Tasmania

LEGISLATION REVIEW PROGRAM

MINOR REVIEW STATEMENT:

TASMANIA'S GAMING LEGISLATION

Department of Treasury and Finance

2000

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1. EXECUTIVE SUMMARY

Government intervention in specific markets is generally undertaken with the intention of protecting the public interest or generating other benefits, either for the community as a whole, or for particular sectors of the community which are deemed, for one reason or another, to be in need of such protection. In general, the most appropriate policy approach to market failure will be that which deals directly with the source of the problem.

Whilst the desire to enhance efficiency by improving the operation of markets serves as the primary rationale for regulatory intervention in a market, other broader non-economic goals are important to society. There may be circumstances where a regulatory response to a non-economic problem is also appropriate, such as the desire to curb some forms of activity regarded as socially undesirable. For example, this may require the exclusion of gambling undertaken by minors or gaming operations controlled by criminals. The Report by the Independent Committee of Inquiry (1993), National Competition Policy, stated that:

> "Competition policy is not about the pursuit of competition per se. Rather, it seeks to facilitate effective competition to promote efficiency and economic growth while accommodating situations where competition does not achieve efficiency or conflicts with other social objectives. These accommodations are reflected in the content and breadth of application of pro-competitive policies, as well as the sanctioning of anti-competitive arrangements on public benefit grounds." (xvi)

Clearly, the Government must regulate gaming activities to ensure the probity of gaming operations, manage the social impact of gambling and to provide a sound basis for the collection of taxation. Regulation of gaming activities is generally accepted world-wide as a result of market failure in each of these areas. However, such regulation should be commensurate with the nature of the gaming activity and the degree of risk associated with that activity whilst protecting the public interest.

Effective regulation of gaming involves limiting the administration and compliance costs to Government, venue and gaming operators whilst providing an expanded range of entertainment opportunities for the community. The Gaming Review Group has examined the restrictions on competition in the *Casino Company Control Act 1973*, the *Gaming Control Act 1993* and the *TT-Line Gaming Act 1993*.

The Gaming Review Group considers that retention of the Casino Company Control Act will unduly restrict market entry by limiting foreign ownership and control of casinos. The Gaming Review Group is of the view that such restrictions cannot be justified, rather the critical elements of a gaming provider are arguably: probity; financial capacity; and sufficient resources to maintain the integrity of the industry through undertaking gaming activities at a level demanded by the gaming public. In this context, the nature of ownership of a provider company in terms of where an owner resides is irrelevant. Nevertheless, the Foreign Investment Review Board has advised that the Commonwealth Government retains some degree of control over the extent to which a casino can pass into foreign ownership. A proposal for an acquisition of a substantial interest in an Australian business valued at $50 million or more, is to be brought to the notice of the Commonwealth Government under the *Foreign Acquisitions and Takeovers Act 1975*. Under the Act, the Commonwealth

Treasurer has the power to prohibit an acquisition of substantial interest in an Australian business where it is determined to be contrary to the national interest.

The Gaming Control Act currently requires that manufacturers and supplies of gaming equipment be listed on a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment which is maintained by the Commission. It is only lawful to obtain gaming equipment from a manufacturer or supplier that is listed on the Roll. The Gaming Review Group found that while this restriction is justified for manufacturers and suppliers of large quantities of gaming equipment, in the case of suppliers of single items of gaming equipment, the restriction is not required. Gaming equipment in this regard is fully tested prior to approval, without the need for listing on the Roll. The Gaming Review Group considers that listing on the Roll in these circumstances is onerous, as the manufacturer or supplier must forward information to the Commission every time its circumstances change. The Gaming Review Group is of the view that the Commission should be given the discretion to approve who can be listed on the Roll of Recognised Manufacturers and Suppliers of Gaming Equipment, given that accreditation of manufacturers and suppliers of single items of gaming equipment is an appropriate option as the equipment on most occasions is fully tested prior to approval. Amendment of the Gaming Control Act would achieve this.

The Gaming Review Group considers that, while the approval of a 'relevant contract' by the Commission (between a licensed premises gaming operator and a gaming operator; or a licensed operator and a manufacturer or supplier listed on the Roll) forms part of the key probity requirements, the mechanism by which this is achieved in practice should be reformed. That is, the Commission should be able to approve a standard form of relevant contract rather than endorse individual contracts that may be identical in nature and number in the hundreds, or dealing, at times, with trivial issues.

For the remaining restrictions identified in the Gaming Control Act, and the TT-Line Gaming Act, the Gaming Review Group considered that these were justified in the public interest. These restrictions provide for the overall integrity of the State's gaming industry and maintain the State's highly reputable probity environment. These factors are important in ensuring the Tasmanian community's ongoing confidence in the gaming industry.

2. SUMMARY OF RECOMMENDATIONS

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1	It is recommended that the Casino Company Control Act be repealed.	7.1.6	14
2	It is recommended that licences to operate a casino and undertake certain gaming activities be retained and the requirement to approve who can be an associate of a licence holder continue.	7.2.6	20
3	It is recommended that special employees and technicians continue to be licensed.	7.3.6	25
4	It is recommended that gaming equipment continue to be approved and controls as to how gaming is to be undertaken, be retained.	7.4.6	28
5	It is recommended that the regulation of the hours of operation be retained.	7.5.6	29
6	It is recommended that the areas available for gaming activities within licensed premises continue to be specified.	7.6.6	31
7	It is recommended that the differing treatment of clubs and hotels with respect to the application of the Community Support Levy be retained.	7.7.6	33
8	It is recommended that the Commission be given discretion to determine who should be listed on a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment.	7.8.6	37
9	It is recommended that the requirement to approve a 'relevant contract', between a licensed premises gaming operator and a gaming operator; or a licensed operator and a manufacturer or supplier listed on the Roll be retained, but that greater flexibility be given to allow the Commission to approve a standard form of contract.	7.9.6	39
10	It is recommended that the imposition of financial provisions on venue and gaming operators be retained.	7.10.6	41

3. BACKGROUND

3.1 Legislation Review Program (LRP) Requirements

To meet its National Competition Policy obligations under the *Competitive Principles Agreement*, the Government is required to review and, where appropriate, reform all legislation restricting competition by the year 2000. The State's gaming legislation, including the *Gaming Control Act 1993*, the *Casino Company Control Act 1973*, the *TT-Line Gaming Act 1993* and the *Racing and Gaming Act 1952* (in so far as it relates to minor gaming) have been identified as containing anti-competitive provisions. As such, these Acts are being reviewed in accordance with the Legislation Review Program (LRP).

It should be noted that, while incorporating the Casino Company Control Act and the TT-Line Gaming Act in their entirety, this Minor Review Statement does not include Schedule 1 of the Gaming Control Act which represents an Agreement between the Government and Federal Hotels. This Agreement is exempt on the basis that both parties are legally bound by its terms and conditions for a period of 15 years until 31 December 2008 and if the Government were to breach any such term or condition it would potentially be exposed to the significant risk of litigation.

This Minor Review Statement fulfils LRP requirements as it reviews the:

- *Gaming Control Act 1993* (except in relation to Schedule 1 - the Agreement between the Government and Federal Hotels Limited);
- *Casino Company Control Act 1973*; and
- *TT-Line Gaming Act 1993.*

The Terms of Reference for this review as agreed, can be found in Attachment 2. It should be noted that the Terms of Reference include a review of the Racing and Gaming Act (in so far as it relates to the regulation of minor gaming). However, this Minor Review Statement does not examine this Act because the minor gaming provisions of the Racing and Gaming Act have previously been assessed under the 'gatekeeper' requirements of the LRP.

Cabinet has agreed to: the removal of all gaming provisions from the Racing and Gaming Act, their simplification and change to accord with a new flexible market approach, and their subsequent placement in the Gaming Control Act; and the implementation of the recommendations from the reports entitled, *Review of Minor Gaming in Tasmania* and *Ancillary Amendments to the Gaming Control Act.* This approach will allow the Tasmanian Gaming Commission (the Commission) to approve other minor gaming activities that are currently not permitted. The new legislation is planned to be introduced in the 2000 Autumn Session of Parliament.

The regulatory reforms contained in the report, *Review of Minor Gaming in Tasmania*, will not only be progressed, but enhanced by administrative reform to the existing provisions of the Gaming Control Act, as outlined in the report, *Ancillary Amendments to the Gaming Control Act.* The community will benefit from the likelihood of a greater range of forms of gaming entertainment; minor gaming operators will benefit from regulation that more appropriately reconciles their gaming activity with the associated level of risk; and the

Government and gaming operators in general will benefit from reduced administration in a more streamlined regulatory framework.

3.2 History of Gaming Legislation in Tasmania

Tasmanian gaming law has its origins in English law, supplemented for specific purposes by legislation designed for the 'local' situation. Under English Common Law, no game of chance or skill was unlawful. It was only through various Acts of Parliament that some of these games were made unlawful. For example, the *Unlawful Games Act* of 1541 outlawed the playing of certain dice and card games in 'common gaming houses' in an attempt to discourage time-wasting activities and promote skills in archery. Later statutes expressly forbade the playing, for gain, of a number of other specified games.

In the late 1800s, the major concerns in Tasmania, as elsewhere, were the problems caused by 'common gaming houses'. In most States, these matters were usually dealt with by reference to an appropriate Police Act. The Tasmanian Parliament passed the *Gaming Act 1891*, which dealt primarily with this problem and gave police officers the power to enter and search such establishments and arrest any persons involved in gambling on those premises. That Act also closed off the application, in Tasmania, of four English laws associated with illegal and excessive gambling.

In 1896, the *Suppression of Public Betting and Gaming Act* widened the constraints on public betting. This Act consolidated opposition to 'common gaming house' venues which had originally been outlawed in 1891, and also enforced total bans on all advertising of betting or lottery availability. The Act also made it an offence to invite 'an infant' to bet.

There were further 'Suppression' Acts and in 1915, the *Suppression of Betting and Gaming Act* further widened the areas where public betting was illegal. The Act repealed the 1896 reference to 'public place' and replaced it with a list of venues, both indoor and outdoor, in which betting or wagering was illegal.

The first consolidated Act dealing with general gaming, the *Gaming Act,* was introduced in Tasmania in 1935. This Act consolidated, repealed and amended the earlier 'Suppression' Acts as well as many of the laws relating to gaming generally. In 1952 there was a major consolidation of law relating to both gaming and racing to effectively establish the (then) Racing and Gaming Commission and to give it power over all matters relating to betting and gaming in the *Racing and Gaming Act 1952*. The Racing and Gaming Act still exists and contains provisions relating to racing, the Totaliser Agency Board and minor gaming.

With the introduction of casinos into Tasmania, legislation was introduced to formalise agreements, provide for the development of the casinos and allow for the licensing of casinos. In 1993, with the extension of video gaming machines and keno to clubs and hotels, the *Gaming Control Act 1993* was passed. This Act contains provisions relating to the Commission and the licensing and rules relating to the conduct of gaming at casinos, clubs and hotels. This Act repealed the *Gaming Act 1983* and the various Wrest Point and Northern Casino Acts. However, the *Casino Company Control Act 1973* remains in existence to control ownership of companies licensed to conduct casinos or authorised to conduct gaming operations under certain agreements. An Act to provide for gaming on the TT-Line was also introduced in 1993, and generally applies the provisions of the Gaming Control Act.

The *Gaming Control Amendment Act 1999* (along with the *Racing and Gaming Amendment Act 1999,* being cognate with the former Act) amends the Racing and Gaming Act and the Gaming Control Act to introduce a more flexible regulatory framework to apply to gaming activities, particularly those that relate to Internet gaming operations, telephone and Internet fixed odds sports betting and wagering and the conduct of major lotteries.

Currently, there is a rapid expansion and mix of different forms of gaming activities and the delivery of them through a range of telecommunication devices and systems, particularly Internet-based activities. Within this environment, it is imperative that the State has a legislative framework that allows the Government flexibility to consider new gaming proposals.

The legislation establishes a regulatory framework that allows the Commission to issue gaming licences, on a five year renewable basis, to any applicants meeting the required regulatory, financial and probity standards. In this context approved gaming activities can be conducted via any means (such as telephone, or Internet or under certain circumstances, via a dedicated terminal in a specified venue). The Commission can approve separate gaming licence endorsements which will separately authorise the conduct of simulated gaming activities (virtual casinos); sports betting; fixed odds wagering; and major lotteries. The Minister for Racing and Gaming will be able to prescribe endorsements for any other gaming activities as he considers appropriate.

