STUDY OF GAMBLING IN THE NORTHERN TERRITORY 1996-97

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Report prepared for the NT Racing and Gaming Authority

Australian Institute for Gambling Research

University of Western Sydney

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FOREWARD

Study of Gambling in the Northern Territory 1996-97

University of Western Sydney, Australian Institute for Gambling Research

2000

The Northern Territory Government commissioned work to be done in response to recommendations of the Report of the Northern Territory Legislative Assembly Select Committee on Effects of Poker Machines in Community Venues. That report was tabled in Parliament in February 1995.

A major recommendation was to conduct a baseline study into the extent and effects of gambling in the Northern Territory. That work was subsequently undertaken by the Australian Institute of Gambling Research and conducted from January 1996 to December 1997. The investigators were Professor Jan McMillen and Ms Samantha Togni.

A report was produced and presented to Government in 2000. Attached is the baseline account of gambling and related impacts that were identified by that research.

The passage of time means the material is dated. However the information is still important for putting more contemporary studies in context and to give some continuity to appreciating gambling and its effects in the Northern Territory. The report is now being made publicly available as information for interested persons and other researchers.

It is significant that there was a delay between the data collection and the final report received by Government, as intervening events would also date interpretation of the results and the design of appropriate responses. There have been further changes since then too – transfer of ownership of gaming machines from Government to private interests, election of a new Territory Government, population variations and tourism fluctuations in the wake of local and global factors, technological advances, Commonwealth Government interventions on gambling and improved research methodologies for assessing gambling pattens and issues.

In light of these concerns and qualifications, the results are offered without official analysis or response. Their value lies in providing insight into gambling as it occurred in the mid-1990's.

Director

Racing, Gamign and Licensing (Policy)

July 2004

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Abbreviations

ABS	Australian Bureau of Statistics
AIGR	Australian Institute for Gaming Research
ASTC	Alice Springs Turf Club
CBF	Gaming Machine Community Benefit Fund
CRG	Community Reference Group
DTC	Darwin Turf Club
EGMs	Electronic Gaming Machines
GSP	Gross State Product
NAGS	National Association for Gambling Studies
NCP	National Competition Policy
NT	Northern Territory
QOGR	Queensland Office of Gaming Regulation
R&GA	Northern Territory Racing and Gaming Authority
UWSM	University of Western Sydney - Macarthur
VCGA	Victorian Casino and Gaming Authority

1 Introduction

This report presents the research findings of a two-year study of gambling in the Northern Territory (NT) 1996/97, commissioned and funded by the Northern Territory Government (Racing and Gaming Authority - R&GA) and conducted by the Australian Institute for Gambling Research (AIGR). It reports on the social and economic aspects of gambling in the NT, and includes analysis of:

- expenditure on gambling;
- activities in gambling venues and facilities;
- business and retail activities – changes, developments and trends;
- employment patterns and labour relations in gambling venues and other related sectors;
- effects on regional economic growth;
- effects on other leisure and gambling industries;
- impact on public services;
- regulatory costs and benefits;
- socio-economic profile of gamblers and non-gamblers;
- changes in gambling and leisure patterns;
- community perceptions of the impacts of gambling, perceived problems and solutions;
- changes in domestic spending patterns as a direct result of the gambling environment;
- impacts on various social groups;
- patterns of crime;
- social dysfunctions; and
- policing patters.

The Terms of Reference for the study are attached as an Appendix.

The Final Report incorporates four interim reports, which have been submitted to the Racing and Gaming Authority during the research in 1996/97:

- an Interim Report on the Use of EFTPOS Facilities in Gaming Venues 1996;
- Summary Report of a Community Survey 1996;
- Interim Report 1997 which summarised research progress to that time; and
- Recommendations for a Rehabilitation Network and Community Education Program 1997.

The research was cumulative over 1996/97, and this report analyses the trends and issues which emerged from the data and consultations during that time. The report provides a summary of the research strategies and data sources being used, a brief outline of the socio-economic context of gambling in the NT, and a detailed analysis of issues as specified in the Terms of Reference.

1.1 The research team

The research was conducted by an experienced multidisciplinary team:

Professor Jan McMillen

Executive Director, Australian Institute for Gambling Research

University of Western Sydney, Macarthur

Samantha Togni (Principal Researcher)

Senior Research Officer

Australian Institute for Gambling Research

University of Western Sydney, Macarthur

Dr Peter Steane (consultant)

Senior Lecturer

Latrobe University

Diane Cavanough

Senior Research Officer

Faculty of Economics and Finance

Queensland University of Technology

Independence and impartiality of the research has been achieved by applying the principles and research practices of the Australian Institute for Gambling Research (AIGR). As a university-based research centre the AIGR is bound by the ethical standards and procedures of the research policies of the University of Western Sydney, Macarthur (UWSM) and the Australian Vice Chancellor's Committee. This study has been conducted under the auspices of the UWSM Research Office and has received approval of the UWSM Ethics Committee. The AIGR has further strengthened the accountability and independence of its research by introducing its own strict Code of Practice[1].

The nature of the research agreement did not allow the AIGR to seek expert comments on the approach and findings of the study via an external peer review panel.

1.2 Research methodology and limitations

Importantly, the research was designed to provide a balanced focus on both the costs and benefits of NT gambling. That is, it would investigate the positive aspects of gambling such as economic growth and employment, often promoted as the rationale for legalising gambling development, and the negative effects of gambling. In particular the research design included investigation of the impacts of increased gambling in general and problem gambling, such as the effects on some individuals and families. Moreover, the study attempted to explore the relationships between social and economic aspects of gambling in an integrated research framework.

It must be noted that it is not possible in such a study to identify the *full* costs and benefits of impacts (or *net* costs and benefits). In any cost-benefit analysis there will always be a degree of uncertainty about causal linkages and gaps and inconsistencies in the data. However, this report has stated the extent to which costs and benefits can be claimed with any certainty, and indicated where there are not valid grounds to claim a specific gambling impact.

Timing of the study over two years has allowed integration and comparison of data trends between 1996 and 1997. A longitudinal study of this type has considerable advantages over the more common short-term studies which have characterised much gambling research in Australia and overseas. An extension of time was requested and granted to allow completion of consultations and receipt of official 1997 data such as the Tasmanian Gaming Commission's annual compilation of *Australian Gambling Statistics*.

The research strategy outlined below (Section 1.3) was developed in a series of stages to ensure that all the major issues and impacts could be addressed adequately and progressively over the two-year period. This strategy has been sufficient to allow time for periodic data collection and consultation with all interested parties, including the opportunity for follow-up research and consultations to provide feedback on research prior to final analysis and report.

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[1] Available at http.//fassweb.macarthur.uws.edu.au/AIGR).

A wide range of research techniques and data sources have been used to obtain the information required, drawing on quantitative and qualitative methods as appropriate. The research strategy builds upon similar impact studies undertaken in Australia (Caldwell et al., 1988; Lynch et al., 1996, 1997; McMillen et al., 1995, 1996; National Institute of Economic and Industry Research [NIEIR], 1994; State Government of Victoria, 1994; the various research reports commissioned by the Victorian Casino and Gaming Authority (AIGR, 1997; NIEIR, 1997). Research methods have been adapted to address all forms of gambling and to suit the NT environment.

The research methods include, but have not been limited to:

- appraisal of existing gambling studies in Australia and overseas to identify predicted impacts and relevant data sources. This review also evaluated the methodologies and supporting data used and their relevance for this study;
- identification, compilation and analysis of baseline data, existing relevant reports and official documents to identify gambling issues and patterns in the NT;
- consideration of relevant gambling legislation and operating conditions for the NT, and identification of relevant policy changes during the time of the study;
- consultation and interviews with representatives of Territory gambling venues and operations, community representatives, government agencies, local businesses and residents, gamblers, and relevant researchers;
- regional visits and observation;
- surveys to examine community attitudes and gambling patterns, impacts charities and on local business in the main localities;
- trend analysis of government and commercial data on the performance of various forms of gambling over the two year period. Data on casino operations also have been included where they have been made available from casino operators;
- surveys of venues with electronic gaming machines (EGMs) to investigate income and employment impacts;
- analysis of media reports about Territory gambling and their impacts;

- statistical analysis of gambling related trends and impacts (turnover and expenditure, taxation, crime, economic indicators, etc.).

A collaborative research strategy was developed to structure research activities and to assist with project coordination. The research design has been based on principles of community participation and consultation, involving key stakeholders in the main Territory communities as active and effective contributors to the study. Core elements of the research strategy were:

- research was undertaken with the Terms of Reference as the central organising principles. The particular research methods and data sources used to investigate each aspect of gambling are discussed in the relevant sections of this report;
- Samantha Togni was appointed as Principal Researcher based in Darwin, with other members of the research team assisting with field research, data analysis and cross-validation;
- researchers sought data (qualitative and quantitative) to identify both costs and benefits for each Term of Reference;
- the core administrative vehicle for collaboration between the researchers and stakeholders has been a Community Reference Group (CRG) of key stakeholders which met periodically with researchers in Darwin during the study. Additional interviews also have been conducted with individual members of the CRG and other relevant parties as issues emerged from the data. All information and data was cross-checked for validity and reliability;
- overall coordination of research was managed through the office of the AIGR.

Following a literature review, a broad framework for multidisciplinary cost-benefit analysis was developed to guide an integrated analysis of social and economic and impacts. The framework drew on categories and issues identified in Australian and international studies of the social and economic impacts of gambling. This approach incorporates trend analysis and impact assessment into social planning processes to enhance the benefits of development and reduce negative impacts.

Analysis of macro and micro-economic aspects of gambling and their impacts created particular problems for the research team, however. We were unable to locate an agreed economic model which would adequately identify the actual economic impacts of gambling. Moreover, regional baseline data that would allow identification of the specific economic aspects of gambling development (either direct or indirect impacts) often were not available or were inconsistent. Within these constraints, a cost-benefit framework for economic analysis was constructed based on the economic indicators that have been identified in the literature as key areas of casino impact (Gazel, 1998).

Effort was made in the research design to overcome the common limitations of gambling studies (eg. the neglect of relationships between various sets of social and economic effects, the tendency to address only short-term patterns). Even so, this project has been hampered by lack of relevant and sensitive time-series data, and by the fact that some forms of gambling (EGMs, Keno) have been operating in the NT only for a relatively short time and thus may reflect an 'immature' market. Inconsistencies, data gaps and resource constraints restricted the capacity of this study to comprehensively analyse and compare the different forms of NT gambling.

The difficulties of comparative analysis have been compounded by the fact that there are marked differences in the time and operating conditions of various forms of NT gambling, factors which are likely to affect both the impacts which have occurred and the available measures of those impacts. This research report identifies where it is not possible to identify gambling-specific impacts or causality with adequate confidence.

Moreover, some issues emerged during the study that could not be adequately explored or analysed. For example, time and resource constraints prevented examination of the particular features of Aboriginal gambling and the impact of commercial gambling on their community games, or the access and efficacy of support services for people with gambling problems.

Within these limitations, this study has sought to present a longitudinal analysis of gambling impacts and trends, which will suggest avenues for further research. Wherever possible, data collection was designed to specifically identify gambling-related trends and differentiate gambling impacts from other more general factors (economic fluctuations, social change, the growth of tourism, etc.). Future research should allow time to generate gambling-specific time-series data, which would more adequately distinguish the effects of gambling from other events occurring either in the local community or at a Territory and national level.

A comparative focus was facilitated by duplicating the research methodologies in the five major regions of the NT (see Section 1.2.1. below). Preliminary analysis identified common characteristics and differences in these regions were then investigated further. As noted in other gambling research (Department of Internal Affairs, 1997:25; McMillen et al., 1995), the impacts of gambling can vary from one region to another. Thus it was important to investigate the extent to which gambling and its impacts have been determined by regional factors (the nature of the local economy, social demography, power relationships, cultural practices and community expectations), the size, location and type of gambling outlets, and the interaction of gambling operations and the local community.

The legislation and regulations that govern the introduction and operation of NT gambling also have affected the impacts that have occurred. This study therefore has considered the implications of conditions placed on gambling licences and any specific ameliorative measures introduced by management, government or other agencies which were designed to minimise adverse impacts.

1.2.1 Assumptions of the research

As with all such research, certain assumptions were built into the methodology and the overall study:

- the chosen methodology was sensitive to unanticipated issues which emerged from the data and consultations - ie. the research design was flexible and continued to evolve as the research progressed;
- each stage of research (design, data collection and analysis) depended heavily on the active collaboration and contribution of stakeholders in the NT, and an effective relationship between the research team and members of the Community Reference Group. It was essential to establish and maintain a climate of trust and cooperation between the disparate and groups participating in the study;
- the research design and progress were shaped to a large extent by the availability of relevant secondary data sets. Data was complied from a number of sources to respond to research questions. For example, the extent of problem gambling and its impact on social agencies was explored by a combination of interviews and the examination of existing data from service providers. Economic and business indicators include gambling performance data, regional economic trends, employment and unemployment data, as well as government expenditures and taxation revenues;
- If existing data proved to be inadequate to identify impact trends, efforts were made to generate new data where possible. For example, additional primary data was collected from community surveys in 1996 and 1998, and mail surveys of charities and non-profit organisations as well as local business. These efforts added significantly to what could be achieved for this study;
- Many of the major research objectives relied heavily on the cooperation and provision of data by the Racing and Gaming Authority and other agencies. We sought data from casino management of MGM Grand Darwin Casino and Lasseter's Casino which would enable the researchers to independently assess crucial data on patronage, aspects of casino operations, suppliers of goods and services, etc. Lasseter's Casino was owned by a private company (Ford Dynasty Pty Ltd) until late 1997, and although it is conventional not to make public this

type of information, Lasseter's agreed to many of our data requests, but sought a confidentiality agreement on financial and profitability data related to the casino's operations. MGM Grand Darwin Casino, in contrast, is a public company, and thus the basic operating data was available in the company's annual reports.

1.2.2 Regional divisions

For the purposes of this report, social and economic data relating to the NT has been collected on a regional basis wherever possible. The regions chosen reflect the major geographical and demographic patterns in the NT, allowing for a detailed examination of the social and economic aspects of gambling in each distinct region.

The regional divisions are largely those used in the Australian Bureau of Statistics (ABS) (1996a) publication *Regional Statistics Northern Territory 1995*. However, there are a couple of important differences, which reflect the distribution of gaming venues, as outlined below.

The following regional divisions are utilised throughout this interim report.

- **Darwin Region** – includes the major urban centres of Darwin and Palmerston, the Darwin rural areas incorporated within the Litchfield Shire and extending as far south as the Daly River region, into West Arnhem and inclusive of the Tiwi Islands. There are the areas described in the ABS (1996a) publication as the "Darwin Statistical Division and Environs" and the "Darwin Region Balance". However, due to the close proximity of Pine Creek to Katherine, Pine Creek, for the purposes of this report is excluded from the Darwin Region and included in the Katherine Region (outlined below).
- **East Arnhem Region** – includes the two major mining centres of Nhulunbuy and Alyangula as well as the large number of Aboriginal communities within the East Arnhem Region as defined in the ABS (1996a) publication.
- **Katherine Region** – includes the major centre of Katherine, as well as Pine Creek (which is not included in the Katherine Region profiled in the ABS (1996a) publication), Mataranka and Borroloola.

- **Tennant Creek Region** – includes the town of Tennant Creek as well as the Barkly Tablelands.
- **Alice Springs Region** – includes the major centre of Alice Springs, Yulara and a large number of the Central Australian desert communities.

Each of these regions were visited by researchers in 1996 with follow up visits and observation in 1997. Moreover, a separate field trip was conducted to a Top End Aboriginal community in 1996 and to other Aboriginal communities in 1997.

1.2.3 Steps in the research

Principal steps in the research strategy were:

1. to develop an updated social and economic profile of the NT, and the five major regions, to identify general trends and potential areas of impact (direct & indirect impacts, possible linkages). Evaluation of these data and available documentation, and interviews with the stakeholders provided a range of predicted trends and identified issues for further analysis;
2. to identify specific indicators, issues and research questions which we should explore to measure trends and impacts on the local communities. This step in the research process also identified the available data sources that relate to each form of gambling and potential impact. Data was sought to identify patterns at the regional and Territory levels, as appropriate;
3. to obtain an appraisal of external factors which might affect the data or influence trends - e.g. an understanding of the general context and key events which might also affect social and economic patterns in the regions and the Territory as a whole. Here the aim was to disentangle gambling trends and impacts from other factors and to investigate the issue of causality.

The research and analysis was structured periodically. Where data are available, each form of gambling and their impacts have been analysed on an annual basis (1996, 1997). An attempt also was made to examine any seasonal factors, which might have affected trends and impacts. Research has been sensitive to significant events that have occurred within the gambling organisations themselves - eg. the refurbishment of MGM Grand Darwin Casino, the introduction of Keno to clubs and hotels.

1.2.4 Consultation

A Community Reference Group (CRG) was established in Darwin as the central mechanism for consultation and research collaboration. The CRG has acted both as a valuable source of data and as a mechanism to identify issues and cross-check information.

Importantly, this strategy allows the community to play an active and collaborative role in the research. Thus research data is more likely to accurately reflect community impacts. Further, additional gambling-specific data was generated with the cooperation of the CRG members.

The CRG first met at the start of the project and members were consulted at regular stages of data collection and analysis to advise, assist and contribute to research. A final meeting of CRG was held in late July 1997 to allow the research team to report on research progress, to identify further data for collection and to clarify certain issues.

