A 4.2 per cent tax on turnover currently applies.

Pokies turnover in the past 13 months totals more than $1.7 billion, with hotels and clubs taking about $160 million in profit.

Some venues have made up to $1.3 million after tax.

Mr Brown said he did not want to pre-empt the inquiry's findings, but was concerned about increased demand for welfare services.

Some charities had told him their takings had dropped by 50 per cent in the past 12 months.

He advised people to avoid pokies because "ultimately, you can't win".

"There are no winners with poker machines, so why go and lose your money on a poker machine?" he said.

[Legislation to allow pokies was passed under the previous Labor government in May, 1992.]

The hotel and club industry said yesterday it supported the inquiry.

The Australian Hotels Association executive director, Mr Ian Horne, said it would give the industry a chance to put a "factual position".

"It will put an end to a whole range of the claims that are being made that are unsubstantiated," he said.

The Licensed Clubs Association president, Mr Max Beck, rejected an extra tax but said the existing system should be replaced with a scaled tax on net income.

He also accused the media of "concentrating on the negative aspects of gaming".

"There's no compulsion for individuals to participate in this activity," he said.

For many clubs, pokies were the only way of gaining extra revenue for community facilities.

Brahma Lodge Hotel director Mr Leon Bernardi blamed the inquiry on media pressure.

The hotel, which has 40 machines and is in the State's top 10 for pokies activity, records weekly turnover of about $1500 a machine.

"The Government may have been forced into the inquiry by headlines which suggest that pokies are the end of the world," Mr Bernardi said.

"The pokies are here to stay and the Government needs them."

The Small Retailers Association said small business had been overlooked in the debate.

The association's president, Mr Jeff Brook, said there had been a drop of up to 14 per cent in sales since last year.

Some businesses put on the market had fallen in value by up to 40 per cent because of reduced turnover, much of it pokies-related.

Worst affected were delicatessens and snack bars.

Adelaide Central Mission minister Dr Geoff Scott said the mission was already working on its submission to the inquiry.

In the past eight months there had been a 40 per cent increase in the time spent with problem gamblers.

Pokies addicts were mostly women aged over 45 and often single parents, while 85 per cent of the mission's financial counselling clients earned less than $20,000.

● PAGE 12: Bateup's view, Editorial

A trader's dilemma

Shopkeeper Marilyn Sbrogio has hit out at pokies because she says they are stealing her trade.

And she is blaming a nearby pub for her dilemma.

She owns two Noarlunga shops, one of which was bought for $104,000 in 1983 but which is now valued at just $70,000.

● PAGE 2: Full report

Attachment 9(

Sunday Mail 27/8/95

2

THE GREAT SA POKIE DILEMMA

THE POKIE DILEMMA

It's a mania of misery

By MIKE DUFFY

THE real face of poker machine mania is the little girl who pleads: "Mummy, Mummy, I'm hungry."

The misery of the big loser is the ...erly man who goes home flat broke to the soulful eyes of his best mate ...gger, pleading for the operation which ...uld save his life and end his suffering.

Then there is the utter, lasting shame the widower who has pawned his late ...e's wedding ring for a meagre $30 -- feed the habit on which he is hooked.

This is the depth of despair and des...ration of a multitude of victims, ...ught in the vice of the multi-million ...llar poker machine phenomenon ...ich has exploded on the lives of South ...stralians.

They are not isolated cases.

Welfare groups and agencies are moni...ring an alarming number of men and ...omen, drawn by the artificial glitz and ...amor of pokie parlors in pubs and ...ubs, crying out for help.

And the number is growing weekly – ...raining to the limit the resources of ...elfare groups which set out to offer a ...feline to those with gambling problems ...t of control.

They come from all walks of life, from ...e professions to the poor.

They range from people who should ...now better to those who are always ...time targets for any form of gambling ...ffering the grand prize...

■ *Poker machines have affected the lives of virtually every South Australian since their introduction in hotels and clubs just over a year ago.*

■ *Against the backdrop of new jobs and "super profits" for hotels and clubs, there is a serious downside – an alarming number of people have become addicted to pokies.*

■ *The Sunday Mail today continues its series into all aspects of poker machines. We hear the tragic stories from pokie victims and explore how gaming machines have affected the viability of small companies.*

All have one problem in common: their lives have been torn apart by an uncontrollable addiction to punt their last dollar – in the hope of dropping the elusive jackpot.

Every day, marriages are driven on to the rocks by a wind of compulsion to gamble money needed to feed hungry children and keep a roof over the heads of families formerly happy and relatively carefree.

Hotel and club proprietors are the big winners, banking mega-profits from the "money machines".

The pawn-broking industry is sharing in the bonanza as players lose their weekly wages with senseless regularity – then pawn treasured possessions for a fraction of their cost and sentimental value.

The Sunday Mail set out to investigate the impact on the lives of the big losers at the end of the first full year of poker machines.

Behind the turnover and profits, which make the performance of Australia's biggest companies pale into financial insignificance, lie countless case histories of misery and heartbreak.

A weekly meeting at Hallett Cove of a self-help group, Gamblers in Crisis, provided a snapshot of a wider picture of the problem which is threatening the social fabric of SA.

There is nothing anecdotal about the plight of people whose lives have been driven to the edge by a compulsion to play gaming machines.

These are the stories of those lucky enough to realise they are in need of help to put their lives back on track.

HAVE YOUR SAY

□ *What do you, our readers, think of SA's poker-machine invasion? Write to Pokies Poll, Sunday Mail, GPO Box 2539, Adelaide, 5001. We will publish a selection of the letters*

Move to slash pokies profits

● Left: How the Sunday Mail broke the Brown Government's investigation three weeks ago

Takeaway food shop owner Jay Leddra ... lunchtime dollars disappearing

Food shops forced to tighten belts

EIGHTEEN months ago Jay Leddra had a staff of seven at his takeaway food outlet at Colonnades. Now he has four.

Jay's shop is just a stone's throw from the thriving Colonnades Tavern, where the pokies and cheap meals beckon.

He has been at Colonnades for six years, trading through the recession, rising interest rates and soaring food costs as the result of the drought, but the past year has proved particularly tough going. He said in all the years he had been in small business "right at this moment it's the hardest it has been". The problem is the proximity of the Colonnades Tavern to the shops.

Jay has no argument with the tavern; he accepts that poker machines are here to stay and in a free market hotels have every right to maximise their business.

But what is happening is that some former food customers and some shopping centre staff are heading to the tavern for food and entertainment.

"I know some of the staff who work at Colonnades go up there in their half-hour or hour for lunch," he said.

"They can play the pokies, get free coffee and have light meal for near to nothing."

It's a story which is repeated around the metropolitan area. Jay said morning tea trade was down, with some hotels in the south offering cheap breakfasts plus coins to play the pokies.

"If people go to these places and have a cheap breakfast, they are going to fill up so they don't want a morning tea or lunch," he said.

Jay also sees the heartbreaking results of addiction: "We had a lady walk in the shop the other day, she said she had 80 cents in her pocket. She said she'd just spent all her rent money.

"She said she didn't have enough money to buy food, and was there any chance we could give her some."

– ANDY WILLIAMS

Colonnades Sales

RESULTS FOR APRIL/MAY 95

CATEGORY	MONTH	
	APRIL 95	MAY 95
FOOD	11.6	3.5
EATING OTHER	0.2	9.8
FASHION Women/Girls	(1.5)	(3.8)
FASHION Mens/Boys	55.5	(3.6)
FASHION Mixed	(0.7)	8.0
FASHION FOOTWEAR	(6.0)	(7.3)
FASHION ACCESSORIES	(6.9)	7.9
JEWELLERY & GIFTS	(34.7)	1.6
HOUSEHOLD	8.5	(7.0)
OTHER	14.8	30.6
SERVICES	2.5	5.6
CENTRE TOTAL	1.3	3.7
SPECIALTY STORES	3.9	9.5
MAJORS	(0.3)	(2.1)
MINI MAJORS	(12.8)	(13.6)

	APRIL		MAY	
	94	95	94	95
CUSTOMER TRAFFIC	487665	486161	482024	528088
No. OF DAYS	22	21	25	26
	(0.3)		+9.6%	

Eco Group

Has now been formed and are meeting every other week. If any retailer or staff member of Colonnades wishes to have an environmental idea raised, please contact any of the following people.

- Des McGowan — Healthy Life — 384 4380
- Max Baldock — Louis' Snack Bar — 384 4636
- Sue Seekamp — Colonnades Newsagency — 384 4129
- Nick Smith — Summerhouse Coffee House — 384 4072
- Rosalind Cordes — Chemplus — 384 4520
- Derek Lewis — Operations Manager — 381 2000
- Dick Olesinski — ECO Marketing — 015 718 617

Staff Benefit Card

Staff Benefit Cards are available from Centre management for $2.00. Please remember when joining Colonnades Staff Benefit Scheme you will be asked to produce some form of store identification.

Colonnades "My Green Bag" is now available for sale at the Customer Service Desk for $3.00 each. The bags cost $3.00 to manufacture and print and are made in Australia and printed in South Australia, so encourage your customers and staff to use them in place of plastic bags.

Environmental Tips

- Use your own bag or basket and ask for paper bags instead of plastic on your shopping trips.
- Re-use plastic bags
- Cut packaging
- Buy in bulk

COLONNADES

COLONNADES CENTRE MANAGEMENT
BEACH ROAD • NOARLUNGA CENTRE
SOUTH AUSTRALIA 5168
TELEPHONE (08) 384 2000 • FACSIMILE (08) 384 2067

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AMP

Colonnades Sales

RESULTS FOR JUNE 95

CATEGORY	MONTH JUNE 95		
FOOD	1.3		
EATING OTHER	1.8		
FASHION Women/Girls	(12.2)		
FASHION Mens/Boys	(17.2)		
FASHION Mixed	19.1		
FASHION FOOTWEAR	(2.6)		
FASHION ACCESSORIES	(0.1)		
JEWELLERY & GIFTS	9.8		
HOUSEHOLD	4.5		
OTHER	19.6		
SERVICES	15.7		
CENTRE TOTAL	2.2		
SPECIALTY STORES	6.9		
MAJORS	1.3		
MINI MAJORS	(4.3)		
CUSTOMER TRAFFIC	LY 488,90	TY 510,418	+4.4%
No. OF DAYS	LY 25	TY 25	

* "The above statistical information is produced in good faith and should be used as a trend only"

WALLIS THEATRES
NOARLUNGA
Ph.326 1313

AUGUST ATTRACTIONS

Hideaway
Mad Love
Judge Dredd
French Kiss
Trial by Jury
Pocahontas
Jury Duty
Nine Months
Mighty Morphis Power Rangers
Free Willy II:
The Adventure Home

Staff Benefit Card

Many thanks to all those retailers who support Colonnades Staff Benefit Card. A list of Retailers Benefits is available from Centre Management Office or check last months Newsletter. The lucky numbers of this months Staff Benefit Card are... **0015 & 0116** the winners will receive a double pass to the movie of their choice at Noarlunga Cinema Centre.