This new regulatory framework replaces the previous antiquated and inflexible regulatory arrangements, where:

- the State had one licensed telephone (and Internet) sports betting provider, with only one additional licence being available on a regional basis;

- the holder of a telephone (and Internet) sports betting licence being required to be a registered bookmaker and a natural person;

- there being no provision for telephone or Internet fixed odds wagering;

- there being no provision for Internet gaming operations, outside of the Agreement negotiated between the former Government and Federal Hotels; and

- only one permit being issued at any time to conduct a major lottery in Tasmania (which is currently held by Tattersall's).

Licensed providers are required to meet the costs incurred by the Commission in validating all approved computer systems and software as may be required to conduct a gaming business. Alternatively, applicants are able to provide the Commission with a certificate obtained in this regard from a Commission-approved electronic testing laboratory.

In summary, the Gaming Control Amendment Act provides the State with a flexible regulatory environment that allows it to consider new gaming proposals well into the future, and in turn to benefit from the associated economic activity and tax revenue flows.

The Racing and Gaming Act, Casino Company Control Act, TT-Line Gaming Act and Gaming Control Act form the current stock of gaming legislation in Tasmania.

3.3 Current Social Climate

When considering the need for regulation of the gaming industry in Tasmania, it is necessary to consider the current public attitude towards gaming and who is involved in this industry. The gaming acts evolved to serve wider public policy objectives, including protection of the public from unscrupulous practices or products, and providing for the exclusion of minors. In 1993 when the Gaming Control Act resulted in an extension of video gaming machines and keno into clubs and hotels, there was a prolonged period of discussion and considerable public debate on the issue of gaming.

All major issues of concern were the subject of investigation by the 1993 Legislative Council Select Committee inquiry into the extension of video gaming machines beyond casinos, and the matter had also been the subject of a separate assessment by the 1992 Committee for the Review of State Taxes and Charges.

There was also wide-ranging and lengthy debate in both the House of Assembly and the Legislative Council before legislation, which ratified the extension of gaming machines, was eventually passed.

It needs to be recognised that in a democracy, an individual should be given a choice as to how and where he or she spends his or her money, which is in part determined by each individual's attitude to risk, in that individuals may be risk averse, risk neutral or risk takers. However, the Government is aware that some individuals may not be able to make rational choices, irrespective of their attitude to risk, resulting in a possible gambling problem.

In recognition of this, provision is made in the Gaming Control Act for a gaming operator to contribute a percentage of the gross profit derived from gaming machines in hotels and clubs to the Community Support Levy (CSL) so as to fund assistance to problem gamblers. Half of the CSL is available to those organisations providing services to assist problem gamblers. The remainder is available for recreation and charitable purposes. In 1998-99, $307 000 was disbursed to organisations which specialise in dealing with personal problem gambling. A further $277 000 has been spent to date in 1999-00 and a further $406 000 has been committed for expenditure in 2000.

The Brighton Council has, for some time, been urging the Government to undertake a study into the economic and social impacts of gaming machines in hotels and clubs. That suggestion also has the support of most other local government authorities. Therefore, it is apparent that the availability of gaming is under close scrutiny, with community concern in relation to the location, administration and fairness of gaming activities, as well as its availability to minors and to those with addiction problems.

The Productivity Commission released its Draft Report on Australia's Gambling Industries on 19 July 1999. A Final Report, taking account of comments from all interested parties and including additional or updated data, was released on 16 December 1999. In Tasmania, it has been estimated that 0.44 per cent of the population (1 526) have significant gambling problems and 0.09 per cent (305) have severe gambling problems. Tasmania's incidence of both significant and severe gambling problems were the lowest of all jurisdictions, being only one-fifth and one-tenth, respectively, of the Australian average for these categories of problem gamblers. The Government has stated that it does not intend duplicating the Productivity

Commission's work by launching an independent study and these statistics reinforce the Government's decision to defer additional studies in relation to problem gambling issues.

The Productivity Commission suggested that an independent gaming regulator was a necessary requirement for the effective administration of gaming in each State and Territory. The Productivity Commission's preferred 'model' for gaming administration is already in place in Tasmania through the existing Commission. Furthermore, a number of policy deficiencies identified by the Productivity Commission have already been addressed in Tasmania. The Commission has ruled that ATMs are not to be available at gaming venues. The Commission and the Tasmanian Branch of the Australian Hotels Association (AHA) have jointly developed a Code of Practice for gaming venues in relation to the duty of licence holders to ensure gaming is conducted responsibly. This Code has been endorsed by the AHA and the Registered Clubs of Tasmania. Through the Code and the ban on ATMs in gaming venues, access to cash in gaming venues has been deliberately limited. Cash will only be available through EFTPOS transactions and the cashing of cheques in strict accordance with the Code. In addition, the Government has established a Responsible Gaming Consultative Committee, consisting of both industry and community representatives, to advise it on gaming issues.

It is also important to note that, due to the nature of the casino and gaming business, operators deal in large amounts of cash, a characteristic which can make an industry particularly attractive to money launderers and those who wish to avoid Australia's taxation laws. In this respect, it is noteworthy that the 1993 Report by the Senate Standing Committee on Legal and Constitutional Affairs recorded that:

> "AUSTRAC states there is ample evidence to indicate that organised crime is a significant and escalating threat in Australia. Casinos pose a particular risk in this area because of the international nature of their operations and of the banking system through which they function."

AUSTRAC is the Australian Transaction Reports and Analysis Centre which is responsible, amongst other things, for the enforcement of the Financial Transaction Reporting (FTR) Act.

It is therefore reasonable to assume that the risk of criminal interference in the gaming industry is something which should be taken into account when considering the regulation of the industry. It is also likely to be an important issue for the community, particularly from the perspective of ensuring that games are fair and players can expect to gamble in a safe environment with an adequate return to player. This is best summarised in the following quote from the AUSTRAC submission:

> "Like many other activities which carry inherent risks with them, gambling is nevertheless a legal activity. However, in recognition of those risks, it is expected that gambling is conducted in a safe and fair environment, ensuring amongst other things that Australia's gambling industry is not used as a conduit for money laundering and tax evasion." (p8)

This State has a number of competitive advantages in relation to the introduction of a more flexible regulatory framework to apply to gaming activities, particularly those that relate to Internet gaming operations, telephone and Internet sports betting and fixed odds wagering and

the conduct of major lotteries. These include highly reputable probity standards and cost-competitiveness.

Recent reforms to gaming legislation advocate probity not prohibition. These reforms reflect changing community attitudes to gaming, where gaming, as a matter of principle is not considered a social "bad" across all areas of the community.

4. OBJECTIVES OF THE GAMING LEGISLATION

Whilst the desire to enhance efficiency by improving the operation of markets serves as the primary rationale for regulatory intervention in a market, other broader non-economic goals are important to society and there may be circumstances where a regulatory response to a non-economic problem is also appropriate. This may include the desire to curb some forms of activity regarded as socially undesirable. For example, gambling undertaken by minors or gambling operations controlled by criminals.

Clearly, the Government must regulate gaming activities to ensure the probity of gaming operations, to manage the social impact of gambling and to appropriately utilise the activity as a basis for taxation. Regulation of gaming activities is generally accepted world-wide as a result of market failure in each of these areas. However, such regulation should be commensurate with the nature of the gaming activity and the degree of risk associated with that activity, whilst protecting the public interest. Effective regulation of gaming involves limiting the administration and compliance costs to Government, venue and gaming operators, whilst also providing an expanded range of entertainment opportunities for the community.

The Acts that are covered by this review can be split into two categories. The first containing the Gaming Control Act and the TT-Line Gaming Act, relate to gaming activity, while the Casino Company Control Act is treated separately, as it relates to the ownership of casinos.

The objectives of the Gaming Control Act and the TT-Line Gaming Act are to:

- ensure the probity of gaming operations;
- establish guidelines within which gaming can lawfully be conducted in Tasmania;
- specify the conditions attaching to various gaming licences;
- limit the availability of gaming to minors; and
- manage the social impact of gambling.

The objective of the Casino Company Control Act is to control ownership of companies licensed to conduct casinos or authorised to conduct gaming operations under certain agreements. It aims to do this by limiting foreign ownership and control of casinos and affirming the probity of those persons who own and control casinos. While the Gaming Review Group considers that the objectives of the Gaming Control Act and the TT-Line Gaming Act continue to be relevant, it does not hold such a view for the Casino Company Control Act. The reasons underpinning this view are discussed in section 7.1.

5. NATURE OF THE RESTRICTIONS ON COMPETITION

The restrictions on competition can also be separated into two groups. The first relates to the Casino Company Control Act which restricts the level of foreign share ownership in a 'specified company'. The Act therefore restricts market entry.

The remaining gaming legislation contains restrictions on market entry, competitive conduct and product and service innovation. These restrictions are imposed by:

1. requiring licences to operate a casino, or to conduct gaming operations in hotels and clubs, and restricting who can be an associate of a licence holder;

2. licensing gaming employees and technicians;

3. requiring the approval of gaming machine types, gaming machine games and gaming equipment, and controlling how gaming is to be conducted;

4. restricting the hours of operation of a gaming establishment;

5. imposing restrictions on areas available for gaming activities;

6. differing treatment of clubs and hotels in respect of the CSL;

7. requiring suppliers and manufacturers of gaming equipment to be approved by the Commission;

8. requiring approval of relevant contracts between a licensed premises gaming operator and a gaming operator; or between a licensed operator and a manufacturer or supplier listed on the Roll; and

9. imposing financial provisions on venue and gaming operators.

In section 7 of this Minor Review Statement, each of these restrictions are examined by reference to the costs and benefits that are imposed on key stakeholders in the industry. Considered are the net cost/benefit, reviewing alternative options, outlining the findings of the Gaming Review Group and recommendations. It should be noted that the review of the restrictions relating to the availability of gaming to minors is listed in the LRP as Community Standards Legislation. Accordingly, restrictions of this nature are outside the parameters of this Minor Review Statement.

6. IMPACT ON BUSINESS

There is no significant impact on business over and above that resulting from the restrictions on competition which were identified in section 5. The main costs to business are administration costs, compliance costs, application fees, the initial cost of infrastructure, sharing with players the burden of taxation and annual licence fees.

The restrictions on ownership contained in the Casino Company Control Act, while restricting market entry, also impact on the ability of a company to alter its ownership structure and may

therefore reduce flexibility in terms of raising capital and undertaking new ventures and developments.

7. COSTS AND BENEFITS OF THE RESTRICTIONS ON COMPETITION

As many of the costs and benefits discussed below are not able to be quantified, the assessment of a net cost/benefit has been undertaken largely from a qualitative perspective by the Gaming Review Group. In order to assist with this process and to transparently assess the costs and benefits, the following principles were considered to be of most importance:

- probity and suitability of those involved in the provision of legalised gaming;
- integrity of gaming systems and equipment, leading to fair and honest gaming within the established rules;
- public confidence in legalised gaming in Tasmania; and
- minimising the social impact of gaming, including the prohibition of access of gaming to minors.

In accordance with the NCP legislative principle, it needs to be established whether legislative restrictions on competition contained in the gaming Acts remain necessary to the achievement of the original regulatory objectives, given alternative policy options. Therefore, in assessing the costs and benefits, those costs and benefits relating to the above principles will attract a greater weighting than those costs and benefits not related to these principles.

7.1 Casino Company Control Act restrictions on ownership

As noted earlier, the restrictions under this Act relate to the proportion of shares which may be held by foreign owners and the impact that this has on the operations of a casino company.

The Act itself originated from concerns by the Tasmanian Government in 1973, that it would be undesirable if ownership and control of the State's two casinos were to pass to foreign interests, as had occurred with so many other major Australian industries at that time.

The Act was therefore established to ensure that the Government has some say in who owns and operates the casinos. This is inextricably linked to the issue of probity of potential owners.

The Act imposes three types of control:

- control of ownership - under which the aggregate of the nominal amounts of all foreign shares in a specified company are not permitted to exceed 30 per cent of the issued capital of the company;
- control of voting rights - under which the approval of at least 70 per cent of shareholders other than holders of foreign shares is required for a resolution or decision of any kind made by any meeting or poll of the company; and

- control of the number of directors - under which the company is restricted to having no more than two non-resident directors if it has six or less directors, and not more than three non-resident directors in other cases.