Members of the CRG included representatives of:

- local government and relevant Territory agencies (e.g. Liquor Commission, Police);
- NTHA;
- business and retailers' associations;
- social service agencies;
- Aboriginal groups;
- Northern Territory University.

A membership list of the CRG is provided in Appendix 2. Additional relevant participants were identified during research and were consulted where appropriate.

To allow frank and open discussion of the issues by community representatives, the Racing and Gaming Authority did not participate in the CRG. However, the Authority has assisted the project with information and documentation as requested. The research team provided interim reports on research progress to the Racing and Gaming Authority as noted above.

1.3 Stages of research

The impact study was conducted over several stages to allow periodic review and assessment of the data and information received, and adjustment of the research design to accommodate emerging issues. It also facilitated exchange of information and cross-validation in the consultation process.

The first exploratory stage of research provided a preliminary understanding of the pattern of gambling development in the Territory and identified issues of concern to interested groups in the local community. It also allowed consultative processes to be established. The various research activities during this stage included:

- Review of existing data and literature. This process was greatly assisted by materials provided by the Racing and Gaming Authority, especially the comprehensive Legislative Assembly reviews of machine gaming policies and interactive gambling (Northern Territory Legislative Assembly, 1994; 1995). This material was supplemented by a review of other gambling research literature and the AIGR's own library resources.
- Invitations were extended to stakeholders in the NT to participate in the Community Reference Group assisting the project. The aim was to achieve extensive and balanced coverage of community interests. Response to these

invitations was overwhelmingly positive. The first meeting of the CRG was held on 14 March 1996 and the final meeting on 28 July 1997. These meetings were very productive, identifying a number of issues and data sources for investigation. The study's objectives and proposed research strategy were explained and advice sought on the scope of investigations and effective consultation. The CRG was encouraged to suggest impacts for investigation, likely data sources and others who should be consulted. Several members of the CRG offered existing data (both qualitative and quantitative) or agreed to assist with new data generation;

- Interviews with gaming venue managers, racing and TAB officials, bookmakers, lottery operators, business and tourism representatives, community leaders, welfare agencies, unions, government officials, Liquor Commissioner, Racing and Gaming Authority, parliamentarians, other researchers;
- Follow-up interviews were conducted with industry and community stakeholders to clarify impacts and issues, and to identify any external factors or which might influence trends.
- Specific data about gambling participation and effects, economic performance, employment, problem gambling, etc. were requested from industry representatives.

- Baseline data from ABS, NT and regional authorities was compiled and analysed to prepare economic and social profiles for the Territory and the five main regions. These initial profiling activities were supplemented by consultation and reports from other sources such as city councils, service agencies, university researchers, parliamentarians and Aboriginal community representatives.
- The data were reviewed to identify trends, potential impacts and to identify indicators for trend analysis. This review involved refinement of analytical categories and research design, taking into account the different methodologies and statistical frameworks used in various data sources.
- Early in the study it became clear that critical data which would address the Terms of Reference were seriously deficient, as previously noted. Moreover, we were unable to draw on secondary research to the extent that we had expected. For example, there was surprisingly little independent university-based research

available on social and economic issues for the NT, and even less analysis of gambling trends.

- This lack of data created serious difficulties for the research, and required us to reconsider our methodology and research strategy. Within the capacity of the study, we sought necessary information from a variety of sources and initiated additional primary research (e.g. mail-out surveys of Territory businesses and charitable organisations). The Racing and Gaming Authority provided valuable assistance with the design of questionnaires for surveys of EGM venues in 1997 and 1998. But time and funding constraints did not allow us to undertake additional primary research which would have provided useful information.
- We also sought advice regarding the appropriate protocol for research involving Aboriginal communities, and advice about how this study should undertake such research. Similar inquiries were made about other specific social groups such as women and youth. On reflection, it was decided that the limited resources available to the study and the fact that Aboriginal people had not contributed to defining the Terms of Reference, precluded an adequate and culturally sensitive examination of gambling in these communities. Within these constraints, however, it also was considered important to provide a formal opportunity for an Aboriginal perspective to contribute to the study. Examination into the impacts of gambling on specific cultural groups has been confined to data which was available more generally, field visits to a Top End Aboriginal community and information provided by Aboriginal and other ethnic participants in the CRG and consultation process. This study therefore provides only a partial and incomplete examination of these issues. It is our view that an impact study which acknowledges the cultural practices and particular circumstances of Aboriginal people would require their full and active involvement in research design, data collection and analysis.

The second stage of research (a more detailed investigation stage) aimed to collect available data on the full range of gambling activities and impacts and background information on the context within which gambling has occurred. It also focussed on in-depth discussions and consultation with interested parties who could provide such information. Research activities in the second investigative stage included:

- the collection and analysis of primary data via interviews and surveys (community, EGM venues, charities) supplemented with analysis of secondary data in order to access existing and emerging patterns, impacts and perceptions. Data from various sources were cross-checked for factual correctness and to assist our evaluation of events and impacts;
- field trips to the five regional centres and Aboriginal community;
- data collection to identify and assess the characteristics of each form of NT gambling and their impacts on local businesses, the economy more generally, other gambling and leisure activities, employment and labour relations, the community as a whole, and government revenues and services;
- on the basis of this data, investigation and preliminary determination of impacts of gambling in each NT region to identify changes over time and the costs and benefits for public and private sectors.

The third stage of research (the main assessment stage) consolidated the compilation and analysis of data to systematically address the Terms of Reference. This stage included steps to elicit the response of CRG to gambling trends 1996/97, and to the study and its emerging findings. In response to suggestions from the CRG and our own research in the scoping stage, this included:

- feedback discussions with the CRG to review research progress and convey tentative findings. On this basis, additional data was collected and the preliminary findings refined and validated;
- continued data collection, and identification of data gaps and limitations which must be acknowledged in the report;
- repeat surveys and follow-up field visits to regions and communities visited in 1996;
- follow-up interviews with organisations and groups in each region, members of the local business community, gambling operators, etc.;
- analysis and identification of impacts for each form of gambling, their benefits and costs, and factors which have generated these social and economic impacts.

Particular attention was given to the degree of causality and direct links between gambling and other patterns and trends;

- assessment of the effects of ameliorative measures introduced to prevent or minimise problems;
- prepare policy advice to the Racing and Gaming Authority to assist with co-operative strategies to address emerging problems and strengthen beneficial impacts;
- team preparation of the draft report.

The fourth and final stage of the study will follow review of the Draft Report by the Racing and Gaming Authority and will focus on completion and submission of the Final Report. The steps to be taken are:

- clarification of issues and queries raised about the Draft Report;
- revision and completion of Final Report for printing and distribution.

1.4 Acknowledgments

In project of this size there are many people deserving of acknowledgment. The project could not have been conducted as effectively without the generous assistance and support of Relationships Australia NT (RANT) who provided office space for our NT-based research officer. The researchers extend our sincere thanks to Arthur Van Eigen, Executive Director, Janet Muirhead, Acting Executive Director and the other staff at RANT.

Our sincere thanks are extended also to the following contributors:

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- Members of Community Reference Group for contributions (see Appendices for list);
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- Peter Bridge (CEO) Lasseters Casino, Alice Springs for the provision of data and cooperation with the study; and
- Staff at MGM Grand Casino for the provision of data.

There are many other individuals and groups not listed who also contributed to the project - please accept our thanks and appreciation for your efforts.

2 The social and economic profile of the Northern Territory and its regions

2.1 Introduction

- In this chapter we identify the social and economic conditions experienced in the Northern Territory (NT), and within its five defined regions, over the study period 1996 to 1997. The objective is to identify factors likely to predispose the regions and the Territory to react in particular ways to the impact of legalised gambling. For example, socio-economic circumstances such as the level of unemployment or income, or social characteristics such as religious belief, urban versus rural living or gender may predispose individuals, or communities, to participate in gambling or a specific form of gambling in particular ways. Similarly the objective economic conditions existing at a particular time can shape the characteristics of gambling and their effects in significant ways; which can in turn reshape the economy.

- This chapter is divided into two sections. The first section develops a socio-economic profile of the Northern Territory at the state level while the second section presents social and economic conditions of all five regions within the Territory. In both sections our main emphasis is on the social and economic conditions which prevailed for the study period 1996 to 1997.

2.1.1 Methodology and data collection

- Compilation and analysis of baseline data (prior to 1996) and emerging trends (1996 and 1997) were undertaken to gain an understanding of the socio-economic context of gambling in the Northern Territory in 1996. A variety of data sources were used - involving both quantitative and qualitative methods - to allow identification of issues and cross-checking of data and analysis. The principal source of information used for the socio-economic composition of the population was the 1996 Census of Population.

- This has been supplemented by other ABS labour force data available for small areas and from small area information reported by the Department of Employment, Education, Training and Youth Affairs (DEETYA). Other sources of data used are Northern Territory Treasury publications, the *Northern Territory Economy* (various issues) and *Monthly Economic Review* (various issues).

- The descriptive material for the Northern Territory, and for each of the regions, is presented to draw attention to any similarities, differences or trends that are judged to be relevant. In doing so, we make no assessment of the significance of these observations. The purpose is only to identify baseline factors which possibly could be significant in relation to gambling: eg. levels of expenditure on gambling, the changes in gambling turnovers and the impacts of new forms of gambling, etc.

Socio-economic data analysis in both sections includes:

Social profile: Basic demographic data from the ABS reflecting the characteristics of the population in the regions of the Northern Territory has been examined to establish a regional and socio-economic framework for analysis. Special note has been made of the geographical areas that have showed particularly high population growth over recent years (1995/96) and the factors that have resulted in this growth – significantly the military build-up in the Top End. This preliminary analysis was designed to assist researchers to distinguish gambling related impacts from other influences in 1996/97.

Economic profile: Various sources of data have been gathered to establish a picture of the Northern Territory economy and its major trends;

- the composition of the Territory GSP;
- a sectoral analysis of the economy; and
- the significance of gambling in the economy.

To the extent it is possible, this economic data has been considered at a regional level as background information to assist analysis of trends in gambling delivery and usage in 1996/97.

2.2 Social Profile of the Northern Territory

2.2.1 Population

- The tables below present figures from the 1996 Census for the Northern Territory contained in various Australian Bureau of Statistics' (ABS) publications. With the exception of Table 2.1, which includes the estimated resident population (ERP)[2] for the 1991 and 1996 Censuses, the figures refer to the 1996 Census counts. These include all people counted in a specific locality on census night, regardless of their usual place of residence. Therefore, they include visitors to the Northern Territory on census night and do not include those usual residents of the Territory who were elsewhere on that night.

- Despite the Northern Territory representing a significant proportion of Australia's land mass, the Territory's population represented only 1.1 percent of the Australian total population of 17,892,423 in 1996 (ABS, 1997c). Between 1991 and 1996, however, the Northern Territory experienced a growth of almost 10 percent in estimated resident population (ERP). Much of this growth occurred in the Darwin and Katherine Regions. The expansion of residential development at Palmerston contributed significantly to the growth experienced in the Darwin Region. Between 1991 and 1996, Palmerston's ERP grew by almost 56 percent, from 8,557 to 13,327 (ABS, 1997c). Growth in the Katherine Region is associated with increased military personnel at the Tindal Air Force Base, approximately 20 kilometres from Katherine, as well as the expansion of mining activity in the Region.

[2] Estimated resident population figures are official figures produced by the Australian Bureau of Statistics and are based on census counts. However they exclude interstate and overseas visitors enumerated in the locality and, in addition to including usual residents who were interstate or overseas on census night, they include an under-enumeration factor.

- The population distribution is concentrated in the north of the Territory. Just over 60 percent of the Territory's population resided in the Darwin Region in 1996. Only 23.5 percent of the population was located in the southern region of the Territory (Alice Springs and Tennant Creek Regions), the majority of those residing in the town of Alice Springs.

Table 2.1: Estimated resident population of the Northern Territory, by region 1991 and 1996

Region	1991 ERP	1996 ERP	% Change
Darwin Region	99 113	109 756	10.7
East Arnhem Region	12 063	12 703	5.3
Katherine Region	14 771	16 646	12.7
Tennant Creek Region	5 991	6 534	9.1
Alice Springs Region	33 442	36 285	8.5
Northern Territory*	**165 493**	**181 923**	**9.9**

* Includes off-shore areas (113 persons in 1991, 0 persons in 1996)
Source: Australian Bureau of Statistics (1997c)

Table 2.2: 1996 Census counts for regions in the Northern Territory, by gender

Region	Males	Females	All persons
Darwin Region	59 680	55 158	114 838
East Arnhem Region	6 307	5 865	12 172
Katherine Region	10 489	8 818	19 307
Tennant Creek Region	3 766	3 361	7 127
Alice Springs Region	20 737	20 408	41 145
Northern Territory*	**101 370**	**93 731**	**195 101**

* Includes off-shore areas (512 persons: 391 males and 121 females)
Source: Australian Bureau of Statistics (1997b)

- The population figures presented in Table 2.2 are the number of people counted in the Northern Territory on census night in 1996, as explained above. Hence there is a difference between the total population figures in Table 2.2 (195,101) and the ERP in Table 2.1 (181,923). Overseas and interstate visitors contributed substantially to people enumerated in the Northern Territory in the 1996 Census, accounting for 23,904 of the total 195,101 (ABS, 1997c). This reflects the

Northern Territory's popularity as a tourist destination, particularly during the dry season (May to October) during which time the census statistics were gathered.

Table 2.3: 1996 Census - Proportion of males and females in the Northern Territory population, by region and Australia

Region	% Males	% Females
Darwin Region	52.0	48.0
East Arnhem Region	51.8	48.2
Katherine Region	54.3	45.7
Tennant Creek Region	52.8	47.2
Alice Springs Region	50.4	49.6
Northern Territory*	**52.0**	**48.0**
Australia	**49.5**	**50.5**

* Includes Off-shore areas

Source: Australian Bureau of Statistics (1997b) and (1997d)

- Males outnumber females in the Northern Territory by 7,639, with females accounting for 48 percent of the total population. This proportion is generally representative of most regions (Table 2.3); however males account for just over 54 percent of the Katherine Region's population, while in the Alice Springs Region females are more equally represented, accounting for almost 50 percent of the population in 1996. In contrast to the NT, the Australian population has a slight majority of females (50.5%).

Table 2.4: 1996 Census - Social characteristics, Northern Territory and Australia

Characteristics	Northern Territory	Australia
Females	93 731	9 043 199
Males	101 370	8 849 224
All persons	195 101	17 892 423
Persons aged 15 years and over	146 654	13 914 897
	(75.2% of total population)	(77.5% of total population)
Indigenous persons	46 277	352 970
	(23.7% of total population)	(2.0% of total population)
Median age	29	34

Proportion of population 65 years and over	4.9%	12.1%
Australian born	148 951 (76.3% of total population)	13 227 776 (73.9% of total population)
Median personal weekly income	$358	$292

Source: Australian Bureau of Statistics (1997b) and (1997d)

- The Territory has a very youthful population when compared to the national population (median age of 34 years in 1996). The median age for the NT in 1996 was 29 years. Three quarters of the Territory's population was 15 years or older in 1996, while only a small proportion (4.9%) were 65 years or older, compared to 12 percent of Australia's population.

- The Northern Territory had the second highest median personal weekly income ($358) of all the States and Territories in Australia in 1996, behind the Australian Capital Territory with $430. The Territory's median weekly income was 23 percent higher than the Australian median income.

2.2.2 Indigenous and ethnic background

- One distinctive feature of the Northern Territory population is the high proportion of Aboriginal residents. Indigenous people represent approximately one quarter of the Territory's population (Table 2.4). This is by far the highest proportional representation of any Australian State or Territory. Indigenous people accounted for three percent or less of the populations in all other Australian jurisdictions (ABS, 1997c). At a national level, indigenous Australians accounted for two percent of the population in 1996. Since 1991 the number of Aboriginal and Torres Strait Islander people in the Territory has increased by 16 percent (ABS, 1997c).

- More than three quarters of Territorians were born in Australia (Table 2.5), which is a slightly higher proportion than the national figure of 74 percent. For almost 80 percent of these Australian-born Territorians, both of their parents also were born in Australia (ABS, 1997b). As Table 5 shows, the next frequent region of birth for the Territory population was Europe and the former USSR (7.7%), followed by South East Asia (2.9%).

Table 2.5: 1996 Census - Region of birth for Northern Territory population

Region of Birth	Persons
Australia	**148 951**
Other Oceania and Antarctica	4 448
Europe and the Former USSR	15 098
Middle East and North Africa	260
South East Asia	5 563
North East Asia	857
Southern Asia	948
Northern America	1 328
South America, Central America and the Caribbean	258
Africa (excl. North Africa)	602
Other	73
Not stated	10 979
Overseas visitor	5 736
Total	**195 101**

Source: Australian Bureau of Statistics (1997b)

2.2.3 Education

- In 1996, four percent of people aged 15 years and over in the Northern Territory were still at secondary school, while just over a half reported leaving school at 16 years or younger. These figures are similar to those at the national level (ABS, 1997c).