Colonnades recycling program starts Friday September 1st.

COLONNADES

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The Advertiser 16/9/95

22 · The Advertiser, Saturday, September 16, 1995

Bid to cut hours at pokies venues

By PETER MORGAN

A leading welfare group yesterday called on the State Government to reduce the operating hours of poker machines and train hotel staff to handle gambling addicts.

Adelaide Central Mission also urged the adoption of a strict advertising code to curb the "untrue image of gamblers always winning".

And it wants pokies tax to be used to provide more counselling and support for addicts, and for research into all aspects of gambling.

The calls were made by the Reverend Geoff Scott, foreshadowing the mission's submission to the Government inquiry into the social and economic impact of pokies.

The Salvation Army last night urged a halt to the installation of new pokies until after the Government responds to the inquiry's findings.

And a body representing 85 sporting associations wants the Government to follow Victoria's lead by channelling 0.5 per cent of pokies turnover into sporting programs.

The two-month inquiry was announced by the Premier, Mr Brown, on August 24, because of his concerns over "super profits" being made by publicans.

The inquiry, headed by the Deputy Under Treasurer, Mr John Hill, will take submissions from businesses, charities, community service groups and the public.

Deadline for submissions is September 29. About 20 submissions have so far been received.

Mr Scott said the mission's submission would seek a reduction in operating hours of pokies.

He said he was concerned about "pokies breakfasts" between 6am and 9am, and with many hotels continuing through until 4am.

"There needs to be an advertising code to present the true picture of gambling, not just the image of winning, and hotel staff need to be trained to handle gambling addicts," Mr Scott said.

Families

"I have heard of one case in which a mother with young children was spending all her money on the pokies and worried staff didn't know what to do to help her.

"There also needs to be more funds for counselling and for research into gambling."

At the Salvation Army, Captain Harry Knowles said a submission to the inquiry would highlight the rising number of families — from 9200 to 10,700 — seeking welfare.

"There should be a moratorium on the installation of pokies until the inquiry is completed," Captain Knowles said.

Anglican Community Services, which has also seen a rise in demand for its services, is preparing a wide-ranging submission.

But Catholic Centacare will not make a submission because of a possible conflict of interest by its head, Mr Dale West, who is also chairman of the Governmment's Gamblers' Rehabilitation Fund.

Sport SA, representing 500,000 people in 85 sporting associations, will submit that sports clubs have been hit by falling bingo and small lottery sales.

Chief executive officer Ms Kathy Edwards said this had seen a reduction in many sporting programs, including those for juniors.

"SA should follow the Victorian example of giving part of pokies turnover to sporting clubs to allow them to continue," she said.

The Licensed Clubs Association has yet to decide whether to make a submission but the Australian Hotels Association is preparing a "detailed and significant" submission.

"It's an opportunity to put gaming into perspective and prove the significant economic benenfit being delivered," said AHA executive director, Mr Ian Horne.

"To do this, we will use all the time at our disposal to prepare the submission.

"There will also be submissions from individual publicans, suppliers and service industries."

THE GREAT POKIE WINDFALL

Figure 'is naive and inaccurate'

Mr IAN HORNE, executive director of the SA Hotels and Hospitality Industry, described the $170 million profit as a "most naive and grossly inaccurate figure."

"It is a figure which is not profit but actual gambling expenditure," he said.

"And out of it the industry has spent $51 million in wages, invested $96 million in renovations and refurbishments and increased food puruchases by $27million and beverage purchases by $12 million, all of which has flowed directly onto the suppliers."

Mr Horne said the industry also had spent, within the past 14 months, $18 million on advertising and promotions, $5 million for entertainers and paid out more than $3 million in maintenance of poker machines.

Mr Horne

Mr Thompson

Mr Shetliffe

'Put the cash back'

By RAE ATKEY

Representatives of welfare and charity organisations said yesterday they found it "inconceivable" just how much money has been fed into poker machines.

The executive director of Red Cross, Mr Rhys Jones, said the profits were more than had ever been envisaged.

"Unfortunately they are coming from the pockets of people who cannot afford it," he said.

Mr Jones, also spokesman for a group of organisations which has made consistent representation to the government over the issue and which includes Red Cross, the Crippled Children's Association, the Multiple Scierosis Society, the Wheelchair Sports Association and Surf Life Saving, said both the government and hotels and clubs had an obligation to see how some of the profits could be put back into the community.

"Then maybe we can start to solve some of the problems," he said.

The Salvation Army's State Commander, Lt-Colonel Carl Schmidtke said that his organisation had been among many others to warn the government of the likely outcome of opening the gate to poker machines.

"I don't think that gate can now be closed," he said.

"But I would like to see the clubs and hotels show a greater sense of responsibility and more profits diverted into rehabilitation services."

Mr Dale West, director of Catholic Family Services and chairman of the Gamblers' Rehabilitation Fund committee, said these latest figures "vindicate our position 14 months ago when we warned that this would happen."

Mr West said "hidden" money going to the government from poker machines also was a concern.

"At this stage the government is not putting anything at all back into the community but using funds from poker machines to pay off the State debt or putting them into general revenue," Mr West said.

Chamber of Commerce executive director, Mr Lindsay Thompson, said he believed the impact of poker machines, particularly on small retail traders and voluntary organisations, is at its highest "right now".

"We must not rush in and make decisions which, in retrospect, could be wrong. Poker machines have created many jobs in certain areas."

Mr Max Beck, president of the Licensed Clubs Association of SA, refused to comment. The executive director of the SA Retail Traders Association Mr David Shetliffe said the $170 million poker machine takings by pubs and clubs over the past 14 months represented about one and a half week's retail sales in SA.

He said poker machines were a phenomenon retailers had to compete against. Many retailers could not understand why poker machines could operate at times when some stores were prohibited from opening.

"We find it quite ironic that the Government allows people to go and gamble in relatively unrestricted hours and yet stops them going and buying clothes and food."

Sunday Mail 24/9/95

Sunday Mail 20/8

Pokies hurt small traders

By ANDY WILLIAMS

South Australian retailers and small business operators are being hit hard by the onslaught of poker machines.

The popularity of the pokies is channelling thousands of consumer dollars away from various outlets.

This comes on top of the crippling effect the poker machines are having on Adelaide charities.

In their first year of operation the machines have turned over about $1686 million, with $1473 million being returned to players, $141 million going to venues and $71 million going into State Government gambling tax coffers. Add the hotels' and clubs' take with Government tax and $212 million has been sucked out of consumers' pockets.

The South Australian Retail Traders' Association executive director, Mr David Shetliffe, said that figure plus money spent on meals and drinks in hotels by pokies players equated to 4 per cent of retail sales, which in South Australia was about $7.5 billion a year.

Mr Shetliffe said a substantial amount of poker machine turnover was not coming from retail sales, but was being diverted from the TAB, Lotteries Commission, the Adelaide Casino, charities and other fundraising organisations.

"But even if half of it is coming from retail sales it's a significant amount, there's no question about that," he said.

"[illegible] would much sooner have those dollars in the retail till."

Mr Shetliffe said retail sales, excluding the hospitality industry, were growing in South Australia at about 10 per cent a year whereas without poker machines it was possible that growth could be 12 per cent.

"I suspect a lot of the spontaneous buying people do is being affected," he said. "They are are keeping their loose change."

The executive director of the SA Small Retailers Association, Mr John Brownsea, said a survey of 500 of the association's members earlier this year attributed a 7 per cent to 8 per cent decline in business to pokies.

"I've reason to believe that's a fair enough figure," he said.

"There are many businesses where there has a been a far greater impact.

"The big worry is where the discretionary dollar is being spent.

"I've spoken to a number of businesses and they say they are at a loss to explain why they are down.

"The pokies is the only explanation they can come up with.

"There is genuine damage being done.

"There is compensation being offered to charities who are being hit, there is help being offered to people who claim to be an addict.

"But there's no compensation being offered to businesses which through no fault of their own have suffered."

Mr Brownsea said he believed the acceptance of poker machines in South Australia had been much more rapid than interstate.

He said the promotion of poker machines had been "one of the great marketing exercises of the 1990s".

Advi 4/7/95 **Attachment 9 (**

SA leads in consumer spending

By STEPHEN SEALEY
in Canberra
and CAROL ALTMANN

South Australia's retail trade turnover is among the strongest in the nation, according to figures released yesterday.

Australian Bureau of Statistics figures show SA and the Northern Territory were the nation's top performers for May, with growth of 1.1 per cent.

National growth was only 0.6 per cent in the same period.

SA growth has bubbled along at between 0.9 and 1.3 per cent for the past 12 months, with most other States recording rises of well under 1 per cent.

In dollar terms, retail trade turnover has lifted by a huge 15.9 per cent, from $634.6 million in May, 1994, to $735.4 million in May, 1995.

National growth was only 9.7 per cent for the same period.

Poker machines generated strong figures for the SA hospitality and services industry, which recorded $133.9 million in turnover for May, compared with $102.4 million in May, 1994.

Other strong performers include food retailing and household goods.

The SA Retail Traders Association's executive director, Mr David Shetliffe, said SA's performance was linked, in part, to its moving out of the recession more slowly than other States.

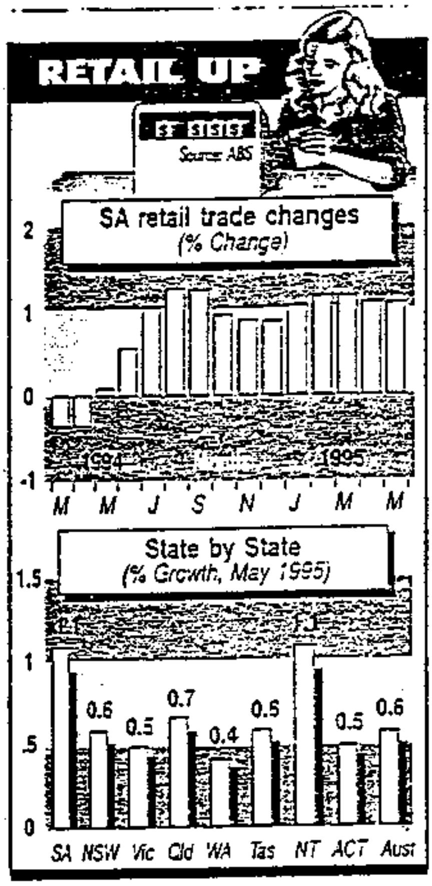
"What we are seeing is real growth and we are remaining considerably higher than any of the others," he said.