7.1.1 Costs

- Government: cost of administering legislation, including monitoring and enforcement. The Government of the day believed that, as the issuer of the casino licence, it must retain some degree of control over the extent to which that licence can pass into foreign ownership. The Government was primarily concerned about foreign ownership because of probity issues as it was difficult to comprehensively investigate, assess and monitor the probity of foreign owners. An inadequate probity assessment may have resulted in the use of casinos for criminal activities.

- Existing Operators: by limiting opportunities for economies of scale and scope and mandating artificial business boundaries, restrictions on ownership increase operating costs and inhibit innovation to the detriment of consumers. Ownership controls may also inhibit the development of more efficient forms of business structure and therefore may place constraints on raising additional capital from foreign sources.

- Community: there is no material cost to the community, although it could be argued that the community is not able to benefit from the potential economic and cultural advantages of a foreign owned casino nor benefit from a wider range of applicants to operate a casino.

- Potential Casino Operators: potential operators (foreign) are disadvantaged by the inability to acquire substantial share holdings in the casinos and this barrier to entry may weaken competition to the detriment of consumers.

7.1.2 Benefits

- Government: Government is able to prevent ownership of the Tasmanian casinos passing to individual or foreign interests which may threaten public confidence in the operation of the casinos. Therefore, the probity of the owners can be monitored and maintained. However, given the globalisation of the economy, it is unlikely that casino patrons would be concerned about ownership issues per se. The majority of significant business venture in Australia are part owned by foreign interests in accordance with Foreign Investment Review Board (FIRB) directives.

- Existing Operators: the existing operators are protected from any potential foreign takeover. This barrier to entry may be generating monopoly rents for existing owners.

- Community: the community benefits from the restriction by having public confidence in the ownership and operation of the casinos.

- Potential Casino Operators: there is no benefit to potential casino operators.

7.1.3 Net Cost/Benefit

The Gaming Review Group considers that there is a net cost to the Government, the current casino operators, potential casino operators and the local community from this foreign

ownership restriction as probity issues are addressed through the Gaming Control Act and provided that applicants meet regulatory, probity and financial requirements under this Act, they should be licensed. Probity checking of foreign providers is no longer a difficult task as it was when the Casino Company Control Act was introduced in 1973. This is particularly true in an Internet gaming environment. It should also be noted that the Casino Company Control Act commenced at a time when Government and community attitudes to foreign ownership were parochial as a result of living in a relatively closed economy in comparison to today's global economy.

7.1.4 Alternative Options

7.1.4.1 Option 1 - Free Market

Whilst the desire to enhance efficiency by improving the operation of markets serves as the primary rationale for regulatory intervention in a market, other broader non-economic goals are important to society. There may be circumstances where a regulatory response to a non-economic problem is also appropriate, such as the desire to curb some forms of activity regarded as socially undesirable, such as criminal activity. Thus, the Gaming Review Group considers that the operation of a free market is not in the public interest given the high risk of unscrupulous operators owning a casino.

7.1.4.2 Option 2 - Utilising Existing Legislation

The probity objectives of the Casino Company Control Act can be achieved by utilising the probity powers contained within the casino licensing provisions of the Gaming Control Act to regulate the conduct of casino operators, therefore avoiding duplication. The Gaming Control Amendment Act which has been introduced in response to the rapid expansion and mix of different forms of gaming activities, particularly Internet-based activities, allows the Commission to issue gaming licences, on a five year renewable basis to any applicants meeting the required regulatory, financial and probity standards.

The community also continues to benefit from the reassurances that casino owners and operators have integrity. The Gaming Control Act, enhanced by recent amendments, already provides an effective probity regime, and the Gaming Review Group considers it to be a viable alternative to having probity matters contained in the Casino Company Control Act. In fact, this Act is in effect redundant given the implications of licensing major national and international providers under changes brought with the Gaming Control Amendment Act.

The Foreign Investment Review Board (FIRB) is responsible for examining proposals by foreign interests for investment in Australia against the background of the Commonwealth Government's foreign investment policy, in order to make recommendations to the Commonwealth Treasurer on those proposals. The foreign investment policy provides for Commonwealth Government scrutiny of many proposed foreign purchases of Australian businesses and properties. The FIRB advised the Gaming Review Group that the Commonwealth Government retains some degree of control over the extent to which a casino can pass into foreign ownership, although the focus of this policy is not necessarily one of probity. An acquisition of a substantial interest in an Australian business valued at $50 million or more, is notifiable to the Commonwealth Government under the *Foreign Acquisitions and Takeovers Act 1975*. Under the Act, the Commonwealth Treasurer has the

power to prohibit an acquisition of substantial interest in an Australian business where it is determined to be contrary to the national interest. The Act also provides legislative backing for ensuring compliance with the foreign investment policy.

The Gaming Review Group considers that as the primary objective of the Casino Company Control Act is the maintenance of probity; and in light of the globalisation of the economy and the rapid expansion in communications technology with respect to interactive gaming and undertaking probity investigations; restrictions on foreign ownership and control of casinos to maintain probity, can now be deemed irrelevant. The Gaming Review Group considers that the Government could rely on the FIRB to make an objective assessment of casino ownership as an alternative to the restrictive foreign ownership provisions contained in the Casino Company Control Act. The Gaming Review Group noted that New South Wales and Western Australia do not have legislated casino ownership restrictions.

7.1.5 Findings

The Gaming Review Group concludes that the costs imposed upon the community as a whole, as a result of the restrictions on casino ownership and control, outweigh the benefits. The probity objective of Casino Company Control Act is met by the probity provisions contained in the Gaming Control Act and the objective of restricting foreign ownership which is not considered to be in the public interest, can be achieved via FIRB assessment. On this basis, the Gaming Review Group considers that retention of the Casino Company Control Act cannot be justified in the public benefit.

7.1.6 Recommendation

It is recommended that the Casino Company Control Act be repealed.

7.1.6.1 Gaming Control Act and TT-Line Gaming Act

The advantages and disadvantages of the restrictions identified in section 5 in relation to the Gaming Control Act and the TT-Line Gaming Act are discussed below. The new gaming framework facilitated by the Gaming Control Amendment Act 1999 (along with the Racing and Gaming Amendment Act 1999, being cognate with the former Act), has been justified under LRP 'gatekeeper' provisions and will not be discussed in this Minor Review Statement. The focus will be on the existing restrictions contained in the Gaming Control Act and the TT-Line Gaming Act.

7.2 Requiring licences to operate a casino and undertake certain gaming activities and restricting who can be an associate of a licence holder

The gaming legislation requires that a licence be obtained to:

- operate a casino (casino licence);
- conduct gaming activities such as the operation of gaming machines and keno in hotels and clubs (gaming operator's licence); and
- possess approved gaming machines and other gaming equipment procured from a gaming operator and to accept wagers and make payments (licensed premises gaming licence).

Licences are granted by the Commission or, in the case of a gaming licence issued under the TT-Line Gaming Act, the Minister. Applicants for a licensed premises gaming licence must pay a prescribed fee and applicants for a casino or gaming operator's licence must pay reasonable costs incurred by the Commission in investigating the application. Annual licence fees are payable by casino operators and licensed premises gaming operators. It should be noted that the 1993 Deed of Agreement between Federal Hotels Limited and the Crown provides for the issue of a casino licence and a gaming operator's licence on an exclusive basis until 31 December 2008.

In determining an application for a licence, the Commission must consider whether each person is of good repute, has a sound and stable financial background, is able to obtain financial resources which are adequate to ensure the financial viability of the casino, gaming or licence premises gaming operation and the services of persons who have sufficient experience in the management and operation of a casino or gaming operation.

In addition to licensing those who operate casinos or undertake gaming activities, the Commission must also determine if the 'associates' of a licensee are suitable persons. This may mean that an application for a licence is refused on the basis that an associate of the applicant is not considered to be a suitable person to be involved in gaming activities. An associate is defined in section 4 of the Gaming Control Act and encompasses those persons with a financial interest and those persons who have the ability to exercise a relevant power over the management or conduct of the gaming operation.

7.2.1 Costs

- Government: administration costs in establishing and operating a licensing scheme. This includes the initial cost of investigating casino, gaming operator and licensed premises gaming licence applications, which involves input from the Commission and ongoing monitoring of all licensees. The annual salary and related costs to investigate all gaming licences, including special employee and technician licences, is approximately $150 000, while regulation and control of gaming activities conducted in casinos, hotels and clubs costs approximately $700 000 per annum.
- Licensees: an application for a licensed premises gaming licence must be accompanied by a prescribed fee and if approved, payment of renewal fees. The average cost of applying for a licensed premises gaming licence is $350 with annual licence fees of between $1 000

and $2 500. The reasonable costs incurred by the Commission investigating and inquiring into an application for a casino licence or a gaming operator's licence are payable to the Commission by the applicant, unless the Commission determines otherwise in a particular case.

The two casinos pay an annual licence fee which totals approximately $1.7 million. However, the details of the licence fee relate to the exclusivity arrangement which does not form part of this review. The transaction cost which encompasses the time and effort expended in the preparation of an application is an initial cost borne by a licensee. Licensees must also meet the costs incurred in complying with the requirements of the legislation such that a licence is approved subject to conditions imposed by the Commission. In order to obtain a licensed premised gaming licence for example, the Commission may direct an applicant to upgrade the licensed premises to make it suitable for gaming operations and to provide a discrete area dedicated to gaming activities and restricted to minors. Often substantial capital costs are incurred as a result. Furthermore, the licensing regime provides a mechanism for the collection of taxation from the licensees.

- Potential licensees: application fees (approximately $350 in applying for a licensed premises gaming licence) as well as the possibility that a licence will not be granted, thereby excluding that potential licensee from providing gaming activities. There are also transaction costs which encompass the time and effort expended in the preparation of an application.

- Community: there is no material cost to the community as the administration costs in establishing and operating the licensing scheme for gaming are recouped by the Government through application and annual licence fees and therefore the community is not implicitly funding the regulation of gaming through taxes.

7.2.2 Benefits

- Government: achieves the aim of ensuring a high level of probity and integrity of people involved with the provision of gaming activities within Tasmania. Tasmania is recognised nationally and internationally as having highly reputable probity standards which may be a competitive advantage. The Government receives revenue from the application and licence fees noted above to offset the cost of assessing and processing licence applications and monitoring compliance. The casino licence fees and taxation provide revenue for the Government which is used to provide essential services. In 1998-99, annual licence fees payable by the casino operators and licensed premises gaming operators totaled $1.7 million and $38.8 million was paid to the Government as taxation.

- Licensees: provided with the ability to provide gaming activities within Tasmania, thereby providing more entertainment options for patrons and possibly higher patronage. The licensee also benefits from the monopoly rents associated with participating in a restricted industry and there is a substantial increase in the capital value and the goodwill value of the licensed premises. The barrier to entry will have the effect of reducing the 'threat' that a potential new entrant to the gaming market poses to incumbents. However the barrier is necessary to ensure probity.

- Potential Licensees: knowledge that, if successful, they have gained the opportunity to conduct gaming activities which meet high integrity standards, thereby providing patrons with a high degree of confidence in the operations.

- Community: in determining an application for a licence, the person operating the business, for example, the person's character, criminal record, skills and experience, and financial status, is taken into consideration by the Commission. In addition to the suitability of the licensed premises and equipment used in the business, for example its suitability to be a gaming venue on public health and safety grounds, compliance with planning regulations and so on, engender confidence that gaming activities undertaken within Tasmania are of high integrity. Thus, the community can be reasonably assured that those persons who exercise influence over a gaming operation or are in receipt of income from gaming are free from criminal influence. The community also benefits from the revenue generated by gaming activities which is used for the provision of Government services.

  If no licences were necessary to operate a casino and undertake certain gaming activities or restrict who can be an associate of a licence holder, there would be market failure in that information asymmetry would exist. The community may not be able to choose reputable providers due to lack of information regarding probity of gaming providers and therefore may be subject to unscrupulous practices or products given the high cash turnover which is characteristic of the gambling industry. The negative externalities with respect to the social effects associated with excessive gambling and allowing minors to gamble would likely increase as result. These types of market failure than cannot be effectively addressed without recourse to licensing to curtail these 'merit bads'. The Gaming Review Group considers there are significant benefits to the community of maintaining the licensing system.