Table 2.6: 1996 Census - Age left school for persons aged 15 years and over, Northern Territory*

Age left school	Males	Females	All persons**	% Total persons aged 15+ years (n=141 239)*
14 years and under	9 347	7 384	16 731	11.8%
15 years	13 646	12 157	25 803	18.3%
16 years	14 707	14 052	28 759	20.4%
17 years	13 807	14 167	27 974	19.8%

18 years	7 198	6 543	13 741	9.7%
19 years and over	3 054	2 659	5 713	4.0%
Still at school	2 866	2 737	5 603	4.0%
Never attended school	1 318	1 546	2 864	2.0%
Not stated	7 914	6 137	14 051	9.9%

* Includes only primary and secondary schools
** Excludes overseas visitors
Source: Australian Bureau of Statistics (1997b)

- A relatively high proportion of people in the NT do not have a school education, however. While two percent or 2,864 people in the NT reported that they had never attended school, less than one percent of the Australian population over 15 years and over have never been to school.

2.2.4 Religion

- The majority (61.2%) of people in the Northern Territory define themselves as Christians, with Catholicism being the most popular Christian religion (Table 2.7). This is similar to the national figures, although Australia has a higher proportion of people who define themselves as Christian (70.3%). Almost four percent of the NT population expresses non-Christian religious affiliation, with Buddhism accounting for one fifth of these people. Nationally, just over three percent of the national population followed non-Christian religions, with Buddhism and Islam each accounting for one third of these people.

- One fifth of the total Territory population, a slightly larger proportion than in the Australian population, claimed to have no religious faith (ABS, 1997c). There was very little difference in the religious preferences of males compared to females in the Northern Territory (Table 2.7).

Table 2.7: 1996 Census - Religion by gender in the Northern Territory

Religion	Males	Females	All persons
Christian	59 682	59 740	119 422
Anglican	*14 846*	*14 395*	*29 241*

Catholic	*21 297*	*21 254*	*42 551*
All other Christian religions	*23 539*	*24 091*	*47 630*
Non-Christian	3 776	3 644	7 420
Buddhism	*708*	*812*	*1 520*
Hinduism	*107*	*190*	*387*
Islam	*390*	*378*	*768*
Judaism	*68*	*78*	*146*
All other non-Christian religions	*2 413*	*2 186*	*4 599*
No religion	22 450	17 455	39 905
Not stated	12 611	10 007	22 618
Overseas visitors	2 851	2 885	5 736
Total	101 370	93 731	195 101

Source: Australian Bureau of Statistics (1997c)

2.2.5 Housing characteristics

- The Northern Territory had the lowest home ownership rate (17.8 percent) of all Australian jurisdictions in 1996. In Australia, more than 40 percent of the private dwellings were fully owned by their occupants (Table 2.8). Despite this, between 1991 and 1996 the NT experienced the largest increase in the level of home ownership of any Australian State or Territory (38%) (ABS, 1997d).

- However, the Territory also heads the list for the highest proportion of rented dwellings, representing almost half (48%) of the 57,429 occupied private dwellings recorded in the Territory in 1996. By comparison, rented dwellings in Australia during 1996 accounted for just over one quarter of private occupied dwellings. The median weekly rent for the Territory in 1996 was $100 compared to an overall median weekly rent figure for Australia of $123.

- Just over one fifth of the dwellings in the Territory were being purchased which is an 18 percent increase from the number being purchased in 1991. While this proportion of homes being purchased is lower than the national figures, the 18 percent increase between 1991 and 1996 is the largest increase, behind Queensland, of all Australian jurisdictions. This trend suggests there may be greater stability and permanence in the NT population than in the past.

- To house the growing population, the actual number of dwellings has increased by 13.6 percent over the last five years, up from 50,542 in 1991 (ABS, 1997c). But the cost of home purchase was relatively high, and households are slightly larger. For those residents purchasing a dwelling in the Territory the median monthly housing loan repayment was $867, compared to $780 in Australia. Based on figures from the 1996 Census, the average number of persons in a private dwelling in the Northern Territory was 3.1 compared to 2.7 persons Australia wide (Table 2.8).

Table 2.8: 1996 Census - Housing characteristics, Northern Territory and Australia

Characteristics	Northern Territory	Australia
Total occupied private dwellings	57 429	6 496 072
% Fully owned	17.8%	40.9%
% Being purchased	22.7%	25.5%
% Rented	48.0%	28.7%
% Other (incl. Not stated)	11.6%	4.9%
Average number of persons per dwelling	3.1	2.7
Median weekly rent	$100	$123
Median monthly housing loan repayments	$867	$780

Source: Australian Bureau of Statistics (1997b) and (1997d)

2.2.6 Labour market profile of the Northern Territory

- Table 2.9 compares the labour force, employment, unemployment and unemployment rate of five regions of the Territory. Darwin Region, as the most densely populated Region has the largest labour force. The rate of unemployment is highest (8.5%) in the Tennant Creek Region. East Arnhem Region has the lowest unemployment rate (4.1%) among five regions of the Territory.

Table 2.9: Northern Territory labour force status by region 1996

Region	Employed	Unemployed	Not in Labour Force	Labour Force	Unemployment Rate
	No.	No.	No.	No.	%
Darwin Region	49 181	4 122	19 670	53 303	7.7

East Arnhem Region	4 187	180	3 136	4 367	4.1
Katherine Region	6 395	520	3 003	6 195	7.5
Tennant Creek Region	2 202	205	1 562	2 407	8.5
Alice Springs Region	15 151	957	7 429	16 108	5.9
Northern Territory	**77 993**	**6 265**	**35 683**	**84 258**	**7.4**

Source: Australian Bureau of Statistics (1998a)

Table 2.10: Proportion of labour force, employed and unemployed, five regions of Northern Territory, Census 1996

Region	Labour Force %	Employed %	Unemployed %
Darwin Region	64.1	63.8	68.9
East Arnhem Region	5.3	5.4	3.0
Katherine Region	8.3	8.3	8.7
Tennant Creek Region	2.9	2.9	3.4
Alice Springs Region	19.4	19.6	16.0
Total	100.0	100.0	100.0

Source: Australian Bureau of Statistics (1998a)

- Darwin has the highest proportion (64.1%) of the Territory labour force; Alice Springs with 19.4 percent stands second while the lowest proportion of the labour force of the Territory is in Tennant Creek Region. Katherine (8.3%) and East Arnhem (5.3%) Regions stand third and fourth in this ranking. These patterns are consistent with the distribution of the population of the Territory among these five regions.

- Compared to the national figures, the Northern Territory has a relatively low unemployment rate which decreased by 0.2 percent between the June quarters of 1996 and 1997 (Table 2.11).

Table 2.11: Unemployment rates for Northern Territory and Australia June Quarter 1996 and 1997

	June Quarter 1996	June Quarter 1997
Northern Territory	6.2%	6.0%

Australia	8.4%	8.6%

Source: DEETYA (1997)

- For all regions in the Northern Territory, with the exception of the Darwin Region, the unemployment rates in the 1996 and 1997 June quarters were above the Territory rates; however they were still below the national unemployment rate these two periods. Nonetheless, within regions, there are some marked differences between unemployment rates in the urban centres and the outlying and more remote areas, which in many cases had rates of unemployment well above the Australian figures, as will be discussed below.

2.2.7 Structure of employment

- Of the 82 976 persons employed in the Northern Territory in 1996, almost one fifth (17.1%) held professional positions, while the category of intermediated clerical and service workers (16.1%) comprised the second largest number of employed people in the Northern Territory (Table 2.12).

- Three industry sectors accounted for almost 40 percent of those employed. Government administration and defence employed the largest number of people (15.1%), followed by retail trade (11.0%) and health and community services (11.0%).

Table 2.12: 1996 Census - Employed persons in the Northern Territory, industry by occupation

Industry/Occupation	Managers & administrators	Professionals	Associate professionals	Trades-persons & related workers	Advanced clerical & service workers	Intermediate clerical, sales & service workers	Intermediate production & transport workers	Elementary clerical, sales & service workers	Labourer & related workers	Not stated & inadequately described	Total	**% of employed persons by industry**
Agriculture, forestry & fishing	852	121	88	247	65	59	176	25	778	28	2 439	**2.9**
Mining	199	469	335	646	62	161	762	35	179	56	2 904	**3.5**
Manufacturing	436	307	202	1 267	143	319	406	108	360	64	3 612	**4.4**
Electricity, gas & water supply	32	62	85	184	10	59	44	14	25	18	533	**0.6**
Construction	672	145	427	2 855	226	245	718	44	718	98	6 148	**7.4**
Wholesale trade	470	172	269	396	138	765	462	224	138	61	3 095	**3.7**
Retail trade	506	207	1 251	1 388	217	852	809	3 043	780	105	9 158	**11.0**
Accom., cafes & restaurants	195	190	1 088	398	85	1 680	73	410	925	49	5 093	**6.1**
Transport & storage	332	410	254	315	207	835	1 202	251	204	52	4 062	**4.9**
Communication services	50	57	220	334	15	125	109	311	33	31	1 285	**1.5**
Finance & insurance	104	73	326	9	271	795	11	23	4	15	1 631	**2.0**
Property & business services	501	1 876	1 160	357	518	607	190	369	679	85	6 342	**7.6**
Government admin. & defence	1 070	2 134	1 829	1 250	345	2 440	527	489	2 010	410	12 504	**15.1**
Education	373	3 649	328	150	196	989	18	151	239	82	6 175	**7.4**
Health & community services	412	3 164	912	235	153	2 056	137	262	1 584	220	9 135	**11.0**
Cultural & recreational services	219	613	374	185	60	572	36	251	146	24	2 480	**3.0**
Personal & other services	187	421	922	544	97	546	109	220	201	31	3 278	**4.0**
Non-classifiable/ not stated	163	157	140	389	105	236	166	129	243	1 374	3 102	**3.7**
Total	6 773	14 227	10 210	11 149	2 913	13 341	5 955	6 359	9 246	2 803	82 976	**100.0**
% of employed persons by occupation	**8.2**	**17.1**	**12.3**	**13.4**	**3.5**	**16.1**	**7.2**	**7.7**	**11.1**	**3.4**	**100.0**	

Source: Australian Bureau of Statistics, Darwin (unpublished)

- Employment data has been compiled by region and industry in Table 2.12 and Table 2.13, to highlight industry sectors that are major employers in the various regions. In Darwin Region retail trade provides 26.3 percent of the total employment of the Region. The other significant employers in the Darwin Region are health and community services (20.7%), property and business services (18.9%) and construction (18.0%).

- In the East Arnhem Region 52.3 percent of the total employment is provided by the health and community services sector. The other major employers in this Region are the sectors of retail trade (15.5%), construction and accommodation (12.0%) and cafes and restaurants (11.5%).

- The health and community services sector is also the biggest employer in the regions of Katherine (30.4%), Tennant Creek (33.4%) and Alice Springs (25.4%). Retail trade is the second biggest employer in the Katherine and Alice Springs Regions, providing 21.4 percent and 24.8 percent respectively of the total employment in these Regions. In the Tennant Creek Region the agriculture, forestry and fishing sector stands as second highest, providing 26.4 percent of the total employment of the Region. The same industry stands third in the Katherine Region providing 17.6 percent of the total employment of the Region.

Table 2.13: Employment by Industry (%), five regions of Northern Territory 1996

Regions	Darwin	East Arnhem	Katherine	Tennant Creek	Alice Springs	Total
Agriculture, forestry and fishing	3.9	0.9	17.6	26.4	4.0	5.7
Construction	18.0	12.0	10.0	8.9	12.0	15.7
Retail trade	26.3	15.5	21.4	12.9	24.8	25.0
Accommodation, cafes and restaurants	12.2	11.5	11.9	12.4	18.4	12.2
Property and business services	18.9	7.8	8.7	6.0	15.4	16.7

Health and community services	20.7	52.3	30.4	33.4	25.4	24.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Australian Bureau of Statistics (1998a)

- In the Northern Territory as a whole, retail trade (25.0%), health and community services (24.7%) and property and business services (16.7%) are the top three employers.

2.2.8 Qualifications

- Table 2.14 compares the qualifications of the residents of the five regions of Northern Territory. Darwin has the highest proportion of skilled vocational workers (32.2%) among its residents but the proportion is the lowest in comparison with other regions and the Territory. The proportion of graduates among the residents of Darwin (30.9%) is the highest among all regions and the Territory. The proportion of undergraduates and basic vocational workers are 16.5 percent and 8.8 percent respectively which are higher than those of East Arnhem Region but lower than all other regions and the Territory.

Table 2.14: Post-School Qualifications of residents (%), five Regions Northern Territory 1996

Qualifications	Darwin	East Arnhem	Katherine	Tennant Creek	Alice Springs	Total
Graduates (Degree or Higher)	30.9	25.1	22.7	24.0	30.3	29.8
Undergraduates (or Associate Diploma)	16.5	15.3	17.6	18.7	17.8	16.8
Skilled Vocational	32.2	41.2	36.4	33.5	32.5	33.0
Basic Vocational	8.8	7.2	10.4	9.4	8.6	8.8
Inadequately described	11.6	11.2	12.9	14.4	10.8	11.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Australian Bureau of Statistics (1998a)

- East Arnhem Region has the highest proportion of people with skilled vocational training (41.2%) and the lowest proportion of those with basic vocational training (7.2%) among all five regions and the Territory. The proportions of graduates and under graduates in this Region are 25.1 percent and 15.3 percent respectively. The proportion of skilled vocationals among the residents of Katherine Region is 36.4 percent, the second highest in comparison with other regions and the Territory but the proportion of graduates is 22.7 percent, the lowest among all the regions and the Territory. The proportion of under graduates (17.6%) is third highest among the five regions and higher than the average of the Territory (16.8%).

- Among the residents of Tennant Creek 33 percent have skilled vocational training which is higher than Darwin, Alice Springs and the Territory average but lower than East Arnhem and Katherine. Tennant Creek has the highest proportion of under graduates (18.7%) compared to other regions and the Territory (16.8%) while the proportion of graduates among its residents (24%) is the second lowest in comparison other regions and the Territory (29.8%). The proportion of those with basic vocational qualifications among the residents of Tennant Creek is the lowest but it is second highest in comparison with other regions and the Territory.

- Alice Springs has the lowest proportion of people with inadequately described qualifications (10.8%) among its residents. In the skilled vocational category, Alice Springs stands above Darwin but below all other regions and the Territory. The proportion of graduates among the residents of Alice Springs is 30.3 percent, higher than that of the Territory and second highest among regions.

2.3 Economic profile of the Northern Territory

- The Northern Territory economy is diversified; economic activity is not concentrated in one or a few industries. The Territory economy is more diversified than the national economy and hence less reliant on any one of its largest industries. A measure of diversity is the extent to which the four largest industries dominate output. In 1995/96, the Northern Territory's four largest industries (in terms of value added to total output) accounted for 37 percent of Territory GSP at factor cost. This ratio was lower than any other Australian State or Territory except Queensland (35%) and lower than the national average (38%).

- A measure of the exposure of an economy to outside influence is the ratio of exports to GSP. A high ratio indicates that the economy is more integrated with the world economy and is potentially more vulnerable to adverse conditions in world markets. In 1996/97, exports accounted for 26.1 percent of Territory GSP. This was considerably higher than the national average of 15.2 percent, indicating that in general terms the Territory economy is relatively more exposed to adverse conditions in world markets.

- The Northern Territory lacks the secondary processing capacity of other Australian states with the manufacturing industry accounting for only 5 percent of GSP. This proportion has changed little in recent years, and can be compared to 14.5 percent nationally.

- The Territory economy is characterised by a higher proportion of government administration and defence. This reflects a high cost of providing public services to a small and dispersed population and a build-up of defence forces in the Top End in recent years. It is also characterised by a higher proportion of construction and construction services, reflecting the high rate of development in the Territory.

- The other notable difference between the Northern Territory economy and other Australian States and Territory economies is that the Northern Territory economy contains a lower proportion of property and business services, reflecting the provision of some of these services from outside the Territory. It also has a lower ownership of dwellings, which comprises the notional rent paid by home-owners to themselves. This reflects the relatively low rate of home ownership in the Territory, although this has grown in recent years.

2.3.1 Gross State Product

This section summarises the major economic characteristics of the Northern Territory economy. The emphasis is on gross state product (GSP) including economic growth, employment and public finance.

- Economic activity at state or territory level normally is measured by gross state product (GSP). This measure of economic production is produced by summing the incomes generated in the production process - ie. wages, salaries and supplements, plus gross operating surpluses, plus indirect taxes less subsidies (ABS, 1996).

- The Northern Territory's GSP at constant prices (at prices of 1989/90) has recorded a growth rate of 6.3 percent in the 1996/97 financial year; this has been estimated at $5,425 million for 1997/98. At current prices, the Territory's GSP has been estimated at $6100 million in 1997/98[3]. Over past five years (1993/94 to 1997/98) the Territory economy has experienced an average annual growth of 5.9 percent which is considerably higher than the national average of 4.1 percent and the average growth rate of all other Australian states and territories (Table 2.15).

- The growth figure in Table 2.15 reveals that the Territory's real GSP has been growing at a rate significantly higher than the growth rates of national economy and all other states and territories with an exception of 1995/96 in which Territory's GSP grew by only 2.5 percent[4]. This was due partly to the contraction of the mining sector which declined approximately by four percent in 1995/96, although it remained the single highest contributor to GSP. The Public Sector also

[3] GSP at constant prices (or real GSP) is the value of all final goods and services produced during a year at the prices of another year, known as a base year. The base year for real GSP of the Territory is 1989/90. GSP at current or market prices (or nominal GSP) is the value of all goods and services produced during a year at their current prices. The nominal GSP includes both output and price changes while real GSP includes only the output changes and ignores price changes. Thus real GSP is preferred over nominal GSP when looking at economic growth of an economy.