A spokeswoman for the Treasurer, Mr Stephen Baker, said the ABS figures confirmed SA's retail strength.

They cast further doubt on the Gross State Product figures released last month which showed SA had slumped back into recession.

Nationally, the robust consumer spending figures fuelled fears of higher interest rates in the wake of the latest current account deficit blowout.

With only a 1.6 per cent fall in seasonally adjusted retail sales, to $9.56 billion, yesterday's data may further reduce the chance of any fall in rates.



Economists fear the figures will instead add pressure for a rise when the Reserve Bank board meets today.

But a business survey also released yesterday showed a slowdown in activity and lower confidence in the metal and engineering industry.

And a report by forecaster BIS Shrapnel warned the housing industry was headed for a severe downturn.

Schroders Australia chief economist Mr Brett Allender said he did not expect the Reserve Bank to move interest rates either way today.

Retail trade turnover on the up . . . and up

South Australia's retail trade turnover continues to be among the strongest in the nation.

Australian Bureau of Statistics figures released yesterday show SA had .8 per cent growth in July, which placed it slightly behind the ACT (.9 per cent) and equal second with NSW.

National growth was .7 per cent for the same period.

In dollar terms, SA's retail turnover has grown by a huge 12.8 per cent from $646.9 million in July, 1994, to $729.6 million in July, 1995.

This compared to national growth of 8.3 per cent in the same period.

SA's hospitality services, bolstered by the success of poker machines, continued to record the strongest growth for the various retail sectors, moving from $147.4 million to $149.7 million from June to July, 1995.

However, household goods and department stores also performed strongly, which has been linked to the success of traditional winter sales.

SA Retail Traders' Association executive director Mr David Shetliffe said the State's performance was stronger than expected, but added the figures should be interpreted with caution.

Mr Shetliffe said the bouyant figures still reflected SA's recovery from the recession, which had been behind the other States.

"Over this year we have been consistently higher than the national growth and that shows there is still a lot of recovery going on," he said.

"There is no way we can sustain (dollar) growth of around 10 per cent a year. I would anticipate the long-term figure to be around 5 or 6 per cent."

Mr Shetliffe said the growth was tipped to flatten out toward the end of the year.

The SA Treasurer, Mr Stephen Baker, said the figures showed "a return to confidence".

"There are also very positive effects which flow onto other sectors... However, there are areas where we desperately need improvement such as the agriculture and housing industries," he said.

- Carol Altmann

13/8/95

SA's small business outlook on the mend

By SALLY GIBSON

The level of confidence in the small business sector in South Australia for the next 12 months is among the highest in the nation, according to the latest Yellow Pages Small Business Index survey.

At the same time, national expectations for the next year have fallen.

The survey found that during the three months to July, a net 52 per cent of SA's small businesses said they were confident about the next 12 months, compared with a net figure of 46 per cent in the previous quarter.

Confidence among small businesses in Victoria is also at high levels.

Nationally, confidence in small businesses' prospects for the next 12 months fell for the fourth successive quarter.

A net 46 per cent of small business proprietors were confident about their year ahead, compared with 65 per cent 12 months ago.

While SA businesses expect sales and profitability to remain relatively stable in the current quarter, the capital investment outlook remains extremely weak.

The number of businesses planning capital expenditure fell significantly.

The index's economic adviser, Dr John Marsden, said the national decline in small business confidence from the unsustainable boom levels of 1994 was "not entirely unwelcome".

"Last year's boom has led to wage pressures, increased inflation and the blow-out in the current account deficit that we have seen this year," he said.

Despite the continued fall in national confidence, small business proprietors reported a better quarter for the three months ending July – in terms of growth in sales, employment, wages bill, profitability and capital expenditure.

He said consumer confidence had emerged as a major concern among small business owners, ranked third behind sales and cash flow, while interest-rate concerns had evaporated "at least temporarily".

Ms Elaine Melhuish, the chairwoman of the Certified Practising Accountants' small business forum in SA, said a lot of the service industries were looking confident but the retail sector had come under pressure from the introduction of poker machines.

The building industry also remained a concern.

"Most small business people in retail or other industries where there is a consumer dollar are saying the poker machines have affected their turnover dramatically," Ms Melhuish said.

The Minister for Small Business, Mr Olsen, urged small businesses to look positively to the future.

He said there were "good signposts", with SA outperforming other States in the growth of manufactured exports, and moves by large companies such as Australis and Westpac to SA would generate business.

Attachment 9 (k)

New car sales in five-year high

By Motoring Writer
BOB JENNINGS

Car registrations in SA hit a five-year high in August.

And sales so far this year are 10 per cent above last year's, Motor Trade Association figures show.

The August daily rate of sales — recognised as an accurate indicator of the state of the market — was 168, only 22 fewer than in August, 1990, and equalling the 1986 figure.

The figures show a strengthening of the market after the low July sales, which were affected by a "pull-forward" from the previous month on the strength of projected sales tax increases.

Total sales in August were 3870, a 15.5 per cent increase on last year's, while in the first eight months of the year, sales of 27,796 were 10.3 per cent higher than in 1994.

Reflecting the national trend, Ford has dominated the local sales charts, with sales 100 per cent above those of the same month last year.

Ford registered 1091 vehicles in August, shading Holden, whose 1008 was 14.6 per cent higher than for August, 1994.

Despite a fall in sales of 6.4 per cent to 541, Mitsubishi held an advantage over Toyota which sold 502 vehicles in August.

Ford also has the sales lead for the first eight months of the year with 6407, from Holden on 5943, Toyota 4468 and Mitsubishi on 4364.

MTA chief executive Mr Richard Flashman said the August market was surprisingly strong, possibly a result of aggressive marketing by the small-car importers.

ADV. 6-9-95

Dip in job ads – but not in SA

South Australia has reversed the mainland trend by recording the only increase in job advertisements last month.

SA jobseekers found an average of 1140 jobs advertised each week in major newspapers – a 2.5 per cent rise on July. Tasmania was the only other State to buck the trend, with a 3.3 per cent lift, while job opportunities in all other States diminished.

Queensland and Western Australia suffered dramatic falls of about 17 per cent.

Nationally, the number of job advertisements during August fell a seasonally adjusted 2.1 per cent, reversing a similar improvement in the previous month, according to figures compiled by the ANZ Bank.

DVERTISER 5-9-95

Attachment 9

Advertiser 11-9-95

Confident SA set for a boom

By Industrial Reporter
DAVID PENBERTHY

Business confidence has soared to new heights in South Australia with an increasing number of companies predicting a boom within six months.

According to a new national survey, business in SA is generally more optimistic about economic conditions than business in any other State.

The survey, released yesterday, shows SA business is ahead of all other States in a number of key areas. They have faith in the national economy as well as a belief that business conditions will improve and they say they will hire more staff within six months.

The survey challenges the notion that States such as Queensland and Western Australia are outstripping SA as centres of high business growth.

"The outlook of business people in this State (SA) is more positive about business conditions than is the case for their interstate counterparts," the survey says.

"For all the other important business indicators such as sales, export sales, profitability, selling price, overtime and investment in plant and equipment, SA businesses were generally more optimistic than businesses in other States."

The survey – the Australian Chamber of Commerce and Industry's *National Survey of Commerce and Industry* – includes State-by-State comparisons not included in the draft survey released last month.

Local businesses have a more optimistic view about their own State's economy than do businesses in all other States, except Queensland and Victoria.

But SA businesses came top in significant "indicator" areas.

The survey also showed that a higher percentage of SA businesses had taken on staff in the past three months than had businesses elsewhere.

The survey was released as an Adelaide-based advertising agency, Bottomline Advertising, released its study on the public perceptions of SA's living standards.

It showed that more than 60 per cent of South Australians would rather live in SA than elsewhere in Australia.

It also showed that 46 per cent of South Australians believe economic conditions are better now than a year ago, with a further 27 per cent saying there had been no change.

Bottomline's managing director, Ms Jan Turbill, said the survey challenged "the popular myth that SA is in the doldrums".

The SA Employers Chamber of Commerce and Industry said both surveys suggested SA was "well and truly on the improve".

Employers Chamber economist Mr Ian Harrison said it was "a timely reminder that SA is again becoming a very good place to do business".

"While levels of business activity are not yet what we want them to be, the finding that business leaders here have confidence in the direction of the economy is extremely important," he said.

"We haven't finished and there's still a long way to go but the right things are starting to happen here."

The Acting Premier, Mr Stephen Baker, said the State now had to "build on that growing optimism".

"We can't expect the same growth as high-population States," he said. "But we can expect different growth which is strong and sustained."

● PAGE 10: Bateup's view

GREAT EXPECTATIONS

- South Australian businesses are the most optimistic in the nation. They believe:
- THE Australian economy will grow strongly within the next 12 months.
- BUSINESS conditions will improve over the next three to six months.
- MORE jobs will be created in SA in the next three to six months.

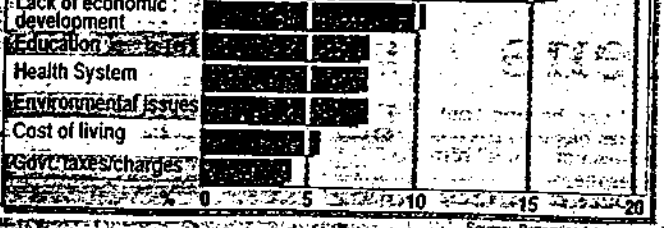
LOOKING AHEAD

Compared to a year ago, how do you feel about SA's economic future?

	%
A lot more positive	42
A little more positive	35
No change/can't say	26
A little less positive	13
A lot less positive	4

MAJOR WORRIES

What concerns you most about SA?



Source: Bottomline Advertising

Hundreds of jobs tipped in growth boom

By Political Writer
GREG KELTON

South Australia is leading a national employment trend, with a new survey predicting major growth over the next three months.