7.2.3 Net Cost/Benefit

The Gaming Review Group considers that the benefits flowing from the requirement to licence venue and gaming operators and restricting who can be an associate of a licence holder significantly outweighs the cost. Barriers to entry imposed by this licensing regime will not necessarily reduce the 'threat' that a potential new entrant to the gambling market poses to incumbents. If the applicant is considered to be of high integrity, the barrier to entry does not, in effect, exist and therefore the threat of a new operator entering the gaming market will continue to act as the ultimate regulator of competition. In actual fact the gaming operator has the ultimate control as to who can enter the market.

In any case, licensing may not result in a lessening of competition relative to what would otherwise have occurred, as there is no cap on licenses issued. Given that the Tasmanian gaming market is relatively small, not every licensed premises in the State could possess gaming facilities and be viable. However, there are caps on gaming machines numbers in venues and this imposes an implicit commercial restraint. Quality restrictions may impact on competition by raising the costs of operating in an industry by requiring particular standards of premises and equipment. Negligible monopoly rent would accrue to venue operators and gaming operators due to the quality restrictions imposed by licensing, if infrastructure costs of entering the gaming market have to be recouped.

Furthermore, there are sectors of the community who do not wish to participate in this form of entertainment and those licensed premises without gaming facilities benefit as a result. There

is a net benefit arising from licences being issued only to those applicants who meet the probity requirements, reducing information asymmetry for the gaming public in selecting reputable venue and gaming operators. Consumers have less choice, but in a positive way in that there is a choice of only reputable venue and gaming operators. The requirement to licence venue and gaming operators and restricting who can be an associate of a licence holder, achieves the Government's objective of ensuring that public confidence is created and maintained in the credibility, integrity and stability of the conduct of high risk gaming activities, resulting in a net public benefit.

7.2.4 Alternative Options

In assessing the alternative options, the Gaming Review Group placed a high importance on the ability of each option to ensure that the four main principles detailed in section 7 were adhered to.

7.2.4.1 Option 1 - Free Market

If this option was introduced, any person/group would be able to provide gaming services, or operate a casino. However, the nature of the gambling industry has to been taken into consideration in appraising the level of risk to the exposed population of a free market. The gambling industry is characterised by a high cash turnover and expectation of significant financial gain and therefore subject to unscrupulous behaviour by those in the industry if not strictly regulated. In AUSTRAC's submission to the Productivity Commission's Inquiry into Australia's Gambling Industries, it states that:

> "Australia's gambling industry is vulnerable to money launderers and tax evaders. However, it can also be concluded that compliance with the FTR Act and relevant State and Territory legislation can provide an effective means of detecting and deterring such activity" (p5)

The market failure with respect to information asymmetry for the gaming public in selecting reputable venue and gaming operators and negative externalities with respect to the social effects associated with excessive gambling and allowing minors to access gaming, is too great in the opinion of the Gaming Review Group. These types of market failure cannot be effectively addressed without recourse to licensing to curtail these 'merit bads'. Thus there are significant benefits to the community of maintaining the licensing system. The Gaming Review Group considers that it would not be in the public interest to allow a free market to operate as the costs far outweigh the benefits.

7.2.4.2 Option 2 - Negative Licensing

Negative licensing involves opening up the ability to undertake an activity to all people on the basis that certain rules are abided by or conditions are met. If it is discovered that a person/group is undertaking the activity in an inappropriate manner or is not abiding by the rules, they are excluded from partaking in that activity in the future. If this option was introduced in relation to licensing venue and gaming operators, any person/group would be able to provide gaming services, or operate a casino.

The costs to Government would be lost revenue from licence fees and increased difficulty in ensuring compliance with the taxation arrangements associated with gaming. This would be

likely to lead to the need for a greater compliance program, involving the employment of more inspectors and relevant staff, thereby increasing the cost to Government while the level of revenue is likely to decline significantly. This would take resources away from other areas which would negatively impact on the level of service delivery of not only this service but other Government services from which the resources were diverted. However, venue and gaming operators would benefit from having more freedom in the operation of their gaming activities.

There are no identifiable costs to potential industry participants from this option other than those associated with the normal costs of opening a business or branching out into a new industry. The benefit is the ability to enter an industry in which they may have previously been denied entry due to criminal associations, criminal history or financial history.

The community would be faced with an increase in the availability of gaming, which could lead to negative externalities with respect to social problems associated with a possible increase in problem gambling. In addition, the community would no longer be able to be confident that those involved in the conduct of gaming in Tasmania were fit and proper people or that there were no criminal influences. It would also increase the level of concern in the community that gaming was not as fair and equitable as it should be, and would allow the operation of common gaming houses or gaming parlours whose only purpose is to provide gambling services. This environment could lead to easy opportunities for money laundering; however, there would be a wider choice of gaming venues and games.

Given that the Government's key objective is to ensure the probity and integrity of gaming along with the communities concern over the social and economic impact of gaming at its existing level, it is clear that the costs of negative licensing would more than outweigh the benefits. It is also clear that this option would not meet the Government's objectives, as outlined in section 2, and is therefore not considered to be a feasible option by the Gaming Review Group.

7.2.4.3 Option 3 - Certification and Registration

Alternatives such as, certification and registration of venue and gaming operators would require venue and gaming operators to in effect solicit their own probity checks. However this would be unacceptable to the community, given the possibility of criminal activity with respect to the large volume of physical cash transactions involved in the gambling industry and therefore, the potential for fraudulent behaviour to occur in respect of obtaining an industry recognised probity certificate, or being registered by the industry. The Gaming Review Group considers that the costs of certification and registration far outweigh the benefits and its effectiveness as a regulatory measure overall could be seriously questioned.

7.2.4.4 Option 4 - Self-Regulation

It is possible that self-regulation would provide venue and gaming operators with a monopoly over regulation making and administration, with the risk that self-regulation would act as a barrier to entry. It is essential that there be effective incentives to participate in such schemes and effective policing of such self-regulation. However, industry regulatory bodies may have less incentive than the Government to publicise the wrong doings of its members because such publicity could bring the industry at large into disrepute and therefore information asymmetry would exist. The object of the probity restrictions would therefore not be met.

Self-regulation is unlikely to work where consumers are dissatisfied with an entire industry and because there is a high profile section of the community opposed to gambling. Intrinsic value to the community in knowing that gambling is conducted with highest probity and integrity. Therefore the risks posed by voluntary standards promulgated by industry associations which are concerned with maintaining the reputations of their members, would be deemed to be unacceptable by the community. Self-regulation may also imply that non-members may be corrupt if that are not part of the industry association and it is these kind of negative connotations that would be to the detriment of the industry as a whole, the community and Government, Gaming Review Group is of the opinion that self-regulation would not be a viable alternative to licensing.

In summary, the *Competition Principles Agreement* clause 1(3) indicates that not just economic efficiency is to be taken into account in the assessment of benefits to the community generally of any given regulatory restriction of competition. The Gaming Review Group considers that whilst there is a clear need to align regulation with the degree of risk associated with a particular gaming activity, the high risk of criminal activity associated with the conduct of casino gaming and gaming in clubs and hotels, whether terrestrially based or via the Internet and telephone, cannot allow a non-interventionist approach to be taken.

7.2.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restrictions which require licences to operate a casino and undertake certain gaming activities and restricting who can be an associate of a licence holder, far outweigh the costs. The legislative mechanism of imposing licensing is the most effective way to deal with the high risk and there is no alternative use of available resources which will result in greater overall benefit to the community. On this basis, the Gaming Review Group considers that the retention of the restrictions can be justified in the public benefit.

7.2.6 Recommendation

It is recommended that licences to operate a casino and undertake certain gaming activities be retained and the requirement to approve who can be an associate of a licence holder continue.

7.3 Licensing gaming employees and technicians

In addition to licensing the casino or venue operator, Tasmanian legislation requires that special employees and technicians also be licensed, using occupational licensing. 'Special employee' is defined in the Gaming Control Act and includes any person who is to undertake prescribed duties (in relation to gaming activity). A 'technician' is also defined in the Gaming Control Act and is a person who services, maintains or repairs gaming equipment and carries out prescribed duties (in relation to gaming activity).

7.3.1 Costs

- Government: administration costs to Government in establishing and administering legislation, including monitoring and enforcement. The costs of investigating and processing applications for special employee or technician licences are recovered through

the application fees. Therefore, the major cost to the Government is the cost of maintaining a licensing regime, incorporating the costs of the Commission, and its executive support. As noted in section 7.2.1 above, the cost to Government of investigating, assessing and monitoring all gaming licences is approximately $150 000.

- Licence Holder: the application fee and renewal fee. Depending on the type of licence, the fee will be between $60 and $250.

- Potential Licensees: application fees ($60 to $250) as well as the possibility that the licence will not be granted, thereby excluding the potential licensee from finding employment in this sector.

- Venue and Gaming Operators: limited to employing only licensed persons to work on gaming machine duties and as senior keno writers.

- Community: no material costs to the community.

7.3.2 Benefits

- Government: the licensing of special employees and technicians ensures that the probity and integrity of gaming operations is of the highest order to ensure public confidence. The Government receives revenue from the licence fees noted in section 5.3.1 to offset the costs of investigating and assessing licences.

- Licence Holder: the successful applicant gains the ability to be employed in the gaming sector and is held out to be a person of honesty and integrity. There is a market demand for special employees which leads to career enhancement. A special employee is required to comply with the provisions of the Act which affords the individual some protection against undue influence.

- Potential Licensees: there is no benefit if the application for a licence is refused. If the application is successful, the same benefits apply as to existing licence holders.

- Venue and Gaming operators: in the absence of licensing gaming employees and technicians, venue and gaming operators may not be able to choose appropriate employees due to lack of information regarding integrity of employees. Thus licensing gaming employees and technicians enables information asymmetry to be significantly reduced and the venue operator is benefited by the reassurance that its employees are fit and proper people and that the integrity of its gaming operations and any other activities conducted at the venue is not being adversely affected.

- Community: as with the licensing of casino and venue operators, the licensing of special employees and technicians provides the benefit to the community of ensuring that public confidence is maintained in the conduct of gaming in Tasmania. Employees are quite separate from the venue and gaming operators and are therefore placed in the position of making payments to patrons and directly overseeing the gaming operations. Therefore, licensing employees provides community confidence that the responsible individuals are fit and proper people to be involved in the provision of gaming in Tasmania.

7.3.3 Net Cost/Benefit

The Gaming Review Group considers that there is a net benefit flowing from the requirement to licence special employees and technicians, that is occupational licensing. This is due to the fact that the benefits of this restriction relate to three of the four overriding principles which the Gaming Review Group considers to be of utmost importance in relation to gaming in Tasmania. Licensing of special employees and technicians provides an acceptable framework within which competition should occur as it will not necessarily confer significant market power on individuals who meet the required probity standards. Licensing of special employees and technicians can also be supported on the basis that it provides information necessary for the prevention of criminal activity, thus addressing community concern. Occupational licensing can reduce the likelihood of fraud and can provide greater assurance to gaming patrons and venue and gaming operators who may be incidentally affected by the actions of special employees or technicians. There is a direct and tangible benefit to the community and the economy generally in legislation which engenders security and confidence. There is a net benefit to be derived from controlling opportunistic behaviour with respect to individuals employed in the gaming industry, whether it arises from asymmetric information or otherwise.

7.3.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.3.4.1 Option 1 - Free Market

If this option was introduced, any person would be able to be employed to undertake duties associated with gaming activities or the repair and maintenance of gaming equipment. The costs associated with operating in a free market would be related to the probity and integrity of gaming in Tasmania, one of the main criteria for satisfactory supervision of the industry. If all people involved in providing gambling services in Tasmania are not licensed, a substantial opportunity exists for improper persons to become involved in the industry. For example, special employees and technicians would be able to gamble whilst undertaking their duties, given that there would be no conditions imposed upon the conduct of such employees by the Commission, leading to a conflict of interest. This would lead to the probity and integrity of gaming operations being compromised, with the possibility of fraud and misapplication of gaming revenue increasing.

The market failure with respect to information asymmetry for venue and gaming operators in selecting employees and technicians of high integrity, is significant in a free market. It is clear that, to achieve the Government's objective of ensuring the probity and integrity of gaming in Tasmania, there would be a net cost to the Government, the community and to venue and gaming operators if special employees and technicians were not required to be licensed. The current restrictive licensing provisions provide a high level of confidence in the integrity of all employees, thereby protecting the interests of all of these key stakeholder groups. Thus the Gaming Review Group considers that it would not be in the public interest to allow a free market to operate as the costs far outweigh the benefits.