[4] See footnote 1 above for the definition of real GSP.

grew 2.5 percent less in 1995/96 than in 1994/95. The other contributor to this low real growth rate of GSP at that time was the relatively high inflation rate in 1995.[5]

Table 2.15: The Northern Territory's real GSP and its growth rate 1993/94 to 1997/98

	1993/94	1994/95	1995/96	1996/97	1997/98	Average
Real GSP $m	4,327	4,756	4,874	5,182	5,425	49128
Growth rate %	7.3	8.6	2.5	6.3	4.7[e]	5.9

e = Treasury estimate.
Sources: NT Treasury (1996); NT Treasury (1997); NT Treasury (1998); and Australian Bureau of Statistics (1996c)

2.3.2 Northern Territory economy: sectoral shares in GSP

- The major sectors of the Northern Territory economy include mining, tourism, rural industries and fisheries, housing and construction, manufacturing, wholesale and retail trade, transport and communication and the public sector. Table 2.16 compiles a summary of contributions made by these sectors to the GSP of the Territory over a period of three years, 1994/95 to 1996/97.

- The public sector has consistently contributed more to the GSP of the Northern Territory than other industry sectors, with one third of GSP derived from public sector activities upon which the NT economy relies. Although it still constitutes one third of the Territory's GSP the economic significance of the public sector has been declining over the last decade. Public sector contribution to GSP of the Territory fell from 40.4 percent in 1985/86 to 33 percent in 1996/97.

- However this declining trend in the public sector component of the NT economy has moderated somewhat in recent years due to increased Commonwealth expenditure associated with the transfer of Defence Force personnel to the Territory. Public sector expenditure has been influenced by major capital works projects such as State Square and the new East Arm Port (both in the Darwin Region) and also by the need to provide infrastructure and services for a population which is growing faster than the Australian average.

[5] The CPI in Darwin is the available index for inflation in the Territory. It has been recorded for calendar years as

- The public sector incorporates a range of economic activities, including government administration, defence, education, and health and community services. In addition, the public sector generates demand for a variety of goods and services in most industries, in particular construction and wholesale retail Trade. Therefore there is a degree of double counting in the estimation of GSP, a well recognised deficiency of any state or national accounts.

- Table 2.16 shows that the mining sector's contribution to GSP of the Territory has declined from 20.1 percent in 1994/95 to 11.7 percent in 1996/97. This sector declined from being the highest single contributor in 1994/95 to the third highest single contributor in 1996/97. Almost all other sectors' shares to GSP are increasing, tourism being the most prominent as it moved from third highest contributor in 1994/95 to second highest contributor in 1996/97.

- These changes show that the Northern Territory economy has experienced a relative shift from a goods-producing economy to service-providing economy. The manufacturing and the rural industries and fisheries sectors remain relatively stable.

Table 2.16: Contribution (%) to GSP by various sectors of the Northern Territory economy, 1994/95 to 1996/97

Sectors	Share in GSP		
	1994/95	1995/96	1996/97
Mining	20.1	16.5	11.7
Tourism	7.6	8.5	11.9
Rural industries and fisheries	3.2	3.7	4.9
Housing and construction	8.9	9.1	9.1
Manufacturing	4.7	5.4	5.0
Wholesale and retail trade	12.0	12.5	13.0
Transport and communication	7.3	8.2	8.2

2.3% (1993), 1.8% (1994), 4.8% (1995), 2.1% (1996) and -0.7% (1997) respectively (NT Treasury, 1998).

Public sector*	34.9	32.4	33.0
Other	1.3	3.7	3.2
Total	100.0	100.0	100.0

* All other industry sectors are a single (individual) contributor to GSP while the Public Sector is the sum of many sub-sectors such defence, education, health, community services etc.
Sources: NT Treasury (1996); NT Treasury (1997); NT Treasury (1998); and Australian Bureau of Statistics (1996c)

2.3.3 Regional businesses

- Table 2.17 summarises the data on business locations by industry and regions. In the Darwin Region 29.4 percent of business locations belong to retail trade, 25.2 percent to property and business services and 20 percent to the construction industry. The retail trade sector also occupies the most business locations (33.7%) in the East Arnhem Region. The next two highest sectors in terms of business locations are property and business and construction, occupying 20.7 percent and 19.5 percent of all business locations respectively.

Table 2.17: Business locations by industry (%), five regions of Northern Territory 1997

Industries	Darwin	East Arnhem	Katherine	Tennant Creek	Alice Springs	Total
Agriculture, forestry and fishing	7.1	3.0	26.8	23.2	9.4	9.7
Construction	20.0	19.5	16.9	17.1	18.5	19.3
Retail trade	29.4	33.7	25.5	20.7	30.0	29.0
Accommodation, cafes and restaurants	8.4	7.7	9.4	15.9	10.4	9.2
Property and business Services	25.2	20.7	12.0	14.6	21.4	22.7
Health and community services	9.9	15.4	9.4	8.5	10.3	10.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Australian Bureau of Statistics (1998a)

- The Alice Springs Region is similar to Darwin and East Arnhem in that retail trade occupies the largest proportion of the business locations (30%), whilst property and business services (21.4%) and construction (18.5%) stand second and third.

- The Katherine (26.8%) and Tennant Creek (23.2%) Regions are the two Regions of the Territory in which agriculture, forestry and fishing make up most business locations, while health and community services occupy the least business locations (9.4% and 8.5% respectively) in these two Regions.

- Retail trade (25.5%) and construction (16.9%) stand second and third in Katherine as well as in the Tennant Creek Region (retail trade 20.7% and construction 17.1%).

- In the Northern Territory as a whole the retail trade industry and property and business services industry are the two top occupants of business locations occupying 29 percent and 22.7 percent respectively of the total Territory business locations. On the other hand accommodation, cafes and restaurants and agriculture, forestry and fishing industry are the two lowest occupants of business locations holding 9.2 percent and 9.7 percent respectively of the total business locations of the Territory.

Table 2.18: Value of mining and agriculture production ($000), five regions of Northern Territory 1995/96.

Production type	Darwin	East Arnhem	Katherine	Tennant Creek	Alice Springs	Total
Metallic minerals	139,444	742,174	180,230	77,958	170,591	1280,396
Industrial minerals	11,695	361	4,156	146	27,249	43,607
Energy minerals	290,820	0	0	0	49,380	340,201
Total minerals	***442,029***	***742,535***	***184,386***	***78,104***	***247,240***	***1664,204***
Fruit, vegies and crops	13,429	0	15,089	3	6,527	35,029
Livestock and products	29,199	0	86,954	64,349	39,936	220,436
Total agriculture	***42,628***	***0***	***102,023***	***64,352***	***46,462***	***255,465***

Source: Australian Bureau of Statistics (1998a)

- In terms of mining and agriculture production, minerals are dominant but concentrated in the East Arnhem Region and to a lessor extent in the Darwin Region. Agriculture contributes much less to the Territory's economy which livestock and related products largely focussed in the Katherine Region (Table 2.18).

- While the Tennant Creek Region's economy is small, it has the most diversity and greater balance in terms of minerals and agriculture.

2.3.4 Government revenue

- Total revenue for the Northern Territory Government in 1994/95 was $1,482 million which in 1996/97 rose to $1,718 million or almost 16 percent above the 1994/95 figure. The Northern Territory Government's main source of revenue continues to be Commonwealth grants, however as shown in Table 2.19, as a percentage of the overall revenue Commonwealth grants have decreased from representing just over three quarters of the revenue in 1994/95 to account for 72 percent of the Government's revenue in 1996/97. Despite this, the Northern Territory still receives the single highest percentage Commonwealth contribution of any state or territory government (ABS, 1996c).

Table 2.19: Northern Territory Government revenue by source 1994/95 to 1996/97

Source	1994/95		1995/96		1996/97[a]	
	Revenue $m	% of total revenue	Revenue $m	% of total revenue	Revenue $m	% of total revenue
Commonwealth grants	1118	75.4	1195	74.0	1237	72.0
Taxes, fees and fines	237	16.0	278	17.2	308	17.9
Interest	66	4.5	70	4.3	83	4.8
Net operating surplus of public enterprises	30	2.0	43	2.7	56	3.3
Other	32	2.2	28	1.7	33	1.9
Total	1482	100.0	1614	99.9	1718	100.0

a = Preliminary figures
Source: Australian Bureau of Statistics (1997f)

- Revenue from taxes, fees and fines has gradually increased over the three year period shown in Table 2.19, to represent almost 18 percent of the total revenue in 1996/97, however this is still below the level of other states and territory contributions to revenue from this source.

- Although a small contributor to overall Territory revenue, the net operating surplus of public enterprises has also increased over the period shown in Table 2.19 to account for $56 million or 3.3 percent of revenue in 1996/97.

2.3.5 Gambling taxes

There are a number of definitions of the tax base for gambling, and hence different ways to measure the rate of gambling taxes (Smith,1998:36). The most common measure is to compare tax revenues with net gambling expenditure or 'player loss', although the tax rate on lotteries is often measured by comparing tax revenues with turnover, or the gross spending by players.[6]

- There are significant differences between Australian states on the levels and trends in gambling taxation (Table 2.20). During the 1970s, most states levied taxes around 30-40percent of expenditures, mainly on racing and lotteries. Tax rates have dropped sharply since the 1980s with the expansion of gaming machines and casinos, although they have remained relatively steady in the smaller states.

- The Northern Territory and Queensland have levied the lowest rates of taxation on gambling (as a whole), and Victoria the highest. Until the 1990s, Victorian gambling taxes were much higher than other states (over 60%, almost double the rate in NSW). However, with the decline in racing revenues and betting and the rapid expansion of gaming machines in Victoria in 1993/94, Victorian gambling tax revenues had fallen almost to the level of other states (Smith,1998:38-40).[7]

[6] See Smith (1998:36-37) for explanation of the various measures used and their implications.

Table 2.20: Gambling tax rates in all states 1972/73 to 1995/96

Year	NT	NSW	Vic.	Qld	SA	WA	Tas.	ACT	Australia
1972/73	na	34	38	40	37	38	29	6	35
1979/80	20	35	61	39	37	38	27	7	40
1985/86	23	41	56	39	36	42	34	26	43
1989/90	38	37	58	38	38	36	34	28	41
1995/96	19	32	41	27	38	30	35	30	34

Source: Smith:1998, derived from Tasmanian Gaming Commission 1997

- Rates of taxation have been consistently lower in the Northern Territory than other states; they are currently the lowest of all Australian jurisdictions. Tax rates on NT racing, for example, are 13 percent compared to 52 percent in NSW; and Territory casinos pay eight percent tax of net takings compared with 22.5 percent in Victoria and 24.5 percent in NSW.
- Partly because of lower tax rates for the different forms of gambling and partly because the total expenditure on gambling in the Territory is less than other states, the net gambling revenue paid to the Territory government has been significantly less than the amount paid to other Australian governments (Table 2.21).

Table 2.21: State and Territory government taxes on gambling 1972/73 to 1994/95

	1992/93	1993/94	1994/95
	$m	$m	$m
New South Wales	909	988	1071
Victoria	601	761	908
Queensland	365	434	497
South Australia	136	140	187
Western Australia	131	147	172
Tasmania	43	45	51
ACT	40	47	51
Northern Territory	13	16	20
Total	2236	2578	2958

Source: Select Committee on Interactive Television Gaming (1996) *Report on the Impact of Broadband Communication Services on the Northern Territory's Racing and Gaming Industry*. Legislative Assembly of the Northern Territory, p. 45.

[7] Smith notes the 'deliberate lowering of taxes on racing in some states to support a stagnating or declining activity' (Smith:1998:37).

Table 2.22: Gambling tax rates by state and type 1995/96

Source	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Australia*
Racing**	13	52	28	26	25	33	32	41	37
Lotteries & soccer pools	79	76	94	73	105	75	81	79	82
Casino#	8	22	22	19	23	15	27	26	20
Gaming machines/ keno	25	21	41	17	33	na	18	22	27

* Excludes minor/charitable gaming
** Includes funds distributed to the racing industry.
# Excludes levies for 'community benefit funds' and special tax rates imposed on 'highroller' junket gambling in some states (e.g. Queensland, Western Australia, Victoria, NSW).
na - not available.
Source: Smith:1998:41, derived from Tasmanian Gaming Commission 1997.

Smith argues that 'there are diminishing marginal returns to revenue from the recent expansion of gambling activity' (Smith, 1998:41). She offers a revealing national comparison of the most significant trends in state gambling taxes over recent years:

[These] patterns partly reflect the varying composition of gambling activity and revenues in different states as well as different tax rates for the various gambling products. Taxation on lotteries is the highest gambling tax levied in all states, most notably in Victoria and SA where virtually all surplus revenues accrue to the government one way or another.

- *While the average revenue yield from lotteries in NSW, Victoria, Queensland and SA has increased since 1987/88, it has fallen in other states.*
- *Tax rates on racing range from 52 percent in NSW to 13 percent in the NT and around 30 percent in most other states. NSW taxes racing fairly heavily, and has increased overall taxation on racing since 1987/88. However, most states have been reducing taxation on racing, notably in Victoria.*

- *The average taxation on casinos is generally higher than in 1987/88, when casinos were first being established or were non-existent in most states. This reflects a higher revenue take from the large, new casinos in Victoria and NSW.*
- *Casino taxes are around 22 to 27 percent of net takings in south-eastern Australia, with much lower rates in WA and the NT. The recently opened NSW and Victorian casinos paid 22 percent of net takings in taxes in 1995/96. With sharp declines in activity and in receipts in the smaller casinos as in WA and ACT since NSW and Victorian casinos opened, average tax rates on casinos are variable and unstable.*
- *There is a wide variation in the level of taxation on gaming machines in the different states. Highest levels are in Victoria where the rate on expenditure is 41 percent, compared with 17 percent in Queensland and 21 percent in NSW.*
- *To some extent the fall in tax rates over the last decades reflects state tax competition, and more generous tax concessions to the gambling industry... However, the main reason for the fall in average taxation on gambling is the change in composition of gambling activity towards lower taxed casino and gaming machine gambling* (Smith, 1998:40-41).

- Several analysts (McMillen, 1996; Smith, 1998) also have noted that the proportion of total state revenues which Australian state and territory governments derive from gambling taxation has increased over the past decade. This has occurred in the context of a more general rise in state and local government taxes in recent years; but some governments have experienced 'an uncharacteristic increase in reliance on gambling revenues' (Smith, 1998:41).

- One factor which indisputably has affected the rapid growth in gambling revenues across Australia has been the legalisation of new gambling activities which attract a broad market (casinos, gaming machines). However, as Smith notes, while these forms of gambling have dramatically increased expenditure on gambling, they generate a lower (per gambling dollar) return to state revenues than other forms of gambling.

- The recent expansion of gambling (and associated taxation) has generated widespread public concern and criticism. Some states which previously had a relatively low contribution from gambling tax to state budgets now rely more heavily on gambling revenues (Table 2.23).[8] South Australia, for example, formerly a low gambling tax state, now collects a larger share of revenue from gambling taxes (12%) than NSW. Victoria has seen the most dramatic change, and is now the state most reliant on gambling tax revenues (13%of total state revenues).

Table 2.23: Gambling revenues as percentage of state taxation 1970/71 to 1996/97

Year	NT	NSW	Vic.	Qld	SA	WA	Tas.	ACT	Australia
1970/71	na	19	9	10	7	8	7	na	12.9
1975/76	na	13	9	7	5	6	6	na	9.8
1980/81	na	14	10	6	7	6	9	na	10.5
1985/86	5	11	9	10	8	6	9	na	9.7
1990/91	9	10	9	10	9	7	8	7	9.2
1995/96	10	10	12	12	11	7	8	9	10.9
1996/97	9	10	13	12	12	6	9	8	10.9

Source: Smith:1998:42

- Despite their expansion, however, gambling taxes remain a less significant component of overall state revenue than many other taxes (eg. payroll taxes, financial transaction taxes and business franchise fees) (Table 2.24). In some states (NSW, Queensland, Tasmania), the reliance of state governments on gambling for tax revenues has significantly declined since the 1950s (Johnson, 1985:80; Smith, 1998:42).

[8] Tasmania and Western Australia, which rely least on gambling taxes, have maintained a consistent 7/9% of state taxation for the past 25 years.

- There are many other economic factors which can affect the importance of gambling taxes to state revenues, including the general health of the state and national economies and growth in economic development. The decline of gambling taxes to around 7/9 percent of revenues in some states during the 1980s may have reflected an overall revenue increase generated by the general economic boom of the time, rather than a slump in gambling or a reduction in gambling tax rates.