Hundreds of new jobs are expected in areas such as electronics, health, information technology, transport, manufacturing and engineering.

The Morgan and Banks job index of intentions for the three months from October to December this year shows SA recording its third consecutive quarter of prospective jobs growth, with 11.3 per cent of companies looking at hiring staff.

While this is the lowest percentage among the mainland States, the SA position is improving faster than in the other States.

The findings follow closely a survey by the SA Employers Chamber of Commerce and Industry which showed business confidence in the State growing.

Morgan and Banks is one of Australia's leading human resource consultancies and its survey, which looks ahead instead of at past trends, is regarded as being consistently accurate.

The company surveyed 2100 organisations across Australia to find out the employment intentions of companies which employ a total of more than one million people.

The survey shows that 50 per cent of SA information technology and advertising companies, 40 per cent of engineering companies and 30 per cent of transport businesses planned to hire staff in the next three months.

Close behind were manufacturers at 26.1 per cent, the health industry (25 per cent) and electronics (25 per cent).

The only area intending to shed staff was the government sector, with a 10 per cent drop.

The joint managing director of Morgan and Banks, Mr Andrew Banks, said yesterday the figures showed a well-trained and cost-effective workforce was available in SA.

"Technology is a big driver in SA's changing mix of employment," he said.

"SA's figures were moving consistently — even accelerating in some instances — in the right direction.

The Employment Minister, Dr Such, said the figures were very positive.

"We've still got a challenge ahead," he said. "But I think SA is shaking off some of the doom and gloom and realising the State is the place to conduct business."

Dr Such said SA industry had undergone significant restructuring and was now much more export-oriented.

The chamber's general manager of policy, Mr Ian Harrison, said the survey was further evidence in support of the chamber's findings that the trend of business in SA was "on the improve".

"SA certainly seems to be bucking the national trend and it is very encouraging to see the confidence in important sectors such as manufacturing, engineering, electronics and technology," he said.

The Deputy Opposition Leader, Mr Ralph Clarke, said SA should not get too carried away with the figures. While he hoped SA job growth would continue, the State was still lagging behind other States such as Queensland.

JOB PROSPECTS

SA employment growth, Oct - Dec '95 forecasts.

Industry	% planning to hire staff
Advertising	50.0
Information Technology	50.0
Engineering	40.0
Transport	30.0
Manufacturing	26.1
Electronics	25.0
Health	25.0
Service industries	15.4
Other	6.3

Source: Morgan & Banks Job Index

Section 10

DISTRIBUTION OF MACHINES BY POSTCODE

Postcode areas with 100+ machine (1)

POSTCODE	SUBURB	NUMBER	VENUES	RANK	AVERAGE PER VENUE
5000	Adelaide*	452	25	1	18:1
5290	Mt. Gambier	252	10	2	25:1
5045	Glenelg	228	7	3	32.6:1
5108	Salisbury	200	8	4	25:1
5700	Pt. Augusta	175	8	5	21.9:1
5039	Edwardstown	152	5	6	30:1
5067	Norwood	147	6	7	24.5:1
5600	Whyalla	140	4	=8	35:1
5112	Elizabeth South	140	5	=8	28:1
5440	Port Pirie	132	4	10	33:1
5033	Marleston/ Hilton	120	3	=11	40:1
5013	Pennington	120	4	=11	30:1
5253	Murray Bridge(2)	112	4	13	28:1
5082	Prospect/ Ovingham	109	4	14	27.25:1
5211	Victor Harbour	108	3	15	36:1
5014	Alberton	103	3	16	34.3:1

*Adelaide Casino Gaming Machines (850+) are additional

Comments:

1) Concentration of machines does not relate to actual gaming expenditure per postcode area.

2) Postcode area 5253 (Murray Bridge) - 40 machines, of these 112 have not operated for some months (Murray Bridge Rowing Club).

Highlights:

HIGHEST CONCENTRATION OF MACHINES PER POSTCODE		
Area	Postcode	Number
Adelaide	5000	452 *plus Adelaide Casino (850+)
LOWEST CONCENTRATION OF MACHINES PER POSTCODE		
Aldgate	5154	3

POSTCODE	NUMBER OF HOTELS	NUMBER OF MACHINES
5000	25	452
5006	6	88
5007	3	23
5009	4	90
5011	1	40
5012	1	40
5013	4	120
5014	3	103
5015	3	75
5016	2	33
5017	2	62
5018	1	40
5019	4	81
5021	2	80
5022	3	85
5023	1	40
5024	1	40
5031	3	67
5033	3	120
5038	1	40
5039	5	152
5042	2	80
5043	3	88
5044	1	40
5045	7	228

5046	1	40
5048	2	57
5049	1	40
5051	3	80
5061	3	68
5062	1	23
5063	2	80
5067	6	147
5068	2	47
5069	1	40
5070	3	72
5072	1	35
5075	1	40
5081	4	96
5082	4	109
5083	1	40
5084	2	80
5085	2	46
5086	2	80
5087	1	40
5089	1	14
5090	1	40
5091	1	40
5092	2	78
5094	1	40
5095	1	40
5096	2	45

5098	1	40
5107	1	22
5108	8	200
5109	2	62
5111	1	40
5112	5	140
5113	2	64
5114	1	28
5115	1	10
5118	6	82
5120	2	17
5125	1	40
5126	1	40
5150	1	18
5154	1	3
5155	1	14
5158	2	80
5159	2	56
5160	1	40
5161	1	40
5162	2	80
5163	3	62
5165	2	70
5168	1	40
5171	1	22
5172	1	9
5173	1	10

5201	1	10
5204	3	59
5210	2	17
5211	3	108
5214	2	23
5223	1	25
5234	1	5
5235	2	11
5238	1	10
5241	1	4
5244	1	10
5245	1	40
5251	2	45
5253	4	112
5254	1	40
5255	1	7
5260	2	28
5264	1	10
5267	1	15
5268	1	15
5271	2	50
5275	1	10
5276	1	16
5277	2	9
5280	4	73
5290	10	252
5305	1	40

5320	1	9
5321	1	8
5330	1	14
5333	3	68
5338	1	40
5340	1	24
5341	1	40
5342	1	18
5343	2	70
5345	1	14
5351	1	5
5352	1	20
5354	1	6
5355	1	4
5357	1	5
5360	1	8
5374	1	4
5417	1	6
5422	2	30
5433	1	10
5453	2	16
5461	1	6
5485	1	10
5491	1	10
5501	1	6
5540	4	132
5554	3	58

5556	2	16
5558	1	18
5571	1	18
5573	1	10
5576	2	32
5577	1	6
5581	1	12
5600	4	140
5605	2	16
5606	4	84
5607	1	6
5608	2	52
5654	1	8
5680	1	20
5690	1	30
5700	8	175
5723	2	42
5725	1	20
5732	1	14

Section 8

COMMUNITY FUNDRAISING

Much media attention has been given to the plight of fundraising organisations as a result of the introduction of gaming machines into hotels and clubs.

A range of organisations have been quoted in various media stories.

The include;

ORGANIZATION	CLAIM	SOURCE
Red Cross	Down $172,000	Advertiser 26/6/95
Surf Life Saving	Down about 25%	Advertiser 26/6/95
Multiple Sclerosis	Down $277,000	Advertiser 26/6/95
Crippled Childrens	Down $160,000	Advertiser 26/6/95
Wheelchair Sports	Down about 15%	Advertiser 26/6/95
Sports SA	Down $1m	Advertiser 16/9/95
SA Darts Council	Crowded conditions and continual interruptions	Messenger Press 16/9/95

(See Attachments 8(a) & 8(b))

While the Associations are sensitive to the plight of these Groups, the Associations believe that available market research does not support their claim.

The McGregor Market Survey commissioned by the Associations provides the following results:

CHANGE IN EXPENDITURE ON EYES DOWN BINGO, BINGO TICKETS, SMALL LOTTERIES AND RAFFLES. PAGE 25 (APPENDIX 2)

* 30% of respondents have not played these games in recent years.

* Of the 70% surveyed who reported having invested in one or more of this type of gambling, most (84% players -58% of the total sample) indicated that their expenditure had **stayed the same**.

* 4% of respondents either started playing or increased their expenditure and 12% stopped playing or decreased their expenditure. The overall net effect is -8%.

* Significantly, 9% of **non-gaming machine players** claimed to have stopped playing this type of game or decreased their expenditure.

INDUSTRY SURVEY (conducted August/September 1995)

In anticipation of the Inquiry, the Associations have undertaken a range of surveys amongst members. One specific question asked was:
Donations to charity/community in cash and kind for 1994/95 (n = 132)

The results of that survey indicate that in 1994/95 a total contribution from gaming venues only was in excess of;

$5,874,850 in cash
$4,125,550 in goods/kind
(See Attachment 8(c) example Pastoral Hotel)

Questions that need to be asked of fundraisers

1. What have been their fundraising trends over the last three financial years?

2. Who are fundraising organisations accountable to?

3. Has negative media on general charity managements (Care Aust) impacted on community confidence?

4. Are their fundraising techniques appropriate and attractive to the consumer?

5. How many charity/fundraisers have enjoyed stable or increased income and why?

6. What are the cost structures of these groups - are they cost efficient?

7. Can these groups demonstrate a direct gaming machine link or is any downturn part of a more complex issue?

8. What other competition are fundraisers experiencing e.g. AFL fund raising/national sporting codes sponsorship?

9. Is there duplication in the fundraising community.

The Associations are not privy to these organisations finances, management strategies or fundraising techniques. We have to a large extent relied on the less than objective media, and are therefore constrained in making further comment.

Proposals to Assist Fundraisers

The Associations being conscious of the needs of fundraisers, have commenced discussions on this issue with the Treasurer of SA, the Hon. Stephen Baker MP on 7 August, 1995.

The Associations subsequently put an Options Paper to the Treasurer as part of a planned process to address this issue (See Attachment 8(d)).

The key components of the paper were;

* Apply the excess component of the .2% admin fee (estimated by Industry to be in excess of $3.5m in 1995/96) to specific charity/fundraising needs as determined by the Government.

* Apply any excess in the Gamblers' Rehabilitation Fund to similar purposes (current unallocated funds are $2,248,000).

* Access additional funds from I.G.C. as per the G.R.F. arrangement without impacting on the line fee. *(See Option 2, Attachment 8(d))*

* The Associations to harness the current and future community efforts undertaken by the Industry under an appropriate corporate banner - survey shows a conservative figure of $9.9m is already provided.