7.3.4.2 Option 2 - Negative Licensing

Negative licensing is where employees are not screened before commencement of employment but only prohibited from being employed if shortcomings in their operations are identified. Again, if this option was introduced, any person would be able to be employed to undertake duties associated with gaming activities or the repair and maintenance of gaming equipment and thus enter an industry in which they may have previously been denied entry due to criminal associations, criminal history or financial history.

As discussed in section 7.2, the nature of the gambling industry is such that, without efficient and effective regulatory supervision, highly organised criminal activity may eventuate and thus there is an intrinsic benefit to the community of the Government taking a pro-active approach. For example, if a technician, was found to have tampered with a gaming machine to increase or decrease the pay-out, gaming patrons, would be sceptical of the pay-out, resulting in a decrease in patronage, which would ultimately be to the detriment of venue and gaming operators who may experience a decline in market share, and to a limited extent, the Government from a decline in taxation revenue.

The consequences of this scenario occurring are that, even though the technician would be disqualified from the gaming industry, the reputation of all gaming industry stakeholders would be vilified, to a greater extent than, for example, an employee found guilty of misconduct in a department store. The community would no longer be able to be confident that the people involved in gaming in Tasmania were fit and proper people or that there were no criminal influences. It would also increase the level of concern in the community that the gaming was not as fair and equitable as it should be. Negative licensing primarily focuses on trust, and if this trust is broken, the ramifications are far more significant than contravening the terms and conditions of a licence.

The Gaming Review Group considers that it is better at the outset to exclude from the market dishonest employees rather than deal with the consequences of their actions later. The risk associated with implementing a negative licensing regime for employees within the gaming industry is too high, as the ramifications of misconduct within the industry is capacious given the level of community concern with respect to the conduct of gaming.

Given that the Government's key objective is to ensure the probity and integrity of gaming, along with the community's concern over the social and economic impact of gaming at its existing level, it is clear that the costs of negative licensing would more than outweigh the benefits. It is also clear that this option would not meet the Government's objectives, as outlined in section 4, and is therefore not considered to be a realistic option by the Gaming Review Group.

7.3.4.3 Option 3 - Certification and Registration

Certification and registration which impose less rigorous restraints on occupational entry is not appropriate for gaming industry employees. Certification of employees does not usually restrict supply of non-certified employees. The purpose of the certificate is to provide information on qualifications and experience. Registration is distinguished by being a mere list of names in an official register of persons who engage in certain kinds of activity.

Although certification requirements may guarantee that special employees have undertaken the necessary training as certified by the venue or gaming operator to carry out the tasks associated with that occupation, or provide information on the qualifications and experience of technicians, it does not guarantee subsequent standards of service provision. In comparison, the tangible benefit of licensing employees is obviously probity and the associated conditions attached to an approved license guarantee that probity is maintained to a lesser extent. It should be noted that the ancillary amendments to be made to the Gaming Control Act (to be progress as part of minor gaming reforms in the 2000 Autumn Session of Parliament) will allow the Commission to inquire into the continued suitability of a person once licensed which will ensure that probity is maintained to the highest extent possible and thus the net benefit will be enhanced.

Venue and gaming operators would not be required to hire those people who have a certificate or who are registered, given that certification and registration are, in effect, voluntary. Whilst venue and gaming operators may opt for a non-certified or non-registered employee, in those areas where asymmetric information is an important factor, such as, the probity of employees, certification and registration will not provide customers with confidence in gaming operations. A certification or registration system cannot provide an effective probity examination as there would be no independent verification by the Commission of whether the information provided by a special employee or technician is legitimate.

Therefore, certification and registration would be unacceptable to the community, given the possibility of criminal activity with respect to the large volume of physical cash transactions involved in the gambling industry and therefore, the potential for fraudulent behaviour to occur in respect of obtaining an industry recognised probity certificate, or being registered by the industry. Furthermore, certification and registration would not provide an effective sanction for those special employees and technicians who may persistently engage in unlawful and unethical conduct, given the high cash turnover of the gaming industry. The Gaming Review Group considers that the costs of certification and registration far outweigh the benefits.

7.3.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the requirement to licence special employees and technicians, far outweigh the costs. The legislative mechanism of this form of occupational licensing is the most effective way to deal with the high risk and there is no alternative use of available resources which will result in greater overall benefit to the community. On this basis, the Gaming Review Group considers that the retention of licensing for gaming employees and technicians can be justified in the public benefit.

7.3.6 Recommendation

It is recommended that special employees and technicians continue to be licensed.

7.4 (a) Imposing requirements on gaming equipment; and (b) controlling how gaming is to be undertaken

The gaming legislation specifies that the Commission is to approve the rules of games, gaming machine types and games, other equipment, jackpot and linked jackpot arrangements. In addition, the Commission can make rules and directions and impose other requirements such as the requirement for gaming equipment to meet appropriate standards. These requirements apply equally to all participants in the industry, consequently, there is no competitive neutrality issue. However, the requirements do have an impact on business and the costs and benefits are considered below.

7.4.1 Costs

- Government: costs associated with administration, compliance and enforcement, including the cost of conducting inspections and transactions costs which incorporate the time expended by the Commission and support staff controlling how gaming is to be undertaken. It costs the Government approximately $60 000 a year in salary and associated costs to evaluate, approve and control gaming equipment.

- Casino/Gaming Operator: those costs of evaluating gaming equipment which are borne by the operator. There are possible limits on product innovation arising from the fact that a new product must meet standards set and approved by the Commission. This imposes additional costs on the development of new games which must meet an appropriate standard for approval, which can deter the development or modification of games and equipment.

- Licensed Premises Gaming Operator: limits on product innovation arising from the fact that licensed premises gaming operators do not have any say over the products they can purchase as this is totally in the hands of the gaming operator, by virtue of the 1993 Deed.

- Manufacturers: those costs of evaluating gaming equipment which are borne by the manufacturer in order to meet the required standards.

- Community: there is no material cost to the community although it may be argued that the community is limited to a smaller choice of games and other gaming products.

7.4.2 Benefits

- Government: the Government can ensure that games are fair and that the integrity of gaming equipment is maintained. Costs associated with the approval of gaming equipment are partially offset by the bodies who submit the gaming equipment for approval.

- Licensed Premises Gaming Operators: benefit from the knowledge that gaming equipment is operating correctly and providing a fair return to operators and players and that high standards with respect to the conduct of gaming are applied equally across all gaming venues which gives rise to increased patron confidence which may in turn lead to increased revenue.

- Casino/Gaming Operator: patrons and licensed premises gaming operators will be confident that game rules are applied consistently and that the equipment provided by the

casino or gaming operator is functioning correctly, thereby resulting in higher usage and increased revenue.

- Manufacturers: the sale of gaming equipment will be assisted by the fact that the equipment has been tested to an appropriate standard for the gaming industry which is, in most cases, an Australia wide standard. Therefore, the requirements imposed on the equipment assist in maintaining the high standards required by purchasers. A manufacturer may be able to establish a reputation as a provider of high quality gaming equipment and thus extract a premium price.

- Community: benefit from the knowledge that games and gaming equipment is monitored and fair. Also benefit from set minimum pay-out rates. This restriction maintains the probity of gaming in Tasmania. Patrons will have confidence in using the gaming equipment and games if they know that fairness and integrity is maintained, thereby increasing revenue to the Government which is used to provide services of benefit to the community.

7.4.3 Net Cost/Benefit

As a result of the higher weighting accorded to the benefits of this restriction in accordance with the guiding principles outlined earlier, the Gaming Review Group considers that there is a net benefit flowing from imposing requirements on gaming equipment and controlling how gaming is to be undertaken, which achieves the Government's objectives.

7.4.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.4.4.1 Option 1 - Free Market

There would be high a degree of distrust between gaming equipment manufacturers, gaming operators, licensed premises gaming operators, gaming patrons and the Government, if requirements on gaming equipment are not imposed, and if there is no control over the conduct of gaming. Large scale failure in the operation of gaming equipment may occur due to the absence of standards and as a result, gaming patrons would no longer have confidence in using the gaming equipment, the venue and gaming operators and the Government would experience a decline in revenue and the gaming industry would be vilified by the community. It is considered socially unacceptable that an individual should unknowingly place themselves at risk by playing a game for money that is fraudulent as a result of unreliable gaming equipment and no rules. Hence, the Gaming Review Group considers that the fairness and integrity of gaming is compromised as a result of the operation of a free market and therefore legislation which effectively reduces that risk, potentially yields significant public benefit.

7.4.4.2 Option 2 - Codes of Conduct

Codes of conduct transfer the direct costs of regulation from the Government to industry participants. It would be important to ensure that the administration of a code which controls

the conduct of gaming is transparent, given the nature of the gaming industry. However, there is a risk that a code of conduct would act as a barrier to entry, in that the gaming industry would have a monopoly over regulation making and administration with respect to imposing requirements on gaming equipment and controlling how gaming is conducted. However, information asymmetry would still exist because the Government and the community would not completely trust that there would be effective policing of codes of conduct, given that there is a strong monetary incentive for manufacturers of gaming equipment, venue and gaming operators to not abide by the codes of conduct.

Furthermore, it is not an appropriate solution to internalise certain standards through professional ethic (codes of conduct) in combination with some means of quality verification, such as certification as gaming patrons may be exposed to significant risk through incompetence, inefficiency or fraud. The Gaming Review Group considers that codes of conduct are not an appropriate option given the risks involved as the costs far outweigh the benefits.

7.4.4.3 Option 3 - Compliance Plans

By encouraging gaming equipment suppliers to submit compliance plans, and venue and gaming operators to submit rules with respect to the conduct of games to replace existing requirements, there is a high risk that each of these gaming industry stakeholders will not abide by the compliance plans, given the monetary incentive to defraud. If a gaming machine has been tampered with to decrease the pay-out, this may cause a gaming patron to lose more money than the stated odds which could cause harmful social consequences. There needs to be a high degree of assurance that the compliance plans will be adhered to, as subsequent remedial action would not be deemed appropriate by the community. The Gaming Review Group considers that a compliance plan, which is, in effect, a light-handed alternative to a code of conduct, is not suitable given the risks involved.

7.4.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of imposing requirements on gaming equipment and controlling how gaming is to be undertaken, far outweigh the costs. The legislative mechanism of imposing requirements with respect to gaming equipment and how gaming is to be conducted, is the most effective way to deal with the high risk and there is no alternative use of available resources which will result in greater overall benefit to the community. On this basis, the Gaming Review Group considers that the retention of legislative requirements in respect of gaming equipment and controls as to how gaming can be undertaken can be justified in the public benefit.

7.4.6 Recommendation

It is recommended that gaming equipment continue to be approved and controls as to how gaming is to be undertaken be retained.

7.5 Restrictions on the hours of operation

There is no explicit restriction on the hours of operation contained within the gaming Acts. However, only those clubs and hotels which have a general liquor licence are able to obtain a licence to conduct gaming. It is implicit in the Act that the hours of operation of the gaming areas of a venue must fall within the hours of operation of the liquor licence.

Despite the implicit restriction on the hours of operation resulting from the linkage to the *Liquor and Accommodation Act 1990*, it will be discussed in this Minor Review Statement as it affects venue operators by way of the requirement to hold a liquor licence. It should be noted that the Liquor and Accommodation Act is being reviewed in accordance with LRP requirements and it is possible that the restriction on the hours of operation may be modified to allow increased flexibility for licensed premises gaming operators as a result of that review process.

7.5.1 Costs

- Government: the cost of administering the licences and enforcing the licence conditions.
- Venue Operator: gaming cannot be held behind closed doors for selected patrons. The restriction limits the amount of time in which gaming can be offered to patrons. However, operators can seek out of hours permits from the Commissioner for Licensing to extend the hours of sale of liquor and therefore gaming.
- Community: limits the availability of gaming to only those hours and premises in which a liquor licence is in force.

7.5.2 Benefits

- Government: promotes responsible gaming practices.
- Venue Operator: increases the view that gaming is conducted in accordance with the highest levels of integrity and is offered as an adjunct to existing products. In not permitting gaming behind closed doors, gaming is conducted with high visibility in the venues and limits the opportunities for credit betting or other unsavoury practices at the venue.
- Community: limits the availability of gaming for problem gamblers and promotes responsible gaming practices.