Table 2.24: Taxes by source, Northern Territory 1994/95 to 1996/97

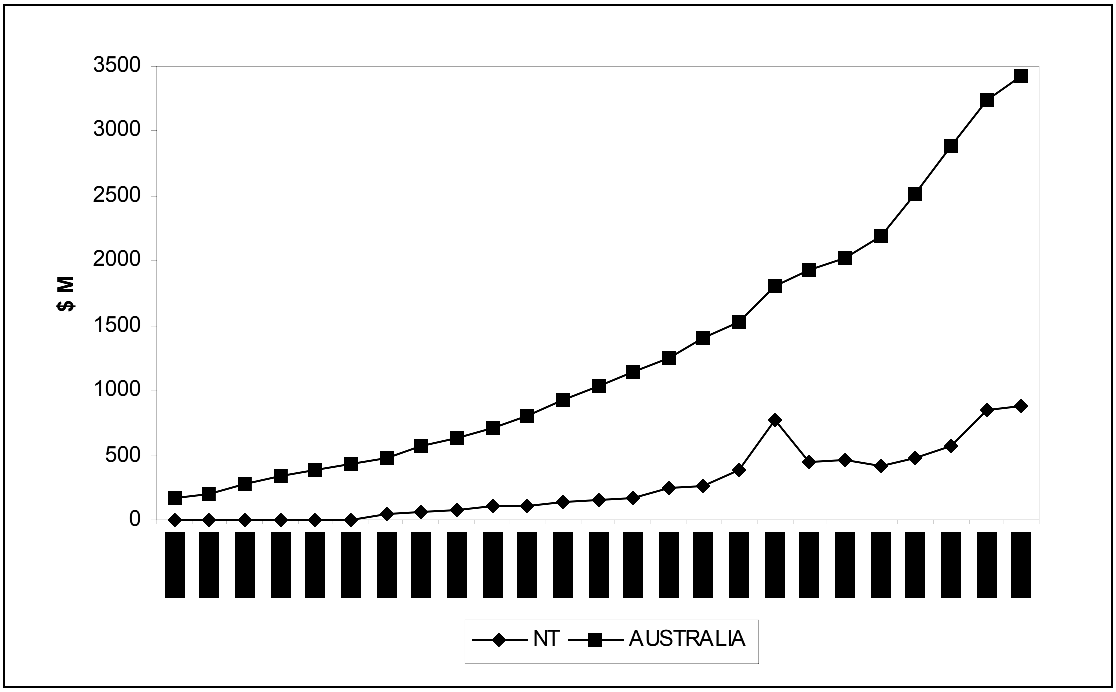
Source	1994/95		1995/96		1996/97[a]	
	$m	% of total	$m	% of total	$m	% of total
Employers' payroll taxes	58	24.2	66	23.6	75	24.4
Tax on property	50	20.9	50	17.9	54	17.5
Tax on gambling	14	5.9	23	8.2	28	9.1
Tax on insurance	6	2.5	6	2.2	6	1.9
Motor vehicle taxes	21	8.8	26	9.3	30	9.7
Franchise taxes	71	29.7	87	31.2	92	29.9
Other taxes	14	5.9	15	5.4	16	5.2
Fees and fines	5	2.1	6	2.2	7	2.3
Total	239	100.0	279	100.0	308	100.0

a = Preliminary figures.
Source: Australian Bureau of Statistics (1997g).

Like many other states, the Northern Territory has seen a substantial increase in the share of revenue collected from gambling taxes, despite having relatively low rates of gambling tax. In 1985/86 the Territory collected proportionally less from gambling than any other state (5%). By 1996/97, however, after introducing sports betting, gaming machines and keno, gambling had risen to 9-10 percent of Territory revenues.

This is still lower than all states other than Western Australia, Tasmania and the ACT. Moreover, the Northern Territory's rate of growth in government gambling revenue is significantly lower than the average growth for Australian states (Figure 2.1).

Figure 2.1: NT and Australian government revenue from gambling 1972/73-1996/97



Source: Tasmanian Gaming Commission, 1998

2.3.6 Government outlays

- Total outlays by the Northern Territory Government rose from $1,532 million in 1994/95 to $1,697 million in 1996/97, an overall increase of 10.8 percent (ABS, 1997f).

- The major outlays by purpose, as shown in Table 2.31, continue to be education and health accounting for just under 40 percent of the total outlays in 1996/97. Both of these areas have experienced a rise in of more than 20 percent in outlays between 1994/95 and 1996/97.

- Other areas to experience a considerable growth in Government outlay between 1994/95 and 1996/97 were recreation and cultural activities (23%) and transport and communication (25.9%), however both of these areas continued to account for a relatively small proportion of the overall outlays.

- Outlays on fuel and energy actually decreased by just over seven percent between 1994/95 and 1996/97, as shown in Table 2.25.

Table 2.25: Northern Territory Government outlays by purpose (% of total) 1994/95 to 1996/97

Purpose	1994/95	1995/96	1996/97[a]	% change in total outlays 1994/95 to 1996/97
	%	%	%	
General public services	10.9	9.9	9.9	0.6
Public order and safety	9.5	9.7	9.8	15.2
Education	18.3	18.3	20.3	22.8
Health	16.5	19.0	18.0	20.6
Social security and welfare	2.5	2.6	2.5	13.2
Housing and community amenities	3.3	3.4	3.2	8.0
Recreation and culture	4.8	6.1	5.4	23.0
Fuel and energy	3.5	1.4	2.9	-7.4
Agriculture, forestry and fishing	2.8	2.7	2.5	0.0
Mining, manufacturing and construction	1.0	1.0	0.9	0.0
Transport and communications	7.0	7.8	8.0	25.9
Other economic affairs	4.0	3.5	3.7	0.0
Other purposes	15.8	14.6	12.8	/9.9
Total	100.0	100.0	100.0	10.8

a = Preliminary figures

Source: Australian Bureau of Statistics (1997f)

2.4 Socio-economic profile of the Northern Territory regions

2.4.1 Darwin Region

Population, age and income

- The Darwin Region, which encompasses the two major localities of Darwin and Palmerston as well as the Darwin rural area and the West Arnhem/Kakadu area, had a total population of 114,838 in 1996, which represents almost 60 percent of the total Northern Territory population. The percentage of males and females is the same as the Territory, with males accounting for 52 percent of the population.

- While the Darwin Region has the largest number of indigenous people of all the regions in the Northern Territory, they account for almost 15 percent of the Region's population, which is relatively lower than the proportion in other regions. Almost three quarters of the Region's population was born in Australia (Table 2.26).

Table 2.26: 1996 Census - Social characteristics, Darwin Region

Characteristics	Indicator
Females	55 158
Males	59 680
All persons	114 838
Indigenous persons	17 115
	(14.9% of the region's population)
Proportion of population 65 years and over	5.0%
Australian born	84 243
	(73.4% of the region's population)

Source: Australian Bureau of Statistics (1997b) and DEETYA (1997)

- The median age for people in the Darwin Region varies quite significantly (from 33 to 23 years) between the different sub-divisions in the Region (Table 2.27). The Darwin rural area sub-division has the highest median age, while the Tiwi Islands (Bathurst-Melville SSD) and the Daly sub-division, which have a large indigenous population, have the most youthful population with the median age of 23 years. Despite this, five percent of the Darwin Region's population as a whole in 1996 was aged 65 years and over, which is slightly higher than the percentage in the NT.

Table 2.27: 1996 Census - Median age and median personal weekly income for Darwin Region sub-divisions

Darwin Region Sub-Divisions	Median age	Median personal weekly income
Darwin City SSD	30	$426
Palmerston-East Arm SSD	26	$382
Darwin Rural Areas SSD	33	$379
Bathurst-Melville SSD	23	$171
Alligator SSD	26	$198
Daly SSD	23	$193

SSD = Statistical Sub-Division
Source: Australian Bureau of Statistics (1997b)

- Median personal weekly income also varied greatly between the sub-divisions of the Darwin Region. The Darwin City sub-division had the highest median income with $426 per week, while the Tiwi Islands' residents had a median weekly income of only $171. However, while the sub-division of Alligator (which covers the West Arnhem/Kakadu area) recorded the median weekly income of $198, the mining town of Jabiru had a median personal weekly income of $534 – some $242 above the national figure (ABS, 1997b). Therefore even within the sub-divisions of the Darwin Region there is great variation in the level of personal income.

Employment

- Of all the regions in the Territory, the Darwin Region had the lowest unemployment rate in the June quarter of 1997. The rate of 5.1 percent was also almost one percent below the unemployment rate for the Northern Territory and 3.5 percent below the national figure for the same period. According to figures from DEETYA (Table 2.28), the unemployment rates for the Darwin area (which includes the inner city suburbs, Palmerston as well as the Litchfield Shire and

Jabiru) and the Casuarina area (which includes the northern suburbs and the Tiwi Islands) had decreased between the June quarter in 1996 and June quarter 1997.

Table 2.28: Unemployment rates for Darwin Region June Quarters 1996 and 1997

	June Quarter 1996	June Quarter 1997
Darwin area	6.2%	5.8%
Casuarina area	5.4%	4.5%

Source: DEETYA (1997)

Housing characteristics

- With the exception of the rural areas sub-division, of the dwellings in the other sub-divisions in the Darwin Region around 50 percent or above were rented by the occupants in 1996, with the Bathurst-Melville sub-division having almost 84 percent of its private dwellings as rented accommodation. Almost one third of private dwellings in the Darwin rural areas were fully owned and this was the sub-division with the highest rate of fully owned dwellings. Close to one fifth of private dwellings in the Darwin city sub-division, which includes the suburban areas, were fully owned by the occupants in 1996, while another 28 percent were in the process of being purchased.

Table 2.29: 1996 Census - Housing characteristics, Darwin Region

Characteristics	Darwin City	Palmerston-East Arm	Darwin Rural Areas	Bathurst-Melville	Alligator	Daly
Total occupied private dwellings	23 422	4 222	5 578	417	1 941	754
% Fully owned	19.2%	6.7%	32.0%	2.4%	11.5%	18.8%
% Being purchased	27.6%	38.6%	34.6%	0.0%	1.3%	3.2%
% Rented	47.4%	50.0%	19.0%	83.7%	54.5%	62.3%
% Other (incl. not stated)	5.9%	4.8%	14.4%	13.9%	32.7%	15.6%
Average number of persons per dwelling	2.8	3.0	2.8	4.8	3.6	4.6
Median weekly rent	$135	$127	$108	$25	$31	$25
Median monthly housing loan repayments	$867	$867	$867	$0	$758	$688

Source: Australian Bureau of Statistics (1997b)

- Only seven percent of private dwellings in the Palmerston area were fully owned by the occupants, reflecting the recent growth in residential housing in the area. However close to 40 percent were being purchased which was the highest rate of all the sub-divisions (Table 2.29). In stark contrast, the Bathurst/Melville sub-division (with a large Aboriginal population) recorded no private dwellings in the process of being purchased and only 2.4 percent, which were fully owned.

- The Tiwi Islands also had the highest average number of persons per private dwelling in the Darwin Region with almost five persons per dwelling, compared to the Darwin City, Palmerston and Rural Areas, which averaged three or less persons per dwelling. In addition to the Tiwi Islands, the Alligator and Daly sub-divisions both averaged higher the NT average for persons per dwelling, with 3.6 and 4.6 respectively. It is worth noting that sub-divisions, which have a higher proportion of indigenous people also, have higher numbers of persons per dwelling.

- Three of the sub-divisions, including Darwin City, recorded the same median monthly housing loan repayments as the whole of the NT ($867) (Table 2.29). However, median weekly rent was higher in these three divisions than for the NT, which recorded a median weekly rent of $100.

- Median housing loan monthly repayments in the Alligator and Daly divisions were slightly lower than the rest of the Territory, while median weekly rent was considerably lower, ranging between $25 and $31.

2.4.2 East Arnhem Region

Population, age, income and employment

- Almost one third of people in the East Arnhem Region reside in the mining town of Nhulunbuy, while the majority live outside in the surrounding Aboriginal communities of eastern Arnhem Land, including Groote Eylandt (ABS, 1997b). As with most regions in the NT, males account for around 52 percent of the East Arnhem Region's population.

- Indigenous people represent almost 60 percent of the Region's population of 12,172, (Table 2.30); but 98 percent of these indigenous people reside outside of the town of Nhulunbuy. This significant indigenous population no doubt contributes to the large percentage (88%) of the Region's population who were born in Australia.

- The Region's population is very youthful with a median age of 24 years, five years less than the Northern Territory's. The Region has a very small number of residents 65 years or older – in 1996 less than two percent of East Arnhem's population was aged 65 years and over.

- The median personal weekly income for the Region conceals the considerable income variations within the different population areas of the Region. Incomes in the towns are significantly higher than those in rural areas. While the Region's median income in 1996 was $186 (Table 2.30), the mining town of Nhulunbuy had a median personal weekly income of $597, more than double the Australian figure. Groote Eylandt's median income was $191; however, this may also conceal income variation between the mining town of Alyangula and the Aboriginal communities on the island. The remaining population of the East Arnhem Region (ie. excluding Groote Eylandt and the town of Nhulunbuy) reported a median personal weekly income of only $163 (ABS, 1997b).

Table 2.30: 1996 Census - Social characteristics, East Arnhem Region

Characteristics	Indicator
Females	5 865
Males	6 307
All persons	12 172

Indigenous persons	7 001
	(57.5% of the region's population)
Median age	24
Proportion of population 65 years and over	1.7%
Australian born	10 739
	(88.2% of the region's population)
Median personal weekly income	$186
Unemployment rate:	
June Quarter 1996	7.4%
June Quarter 1997	8.2%

Source: Australian Bureau of Statistics (1997b) and DEETYA (1997)

- Differences in median personal weekly income within the Region are reflected in the Region's widely varied unemployment figures. While the June quarter unemployment rates for the East Arnhem Region in 1996 and 1997 were 7.4 and 8.2 percent respectively, the rates in the same periods for the mining town of Nhulunbuy were 2.9 and 2.5 percent. With the exclusion of Nhulunbuy and Groote Eylandt, the remaining area of the Region recorded an unemployment rate which rose from 16.3 percent in June 1996 to 18.1 percent in June 1997 (DEETYA, 1997).

Housing characteristics

- Of the 2,409 private dwellings in the East Arnhem Region in 1996 almost 50 percent were located in Nhulunbuy; 80 percent of the total number of dwellings were being rented by the occupants for a low median weekly rent of $25. This median rent is one quarter of that for the Northern Territory as a whole. The small number of private dwellings, either fully owned or being purchased by the occupants (2% and 1% respectively), is due largely to company housing provided for Nabalco mine employees in Nhulunbuy and Groote Eylandt Mining Company employees in Alyangula (Table 2.31).

- For those who seek to purchase a house in East Arnhem, however, costs are high. The median monthly housing loan repayment for the 21 dwellings that were being purchased in the Region (all of which were located in Nhulunbuy) was $984, higher than for the Northern Territory.

Table 2.31: 1996 Census - Housing characteristics, East Arnhem Region

Characteristics	Indicator
Total occupied private dwellings	2 409
% Fully owned	2.2%
% Being purchased	1.0%
% Rented	80.5%
% Other (incl. not stated)	16.2%
Average number of persons per dwelling	4.8
Median weekly rent	$25
Median monthly housing loan repayments	$984

Source: Australian Bureau of Statistics (1997b)

2.4.3 Katherine Region

Population, age, income and employment

- The Katherine Region encompasses an area stretching across the Northern Territory between the state borders of Western Australia and Queensland. While the town of Katherine is the major centre, the Region includes many Aboriginal communities and pastoral properties in the Victoria River area as well as the town Borroloola in the Gulf country.

- Of all the regions in the Northern Territory, the Katherine Region has the highest proportion of males in the population. Census figures in 1996 reveal that males account for 54 percent of the Region’s 19,307 people. Even within the town of Katherine, where 56 percent of the Region’s population reside, females still only represent 46 percent of the population (ABS, 1997b).

- While indigenous people represent 35 percent of the Region’s population, the majority of these people (76%) live outside the major town of Katherine. Within Katherine, indigenous people account for 15 percent of the population (ABS, 1997b). More than 80 percent of the Region's population was Australian born, which is higher than the proportion in the Northern Territory population (Table 2.32).

- The median age for the Katherine Region (28 years) is fairly similar to that of the Northern Territory's. However, the proportion of people aged 65 years and over (5.6%) is higher than that for the Territory as a whole, which was just under five percent in 1996.

- Incomes vary significantly throughout the Region, with the Katherine town population reporting the highest incomes. While the Region had a median personal weekly income of $281 in 1996, the town of Katherine reported a median income of $412 which is $54 higher than that for the Northern Territory (ABS, 1997b).

Table 2.32: 1996 Census - Social characteristics, Katherine Region

Characteristics	Indicator
Females	8 818
Males	10 489
All persons	19 307
Indigenous persons	6 732
	(34.9% of the region's population)
Median age	28
Proportion of population 65 years and over	5.6%
Australian born	15 869
	(82.2% of the region's population)
Median personal weekly income	$281
Unemployment rate:	
June Quarter 1996	6.4%
June Quarter 1997	8.2%

Source: Australian Bureau of Statistics (1997b) and DEETYA (1997)

- Unemployment in the Katherine Region is relatively high. For the June quarter 1997, the Region's unemployment rate rose to 8.2 percent, more than two percent above the rate for the Northern Territory. However, this pattern also varies between the town population and surrounding areas. The unemployment rate for the town of Katherine remained steady, and below the Territory's rate, at 5.7 and 5.8 percent respectively for the June quarters of 1996 and 1997.

Housing characteristics

- Of the 5,107 private dwellings in the Katherine Region, more than 60 percent are located in the town of Katherine. Just over half of the Region's private dwellings in 1996 were being rented by the occupants, who were paying a median weekly rent of $83. While one fifth were fully owned, a further ten percent are in the process of being purchased, with the median monthly housing loan repayments for the Region being $830 (Table 2.33).

Table 2.33: 1996 Census - Housing characteristics, Katherine Region

Characteristics	Indicator
Total occupied private dwellings	5 107
% Fully owned	20.5%
% Being purchased	10.2%
% Rented	53.7%
% Other (incl. not stated)	15.5%
Average number of persons per dwelling	3.3
Median weekly rent	$83
Median monthly housing loan repayments	$830

Source: Australian Bureau of Statistics (1997b)

2.4.4 Tennant Creek Region

Population, age, income and employment

- Of all the regions in the Northern Territory, the Tennant Creek Region has the smallest population, accounting for less than four percent of the Territory's population. Tennant Creek is the major centre in the Region with more than half of the Region's population residing in the town. The proportion of males and females in the population is similar to that of the Northern Territory with males accounting for just over 52 percent.