  NB. This process is well underway and will be launched in early November.

SIZE OF THE FUNDRAISING COMMUNITY

The Associations have had discussions with the Fundraising Institute Australia (SA).

They suggest that SA could have as many as 600 community fundraising organisations.

The questions must again be asked by the Associations.

* **Is there duplication?**
* **Is there accountability?**
* **Is one organisation's purpose more important than another?**
* **Who monitors their efficiency?**

ON GOING INDUSTRY SUPPORT

As stated earlier, recent surveys put the current Industry's contribution to Community Groups in excess of $9.9m . These contributions are voluntary and great care must be taken not to endanger this support by forcing unwarranted changes.

In addition, the Associations, in co-operation with Variety Club of SA are about to announce a major fundraising exercise to generate almost $500,000 this year. This specific project is additional to the already significant effort made by venues.

The Industry will continue to be major contributors to Community projects and organisations despite the negative perceptions of a few.

POTENTIAL OUTCOMES

The Associations believe that the options put to Treasurer Stephen Baker are the most practical and appropriate mechanism to involve Industry and Community.

The Associations are strongly opposed to a 'Community Chest' concept. We believe the majority of fundraisers share this view. Such an approach creates;

1. **Major administration costs**
2. **Subjective allocation procedures**
3. **Is not in the interests of those community fundraisers who are performing well**

The Associations strongly believe that the Industry MUST BE an integral part of any community effort and has already demonstrated its pro-active stance on many occasions.

20/6/95

Attachment 8(a)

$1m funds shortfall

Charities drained by pokies

By NADINE WILLIAMS

South Australian charities are reeling as people plough millions of dollars into gaming machines.

Figures show the charities have suffered a shortfall of at least $1 million in their fundraising since the introduction of pokies last year.

"Rather than going to eyes-down bingo, they're going to the hotel for the night to play pokies," the Red Cross's chief executive officer, Mr Reece Jones, said yesterday.

He said the Red Cross was about $172,000 short of its donations target this year.

Mr Jones heads a lobby group of five major charities which has asked the State Government to establish a body similar to Foundation SA to counter the impact of poker machines.

The proposed foundation would channel the machines' profits back into charities.

The Advertiser reported on June 12 that poker machines' total turnover had hit $1344 million since July last year.

Gamblers had spent $421 million and won $252 million in prizes.

Hotels and clubs had reaped $169 million profit, of which $56 million went to the State Government in tax.

Other charities comprising the lobby group – the Crippled Children's Association, the Multiple Sclerosis Society, Wheelchair Sports and Surf Life Saving SA – also say their fundraising has fallen far below expectations.

Surf Life Saving SA bingo takings are down 25 per cent, the Multiple Sclerosis Society says it has lost $277,000 – almost half its annual takings – Wheelchair Sports' charity income is down 15 per cent and the Crippled Children's Association is $160,000 below budget.

Mr Jones warned that charities would be unable to buy equipment and provide essential support programs and services for the disabled and disadvantaged without drastic action to reverse the flow of funds.

The greatest impact has been on charities which sell instant bingo tickets and hold bingo sessions.

But the charity dollar also has been pruned by poor lottery sales, doorknocks and badge day takings.

"There is only a certain amount of money to go around for gambling," Mr Jones said.

The Crippled Children's Association public relations manager, Ms Chris Rowell, said the charity had a projected income loss of $330,000 in 1995-96.

"Our patrons are telling us they're saving their money, which they normally would have spent on instant bingo tickets, to spend on poker machines," she said.

"Our old traditional ways of lotteries are not working".

Mr Jones said it was imperative the Government took action over the charity crisis or "the community will suffer".

"Either the Government will have to support the services charities provide or they will be unable to be maintained," he said.

"It's that serious."

He said this ran counter to Government policy, which had been to farm out as many programs and services to charities as possible.

INSIDE

REVIEW

)arts players getting stuck into their 'No.1 enemy': poker machines

By ANDREW MALE

THE State's darts fraternity is of-
ially up in arms over the intrusion of
oker machines into the pubs and clubs
here the dartboard once reigned su-
reme.

The South Australian Darts Council
as lodged an official submission with
e SA Sports Federation saying that
oker machines are "destroying" the
ort.

The submission asks for poker
achine revenue to be made available
 support darts.

The loss of "darts rooms" in hotels
 make way for poker machines,
rowding of competition players by
ther drinkers and the loss of bingo and

raffle ticket sales had all pushed the SA darts competition to the brink of destruction.

The SADC president Dennis Nolan said that darts players were now leaving the competition in droves.

"Up until the beginning of 1994 darts in SA was booming," he said.

"Some of these hotels and clubs had four or five teams in them. Now they may have one team crammed in the front bar," he said.

"Conditions are crowded, players are continually interrupted by other patrons, team support is lost, excessive noises break concentration, other furniture (is left) in the road, blaring TVs and music machines and many other distractions."

He said poker machines were the "No.1 enemy" of darts players.

The Brown Version does not inspire any confidence

ALEX KENNEDY

AFTER 18 months, Dean says he can remember vividly, but the judge chose not to accept his version of events.

After three years, Carmen says she can't recall and a Royal Commission is still to make up its mind, if it believes her.

Memories, how good, how bad, and how selective, are the name of the political game.

SA's very own game of how good is a Premier's memory came to an embarrassingly sticky end for Dean Brown last week in the Supreme Court.

It was a political gutting. The judge "unhesitatingly" chose "to prefer the evidence" of sacked senior public servant Dr David Blaikie about what was said during a meeting between himself,

in concluding, that, had she been called she would not have assisted the Government case," said Justice Olsson.

During the case, the judge points out, Mr Moss, the Premier's counsel, had actually conceded the Premier must be mistaken "as to some aspects which occurred".

He "very properly conceded that must be so," said Olsson.

Since no one has accused Brown of telling fibs, including the judge, it all goes back to memory, and lack of it.

be ultra careful about accuracy — especially given the following comments by Justice Olsson:

"His (Brown's) present expressed memory may well reflect some aspects of what he had in mind rather than what he specifically said to the applicant at the time.'

"I am also of the impression that some aspects of his evidence may have been influenced by a degree of ex post facto reasoning. This is particularly so as there were important matters of detail testified to by him (Brown) in the course of his oral evidence which found no expression at all in his affidavit sworn on 18 May, 1995."

These statements are not likely to give journalists confidence in the Premier's memory for detail.

What state will the memory be in after another six years in the job, if the

PASTORAL HOTEL (AUGUSTA) PTY LTD

DONATIONS 1994/1995

Galilee New Life Centre	$ 100.00
Apex Fair	$ 100.00
Pt Augusta Golf Club Open Day	$1500.00
Pichi Richi Roadrunners Marathon	$ 200.00
Crippled Children's Down Every Street Appeal	$ 100.00
Q.E.Hospital Research Foundation	$ 300.00
Badminton Club	$ 60.00
Soccer Club	$ 30.00
"CANTEEN" Kids with Cancer	$ 100.00
Red Cross Society	$ 350.00
Caritas College	$ 50.00
Royal Flying Doctor	$1000.00
Special Needs Children	$ 350.00
Pt. Augusta Football League	$ 100.00
Pt. Augusta Combined Juniors Basketball	$ 100.00
Pt. Augusta BMX Club	$ 200.00
Wheelchair Sports	$ 100.00
Family & Community Services (Xmas gifts for needy)	$ 200.00
Nerrilda Nursing Home	$ 50.00
South Augusta Football Club	$ 100.00
Naval Cadets	$ 200.00
Pt. Augusta Police Charity Day	$ 500.00
Spastic Centre	$ 20.00
Flinders View Primary School	$ 50.00
Salvation Army Toy Run	$ 200.00
Salvation Army Xmas Appeal	$1000.00
Quorn/Willsden Football Club	$ 250.00
St Johns Ambulance Cadets	$ 150.00
Neighbourhood Watch	$ 75.00
Pt. Augusta Swimming Club	$ 50.00
Fire & Police Games athletes	$ 50.00
Pt. Augusta Softball Assoc.	$ 50.00
Special Needs Centre - Port Augusta	$ 400.00
St John Ambulance	$ 100.00
Pt Augusta Police Social Club	$ 150.00
Epilepsy Assoc. (Pt Augusta)	$ 50.00
Canteen For Kids	$ 50.00
Royal Flying Doctor Service	$ 500.00

Section 11

Recommendations & Conclusions

Section 1. SA Gaming Model

1. The South Australian model has ensured a fairer distribution of machines across the club and hotel sector and avoided, (as a result of the limit of 40 machines), a handful of venues becoming 'mini casinos' to the detriment of the remainder. The Associations strongly support the continuation of the 40 machine maximum limit.

2. The total cost of establishing, maintaining and developing the Gaming Industry in clubs and hotels is met by the operators. The entire industry has been established and is maintained at NO COST to the SA Government.

   Therefore, the SA model does not expose the SA Government to ANY financial risk or management cost.

Section 2. Gaming Analysis

1. Both Associations believe that consideration should be given to converting the turnover tax to a tax on actual gaming expenditure which is more beneficial to:

   1. The Player
   2. The Government
   3. The Venue

2. South Australian actual expenditure on gaming machines in 1994/95 was NOT $1.49B as reported in the media. Turnover is not actual gaming expenditure. Per adult South Australians spent 46c per day in 1994/95.

3. The Associations would maintain that the T.A.B.'s current dilemma relates more to management and marketing issues than to the introduction of gaming machines in clubs and hotels.

4. The Associations believe that with the application of strong management and marketing strategies, the Adelaide Casino will recover market share.

5. The Associations believe that the Lotteries Commission will enjoy continued growth by the application of strong management and marketing strategies.

6. The future threat to all gambling codes and the T.A.B. in particular, is the likely introduction of home-based, interactive gambling and racing services.

   This must be seen as a major issue for all State Governments.

SECTION 3. PREDICTIONS FOR 1995/96

1. The SA Government is anticipated to collect significantly more in tax revenue than budget ($110m vs $76m budget) and achieve substantial surplus from the .2% (total $5m plus) administration component.

SECTION 4. FINANCIAL ANALYSIS - GAMING VENUES

1. The introduction of gaming has created a significant amount of investment by the Club and Hotel industries. There have also been created significant employment opportunities with consequent flow-on effects in terms of wages and on-costs, payments to numerous provider of services and goods.