7.5.3 Net Cost/Benefit

This restriction is seen to be in the public interest by the Gaming Review Group as it ensures that gaming remains an activity that is offered in addition to other hotel or club facilities and that venues do not remain open solely as gaming venues. In addition, this restriction relates directly to the achievement of the overriding principle to minimise the social impact of gaming by promoting responsible gaming practices, particularly in limiting access of gaming products to minors through the gaming being conducted in a controlled environment.

7.5.4 Alternative Options

Only one alternative option is considered, having regard to the generic principles outlined in section 7, as the restriction on the hours of operation is not explicitly contained in the Gaming Control Act.

7.5.4.1 Option 1 - Free Market

By not imposing restrictions on the hours of operation, there in an inherent risk that the increase in availability of gaming will further exacerbate the negative externalities associated with problem gambling. This option clearly does not adhere to the fourth objective considered by the Gaming Review Group to be of utmost importance in relation to gaming in Tasmania, which is to minimise the social impact of gaming. The Gaming Review Group rejects this alternative as not being in the public interest.

7.5.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restriction on the hours of operation for a licensed premises, far outweigh the costs. On this basis, the Gaming Review Group considers that the retention of the restrictions on trading hours can be justified in the public benefit.

7.5.6 Recommendation

It is recommended that the regulation of the hours of operation be retained.

7.6 Imposing restrictions on areas available for gaming activities

The gaming legislation restricts the areas which are available for gaming activities and places restrictions on those who are able to enter these areas. Gaming areas must be approved by the Commission. In addition, minors are not to be allowed access to gaming areas for any reason. The purpose of these restrictions is to limit the availability of gaming to minors.

7.6.1 Costs

- Government: the costs to Government of this restriction include the administrative costs of the approval of gaming areas and the costs of monitoring this requirement through the use of inspectors.

- Venue Operators: the costs of this restriction include the costs of any modifications necessary to ensure that the gaming area is restricted and approved. In addition, venue operators must ensure that minors are not allowed access to these restricted gaming areas, which is an additional task for licensed staff to undertake.

- Community: there are no material costs to the community from this restriction. However, it may be argued that the community is limited in its access to gaming activities to certain areas of a venue.

7.6.2 Benefits

- Government: the benefit to Government is the knowledge that gaming areas are discrete and that minors should not be able to unknowingly enter a restricted area and access gaming activities, thereby limiting the availability of gaming to minors.

- Licence Holder/Venue Operator: the operator benefits as it is easier to monitor attempts by minors to enter gaming areas, thereby reducing the costs of ensuring that minors are not able to gain entry to such areas. In addition, operators reduce the risk of being prosecuted for allowing access to minors if the risk of minors accessing these areas is reduced. The fact that the gaming area is well defined assists in segregating minors from the area. The attempted entrance of a minor to a gaming area will not be inadvertent if that area is well defined.

- Community: the community benefits from the fact that these requirements limit the availability of gaming to minors. Machines are in an area devoted to gaming thereby ensuring that those who wish to partake in other activities in the venue, are not required to be involved in gaming at the venue.

7.6.3 Net Cost/Benefit

By imposing restrictions on areas available for gaming activities to curtail the consumption of a 'merit bad' such as the availability of gaming to minors, results in a net benefit, thereby upholding the community standards. Government intervention on paternalistic grounds also assists in minimising the social impact of gaming. In any case, the review of the restrictions relating to the availability of gaming to minors is listed in the LRP as Community Standards Legislation, accordingly restrictions of this nature are outside the parameters of this Minor Review Statement.

7.6.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.6.4.1 Option 1 - Free Market

If any area of a licensed premises was available for gaming activities, the risk that minors could participate in gaming activities would increase significantly. The Gaming Review Group considers that it would not be in the public interest to allow a free market to operate as the costs far outweigh the benefits, given the Government's objective of minimising the social impact of gaming, particularly limiting access by minors.

7.6.4.2 Option 2 - Self-Regulation

Self-regulation can be effective if most of the industry participants are interested in seeing the industry maintain a high public reputation. The key for the gaming industry in maintaining a high public reputation, is to ensure that the social impact of gaming is ameliorated,

particularly with respect to minors being unable to access gaming activities. In order to regulate effectively, the industry body needs some sanctions or rewards.

However, self-regulation would not be supported by the community on the grounds that information asymmetry exists with respect to the validity of sanctions imposed upon venue operators found in contravention of the industry body edit, that gaming activities should be restricted to certain areas of a licensed premises. The Gaming Review Group considers that the community would not support self-regulation, given that non-economic considerations influence the desire to curb the location and availability of gaming, and thus the opprobrium of poor publicity or a poor reputation among gaming industry peers would not suffice as an industry body sanction, given that industry bodies are not effective in dealing with the problems of the industry at large. Rather, such bodies will generally be more effective at bringing complaints against specific suppliers.

7.6.5 Findings

Therefore, the Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restriction far outweigh the costs. The legislative mechanism of imposing restrictions on areas available for gaming activities, is the most effective way to deal with the high risk and there is no alternative use of available resources which will result in greater overall benefit to the community. On this basis, the Gaming Review Group considers that the retention of the restrictions on the areas available for gaming can be justified in the public benefit as it assists in ameliorating the social problems (negative consumption externaltites) associated with minors accessing gaming areas.

7.6.6 Recommendation

It is recommended that areas available for gaming activities within licensed premises continue to be specified.

7.7 Differing treatment of clubs and hotels in respect of the Community Support Levy

The Gaming Control Act prescribes the percentage of gross profit which is to be paid to venue operators and the amount of gross profit to be paid to the Community Support Levy (CSL). The percentages prescribed in the Act differ for clubs and hotels. Clubs are to receive 32 per cent and are to pay 2 per cent of gross profit to the CSL whereas hotels receive 30 per cent and are required to contribute 4 per cent of gross profit to the CSL.

The reason for the differing treatment of clubs and hotels relates to the ownership and ultimate beneficiaries of the proceeds. The Government's intention in placing these differing rates is to ensure that hotels, which are privately owned, are restricted in their profitability compared to non-proprietary clubs which provide benefits and facilities more broadly to members and the wider community.

7.7.1 Costs

- Government: there is no material cost to Government.

- Licensed Hotels: financial obligation imposed through CSL and reduced net return from gaming operations compared to that of clubs.

- Licensed Clubs: financial obligation imposed by CSL but at a lower severity than that applying to hotels.

- Community: there is no material cost to the community.

7.7.2 Benefits

- Government: the Government benefits from the existence of clubs which provide services and facilities to members and the wider community. Clubs provide services and facilities which may otherwise have to be provided by Government, thereby relieving the budget of these costs. The existing arrangements assist in maintaining the financial viability of these clubs.

- Licensed Hotels: there are no material benefits to licensed hotels, although arguably allows a contribution to a "corporate responsibility" in respect of the CSL funding problem gambling services.

- Licensed Clubs: benefit through their ability to retain higher amounts of gross profit which can be used to provide services for members and the wider community.

- Community: those in the community who are members of licensed clubs benefit from the provision of services and facilities provided by those clubs. In addition, the wider community also benefits from the services and facilities provided by the clubs through access and also through a reduced drain on existing community resources as some demand is catered for through the clubs.

7.7.3 Net Cost/Benefit

Three of the four major stakeholders receive a net benefit from the imposition of this restriction. The Gaming Review Group considers that there is a net public benefit as a result of this restriction. It should be noted that the taxation regime for clubs and hotels is established in the 1993 Deed.

7.7.4 Alternative Options

Given that the differing treatment of clubs and hotels is also contained in the 1993 Deed, and technically falls outside the ambit of this Minor Review Statement. Nevertheless, only one alternative option will be considered, having regard to the generic principles outlined in section 7.

7.7.4.1 Option 1 - Free Market (Equal Treatment of Clubs and Hotels)

The Productivity Commission Inquiry into Australia's Gambling Industries noted that some gaming policies favour particular groups, in terms of taxation treatment, such as the 'club' industries. Tasmania does not have a 'club' industry in comparison to other jurisdictions, namely New South Wales and Queensland, and it is because of this very reason that the differential exists between clubs and hotels.

The operation of a free market would result in clubs providing less services and facilities which would have to be provided by Government, thereby putting further financial strain on the Government's limited resources. The Gaming Review Group considers the operation of a free market would be detrimental to clubs, given that objective of the majority of Tasmanian clubs is to provide services for the benefit of the community. Profits from the operation of hotels only benefits the owner. The owner also benefits indirectly through the sponsorship of sporting organisations.

7.7.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the differing treatment of clubs and hotels, far outweigh the costs. On this basis, the Gaming Review Group considers that the retention of the differing treatment of hotels and clubs in respect of the CSL can be justified in the public benefit.

7.7.6 Recommendation

It is recommended that the differing treatment of clubs and hotels with respect to the application of the CSL be retained.

7.8 Requiring gaming equipment suppliers and manufacturers to be approved

The gaming legislation requires the manufacturers and suppliers of gaming equipment to be listed on a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment maintained by the Commission. It is only lawful to obtain gaming equipment from a manufacturer or supplier that is listed on the Roll. This is particularly pertinent where a manufacturer supplies large numbers of a particular item of gaming equipment in circumstances where comprehensive checks of each item of equipment cannot be undertaken.

7.8.1 Costs

- Government: administration costs of maintaining the Roll and investigating applications from manufacturers and suppliers. It costs the Government approximately $2 500 in salary and associated costs to administer the Roll of manufacturers and suppliers.

- Suppliers and Manufacturers: administration and transaction costs associated with applying for and gaining listing on the Roll. It costs $500 to apply for listing on the Roll and the Commission can recover any further costs incurred in an investigation of an applicant. Suppliers of single items of equipment are required to undertake probity checks and pay an application fee when the item of equipment is fully checked prior to approval.

- Venue/Gaming Operators: limits the range of gaming equipment that can be obtained.

- Community: there is no material cost to the community although it may be argued that the community is limited to a smaller choice of games and other gaming products, through a limited number of manufacturers and suppliers.

7.8.2 Benefits

- Government: ensures the probity of gaming equipment suppliers and manufacturers and therefore increases confidence in the reliability and accuracy of gaming equipment. The Government benefits from the reassurance that all manufacturers and suppliers of gaming equipment have passed suitable probity and other checks, thereby ensuring, to the greatest extent possible, that the manufacturer or supplier of equipment is not under the influence of criminals.

- Suppliers and Manufacturers: those listed on the Roll benefit from the ability to supply gaming equipment to casino and gaming operators in Tasmania and may receive recognition if applying for approval to supply gaming equipment in other Australian gaming jurisdictions. Mutual recognition is also used by the Commission, whereby manufacturers and suppliers who have been approved in other jurisdictions, can automatically be listed on the Roll. Technological innovation or dynamic efficiency is fostered as manufacturers and suppliers of gaming equipment vie for custom through being placed on the Roll, through the development of new or improved quality products and therefore benefit from reputation of quality, leading to increased custom.

- Venue/Gaming Operators: benefit from the knowledge that the suppliers and manufacturers of gaming equipment have passed probity checks and that the equipment is suitable for gaming operations. This is particularly pertinent where the manufacturer supplies large quantities of gaming equipment, such as gaming machines and parts.

- Community: benefit from the fact that all gaming machine equipment is sourced from reputable manufacturers and suppliers, thereby increasing confidence in the probity and reliability of gaming equipment in Tasmania.

7.8.3 Net Cost/Benefit

The Gaming Review Group considers from the above analysis that there is a net benefit arising from this restriction, particularly where manufacturers of large quantities of gaming equipment are concerned given that the benefits of this restriction fulfil three of the four desired principles outlined earlier in section 7. In the case of suppliers of single items of gaming equipment, such as a money wheel, the restriction is not required, as the equipment is on most occasions fully tested prior to approval and meets the desired principles without the need for listing on the Roll. The Gaming Review Group considers that the Commission should be able to use discretion as to circumstances when listing on the Roll is required. Given the nature of the gaming industry, there needs to be a high degree of assurance of competence upon market entry, not subsequent remedial action which would negatively impact on the reputation of the gaming industry and the Government as the regulator of that industry.