- Just under half of the Region's population are indigenous people (Table 2.34); and almost 40 percent of the town's population are Aboriginal people. The number of indigenous people has increased considerably over the past five years figures when, in 1991, Aboriginal people represented 28 percent of the town's population and 42 percent of people in the Region (ABS, 1996a). The Tennant Creek Region also has a large number of residents who were born in the Australia and the proportion is higher than that for the Northern Territory.

Table 2.34: 1996 Census - Social characteristics, Tennant Creek Region

Characteristics	Indicator
Females	3 361
Males	3 766
All persons	7 127
Indigenous persons	3 449
	(48.4% of the region's population)
Median age	26
Proportion of population 65 years and over	5.5%
Australian born	6 026
	(84.6% of the region's population)
Median personal weekly income	$227
Unemployment rate:	
June Quarter 1996	7.0%
June Quarter 1997	7.2%

Source: Australian Bureau of Statistics (1997b) and DEETYA (1997)

- The age of the Region's population is widely distributed. Compared to the Northern Territory, the Tennant Creek Region's median age is three years younger. Despite this fact, the proportion of people aged 65 years and older is slightly higher than that for the Territory.

- Incomes are relatively low in the Tennant Creek Region. The median personal weekly income for the Region is $131 lower than the median income for the Northern Territory. While the weekly income for the town of Tennant Creek is $308 and higher than the Region's, it is still $50 below the Territory's median weekly income.

- Following a similar trend, the Region had a higher unemployment rate than the Territory in both June quarters for 1996 and 1997. The rate for the town of Tennant Creek was slightly lower, although still above the Territory's unemployment rate for both quarters.

Housing characteristics

- Not surprisingly, almost 60 percent of the private dwellings in the Region are located in the town of Tennant Creek. On average there were 3.4 people per dwelling in 1996, slightly higher than the Northern Territory as a whole. Similar to the pattern in the Northern Territory, home ownership is low with around half of the private dwellings being rented by the occupants in 1996 (Table 2.35). Only one in six dwellings were fully owned.

- Housing costs are relatively low, however. In 1996 median weekly rental paid by tenants in the Tennant Creek Region was 50 percent less than in the Northern Territory as a whole. However the median weekly rent for the town of Tennant Creek was closer to the Territory average at $85 (ABS, 1997b). Less than ten percent of the dwellings in the Region were being purchased by the occupants, although costs were relatively low. The median monthly housing loan repayment was $563, more than $300 less than Northern Territory figure.

Table 2.35: 1996 Census - Housing characteristics, Tennant Creek Region

Characteristics	Indicator
Total occupied private dwellings	1 910

% Fully owned	17.1%
% Being purchased	9.2%
% Rented	51.0%
% Other (incl. not stated)	22.7%
Average number of persons per dwelling	3.4
Median weekly rent	$50
Median monthly housing loan repayments	$563

Source: Australian Bureau of Statistics (1997b)

2.4.5 Alice Springs Region

Population, age, income and employment

- The town of Alice Springs is the major residential and commercial centre for the southern region of the Northern Territory. The Alice Springs Region includes a number of large desert Aboriginal communities as well as the Uluru - Kata Tjuta National Park and the tourist centre of Yulara. Outside the Darwin Region, the Alice Springs Region has the largest proportion (one fifth) of the Territory's population.

- It is the only region in the Territory where females account for almost 50 percent of the population. Almost two thirds of the population reside in the major centre of Alice Springs which has a population of just over 27,000 (ABS, 1997b).

- More than two thirds of the Region's 12,000 indigenous people reside outside Alice Springs. Aboriginal people also account for around 14 percent of the town's population (ABS, 1997b). Compared to other regions in the Territory the proportion of people born in Australia is slightly less, however the figure for the Alice Springs Region is fairly similar to the percentage of Australian born in the Territory as a whole.

- The Region's median age is the same as that for the Northern Territory, however the proportion of people aged 65 years and older is slightly higher (Table 2.36).

- While the Region’s median personal weekly income of $351 is similar to the figure for the Territory, the Tanami Desert area, which accounts for 45 percent of the Region’s indigenous population, recorded a median personal weekly income of only $168 (ABS, 1997b). This suggests that as with other regions the Territory, personal income in the major centres generally is considerably higher than in the more remote parts.

Table 2.36: 1996 Census - Social characteristics, Alice Springs Region

Characteristics	Indicator
Females	20 408
Males	20 737
All persons	41 145
Indigenous persons	11 967
	(29.1% of the region’s population)
Median age	29
Proportion of population 65 years and over	5.4%
Australian born	31 783
	(77.2% of the region’s population)
Median personal weekly income	$351
Unemployment rate:	
June Quarter 1996	6.7%
June Quarter 1997	7.4%

Source: Australian Bureau of Statistics (1997b) and DEETYA (1997)

- As with other parts of the Territory, this is symptomatic of the unemployment rates for the Region. While the Region’s unemployment rate was above that for the Territory and had increased between 1996 and 1997 (Table 2.36), the unemployment rate for the town of Alice Springs was below the Territory’s. In the June quarter 1997, the unemployment rate in Alice Springs was only 5.7 percent, while in the Tanami Desert area the rate was more than double that, at 14.6 percent (DEETYA, 1997).

Housing characteristics

- Three quarters of the private dwellings in the Region are located in Alice Springs (Table 2.37). Following the pattern in the Territory around 50 percent of the dwellings in the Alice Springs Region were being rented by the occupants in 1996, with the median weekly rent being $100 – the same as the figure for the Territory as a whole.

- Almost one fifth of dwellings were being purchased with the median monthly housing loan repayments being the same as for the Territory, at $867. The mean number of occupants per private dwelling in the Alice Springs Region is also the same the Territory, at three persons.

Table 2.37: 1996 Census - Housing characteristics, Alice Springs Region

Characteristics	Indicator
Total occupied private dwellings	11 669
% Fully owned	15.8%
% Being purchased	19.1%
% Rented	49.3%
% Other (incl. not stated)	15.8%
Average number of persons per dwelling	3.0
Median weekly rent	$100
Median monthly housing loan repayments	$867

Source: Australian Bureau of Statistics (1997b)

3 Gambling industry trends

The purpose of this section is to describe the structure and pattern of Australian gambling and recent trends in the Northern Territory. This will provide background information for analysis of gambling developments, performance and trends during 1996 and 1997. The major sources of data are the Tasmanian Gambling Commission's annual compilation of *Australian Gambling Statistics*, Australian Bureau of Statistics reports, annual reports of the Northern Territory Racing and Gaming Authority and special reports on Australian and New Zealand gambling published in *International Wagering and Gaming Business* (IGWB: 1996,1997). Additional data has also been drawn from specific industry reports on various forms of gambling in the Territory.

The material is presented in three parts. The first presents a summary of gambling in Australia, outlining the major forms of gambling in the various states, levels of expenditure and rates of growth. The second part describes the various gambling industries in Australia, their structure and performance. In the third part, we develop a brief profile of gambling in the Northern Territory in 1995 before this study began. This background information will enable us to assess the prevalent trends and patterns in 1996/97 and to explore the impacts of these changes at a Territory and regional level.

3.1 Methodology

Despite a long history of legalised and commercial gambling, the first comprehensive data on the Australian industry was compiled in 1994/95 (ABS, 1997e). A number of related ABS data series have presented information on the casino sector (ABS, 1998b), clubs and pubs (ABS, 1996d), sports and recreation.

At a national level, the Tasmanian Gaming Commission also has compiled annual data on gambling turnover, expenditure and taxes since 1972/73, the year when

Australia's first casino opened in Wrest Point, Hobart (Tasmanian Gaming Commission, 1998). At a state and Territory level, governments produce accounts of gambling revenues and policy, and gambling operators produce annual reports of their activities and performance. This growing body of information has been supplemented in recent years by an increasing number of commercial reports which trace current trends and predict future patterns. In combination, these data provide a broad picture of a dynamic and expanding industry, with notable similarities and differences between different forms of gambling, and between states.

Yet there also are significant gaps in available data, which prevent a full and comprehensive understanding of the nature and effects of gambling in Australia. These data deficiencies make it difficult to identify reliably the impacts of gambling at state and territory levels, and on regional communities.

3.2 Gambling in Australia[9]

This section summarises the range and size of the Australian gambling industry and identified trends prior to and during 1996/97, the period of this study. In 1995 the gambling industry was 'one of the fastest growing sectors of the Australian economy' with 30 percent growth in turnover in each of the previous two years (Kelly, 1996:7)[10]. Per capita gambling expenditure in Australia was almost A$400, compared with A$370 in Hong Kong and A$170 in the USA, and has continued to increase sharply (Table 3.1, Table 3.2, Figure 3.1).[11]

Table 3.1: Australian gambling expenditure 1996/97

State	Expenditure $M	Per Capita $	HDI%

[9] Figures in this section refer to the fiscal year ending June 30th, unless otherwise stated.
[10] Turnover, or handle, refers to the total amount wagered on all bets by the gambler. As it does not account for the money won by the player, it is not an accurate representation of the money actually lost by players, or of the gambling operator's level of profitability. Some economists (Rubner:1966:116) argue that turnover is a significant economic measure for games like lotteries where the odds of winning a large prize are very low and winnings are concentrated among a few. However, it is not practical to calculate turnover with continuous forms of gambling like casino table games or gaming machines. For these gambling activities, expenditure data provide the only reliable measure of gambling activity. See Glossary.
[11] Expenditure is the amount spent by the gambler (or turnover) less the amount won or prizes paid. It thus is a measure of gross profit or operator's revenue. It is the most common measure used by economists to measure gambling.

New South Wales	3,288	853.38	3.36
Victoria	2,757	804.71	3.21
Queensland	1,561	635.27	2.37
South Australia	638	571.81	2.53
Western Australia	670	539.97	2.29
Tasmania	152	435.88	2.04
Australian Capital Territory	172	58.25	2.29
Northern Territory	100	805.92	3.27

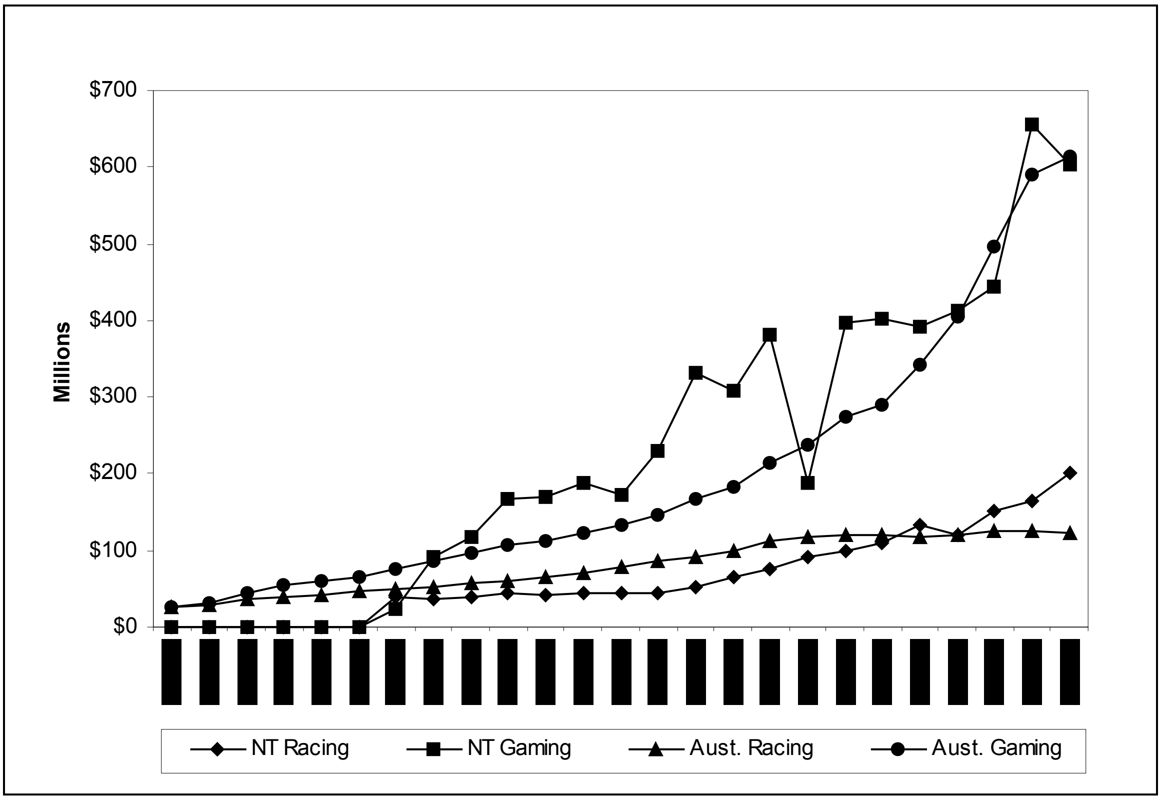
Source: Australian Gambling Statistics 1972/73 to 1996/97, Summary Tables A&B. Tasmanian Gaming Commission.

Table 3.2: Australian per capita gambling expenditure 1996/97#

	NSW	Victoria	Queensland	Western Australia	South Australia	Tasmania	Australian Capital Territory	Northern Territory	Australia
Racing	$145	$124	$113	$107	$84	$70	$83	$202	$123
Poker machines	$536	$425	$207	-	$326	$16	$525	$123	$363
Casino	$78	$169	$176	$290	$63	$214	$79	$368	$144
Tattslotto, lotto	$52	$75	$61	$98	$56	$47	$52	$89	$64
Instant lottery	$13	$7	$34	$23	$7	$7	$15	$9	$16
Other*	$30	$4	$44	$22	$35	$83	$5	$14	$27
Total	$854	$804	$635	$540	$571	$437	$759	$805	$737
Change 1995/96 to 1996/97	**6.6%**	**22.3%**	**8.6%**	**-7.8%**	**8.8%**	**5.1%**	**-4.7%**	**3.3%**	**10.6%**

Figures rounded to nearest dollar.
* Includes Lottery, Keno, Pools, minor gambling
# Note that per capita expenditure includes spending by both domestic and international gamblers.
Source: Tasmanian Gaming Commission 1998, *Australian Gambling Statistics 1996/97*.

Figure 3.1: Per capita expenditure on gaming and racing, Australia and Northern Territory 1972/73 to 1996/97



Source: Tasmanian Gaming Commission, 1998

The remarkable growth in the Australian gambling industry since 1990 has been driven by a rapid expansion in legalised gaming[12], particularly the legalisation of gaming machines (EGMs)[13] in several states and an expansion in the number of casinos from eight to fourteen (Table 3.3). Overall, in 1995 gaming machines (poker machines and EGMs) accounted for almost half of the nation's total gambling spending. Until 1992, only New South Wales and the Australian Capital Territory (ACT) had legalised machine gambling (poker machines and draw card machines).[14] The introduction of gaming machines to Queensland (1992), Victoria (1992), South Australia (1994), Northern Territory (1996) and Tasmania (1997) dramatically increased the gaming machine market. Western Australia is the only Australian state where gaming machines are not allowed in clubs or hotels; Burswood Casino has exclusive operating rights for gaming machines until 2001.

The shape of Australia's gambling industry and the gambling patterns of the population have changed radically over the past decade. New forms of gambling (casinos and gaming machines) compete directly with long-established forms of gambling such as state lotteries. The rapid growth of EGMs in clubs and hotels, expansion of the number of casinos, and the introduction of new gambling options such as Keno and sports betting have led to increased competition between various forms of gambling. Competition also has escalated within gambling sectors, most acutely experienced in the casino sector (Merryl Lynch, 1996).

Competition between casinos for international players increased significantly in the 1990s, prompting many operators to lobby their respective state governments to lower

[12] Gaming refers to legal forms of gambling including casino gambling, gaming machines, lotteries, pools, instant lottery, and minor gaming activities. It is distinguished from wagering which refers to gambling in the racing industry, sports betting, and betting with bookmakers and totalisators.

[13] There are various types of gaming machines which in Australia are variously called EGMs (electronic gaming machines), Approved Amusement Devices (AAD), draw card machines (or 'cardies'), poker machines (or 'pokies'). Since the 1980s, however, computerisation of gaming machines has had two significant effects: the old style mechanical reel poker machines such as those legalised throughout NSW have been superseded; and computerisation has improved the capacity of regulatory agencies to audit and monitor gaming machine performance, and thus facilitated legalisation and expansion of the market.

[14] Gaming machines (or poker machines) were legalised in NSW in 1956 and in 1976 in ACT. Other states resisted legalisation until computer technology enabled more effective monitoring and auditing of machine operations (McMillen:1997c).

the 'junket' tax rates.[15] Casino Canberra, Crown Casino (Melbourne) and the Queensland casinos were successful in achieving a tax reduction, placing further pressure on their interstate competitors to lobby for similar concessions. Casinos were also starting to erode each other's markets. For example, the opening of the new Sydney Harbour Casino in 1994 affected the performance of Casino Canberra which downgraded its profit forecasts; and the opening of the Crown Casino in Melbourne deprived the Adelaide Casino of a lucrative interstate market.