   There has also been created an opportunity (but no guarantee) for profits to be generated by the Club and Hotel Industry.

   This in turn should result in significant additional income tax being paid by those hotel operators who successfully manage the gaming opportunity in their business, over and above the other taxes and charges which will be paid irrespective of the profitability status of the business concerned.

SECTION 5. IMPACT ON SA ECONOMY

1. The results of the Economic Research Consultants (B. Burgan) paper conclude:

   "While the influence of gaming machine expenditure is very evident in the retail trends, it is not at all clear that it is a consequence of transfer of expenditure from other retailing sectors in a broad sense..."

   "Indeed, with generally slower income growth in the State than Nationally, the retail performance over the last 12 months has been reasonably solid - reflecting a catch up from poor outcomes in the early 1990's."

2. The Associations believe that the challenge facing many small service sector retailers including clubs and hotels, are more to do with environmental changes such as:

   * consumer tastes
   * consumer expectations
   * general extended shopping hours
   * more flexible weekend trading options
   * multi-functional consumer facilities such as 24 hour/7 day service stations that sell petrol ancillary to other consumable goods
   * 24 hour/7 day or extended trading supermarkets
   * the development of modern franchise operations catering more specifically to consumer needs including increasing home delivery services

3. The most recent study of the economic impact of gaming machines on an Australian jurisdiction was in Victoria.

   That review concludes that:

   "the NIEIR analysis indicates that the annual economic benefits of $1.4 billion overshadows annual economic costs of $36.3 million."

   The Associations cannot identify any extraordinary factors in comparison with Victoria that would suggest any other outcome could be expected for South Australia.

SECTION 6. MARKET RESEARCH

1. There has been a high level of acceptance of gaming machines by club/hotel patrons with a significant majority appreciating the entertainment and leisure value and the improved facilities and service.
2. The shift in spending from 'minor lotteries' is mixed between both players and non-players, but falls well short of the claims of some organisations.
3. The overwhelming majority of players cite fun, socialising and excitement as their major motivation for playing.
4. Regular weekly players make up only 8% of the population with 45% suggesting they play at some time.

SECTION 7A. PROBLEM GAMBLERS

1. The Associations suggest that the South Australian experience is likely to reflect the Eastern States, rather than produce significantly more problem gamblers.

SECTION 7B. GAMBLERS REHABILITATION FUND (G.R.F.)

1. The G.R.F. has been established at no cost to the SA Government. That is, **total** funding has come from clubs, hotels and the Adelaide Casino ONLY.
2. The Associations note that neither the racing industry via T.A.B. or the Lotteries Commission make any provision, either voluntary or otherwise to the provision of services to those adversely affected by broader gambling products, despite the fact that it is widely recognised that there were significant problem gamblers before gaming machines were introduced.
3. SA Clubs, Hotels & Casino provide approximately $1.80 per adult for the provision of Gambling Rehabilitation services. This is some 428% more than Queensland and 588% more than Victoria.

4. As at 29/9/95 there is $2,248,000 un-allocated in the Gamblers' Rehabilitation Fund.

5. The Associations recommend that non-contributing gaming/gambling codes also contribute to the funding of the Gamblers Rehabilitation Fund.

SECTION 7C. MANAGING THE PROBLEM/INDUSTRY'S FUTURE ROLE

1. The Associations have demonstrated a sincere willingness to be pro-active in addressing many of the issues associated with problem gambling.

2. The Australian Institute of Gambling Research believes that it is essential to have Industry support if the outcomes of various education and rehabilitation programs are to be maximised.

3. The Industry in SA has demonstrated through practical application their desire to remain at the leading edge of consumer education (e.g. Patron Care).

4. The Industry should be commended and supported for its positive contribution to developing a 'Patron Care' culture and is already initiating a number of programs to support our customers and employees.

SECTION 8. COMMUNITY FUNDRAISING

1. The Associations ask the following questions in relation to the Fundraising Community.

    1. Is there duplication
    2. Is their accountability
    3. Is one organisation's purpose more important than another
    4. Who monitors their efficiency

2. The Industry will continue to be major contributors to community projects and organisations despite the negative perceptions of a few.

3. The Associations believe that the Options put to the Treasurer are the most practical and appropriate mechanism to involve the Industry & Community.

4. The Associations are strongly opposed to a 'Community Chest' concept. We believe the majority of fundraisers share this view.

5. The Associations strongly believe that the Industry **MUST BE** an integral part of any community effort and has already demonstrated its pro-active stance on many occasions.

SECTION 9. MEDIA

1. The Associations would maintain that much of the 'public' debate has been fuelled by the daily & Sunday print media.

2. The obvious mis-use of statistical information and at times, emotive headlines and biased story lines, does not seem to have deterred adult South Australians from enjoying the newly created leisure activity.

GAMBLING ANALYSIS (3)
1994/95 vs 1993/94

Analysis of the T.A.B. Annual Report 1994/95

	1994/95 ('000)	1993/94 ('000)
Actual Gambling Expenditure (Revenue)	$80,150	$82,475
Actual Gambling Expenditure per adult South Australian (1,109,800 ABS) • per year • per week • per day	 $72.22 $1.39 .20 (19.8c)	 $74.32 $1.43 .20 (20.4c)
*Decline in actual expenditure = 2.8%		

ITEMS TO NOTE

- Hotel/Club TABs' now contribute 40.34% to total TAB turnover.
- There are 313 hotel/club TABs' compared to 86 staffed agencies.
- TAB reduced their staffed agencies by 6.33% (27) in 1994/5.
- Country Sales outlets

Hotel/Club	Staffed TAB
136	9

- Metro Sales outlets

Hotel/Club	Staffed TAB
177	77

CONCLUSION

The actual impact of Gaming Machines on TAB revenue is minimal (2.8%).

In fact, of all the MAJOR gambling codes (Lotteries, Casino, TAB) TAB is the least affected.

Hotels and Clubs continue to provide a significant and increasing proportion of TAB revenue.

Hotels & Clubs are totally responsible for their staffing costs and Sky Channel subscription.

The Associations would maintain that any decline in TAB revenue since 1 July, 1995 is unrelated to Gaming Machines. In fact, the Associations would maintain the more recent TAB revenue problems relate specifically to the publication of the TAB-FORM.

GAMBLING ANALYSIS (3)
1994/95 vs 1993/94

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TAX/COST EQUIVALENT COMPARISON

Tax Rate	4.2% of Turnover
95/96 predictions (based on 8000 machine average)	$105m tax
IGC fees @ $65 pm per month x 8000 = $6,240,000	5.94% of tax
Therefore, equivalent to T/O tax of 4.45%	
Current Wang fees $39 per machine per month x 8000 = $3,744,000	3.56% of tax
Therefore equivalent to additional T/O tax of .15% of T/O	
Therefor total T/O tax equivalent for Govt, IGC & Wang	4.6% of T/O
Predicted average R.T.P. for 95/96	88%
Therefore Government share Plus IGC Wang Venue share	4% .2% .25% .15% 7.4%

Note:
88% R.T.P. predictions for 1995/96 is based on a State Average. It does not take into consideration that many venues will run considerably higher than this because of a new range of machines being installed with high R.T.P.S

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ERC

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Appendix 1

Economic Implications of Poker Machines in South Australia

Paper prepared for the Australian Hotels Association*

September 27, 1995

The Issue

The evidence of the high demand from South Australians for poker machines and other forms of gambling has initiated a number of community concerns. On the basis of these concerns a inquiry into the impact of poker machines has been established by the State Government. The first concern is the social effect, and whether poker machines have "created" a gambling difficulty for some. The second concern that has emerged, particularly within media reporting, is whether the gambling splurge has hurt other areas of the economy to any degree. The purpose of this paper is to address the validity of the latter claims in the context of publicly available evidence. To date it is clear that many of the claims are anecdotal in nature, and it could not be suggested that this view has received solid support from interest groups. It is therefore important to clarify what the circumstances may be.

The Advertiser (19th August, 1995) claimed that gambling turnover has significantly increased in 1994/95 to be $3.1 billion, primarily because of the introduction of poker machines. This turnover level is double the annual turnover amount of the last five years. The article claimed that poker machines accounted for $1.68 billion of that turnover, suggesting a minor relative downturn of 5% nominal (or around 8% real) in other forms of gambling. There have been subsequent estimates of this figure within various media reports, which have suggested some lower estimates.

As evidenced in that article and other media reports, there have been claims that this gambling surge has had a significant effect on other areas of the economy. Particular example of claims within the August article included:

- small retailers have suffered an estimated 8% decline since the introduction of poker machines (based on a survey from the Small Retailers Association)
- by inference, that because the total turnover of pub pokies represents 12% of retail sales, there **must be** a negative relationship between poker machine turnover and retail sales
- growth experienced in overall retail sales could have been even greater had there been no pub pokies

It would appear that these claims can be considered over-simplistic and need to be set in a much wider context. In response there are some questions that must be asked to give a truer perspective. For example:

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* This study, while embodying the best efforts of the researcher, is but an expression of the issues considered most relevant, and neither the researcher, or the represented corporate bodies can be held responsible for the consequences that ensue from the use of the information in the paper.

- Is the expenditure on poker machines a transfer from existing retailing expenditure as is being suggested, or is it rather a transfer from other areas of the economy, (including savings) or from increased incomes for what might be regarded as discretionary or uncommitted (for example in 1994-95 we had significantly lower real and nominal interest rates which improves the cash flow position of households)?
- Do the claims concerning pressure on small retailing business relate more to a exchange within retailing forms, with trends in favour of larger businesses, rather than the impact of poker machines per se? That is, has the pressure on small retailers just been part of a general trend, effected by environment changes including changes in consumer tastes, weekend trading options etc. with the introduction of poker machines being only one small possibly contributing element?
- Is any identifiable impact of poker machine gambling expenditure on other areas of the economy in 1994/95 a short-term or long-term effect? It must be recognised that results to date relate to the first period of poker machine operation, and therefore any impact that there has been might include an "over-reaction" effect to the novelty of access to the machines.
- A key issue is that of the impact of turnover versus net takings. The Advertiser article claimed that gambling turnover was over $3 billion, while estimating within the article that net spending on gambling was $530 million, or 17% of turnover, and it further be noted that some $200 million of that goes directly to the State Government as gambling tax. This lower figure is somewhat less imposing.
- Is there any reason on **economic impact grounds** to **direct** consumer tastes in this area? If consumers choose to spend on poker machines at pubs than other forms of recreation or indeed any other activity is this an economic concern?