7.8.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.8.4.1 Option 1 - Free Market

If there was no requirement for manufacturers and suppliers of gaming equipment to be listed on the Roll, information asymmetry would exist as there would no longer be an assurance of produce or service quality. Manufacturers and suppliers of gaming equipment would have the ability to enter an industry in which they may have previously been denied entry due to criminal associations, criminal history or financial history. The Gaming Review Group considers that there is a clear public interest in ensuring that venue and gaming operators are better informed about the quality of gaming equipment being obtained, by requiring gaming equipment to be manufactured and supplied by persons with appropriate credentials in order to engender and maintain a high degree of public confidence in legalised gaming in Tasmania.

7.8.4.2 Option 2 - Self-regulation

Self-regulation would not necessarily facilitate informed consumer choice or a reduction in fraudulent or opportunistic behaviour by gaming equipment manufacturers and suppliers. The requirement to be listed on the Roll is already a less restrictive form of regulation, in that only probity concerns are addressed. As the objective of this restriction is to ensure the integrity of gaming systems and equipment, leading to fair and honest gaming through establishing the probity of manufacturers and suppliers of gaming equipment, the Gaming Review Group considers that a conflict of interest would exist if self-regulation was an option. Independence is required to establish the probity of manufacturers and suppliers of gaming equipment, which is currently provided by the requirement to be listed on the Roll. The Commission is, in effect, independent, which addresses the major concerns of the Productivity Commission in relation to a 'preferred' regulatory structure for gaming.

7.8.4.3 Option 3 - Accreditation

By facilitating the signalling of appropriately qualified suppliers without prohibiting others from manufacturing or supplying gaming equipment, the suppliers of single items of gaming equipment, would benefit from accreditation, as the Commission already approves gaming machine types and games, and other gaming equipment.

In addition, the Commission can make rules and directions and impose other requirements such as the requirement for gaming equipment to meet appropriate standards. In section 7.5.4, the Gaming Review Group recommended that these requirements be retained and thus accreditation for manufacturers and suppliers of single items of gaming equipment may be an option without the need for listing on the Roll, in that the manufacturer or supplier has to forward information to the Commission every time circumstances of the person or organisation change. This is onerous for the manufacturer of supplier of a single item of gaming equipment.

However, accreditation is not an option with respect to the situation where a manufacturer supplies large numbers of a particular item of gaming equipment in circumstances where comprehensive checks of each item of equipment cannot be undertaken, given the risks involved, such as fraudulent or opportunistic behaviour.

Therefore, the Gaming Review Group considers that the Commission be given discretion to approve who can be listed on a Roll of Recognised Manufacturers and Supplier of Gaming Equipment given that accreditation of manufacturers and suppliers of single items of gaming

equipment is an appropriate option as the equipment is on most occasions fully tested prior to approval.

7.8.4.4 Option 4 - Negative Licensing

If it is discovered that a manufacturer or supplier of gaming equipment is undertaking the activity in an inappropriate manner or is not abiding by the rules, they are excluded from the Roll. Whilst the requirement to be listed on the Roll is a barrier to entry, given the Government's key objective of ensuring the probity and integrity of gaming, thus not strictly conforming to the definition of negative licensing, it is appropriate with respect to the possibility that high level criminal activity may occur in the absence of this probity barrier. The Gaming Review Group considers that it is not appropriate to implement a negative licensing regime as the ramifications of misconduct are too wide, as the reputation of all gaming industry stakeholders would be denounced, given the nature of the gaming industry.

7.8.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restriction which requires manufacturers and suppliers of gaming equipment to be listed on a Roll maintained by the Commission, far outweigh the costs. This is the most effective way to deal with the high risk of suppling bulk gaming equipment and there is no alternative use of available resources which will result in greater overall benefit to the community. However, the Gaming Review Group is of the view that there is scope for the Commission to determine which manufacturers and suppliers of gaming equipment can be listed on the Roll, given that there are already procedures in place to ensure that gaming equipment is functionally correct. On this basis, the Gaming Review Group considers that the current arrangements, whereby all manufacturers and suppliers of gaming equipment must be listed on the Roll be wound back to allow the Commission to be given discretion to approve who should be listed on a Roll of Recognised Manufacturers and Supplier of Gaming Equipment.

7.8.6 Recommendation

It is recommended that the Commission be given discretion to determine who should be listed on a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment.

7.9 Requiring approval of relevant contracts

The Commission must approve or approve of, or a form of, a contract which is deemed to be a 'relevant contract'. A relevant contract is a contract between:

- a licensed premises gaming operator and a gaming operator; or
- a licensed operator and a manufacturer or supplier listed on the Roll.

This means, in practice, that the Commission must approve each and every contract between the gaming operator and each hotel and club for the supply of identical gaming equipment. In these situations of multiple contracts, it would be more efficient for the Commission to approve a standard form of contract and for the gaming operator to seek approval for variations from that standard form. The administrative reform to the existing provisions of the Gaming Control Act, as outlined in the report, *Ancillary Amendments to the Gaming Control Act*, recommends that this occur and as a result will be included in the legislation which will affect this recommendation in the 2000 Autumn Session of Parliament.

7.9.1 Costs

- Government: costs associated with the assessment and approval of relevant contracts.
- Licensees: licensees are limited in their contract negotiations but only in so far as the provisions are harsh and unconscionable or are not in the public interest.
- Contracted Party: limited in their contract negotiations but only in so far as the provisions are harsh and unconscionable or are not in the public interest.
- Community: no appreciable cost to the community.

7.9.2 Benefits

- Government: ensures that all relevant contracts are consistent and consistently negotiated and are not against the public interest. The Government can be assured that parties do not enter into agreements that are contrary to the Act, such as the purchase of unapproved equipment or the inappropriate imposition of fees on venue operators by the gaming operator.
- Licensees: benefit from having standard contractual agreements with all gaming operators, manufacturers and suppliers and from conditions in the contract that are not harsh unconscionable or unlawful.

- Contracted Party: benefit from having standard contractual agreements with all licensed operators and from conditions in the contract that are not harsh or unconscionable.

- Community: increases confidence in licensed gaming as contracts entered into between parties are not against the public interest.

7.9.3 Net Cost/Benefit

The Gaming Review Group considers that there is a net benefit flowing from this restriction as it ensures that all agreements protect all contracting parties, are consistent, not detrimental to the public interest and not contrary to the provisions of the Act, however the Commission should be able to approve a standard form of contract rather than view every contract.

7.9.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.9.4.1 Option 1 - Free Market

Parties may enter into ad hoc agreements that are contrary to the Gaming Control Act and therefore against the public interest, such as the purchase of unapproved equipment or the inappropriate imposition of fees on licensed premises gaming operators by the gaming operator. Thus, the Gaming Review Group considers that it would not be in the public interest to allow a free market to operate as the costs far outweigh the benefits.

7.9.4.2 Option 2 - Utilising Existing Legislation

Gaps in consumer protection laws have been closed by changes to companies law and amendments to the *Trade Practices Act 1974.* Therefore, it may be appropriate that any uncertainty with respect to contracts between a licensed premises gaming operator and a gaming operator; or a licensed operator and a manufacturer or supplier listed on the Roll, could be resolved in accordance with the Trade Practices Act.

However, the relevant contract provision increases confidence in the conduct of gaming in Tasmania because it ensures that people who do not have a relevant venue or gaming licence, or are not listed on the Roll maintained by the Commission, cannot enter into contracts which ensures probity. Furthermore, the amendments to the Gaming Control Act to simplify the operation of a relevant contract will decrease the administrative burden associated with the execution of a contract. The Gaming Review Group considers that the Trade Practices Act is too broad in application as it does not guarantee the probity of parties entering a contract.

7.9.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restriction which requires the approval of relevant contracts, far outweigh the costs.

7.9.6 Recommendation

It is recommended that the requirement to approve a 'relevant contract', between a licensed premises gaming operator and a gaming operator; or a licensed operator and a manufacturer or supplier listed on the Roll be retained, but that greater flexibility be given to the Commission to approve a standard form of contract.

7.10 Imposing financial provisions on venue and gaming operators

The legislation imposes various financial provisions on venue and gaming operators including:

- how gross profit is calculated;
- requiring the Commission to approve the internal control system of casinos;
- a minimum list for inclusion in internal controls;
- requiring the Commission to approve bank accounts;
- provisions relating to keeping true and fair records and accounts; and
- minimum pay-outs to players.

7.10.1 Costs

- Government: costs of ensuring compliance with the legislative provisions. The total cost to the Government of regulating and controlling casino betting is approximately $500 000. Part of this cost would relate to this restriction.

- Venue/Gaming Operators: compliance costs and the time taken to gain approval for new systems.

- Community: there are no costs to the community.

7.10.2 Benefits

- Government: ensures that the Government receives the correct tax revenue and gives the Government confidence that gaming within the licensed premises is properly controlled by the venue and gaming operators through appropriate procedures that are not compromised by conflicting agendas such as minimisation of costs. Good controls reduce the risk of misappropriation of revenue and ensure the public that gaming is conducted fairly and in accordance with the Act.

- Venue/Gaming Operators: ensures an appropriate system of internal controls is in place which is good business practise and minimises the misappropriation of revenue.

- Community: benefit from player protection, and the knowledge that gaming is subject to strict controls, is free from corruption and not an avenue for money laundering.

7.10.3 Net Cost/Benefit

The imposition of financial provisions on venue and gaming operators is premised on an assessment that it is better at the outset to control the day-to-day operations of the gaming industry rather than deal with the consequences of finding, for example, misappropriation of funds. Thus, this restriction ensures probity, integrity of gaming and increased public confidence in gaming and it is clear that there is a net benefit flowing from this restriction.

7.10.4 Alternative Options

Alternative options will be discussed in so far as they differ from the alternative options presented in section 7.2.4, having regard to the generic principles outlined in section 7. In general, the costs and benefits of these alternative options are similar to the costs and benefits of the alternative options presented in section 7.2.4.

7.10.4.1 Option 1 - Free Market

If no financial provisions were imposed on venue and gaming operators, the market failure would relate to information asymmetry. It is clear that to achieve the Government's objective of ensuring the probity and integrity of gaming in Tasmania, there would be a net cost to the Government and the community as a result of this information asymmetry. The current restrictive financial provisions provide a high level of confidence in the integrity of all gaming, thereby protecting the interests of all of these key stakeholder groups. Thus the Gaming Review Group considers that it would not be in the public interest to allow a free market to operate as the costs far outweigh the benefits.

7.10.4.2 Option 2 - Compliance Plans

By encouraging venue and gaming operators to submit compliance plans which replicate the existing financial provisions, there is a high risk that each of these gaming industry stakeholders will not abide by the compliance plans, given the monetary incentive to defraud. There needs to be a high degree of assurance that the compliance plans will be adhered to, as subsequent remedial action would not be deemed appropriate by the community. The Gaming Review Group considers that a compliance plan is not a suitable alternative, given the risks associated with fraud and possibly a decline in taxation revenue to the Government.

7.10.4.3 Option 3 - Utilising Existing Legislation

The objective of the Corporations Law is to encourage voluntary compliance by ensuring that the transactions of corporations are transparent and in accordance with relevant standards and laws by defining liabilities, roles, and powers of the various parties of corporate bodies. Given the possibility of criminal activity with respect to the large volume of physical cash transactions involved in the gaming industry, it is not appropriate to rely solely on the existing legislative base, as it does not explicitly ensure that the day-to-day operations of venue and gaming operators is conducted with the highest integrity.

Furthermore, the taxation regime applicable to venue and gaming operators is contained within the Gaming Control Act and the 1993 Deed, the imposition of the financial provision enables that Government to ensure that revenue from gaming is maximised, which ultimately

benefits the community through providing an expanded range of services or improving the standard of service.

Thus, the Gaming Review Group considers that there is a public interest in the Government imposing the financial provisions, given the nature of the gaming industry and the extraneous nature of the existing legislative base to deal with the day-to-day operations of the gaming industry.

7.10.5 Findings

The Gaming Review Group concludes that the benefits imposed upon the community as a whole, as a result of the restriction which imposes financial provisions on venue and gaming operators, far outweigh the costs. The legislative mechanism of imposing financial provisions is the most effective way to deal with the high risk and there is no alternative use of available resources which will result in greater overall benefit to the community. On this basis, the Gaming Review Group considers that the retention of the restrictions can be justified in the public benefit.

7.10.6 Recommendation

It is recommended that the imposition of financial provisions on venue and gaming operators be retained.