Despite these competitive pressures, by 1996, most of the Australian gambling industry continued to post healthy overall results, although certain sectors and markets were experiencing slow growth. Racing continued to reflect a worldwide declining trend in on-course betting, and struggled to maintain market share. Off-course betting (TAB, bookmakers in the Northern Territory) achieved some market growth by expanding into new facilities and increasing the number of race meetings. Initiatives such as the introduction of new and 'exotic' betting types, improved betting services, phantom races and night racing were designed to stem the downward trend and to retain racing's nine percent share of total gambling spending.

Despite efforts by state TABs, by the mid-1990s the Australian racing industry faced a major threat from new forms of gaming (gaming machines, casinos). However, racing hoped to capture additional revenue stream from new technology such as phone betting, pay TV coverage and home betting. Sky Channel and gambling via the Internet also offered expanding opportunities.

Australian lotteries, with a few exceptions, experienced flat growth in the mid-1990s. The instant scratch ticket market generally suffered with the expansion and rise in popularity of gaming machines. Lotto products, particularly Oz Lotto and Powerball continued to hold market share. Powerball, introduced in February 1994 and offering large jackpots (up to $15 million), is Australia's only national Lotto game, marketed in all states. In 1994/95, Powerball prevented a general downward slide in the lottery

[15] Australian casinos pay a separate gambling tax on the organised groups of high-stakes players organised by

sector which managed just under five percent growth. At this time, across most of Australia a debate emerged about whether to retain government ownership or to operate lotteries as public or privately owned corporations. Victoria and the Northern Territory already had privately owned lotteries, but other states (eg. Queensland) started procedures for the state-run lottery to become a public corporation.

By 1996 there was a general trend by both industry and state governments towards stimulating new growth. From a government perspective, the potential of gambling as a source of revenue had been brought into focus; and industry was reviewing the potential of new technology (interactive gaming, television based gambling).

3.3 Gambling as an industry

The most reliable data on Australian gambling industries has been compiled by the Australian Bureau of Statistics (ABS, 1996d; 1997e; 1998b). While there are limitations to these data, they provide the best available information on the nature of Australia's gambling industry at the time of this study. In combination, the various data reveal that the Australian gambling industries are a vital and considerable economic activity, employing large numbers of workers and generating substantial incomes for the legalised operators. They also reveal the diversity of the industry, involving both large and small businesses across a range of gambling activities.[16]

The ABS adopts two different statistical views of gambling, namely an *industry* view and an *activity* view.

Gambling as an industry: The gambling industry is defined in the Australian and New Zealand Standard Industrial Classification (ANZSIC) as three industry classes. For the purposes of this report, we will refer to these as gambling industry 'sectors':

- lotteries – which includes the operations of lotteries and lottery agencies;

'junket' operators or agents.

[16] We had anticipated that in early 1998 ABS would publish updated 'gaming industries' data for 1997. However at the time this report was written, the data have not been analysed or published.

- casinos; and
- other gambling services – which includes bookmaker/betting shop operation, TAB and totalisator operation and TAB/totalisator agencies.

Gambling as an activity: There also are many other organisations involved in the provision of gambling services where gambling is not their sole or primary activity. These include pubs, taverns and bars, hospitality clubs, and sports businesses such as horse and dog racing clubs.

Tables 3.3 and 3.4 bring together data from both views and summarise gambling activities in Australia for the 1994/95 financial year.[17] They present key aggregates on net takings and commissions from gambling for all employing businesses providing gambling services. The data are provided by:

- Industry sector, including a more detailed breakdown of the gambling industry;
- by state and territory; and
- by type and location of gambling activity.

In June 1995, there were 6,826 Australian businesses providing gambling services which generated net takings (ie. after payouts of winnings) from gambling of $7,596.7 million. A further $446.6 million income was earned in commission income from gambling (Table 3.3).

The $7,596.7 million in net takings from gambling accrued to four main industry groups:

[17] Practical constraints have restricted ABS data to those employing businesses in the gambling services industry, the pubs, taverns and bars industry, the hospitality clubs industry and the sports industry. As such they do not include data about non-employing businesses, such as some lottery agencies and bookmaker operations, nor does it include the commission income from lottery agency operations of newsagents, etc.

- the 2,144 hospitality clubs which provide gambling facilities accounted for $2,222.4 million or 29 percent of total net takings;
- the nine lottery operation businesses accounted for $1,881.2 million or 25 percent of total net takings;
- the fifteen TAB and totalisator operation businesses accounted for $1,614.7 million or 21 percent of total net takings; and
- the fourteen casino businesses had net takings of $1,381.8 million or 18 percent of total net takings.

Table 3.3: Australian businesses with gambling activity by industry 1994/95

	Businesses at June 1995		Net takings from gambling		Commissions from gambling	
Type of business	**no.**	**%**	**$m**	**%**	**$m**	**%**
Gambling industries						
Casino	*14*	*0.2*	*1381.8*	*18.2*	*0.9*	*0.2*
Lottery operation	*9*	*0.1*	*1881.2*	*24.8*	*n.p.*	*n.p.*
Lottery agency	*169*	*2.5*	*n.p*	*n.p.*	*n.p.*	*n.p.*
Bookmaker/betting shop	*658*	*9.6*	*44.2*	*0.6*		
TAB and totalisator operation	*15*	*0.2*	*1614.7*	*21.3*	*-*	*-*
Totalisator agency	*1163*	*17.0*	*-*	*-*	*85.2*	*19. 1*
Other	**13*	*0.2*	*n.p.*	*n.p.*	*-*	*-*
Total gambling industries	2041	29.9	4,923.6	64.8	106.0	23.7
Clubs (hospitality)	2144	31.4	2,222.4	29.3	132.9	29.8
Pubs, taverns and bars	2327	34.1	439.9	5.8	136.2	30.5
Sports industries	315	4.6	10.8	0.1	71.5	16.0
Total	**6826**	**100.0**	**7,596.7**	**100.0**	**446.6**	**100.0**

Source: Australian Bureau of Statistics (1997e)
n.p. Not published

Table 3.4 presents by state, key aggregates for businesses providing gambling services. It should be noted that the net takings from a gambling business in a particular state or territory are not necessarily sourced from residents of that state. For example while businesses operating lotteries, lotto, football pools etc, generally operate only from one state they may have sales, usually through agencies, throughout Australia. Similarly, in the case of casinos, while they are located in a particular state or territory, many of the patrons will be visitors from overseas and interstate.

Table 3.4: Australian businesses with gambling activity by state/territory 1994/95

	Businesses at June 1995		Net takings and commissions from gambling	
State/Territory	**no.**	**%**	**$m**	**%**
New South Wales	3516	51.5	3239.2	40.3
Victoria	1034	15.1	2137.9	26.6
Queensland	1299	19.0	1127.7	14.0
South Australia	392	5.7	415.3	5.2
Western Australia	260	3.8	671.1	8.3
Tasmania	n. p.	-	n. p.	-
Northern Territory	n.p.	-	n.p.	-
Australian Capital Territory	101	1.5	149.5	1.9
Australia*	6826	100.0	8043.3	100.0

Source: Australian Bureau of Statistics (1997e)
* Multi-state businesses are counted in each State in which they operate. Hence, states do not sum to the Australian total. The Australian total includes the Christmas Island casino.
n.p. Not published

No published data relating to the number of businesses engaged in gambling activities and their takings are available for the Northern Territory. Businesses located in New South Wales generated 40 percent of total net takings and commissions from Australian gambling. This in part reflects the large number of clubs in New South Wales with gambling facilities. Businesses located in Victoria accounted for 27 percent of net takings and commissions from gambling. Businesses in Queensland, Western Australia, South Australia and Tasmania had relatively small proportions compared to their share of population.

Table 3.5 presents data on gross (where applicable) and net takings from gambling by type of gambling and location of the gambling service. This table provides incorporates data for businesses that provide gambling services as well as those businesses in the three classified gambling sectors. In the gambling industry, for example, not all poker/gaming machines were owned by the businesses that operate them but rather were owned by businesses outside the industry in which the gambling actually occurred. The businesses owning the poker/gaming machines received the takings from those machines, and subsequently paid commissions to the businesses operating the machines.[18]

- Income from poker/gaming machines: Net takings from poker/gaming machines of $3,869.1 million accounted for just over 50 percent of net takings from gambling in Australia. The majority of these takings (67%) were from poker/gaming machines located in hospitality clubs, with poker/gaming machines in pubs, taverns and bars contributing the majority of the remainder (23%). The rate of return to players varied from state to state.
- On-course totalisator and off-course TAB sales: Gross takings from on and off-course totalisator and TAB sales were $8,388.2 million. After the deduction of payouts, these two gambling activities accrued net takings of $1,300.6 million which accounted for 17 percent of net takings and represented an 84 percent rate of return to bettors.
- Takings from lotteries, etc.: Net takings from lotteries/keno/lotto/football pools/instant money sales ($1,344.6 million) accounted for 18 percent of net takings from gambling. Payouts were 61 percent of gross takings, significantly lower than the 84 percent paid out on takings by totalisators.
- Takings from other casino gambling: Casino gambling other than gaming machines (primarily gaming tables) accounted for $1,012.7 million in net takings and represented 13 percent of total net takings from gambling.

Table 3.5: Net and gross takings from gambling by type of gambling and location 1994/95*

	Gross takings	Net takings from	% of overall net

[18] For the purposes of Table 3.5, net takings from poker/gaming machines have been reallocated to where the machines were located and where the takings were received. Hence, the difference in the figures between Tables 3.3 and 3.5.

Type of gambling and location	from gambling $m	gambling $m	takings %
Takings from poker/gaming machines:			
Clubs	*n.a.*	*2593.9*	*34.1*
Pubs, taverns and bars	*n.a.*	*883.8*	*11.6*
Casinos	*n.a.*	*343.6*	*4.5*
Horse and dog racing tracks	*n.a.*	*37.3*	*0.5*
Other sporting locations	*n.a.*	*10.5**	*0.1*
Total takings from poker/gaming machines	n.a.	3869.1	50.9
Takings from on-course totalisator sales and off-course TAB sales	8388.2	1300.6	17.1
Bookmakers' turnover	839.7	44.2	0.6
Takings from lotteries, keno, lotto, football pools, instant money sales and other gambling	3439.1	1344.6	17.7
Takings from casino keno	n.a.	25.5	0.3
Takings from other casino gambling	n.a.	1012.7	13.3
Total takings from gambling	**n.a.**	**7596.7**	**100.0**

n.a. Not available
*Takings from gambling in this table excludes income from commissions.
Source: Australian Bureau of Statistics (1997e)

3.4 Australian gambling industries: summary

This section summarises financial and employment information about businesses whose predominant activity in 1994/95 was the provision of gambling services. This information is available only at a national level, and only for the period 1994/95. No comparable data is available for the Northern Territory, although the national data casts some light on the nature of Australia's gambling industries in general terms. It is thus useful background information for this report and for studies of future trends.

3.4.1 Businesses engaged in gambling activities

- Business numbers: There were 2,041 employing businesses in the three gambling industry sectors at the end of June 1995, 91 percent in 'other gambling services' (e.g. totalisator and TAB operations, TAB agencies and bookmakers), nine percent in the lotteries industry including both operators and agencies, and only one percent in the casinos industry (Table 3.6).

- Business size groupings: The three gambling sectors were dominated by 33 businesses with more than 50 employees. These 33 businesses (nine in the lotteries industry, fourteen casinos and ten in the other gambling services category) contributed only two percent of businesses but 74 percent of employment and 91 percent of gross income (ABS, 1997e).
- In the lotteries and other gambling services, the smaller businesses tended to be bookmakers, lottery and TAB agencies, while the larger businesses tended to be lottery and totalisator operators.
- Poker/gaming machines: There were 119,346 poker/gaming machines in operation at the end of June 1995 of which only seven percent were operated in the three gambling industry sectors. The majority (70%) were located in the hospitality clubs industry and the remainder largely in the pubs, taverns and bars industry.

Table 3.6: Australian gambling industries: summary of operations 1994/95

	Unit	Lotteries	Casinos	Other gambling	Total
Businesses at end June 1995	no.	178	14*	1.849	2041
Employment at end June 1995					
Working proprietors and partners	*no.*	*81*	*-*	*1.719*	*1800*
Salaried directors and other employees entitled to take holidays	*no.*	*1.374*	*11.281*	*2.314*	*14969*
Casual employees	*no.*	*551*	*4.556*	*10.186*	*15293*
Total employment	no.	2.006	15.837	14.219	32062
Income statement					
Sales of goods and services	$m	4099.4	1643.3	9698.5	15441.2
Plus					
Closing trading stocks	$m	14.9	14.8	7.3	37.0
Less					
Purchases and selected expenses	$m	3239.6	996.2	9113.5	13349.3
Opening trading stocks	$m	12.6	12.1	7.4	32.1
Trading profit	*$m*	*862.2*	*649.8*	*584.8*	*2096.8*
Plus					
Interest income	$m	34.6	4.6	17.5	567

Other income	$m	*0.4	2.6	10.3	13.3
Less					
Labour costs	$m	50.4	441.9	162.2	654.5
Depreciation and amortisation	$m	42.0	63.5	52.1	157.5
Other expenses	$m	3.1	19.8	4.9	27.7
Earnings before interest and tax	*$m*	*801.7*	*131.8*	*393.5*	*1327.0*
Less					
Interest expenses	$m	8.5	24.4	2.8	35.8
Operating profit before tax	*$m*	*793.2*	*107.4*	*390.6*	*1291.2*
Operating profit margin	**%**	**19.4**	**6.5**	**4.0**	**8.4**
Industry gross product	**$m**	**866.6**	**649.8**	**594.4**	**2110.8**

Source: Australian Bureau of Statistics (1997e) Gambling Industries. Table 4.
*Includes two casinos (Treasury Casino, Reef Casino) which were not opened at end June 1995, but which had incurred operating expenses and/or income during the year.

3.4.2 Income

In 1994/95, the three gambling industry sectors accrued $15,511.1 million in total income, 63 percent ($9,726.3 million in gross income) from other gambling services, 27 percent ($4,134.4 million in gross income) from the lotteries industry, and 11 percent ($1,650.5 million net of payouts) from the casino industry (ABS, 1997e:7-10).[19]

- Lotteries: In 1994/95, the lotteries industry accrued $4,134.4 million in total income. Takings from gambling were obtained from lotteries, keno, lotto, football pools and instant money sales (with gross takings of $3,439.1 million) and from poker machines ($538.4 million net of payouts).

- Businesses in this industry such as lottery agencies whose main activity is the selling of lottery and lotto tickets on behalf of the lottery operators received $19.9 million in commissions from gambling. Other businesses (e.g. newsagents, supermarkets) also generate lottery commission sales, but their main activity is not lottery sales and they are not included in these data.

[19] In the 1994/95 survey of the three gambling industries, some income items were accounted for on a gross basis (i.e. before payouts) and some on a net basis. Casino gambling income and income from poker/gaming machines were net of payouts. All other gambling income was on a gross basis and the takings and payouts were included in relevant items.

- Casinos: The casino industry obtained 84 percent ($1,381.8 million) of its net income from gambling. Just over 73 percent of income from gambling was from other gambling (primarily gaming tables) and 25 percent from poker/gaming machines.

- Takings from meals and alcohol was the largest other source of income in this industry contributing 11 percent of net income.

- Other gambling: Other gambling services generated $9,726.3 million in gross income during the 1994/95 financial year. Gross takings from gambling contributed 98 percent ($9,541.9 million), obtained from four sources – off-course TAB sales (with gross takings of $8,022.7 million), on-course totalisator sales (with gross takings of $365.5 million), bookmakers' turnover (with gross takings of $839.7 million) and from poker machines ($314.0 million net of payouts). This group also received $85.2 million in commissions from gambling, mainly TAB agencies.

3.4.3 Expenditure

For the lotteries and other gambling services, gambling expenses include prize money and winnings payouts. No such expenses were reported for the operation of poker/gaming machines or for casinos where income is recorded net of payouts.

Prize money payouts for the lotteries and other gambling services were $9,977.5 million, and represented 63 percent of total expenses in the lotteries industry and 84 percent in other gambling services.

Businesses in the three gambling sectors incurred $4,247.3 million in expenses net of payouts for the 1994/95 financial year. Businesses in the casinos industry contributed the largest proportion of these expenses (36%), other gambling services contributed 34 percent, and the lotteries industry 29 percent.

Total gambling taxes paid and funds transferred to government by businesses in the three gambling industry sectors was $1,695.2 million.

- Lotteries: The largest item of expenditure in the lotteries industry was prize money paid, which amounted to $2,094.5 million or 63 percent of total expenditure. This prize money was paid on the $3,439.1 million received in gross takings from lotteries, keno, lotto, football pools and instant money sales giving net income from this source of $1,344.6 million. Labour costs of $50.4 million were a small proportion (2%) of total expenses. Labour costs per employee were $26,200.

- Casinos: The two largest individual items of expenditure in the casino industry were labour costs, which contributed 29 percent ($441.9 million) and gambling taxes which contributed 19 percent ($296.1 million). The fact that winning payouts were included in net takings from gambling should be borne in mind, as this would have been a significant item of expenditure for this industry. Other operating expenses which includes junket commissions and related complimentary expenses and management fees was also significant ($499.0 million).