This paper attempts to address the quantitative evidence for some of these questions. Unfortunately the information available is limited and much of the debate will continue to be qualitative in nature.

The Economic Context

The questions about the impact of poker machines are being asked at a time of considerable uncertainty in the South Australia economy. There are many differing signals as to the strength and directions of the economy which in some minds is confusing the influence of individual activities.

Therefore to set the context for considering the impact of poker machines the following presents a summary of the major indicators as to the health and strength of the SA economy:

- there has been strong growth in household spending as indicated in national accounts and in retail sales figures. The private consumption component of national accounts experienced an increase in real terms of some 5% in 1994/95 over the previous year, which is about the same as nationally
- there would appear to be strong expectations for growth, underpinned by reasonable indicators of business confidence and private sector investment (again as indicated in national accounts)

- there has been over the last couple of years reasonable increases in employment. However the employment outcomes in South Australia are focussed in part-time employment opportunities (relative to national outcomes). There have also been increases in average weekly earnings (but also below the national average). These outcomes are illustrated in Figure 1 and 2 below.

Figure 1

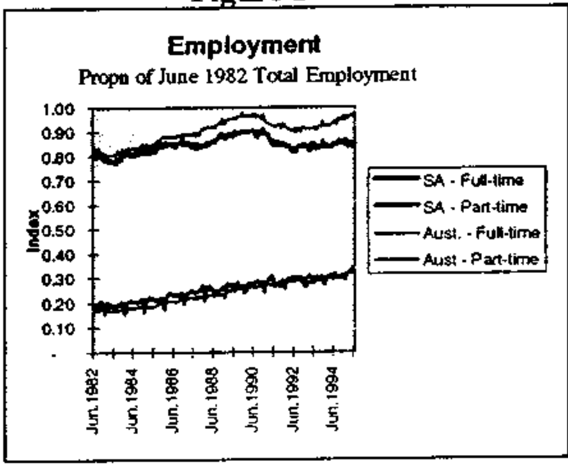
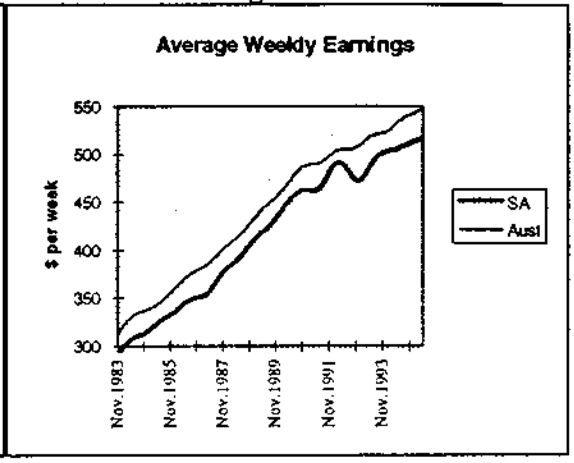


Figure 2



Source: ABS Ausstats

- there have been sharp declines in housing activity in South Australia over 1994/95, but this has been quite consistent with national experience
- strong performances in motor vehicle registrations

As a broad outcome it is generally true to say that South Australia has shared in the positive economic performance experienced nationally over the last couple of years, but overall not quite as strong. The South Australian economy is still responding to some structural weaknesses, and the need to overcome the financial difficulties of the late 1980's and early 1990's. While this has placed the state somewhat behind the national in terms of recent performance, there are signs that the state is emerging to be placed in a good position for future years. Providing the current directions of industry policy are maintained there can be some expectation that South Australia's position will look more promising, perhaps supported by the fact that 1995 is shaping up to be an excellent agricultural season, which should provide a significant further stimulus to the local economy. This more positive outlook needs to be considered in the decision making process relating to poker machine impacts.

Defining Gambling Turnover

It is important to be clear in an economic sense as to what constitutes gambling expenditure. While the press tends to cite (or at least headline) turnover figures, it is clear that this is not particularly relevant from the economic perspective - what matters is the net expenditure by consumers as gambling dollars are both recycled or reinvested and to a degree returned to players. As noted above the Advertiser estimated a net expenditure in 1994/95 for total gambling of $530 million.

It should be noted in the first instance that these Advertiser figures have proved to be something of an overstatement. For example, they include:

- $1.68 billion turnover on poker machines, when the AHA estimate is $1.49 billion
- $402 million turnover at the Casino, when the Casino Supervisory Authority Report indicate turnover at $320 million
- $33 million in Instant Money turnover, compared to actual $27.4 million

What is clear from the estimation of net expenditure is that poker machines might constitute half of the turnover rate, but because of the recycling effect, it constitutes much less than half of net expenditure, and on the basis of figures provided by the Australian Hotels Association poker machine net expenditure in 1994/95 was of the order of $180 million, relative to total net gambling expenditure of some $480 million, or less than 40% of total net expenditure. The turnover figure suggests that net expenditure on poker machines is "turned over" some 8 times on average to generate gross turnovers.

It is also clear from the recently announced results that a component of the poker machine net expenditure is being diverted from other forms of gambling. The figures for the Casino and Lotteries Commission suggest that net expenditures were down in 1994/5 by the order of $40 million in nominal terms (and presumably more when taking in to account inflation and economic growth impacts), at least some of which would be directed to poker machines. Certainly the reports on the Casino and Lotteries Commission outcomes place much of the blame on poker machines. The outcomes for other gambling forms, including the TAB would be expected to bolster this amount.

Most consumption expenditures are turned over only once. Net expenditures on gambling accrue to the poker machine licence holder, out of which expenses such as rent, labour, servicing etc must be paid.

It should also be noted that the State Government receives, on AHA estimates, $63 million of this turnover, leaving of the order of $125 million going to the holders of poker machine licences.

This expenditure on gambling in general for 1994/95 needs to be set in the context of consumer spending. The following observations are possible:

- it represents only 2.5% of private final consumption and dwelling investment expenditure
- it represents less than 6% of total retail sales in South Australia (as measured by the ABS as retail turnover - which includes spending on hospitality). Retail sales also represent a gross expenditure in that, while expenditures are not turned over, the sales value includes the costs of the basic products as well as the retailing margin.

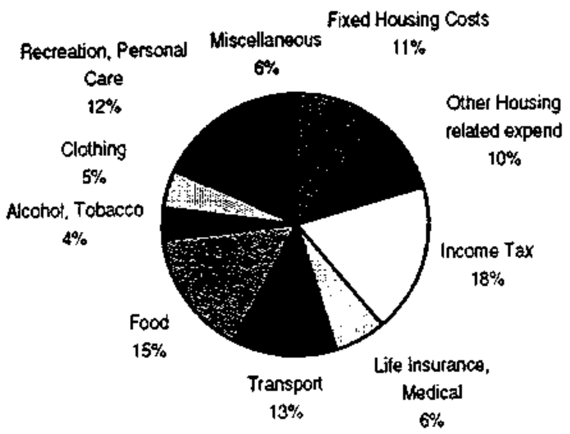
Expenditure on poker machines specifically can be considered in the following context:

- it represents only 0.9% of private final consumption and dwelling investment expenditure
- it represents only 2.2% of retail sales in South Australia

To place the significance of gambling expenditure in another context again, net expenditure associated with poker machines in South Australia is equivalent in terms of the impact on consumer disposable incomes of a 2% nominal interest rate change on outstanding mortgage and consumer credit in the State[1]. Recent years have seen variations of this order within single years, with for example the variable housing interest rate shifting from 8.75% in December 1993 to 10.5% in December 1994.

Figure 3 illustrates the pattern of household expenditure in South Australia

Figure 3: Household Expenditure by Type



Source: ABS Household Expenditure Survey, 1988-89

It must be recognised that the household expenditure survey as administered by the ABS undoubtedly understates gambling expenditure due to the voluntary nature of the response. The indications are that this is in fact the case, but using the ABS survey as the only basis of comparison, it is evident that gambling expenditure amounts in South Australia were in 1988/89 not all that different from national patterns (gambling represented 0.52% of household expenditure in SA and 0.53% in Australia). Therefore at that time, when poker machines were present in some other states, but not in South Australia it was apparent that there was something of a switching effect between forms of gambling. Taken to its logical extension, it could be suggested that after the first few years of the poker machine impact, gambling patterns could well settle down and match national expenditure levels. It is recognised that the impact of a full year of a greater number of poker machines in 1995/96 will influence the figures in that year.

1 Based on mortgage repayment and consumer credit information from the Household Expenditure Survey, 1988-89 which suggests that the average housing debt outstanding was (in 1995 dollars) of the order of $6 billion, and the average personal credit debt outstanding was $2.5 billion. The extent of such credit is most likely to have grown since that time.

The Retailing Evidence

ABS statistics[2] indicate strong growth in SA retail sales in the last 12 months, certainly significantly greater than national. In 1994/95 there was a nominal increase in sales of 9.1%, occurring across all sectors other than Department Stores (2.1% nominal growth - at odds with the Advertiser report which cited department stores and supermarkets as having growth of 10%) and Recreational Goods retailing (0.5%). The annual increase in SA relative to Australia was as follows:

	1994/95 retail sales ($ million)	Increase in annual retail turnover, 1994/95 (nominal dollars)	
	SA	SA	Aust
Food Retailing	3356.6	6.5%	8.0%
Department Stores	1129.1	2.1%	3.8%
Clothing and Softgoods	522.8	12.4%	2.4%
Household Goods	884.0	4.1%	4.9%
Recreational Goods	357.0	0.5%	9.7%
Other Retailing	738.1	15.0%	7.6%
Hospitality and Services	1561.8	23.6%	11.2%
Total	8550.5	9.1%	7.4%

Source: ABS Retail Trade Catalogue 8501.0

In this single year therefore there were some significant differences between South Australian and national retailing outcomes. The large increase in Hospitality and Services turnover in SA is undoubtedly a reflection of the poker machine impact, although it must be clearly recognised that this sector also grew strongly nationally, without the specific contribution of poker machines. That is to say, part of the growth both nationally and in the state would seem to be demand for general hospitality products, and using the AHA estimates poker machine net expenditures represent only 60% of the sectors growth (which would have achieved increased turnover of 9.0% without the poker machine contribution). Furthermore, it could be expected that the growth in the sector that is related to gaming expenditure could well be expected to plateau from this level.