8. OTHER JURISDICTIONS

It is worth considering the types of restrictions placed on gaming activities in other jurisdictions in Australia and overseas. Firstly, some examples from Australia will be detailed. A summary of this section can be found in Attachment 1.

8.1 New South Wales

Regulation of the gaming industry in New South Wales (NSW) is contained in the following three pieces of legislation: *Casino Company Control Act 1992*, *Registered Clubs Act 1976* and *Unlawful Gambling Act 1998*. As with the legislation in Tasmania, the key focus of the NSW regulation is to ensure the probity and suitability of those involved in the provision of gaming, to protect consumers, limit access to minors and establish a legal form of gambling in the State.

The NSW legislation requires licensing of operators and key employees, where key employees are all employees whose duties relate to gaming activities and the relevant equipment (eg video gaming machine technicians). It also require approval of the casino layout, the types and rules of games and of gaming equipment. There is to be no gaming by minors and a contribution to a community benefit levy. The legislation also requires the approval of the accounting system and internal controls in addition to requiring the approval of *all* contracts which relate to the supply of goods or services to a casino.

Finally, in relation to the existence of gaming machines in registered clubs, the NSW legislation requires that the venue be approved to have poker machines. In addition, there are

rules in relation to the security of machines and the keeping of these machines, for example in terms of the location of the machines in the club. There are further requirements for the duty payable on machines and the monitoring of the gaming devices. Finally, the legislation requires the licensing of dealers, sellers, technicians and advisers in relation to gaming machines.

8.2 Victoria

The Victorian regulation of gaming is very similar to both Tasmania and NSW. The three key pieces of legislation in Victoria are: *Gaming Machine Control Act 1991*, *Gaming and Betting Act 1994* and *Casino Control Act 1991*.

The legislation contains provisions in relation to the following:

- regulation and control of gaming machines and equipment;
- listing of manufacturers of gaming machine equipment on a Roll and examination of associates;
- approval of premises and siting of gaming equipment;
- licensing operators, employees and technicians;
- approval of gaming machine types, games and monitoring systems;
- no gambling by minors;
- approval of accounts and banking provisions;
- contributions to a community support fund and a hospitals and charities levy;
- the provision of a gaming licence;
- restriction of foreign shareholding to less than 40 per cent;
- licensing, supervision and control of casinos (including associates);
- approval of *all* contracts in relation to the supply of goods and services to a casino;
- licensing all employees involved in gaming; and
- approval of internal controls and procedures.

8.3 Queensland

The two major objectives leading to legislation of specific types of gaming in Queensland are to suppress illegal gaming by offering a legal equivalent and to ensure the probity of the persons and integrity of the systems involved in gaming by licensing the providers of the gaming product. The two major aspects of the Queensland regulatory structure are licensing and compliance.

The various types of licences in Queensland include casino licences, licences for organisations or individuals for commercial gaming operations, key employee and key person licences, body corporate licences and monitoring operators licences.

The Queensland system also involves reviewing agreements related to gaming, checking gaming equipment, evaluation and approval of games, approving monitoring systems, ongoing

audits and inspections and the review and approval of internal control systems, gaming rules and the development of operational policies and procedures.

All of these regulatory requirements are designed to ensure the integrity of gaming and encourage a culture of responsible management of gaming operations.

8.4 Western Australia

In Western Australia successive Governments have determined that it is in the public interest to have a legislative regime requiring licensing and strict regulation of the gaming industry. The development of the State's gaming laws recognised the public's desire for access to gaming activities but attempted to strictly regulate the manner in which gaming occurred.

The *Casino Control Act 1984* provides the administrative mechanisms to licence casinos, control gaming operations within casinos and the regulation of casino activities by a statutory authority (the Gaming Commission). The Act provides the Commission with the power to authorise the games played and their rules, issue licences, and provide directions in relation to account keeping, gaming operations, the production of records and supervision and control of casino gaming operations.

8.5 Las Vegas, Atlantic City and Mississippi

Finally, it is useful to compare how other countries regulate gambling. In terms of gambling, arguably the largest market exists in America, therefore, regulation in America will be considered. In order to do so without going into unnecessary detail, the three largest gaming markets within America have been examined, namely Las Vegas Nevada, Atlantic City New Jersey and Tunica County Mississippi. These three jurisdictions have very similar gaming regulation. In all cases, the gaming industry is highly regulated to ensure that gaming venues are open to the public and that only suitable, responsible persons are involved in gaming.

In Las Vegas, America's largest gaming market, there is strict regulation of all persons, locations, practices, associations and activities related to the operation of gaming establishments and the manufacture and distribution of gambling devices and equipment. The State of Nevada offers a complex structure of licensing, requiring licensees to comply with State, county and municipal laws, regulations and procedures. Licensing includes corporations and other structures running gaming venues, manufacturers, sellers and distributors of gaming devices and employees.

Atlantic City is the second largest gaming market in America and also has a rigorous regulatory system. Licensing is the foundation of the New Jersey regulatory system with licences required for corporate and individual owners, managers, employees and service industries associated with gaming. The casino control legislation focuses on licensing, monitoring operations and scrutinising gaming equipment. It ensures the integrity of the casino games, accounting and internal controls as well as the integrity of slot machines.

Finally, in Mississippi, licensing is once again the cornerstone of the regulatory system. The Mississippi Gaming Commission requires a gaming licence as well as licences for manufacturers, distributors and key personnel. The regulatory system in Mississippi also encompasses venue conditions, how games are to be played including approval of both the rules and the equipment and approval of internal controls for gaming establishments.

It is therefore clear that the primary measures used to ensure the probity of gaming operations, limit the availability of gaming to minors and establish guidelines within which gaming can lawfully be conducted are similar to those currently applied in Tasmania.

9. ATTACHMENT 1 - REGULATION IN OTHER JURISDICTIONS

	Restriction	Tas	Vic	NSW	WA	Qld	USA (Las Vegas, Mississippi, Atlantic City)
5.1	Ownership Restrictions	✔	✓			✓	
5.2	Licensing casinos and gaming operators	✔	✓	✓	✓	✓	✓
5.3	Licensing gaming employees and technicians	✔	✓	✓	In Regulations	✓	✓
5.4a	Imposing requirements on gaming equipment	✔	✓	✓	✓(casino gaming equipment)	✓	✓
5.4b	Controlling how gaming is to be undertaken	✔	✓	✓	✓	✓	✓
5.5	Restrictions on hours of operation	**indirect**	indirect	indirect	indirect	indirect	NA
5.6	Imposing restrictions on areas available for gaming	✔	✓	✓	✓	✓	✓
5.7	Differing treatment of clubs and hotels	✔	✓	✓	NA	✓	NA
5.8	Approval of gaming equipment suppliers and manufacturers	✔	✓	✓	✓(casino gaming equipment)	✓	✓
5.9	Approval of relevant contracts	✔	✓	✓		✓	✓
5.10	Imposing financial provisions on operators	✔	✓	✓	✓	✓	✓

10. ATTACHMENT 2 - TERMS OF REFERENCE

MINOR REVIEW OF GAMING LEGISLATION

GAMING CONTROL ACT 1993(EXCEPT IN RELATION TO SCHEDULE 1 - THE AGREEMENT BETWEEN THE GOVERNMENT AND FEDERAL HOTELS LIMITED);

CASINO COMPANY CONTROL ACT 1973;

TT-LINE GAMING ACT 1993; AND

RACING AND GAMING ACT 1952 (IN SO FAR AS THIS ACT RELATES TO THE REGULATION OF MINOR GAMING ACTIVITIES)

INTRODUCTION

At the meeting of the Council of Australian Governments (COAG) on 11 April 1995, the Tasmanian Government (along with the Commonwealth and all other State and Territory governments) signed three inter-governmental agreements relating to the implementation of a national competition policy (NCP). The agreements signed were:

- the Conduct Code Agreement;
- the Competition Principles Agreement; and
- the Agreement to Implement the National Competition Policy and Related Reforms.

The Competition Principles Agreement (CPA), among other things, requires the State Government to review and, where appropriate, reform by the year 2000 all legislation restricting competition. This requirement is outlined in clause 5.

The State Government's Legislation Review Program (LRP) meets Tasmania's obligations under clause 5 of the CPA by, *inter alia*, outlining both a timetable for the review of all existing legislation that imposes a restriction on competition and a process to ensure that all new legislative proposals that restrict competition or significantly impact on business are properly justified. Further, the LRP details the procedures and guidelines to be followed by agencies, authorities and review bodies in this area. Details of the LRP's requirements are contained in the *Legislative Review Program: 1996-2000 Procedures and Guidelines Manual* (the "Manual").

TERMS OF REFERENCE

The Gaming Review Group, as detailed in attachment 1, shall conduct a minor review of the *Gaming Control Act 1993* (except in relation to Schedule 1 - the Agreement between the Government and Federal Hotels Limited), the *Casino Company Control Act 1973*, the *TT-Line Gaming Act 1993* and the *Racing and Gaming Act 1952* (in so far as this Act relates to the

regulation of minor gaming activities) and all subordinate legislation under those Acts (herein referred to as "gaming legislation"), having regard to the following guiding principle:

"That legislation should not restrict competition unless it can be demonstrated that:

(a) the benefits of the restriction to the community as a whole outweigh the costs; and

(b) the objectives of the legislation can only be achieved by restricting competition."

As a minimum, the review shall:

1. clarify the objectives of the legislation;

2. identify the nature of the existing restrictions on competition;

3. consider whether the existing restrictions, or any other form of restrictions, should be retained by:

   - analysing the likely effect of the existing restrictions or any other form of restriction on competition and on the economy generally;

   - assessing and balancing the costs and benefits of the restrictions; and

   - considering alternative means for achieving the same result, including non-legislative approaches; and

4. identify the broader impact of the legislation on business and assess whether this impact is warranted in the public benefit.

Without limiting the scope of the review, the Gaming Review Group shall address the following issues:

- whether the restrictions on market entry, restrictions on competitive conduct and restrictions on product and service innovation imposed by the State's gaming legislation are justified as being necessary in the public benefit; and

- whether such restrictions on competition represent the minimum controls necessary to ensure that availability of gaming to minors is limited.

The Gaming Review Group shall take other broad policy considerations of the Tasmanian Government into account when determining whether legislative restrictions on competition or significant impacts on business are warranted. These considerations include, but are not limited to:

- government legislation and policies relating to ecologically sustainable development;

- social welfare and equity considerations, including community service obligations;

- government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;

- economic and regional development, including employment and investment growth;
- the interests of consumers generally or a class of consumers;
- the competitiveness of Australian businesses; and
- the efficient allocation of resources.

Format of the Review

The Gaming Review Group must complete a brief assessment of:

- the objectives of the legislation;
- the costs and benefits of any restrictions on competition;
- the impact of the legislation on business; and
- whether the restrictions on competition or the impact on business is warranted in the public benefit.

The Gaming Review Group must ensure that the scale of the assessment is commensurate with the relative impact of the legislation. Public consultation may be undertaken if considered appropriate by the Gaming Review Group.

The Gaming Review Group must prepare a Minor Review Statement in accordance with Appendix 4 of the Manual. The Gaming Review Group must then seek endorsement from the Department of Treasury and Finance's Regulation Review Unit (RRU) for the Minor Review Statement.

Reporting Requirements

The Gaming Review Group must produce a final review report in accordance with the Manual. The final review report must contain:

- a copy of the Minor Review Statement;
- a summary of any public consultation undertaken;
- clear recommendations on the possible actions that can be taken by the Government, including retaining, amending or repealing the specific legislative restrictions on competition in question. Where retention or amendment is recommended, the report must include a clear demonstration of the benefit to the public;
- clear recommendations on any possible actions that can be taken by the Government in relation to the broader impact of the legislation on business; and
- an outline of any transitional arrangements which may be required under the recommended course of action and the rationale for these arrangements.

The Date of Completion

The Gaming Review Group shall provide a copy of both the completed review report and RRU endorsement of the Minor Review Statement to the Minister for Finance by 30 November 1998.

TERMS OF REFERENCE - ATTACHMENT 1

GAMING REVIEW GROUP

The Gaming Review Group will consist of:

- Peter Bennett, Assistant Director, Inter-Government and Financial Policy Branch, Department of Treasury and Finance; and
- Jane Hyland, Assistant Director, Gaming Operations Branch, Department of Treasury and Finance.

The Inter-Government and Financial Policy Branch of the Department of Treasury and Finance will provide Secretariat and funding support to the Group.