Differences in short-term or year-on-year retail sales outcomes can be influenced by a number of factors, included relative economic conditions ,seasonal factors, major events, or major retailing projects etc. Therefore it is better to review outcomes from a longer term perspective. Figure 4 illustrates the quarterly trend performance of the broad retail industry groups in South Australia in real dollars (deflated by the CPI), and per capita. It suggests that despite the recent nominal increases in retail turnover, there

2 Retail sales statistics are derived from a retail survey covering 7000 retail and service businesses nationally, representing 20,000 outlets. The survey covers all large businesses, and over 5000 smaller operators across the nation. Turnover includes all retail sales, and repairs and hiring, and commissions for agency operations. Turnover for the hospitality sector includes net expenditure on gaming machines. Monthly estimates of turnover has a standard error of less than 2% for total sales, and less than 10% for the majority of sectors.

is nothing remarkable in the figures of most industry groups, except the clear presence of the poker machine and other hospitality expenditure impact.

Figure 4: South Australian Retail Turnover
1989/90 $ per capita

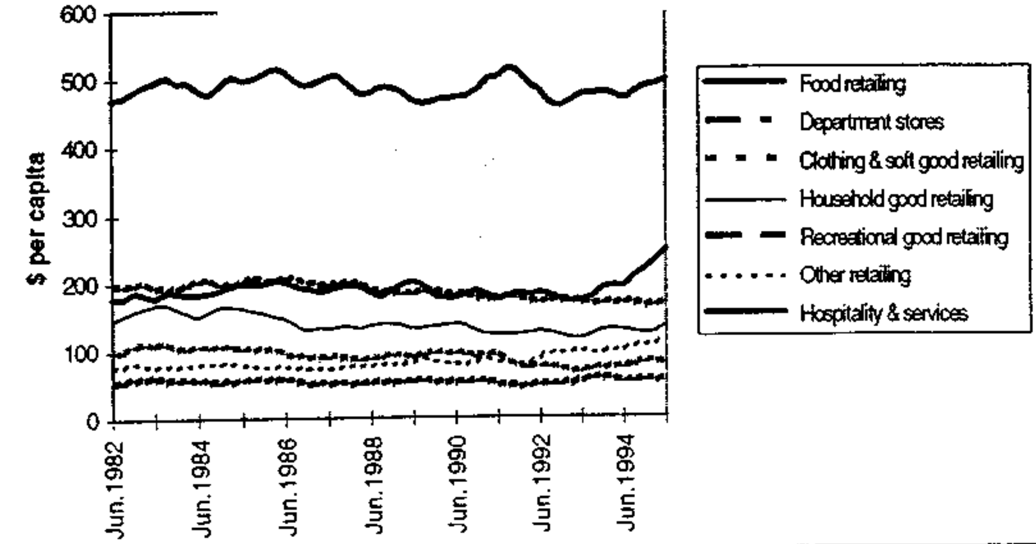
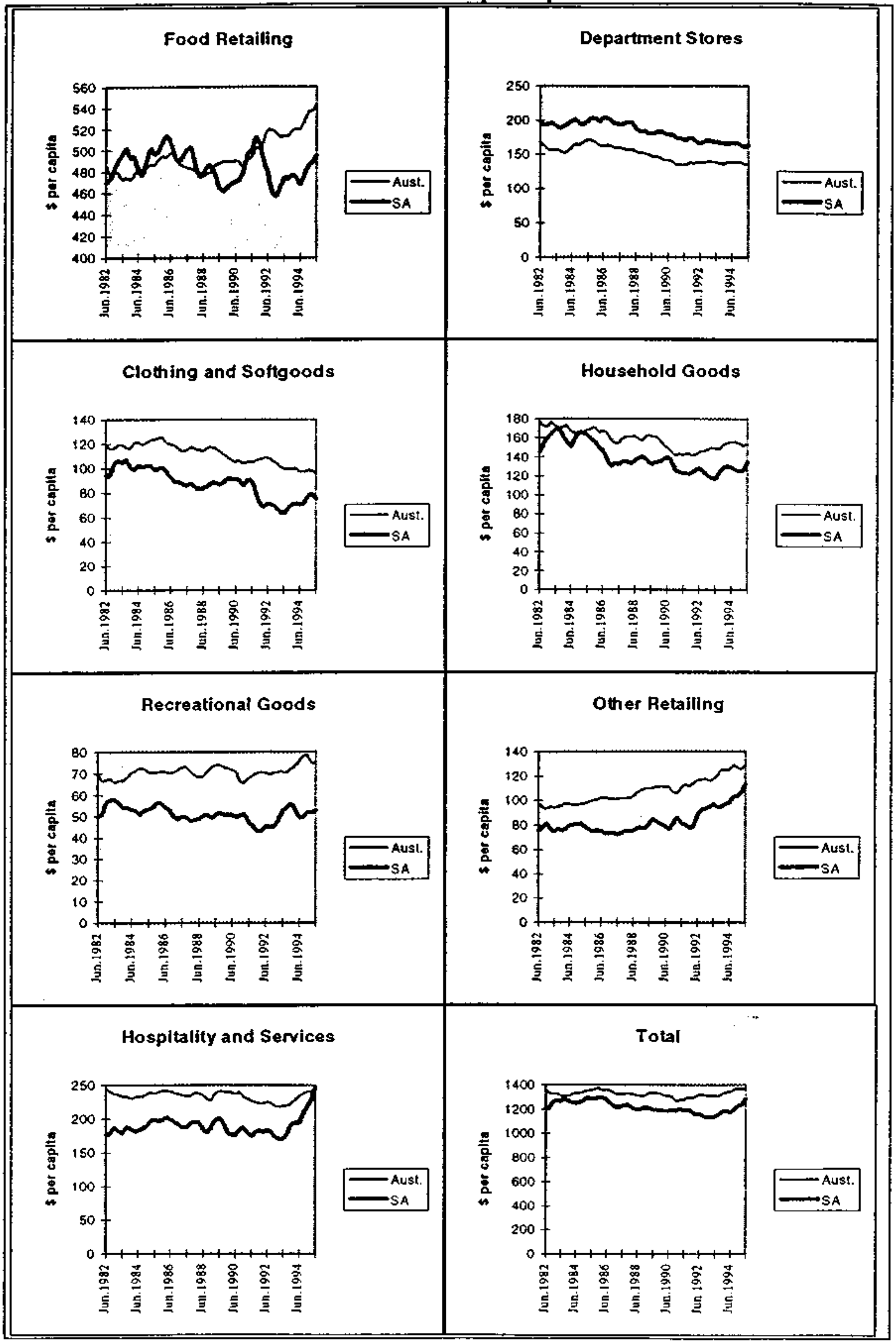


Figure 5 is more significant, illustrating the South Australian trends (real dollars per capita) by industry group against national outcomes. In the main the figures illustrate that South Australia has performed very much in line with national trends, and recent results do not seem to indicate a significant deviation from those national trends. In general there seems to be something of a negative effect on South Australian outcomes around 1992 (most likely related to the confidence effects associated with the State Bank financial difficulties, and the consequent State Government financial problems), from which there has since been some recovery of position in very recent times. Food manufacturing (which is dominated by supermarkets and grocery stores) and clothing and softgoods are two cases in point.

There are really only two areas deserving of more specific comment. In the first instance, the hospitality sector again reflects the influence of gaming machines and associated hospitality spending, causing a significant growth spurt to that sector. Again it would not be unreasonable to expect some sort of plateauing for this sector in future numbers. Food retailing is the other "different" performer, with spending dropping away across 1992 (well before any influence of poker machines), and while growing since, not regaining the initial ground. It should be noted that this is the largest single sector of retailing, representing over twice the expenditure levels of hospitality and other services.

Figure 5: Retail Sales by Category, South Australia and Australia 1989/90 dollars per capita



The other issue with respect to retail turnover is the differential effect on small versus large businesses. Interestingly in South Australia, department stores are relatively stronger than for Australia as a whole. However, there is no reliable evidence generally available as to changes in turnover by size of establishment. The latest publicly available and consistent data in this regard is from the 1991/92 retail census, but only for the whole of Australia. This data indicates that small retailers (less than 20 employees) account for 96% of retail establishment (excluding motor vehicle trade) but only 39% of turnover. If supermarkets and grocery stores, and department stores are excluded, the picture is bought back into greater balance with small establishments representing 97% of all establishments, but 62% of turnover. Direct comparisons are not available with 1985/86 census results due to changing industry classifications and other definitional issues. The only indicator of trends is that for South Australia between 1985/86 and 1991/92 the following trends are evident:

	Increase in No. of Establishments	Real Increase in Turnover
Supermarkets	33.7%	16.8%
Specialised Food Retailing	-9.6%	-3.9%
Personal and Household Good Retailing	4.7%	8.6%

While it would be overly brave to draw too many conclusions from the above, it is apparent that except for supermarkets the real turnover per establishment has increased, suggesting increasing size of establishment over that period. This is supported by the employment increase which were also generally in excess of establishment numbers (and less than turnover). The trends are further reinforced if department stores are removed form the data.

Conclusion

The analysis above tries to use consistent and publicly available data to address the questions relating to the connection between poker machines expenditure and detrimental impacts on sectors of the economy. It does not attempt to evaluate any of the broader social or management issues associated with poker machines.

Given this context, the general conclusion is that there is very little evidence to argue any significant impact of poker machines on the aggregates of other areas of the South Australian economy. While the influence of poker machines is very evident in the hospitality component of retail turnover, it is not at all clear that it is a consequence of transfer of expenditure from other retailing sectors in a broad sense (although it is possible there has been some transfers occurring within the hospitality and services sector) or rather from a combination of increased disposable incomes, of savings, and of cash being redirected from other gambling options. Indeed the conclusion probably should be that with generally slower incomes growth in the state than nationally over the past 12 months, the retail performance has been reasonably solid - reflecting a catch up from poor outcomes in the early 1990's. As additional data becomes available some detail may be able to be added to the story, but the implication of the above analysis is that the average, and vast majority of retail operators are not being unduly influenced by poker machine operations, and any influence is likely to be in more isolated cases.

Equally importantly there are a number of other salient observations necessary:

- it is probably too early to call any ongoing impact, with the year of introduction of a "new phenomena" being difficult to use as any sort of benchmark
- there are clearly a range of other factors which influence retail sales trends other than a single issue such as poker machine introduction. Broader economic circumstances, and issues such as the State Bank collapse, have more directly influenced trends and outcomes. It would be difficult to disassociate the many factors influences on retail performance for specific operators from once off or other measures of retailing and small business performance.