- Other gambling services: The largest single expense item for other gambling services was winnings paid to bettors ($7,883.0 million) which accounted for 84 percent of total expenditure. These winnings were paid on gross totalisator sales, off-course totalisator sales and bookmakers' turnovers of $9,227.9 million giving net income from this source of $1,344.9 million. This represents a ratio of winnings paid to takings from gambling of 85 percent which was significantly higher than that recorded in the lotteries industry (61%).

- Labour costs per employee of $13,000 were significantly lower in this industry than in the other two industries. This can partly be explained by the proportion of part-time staff to total employment, which was significantly higher (76%) than in the other two industries.

- Operating profit: The gambling industries generated an operating profit before tax of $1,291.2 million in 1994/95. This represented an operating profit margin of 8.4 percent. Lotteries with an operating profit margin of 19.4 percent was the highest of the three sectors with casinos recording 6.5 percent and other gambling services recording four percent.

3.4.4 Employment

In June 1995, there were 32,062 paid employees in the three gambling industry sectors. This figure excludes employees of businesses whose predominant activity is outside the three gambling industries e.g. clubs, pubs, taverns and bars, but whose income includes takings from gambling (ABS, 1997e:11-14).

Of the 32,062 paid employees, 15,837 (49%) were employed in the casinos industry, with other gambling services accounting for 44 percent (14,219) and the lotteries industry only 6 percent (2,006).

Within the three gambling industries, females represented 54 percent of the total employment, of whom 61 percent worked part-time. There were almost as many casual employees (15,293) as there were persons in permanent employment (16,769).

- Lotteries: In June 1995, 2,006 persons were employed in the lotteries industry of which females accounted for 63 percent (1,254). However the proportion of females in the industry changed between type of employment; females accounted for 86 percent of casual employees, but only for 41 percent of working proprietors and partners.

- Of lottery employees, 65 percent were full-time workers. Whilst marginally more females were in full-time employment (54%), most males worked full-time (85%). Casual employees comprised 27 percent of total employment. The majority was employed in managerial/clerical occupations (54%), with 28 percent working as ticket sellers.

- Casinos: There were 15,837 persons employed in the Australian casino industry in June 1995. Unlike the other two gambling industries, there were more males employed in this industry (53%) than females (47%). There were more persons working full-time (69%) than part-time with males dominating the category of full-time employment (58%).

- Casual employees made up less than 29 percent (4,556) of persons working in the casino industry. A larger proportion (84%) of these casual employees were employed on a part-time basis, with slightly more females (85%) than males (83%) working part-time.

- Licensed gaming staff was the largest occupation group (38%), with 21 percent in hospitality occupations, 29 percent security and cashiers, and 11 percent in management/administration.

- Other gambling services: A total of 14,219 persons were employed in the gambling services in June 1995. There were 8,663 (61%) females working in this industry, with a majority of these employees working part-time (83%).

- Employment in other gambling services was mainly on a part-time basis with 76 percent (10,850) of total employment working part-time. This is significantly greater than the proportion of part-time employees in the lotteries industry (35%) and in the casinos industry (31%). The other gambling industry group employed

10,186 (72%) persons on a casual basis. The majority of workers in this sector were employed as gambling services staff (e.g. TAB agency clerks, on-course totalisator clerks)

Table 3.7: Australian gambling industries 1994/95: characteristics of employment at end June 1995

			Males			Females			Total
Type of employment	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
LOTTERIES									
Working proprietors & partners	n.p.	n.p	48	n.p.	n.p.	33	73	*8	81
Salaried directors	109	**8	117	77	*5	82	186	*13	199
Employees entitled to take holidays	484	25	509	554	112	667	1038	138	1176
Casual employees	n.p.	n.p.	78	n.p.	n.p.	472	*16	535	551
Total	*642*	*111*	*752*	*671*	*583*	*1254*	*1313*	*693*	*2006*
CASINOS									
Salaried directors & other employees	6031	348	6379	4252	650	4902	10283	998	11281
Casual employees	342	1726	2068	380	2108	2488	722	3834	4556
Total	*6373*	*2074*	*8447*	*4632*	*2758*	*7390*	*11005*	*4832*	*15837*
OTHER GAMBLING SERVICES									
Working proprietors & partners	n.p.	n.p.	1050	n.p.	n.p.	669	1146	573	1719
Salaried directors	280	*29	309	274	*33	307	554	62	615
Employees entitled to take holidays	929	*50	979	540	180	719	1469	230	1698
Casual employees	n.p.	n.p.	3218	n.p.	n.p.	6968	200	9986	10186
Total	*1936*	*3620*	*5556*	*1433*	*7230*	*8663*	*3369*	*10850*	*14219*
TOTAL									
Working proprietors & partners	711	387	1098	508	193	702	1219	580	1800
Salaried directors & other employees entitled to take holidays	7833	460	8293	5696	980	6677	13529	1440	14969

Casual employees	407	4957	5364	531	9398	9929	938	14355	15293
Total	**8951**	**5804**	**14755**	**6736**	**10571**	**17307**	**15686**	**16376**	**32062**

*Subject to sampling variability too high for practical purposes (ie. relative standard error greater than 25%)
**Subject to sampling variability too high for practical purposes (ie. relative standard error greater than 50%)
n.p. Not published
Source: Australian Bureau of Statistics (1997e)

- Occupations: Of the 32,062 persons employed, almost half were gambling services staff (primarily licensed gaming staff and TAB agency/branch clerks and telephone betting operators), with 19 percent employed as managers/administrators and clerks.

4 Gambling in the Northern Territory: trends and performance

This section provides background information about gambling in the Northern Territory, showing the specific performance of each major form of gambling during 1996 and 1997 and general trends in relation to other states and Australia as a whole. The section begins with an overview of the situation in the NT and then considers each major form of gambling.

This stage of the research allows us to assess the changes which have taken place in Territory gambling from January 1996 to the 31 December 1997, or the date of the latest available data. We have taken special note of the key policy changes which have occurred and their effects as well as any adjustments made by gambling providers to the changing context in which they operate.

In analysing the changes in the various forms of gambling, care was taken to distinguish between general environmental factors (such as changing economic conditions), factors related to the gambling industries themselves (such as increased competition), and factors specific to a particular locality or region.

4.1 Methodology and data

The methodology in this section applies a variety of analytical techniques and procedures including trend analysis, consultations with key stakeholders in government and industry, interviews with gaming venue managers and proprietors, and policy analysis. The objectives are to:

- identify and analyse the trends and performance of all major forms of gambling in the Territory over 1996 and 1997;
- consider the impacts on the forms of gambling following the changes in the gambling industry;

- analyse the growth of electronic gaming machines (EGMs) gambling at Territory and regional levels in terms of number of machines operating at different community venues; and
- analyse the growth of EGMs in terms of expenditure (cash lost by players).

In analysing these trends, it is important to acknowledge the limitations of available data which have affected this study. They are outlined below:

- Various agencies and jurisdictions use different terminology for the same data (eg. expenditure and player loss; gross profit, win, income, revenue) or base their calculations on different measures (eg. some rely on turnover data, others use expenditure for basic calculations).

- Particular data may be available for one form of gambling, but not for others, thus preventing comparisons.

- There are inconsistencies in the data provided by different sources.

- It is not usually possible to differentiate and identify local gambling expenditure and incomes from interstate or overseas expenditures (eg. with casino gambling). The inclusion of overseas and interstate gambling expenditure in per capita data for the Territory creates distortions, which give inaccurate information. On the other hand, the Northern Territory R&GA does differentiate between local and international gambling on racing and sportsbetting.

- No expenditure or turnover data are available on various forms of 'charitable gambling' (such as bingo, raffles) and of informal games such as two-up, manilla, mah-jong and card games in Aboriginal communities.

- For commercial and legal reasons, access to operating and financial data of private gambling organisations is significantly more restricted than to data of public gambling operators. This limits comparative research and analysis.

- Seasonal trends are difficult to identify and explain. An increase in gambling during the ‘dry season’ may be due to the seasonal increase in tourists, or due to the fact that local residents are playing sport and socialising during this time. On the other hand, a decrease during the ‘wet season’ could be the result of lower tourist numbers and/or the fact that many locals take holidays out of the Territory during these months.

- Data on gambling and its impacts at a regional level are limited and vary in detail between different forms of gambling, preventing an accurate and consistent analysis of regional gambling trends.

- Some data are collected on a calendar year basis, others are based on fiscal years.

- Australian Bureau of Statistics data and the framework and categories on which they are based often are not appropriate for the gambling industry and its related activities. For example, it is not clear whether data on liquor, food and beverage sales in clubs and pubs is located in either the retail statistics or the gambling sector data.

- Accurate multipliers for the gambling industries cannot be calculated at present as the necessary data are not available (ABS, 1995). A comprehensive review of gambling research in other Australian states and overseas has indicated that different researchers use different multipliers;

there is no agreement. Indeed, it may not be possible to derive an approximate multiplier for all gambling industries. This prevents an accurate calculation of the impacts of gambling - for example, on employment.

4.2 Gambling in the Northern Territory

In considering the current trends in the Territory's gambling industry it is useful to identify significant events and policy changes which have occurred in the preceding years. These changes have impacted upon gambling in the Northern Territory and inform the analysis of the current situation. A chronology of significant events since the late 1970s is provided in Table 4.1.

Table 4.1: Chronology of events relating to gambling policy and the gambling industry in the Northern Territory, 1978-2001

Date	Event	Details/comments
Late 1970s (pre casino)	Draw card machines operating in clubs	Draw card machines operated in licensed clubs before the establishment of casinos in the Territory. Pre 1990 these machines could pay out in cash. They were not taxed at this time.
1979	First casino in NT	This casino operated originally from temporary premises in Cavanagh St in Darwin
1981	First poker machines in casino	A small number of poker machines was introduced into the casino. Soon afterwards, hotels and clubs in the Territory began lobbying government for a greater share of the gambling market.
November 1990	Draw card machines allowed in hotels	Hotels were able to operate draw card machines. Legislation was changed so that all draw card machines were permitted to pay out only in credit for goods and services. The machines in hotels were taxed at 6% of turnover. Half of the tax was paid to local sports clubs and community groups on the recommendation of the respective hotels.
1994	Agreement between NT Government & two casino operators	Agreement was reached between Government and casinos for the latter to surrender their exclusivity over the operation of gaming machines. This agreement will expire 30 June 2003. Under this agreement the casinos receive a rebate from the government which is 22% of the gross profit from EGMs in community venues in either the Northern (MGM) or Southern (Lasseters) Regions. In addition the casinos were able to extend their exclusivity period over other forms of casino gambling.
13 October 1994	Minister announces (via Ministerial Statement in Leg. Assem.) decision to introduce EGMs into community venues	Policy for the introduction of EGMs was set at a maximum of 680 machines to be phased in over a two year period – 500 machines in Northern Region, with a limit of 260 in the first year and 180 machines in the Southern Region with a limit of 90 in the first year. The number of EGMs in clubs and hotel venues to be allocated at a ratio of 80:20.
13 October 1994	Legislative Assembly establishes a select committee to examine the effects or the introduction of poker machines in community venues	Instructed to report to Government in February 1995.
February 1995	Select Committee on Effects of Poker Machines in Community Venues - Report	Select Committee makes 30 recommendations - including that a study of gambling be commissioned to monitor the social and economic impacts on the introduction of EGMs.
May 1995	Recommendations of Select Committee adopted by Government	Recommendations of Select Committee substantially adopted by Government.

Date	Event	Details/comments
19 June 1995	Ministerial Advisory Committee appointed	The Minister appointed a Ministerial Advisory Committee of the same structure as the Gaming Machine Commission which advised on legislation content, the tendering and purchase process for gaming machines and related equipment. This Committee also travelled to meet with venue operators who had expressed an interest in EGMs. The Committee (which later became the Commission) approved six manufacturers of EGMs - Aristocrat, AWA, Olympic, Vidco, VLC and IGT.
1 July 1995	Original target date for the introduction of EGMs in community venues	However, this date proved too ambitious to allow for the formulation of appropriate legislation. In addition the process of integrity testing of gaming machines and associated equipment (e.g. central monitoring system), the tender and purchase of this equipment and the licensing process for venues and managers proved to be time consuming and contributed to the delayed introduction.
7 September 1995	MGM Grand commences operating the Darwin casino	The casino agreement sets out the scheduled increases in tax on gaming machines up until the expiry of the agreement on 30 June 2005 as well as the rebate that the casino receives for loss of their exclusive licence. At the time of the agreement the tax on gaming machines was 8% until 1 December 1995 when it would rise to 12.5%.
22 November 1995	Assent given to Gaming Machine Act 1995	This legislation was adapted from similar legislation in Queensland, as this was considered the most comprehensive at the time.
1 December 1995	Second target date for the introduction of EGMs in community venues	Due to further delays, this date was not met.
1 December 1995	MGM Grand Casino - rise in gaming machine tax	This tax rose from 8% to 12.5% of gross profit from machine gaming.
19 December 1995	Commencement of Gaming Machine Act 1995	This allowed establishment of the Gaming Machine Commission and formal completion of the licensing processes.
1 January 1996	First EGMs begin operation in a community venue	Nightcliff Sports Club was the first venue to operate EGMs.
April 1996	Select Committee on Interactive Television Gaming - Report	*Report on the Impact of Broadband Communication Services on the Northern Territory's Racing and Gaming Industry* was released and made eight recommendations, including the inclusion of interactive home gaming for consideration in the Study of Gambling.
May 1996	Completion of MGM Grand renovations	A week of celebrations were held for the completion of the $15 million renovations.
Early July 1996	MGM Grand Casino announces plans to withdraw from premium player market	The *NT News* reported that 20 jobs would be lost as a result of this change.

Date	Event	Details/comments
1 July 1996	MGM Grand Casino - rise in gaming machine tax	This tax rose from 12.5% to 15% of gross profit from machine gaming.
October 1996	New NTTAB advertising campaign begins	The NTTAB commences its new ad campaign themed “It’s up to me at the TAB” aimed at attracting younger punters.
31 October 1996	NT Keno begins operation in a community venue	Casuarina All Sports Club was the first venue to operate NT Keno outside a casino. This game is operated by MGM Grand Darwin Casino.
13 March 1997	NT Keno begins operation in Southern Region	This includes Lasseters Casino, which switched from operating its own internal keno to be linked with NT Keno as operated by MGM Grand Darwin.
April 1997	Future Strategies for the Northern Territory Thoroughbred Racing Industry - report by Laysell Consulting released (known as the ‘Healy Report’)	The report makes a number of recommendations including restructuring of turf clubs - Darwin Turf Club restructured almost immediately. One recommendation was that the NTTAB corporatise in preparation for any future decision to privatise the operation. Reports in the media begin speculating about the sale of the NTTAB. There has been no formal response from Cabinet to date on the implementation of recommendations.
June 1997	Reports of NSW TAB terminating pooling agreement with NTTAB	Despite comments in the media by NSW Racing Minister, Richard Face, that the NSW Government had decided to terminate the agreement with NTTAB, the Northern Territory Racing and Gaming Authority had not received official notification, at that time. However this did eventuate and the NT Government diverted much effort into securing an alternative pooling agreement for the NTTAB.
1 July 1997	MGM Grand Casino - rise in gaming machine tax	This tax rose from 15% to 17.5% of gross profit from machine gaming.
Early July 1997	New CEO Northern Territory Lottery Company	Julian Swinstead takes over from Steve Balch as NT lottery CEO.
2 July 1997	Peter Adamson MLA appointed as new Minister for Racing and Gaming	Previous Minister (Fred Finch) retires from Parliament.
28 July 1997	New operators take over Lasseters Casino	The casino Agreement sets out the scheduled increases in tax on gaming machines up until the expiry of the Agreement on 30 June 2003 as well as the rebate that the casino receives for loss of their exclusive licence. At the time of the agreement the tax on gaming machines was 17.5% until 30 June 1999 after which it will rise to 20%.
September 1997	Changes to NT Lottery	It was announced that from Lottery No. 31 tickets in the lottery would increase from $5 to $10 each, but offer two chances to win on the same ticket. The first prize would remain at $500,000 cash.
November 1997	NT Government commissions report on future role and strategy for the NTTAB.	Report completed in early 1998, but not released as a public document to date.

Date	Event	Details/comments
11 December 1997	Changes to NT Lottery	It was announced that the "double chance tickets" which cost $10 would be scrapped due to poor sales since they were introduced. From Lottery No. 32 drawn 11 March 1998: • the tickets would again be $5 each and offer one chance to win; • the first prize would be reduced to $200,000 cash plus two first class round the world tickets, $10,000 of Paspaley jewellery, tours in the Territory and other small prizes; • the number of lottery draws per year would increase from three to seven; and • the number of tickets in each draw would be reduced from 320,000 to 120,000.
30 January 1998	Suspension of Gaming Machine Community Benefit Fund	Distributions from the Fund were suspended. The future of the Fund will be considered in the review of the gambling industry in late 1998.
13 February 1998	Commencement of new agreement between NTTAB with TABCORP	This agreement was announced in early December 1997 and established a pooling agreement with TABCORP to access the ACT TAB system.
22 April 1998	Sale of NTTAB announced	Minister Peter Adamson announces the Government's decision to sell the NTTAB.
23 April 1998	MGM Grand raises dress standards	Following appointment of a new General Manager at MGM Grand Darwin (in March 1998) changes to the casino's dress standard were made.
30 April 1998	Legislative Assembly passes the Gaming Control Amendment Act 1998	The aim of this legislation is to facilitate the establishment and licensing of Internet gambling operators. Lasseters Casino has begun development of an internet site.
1 July 1999	MGM Grand Casino and Lasseters Casino - rise in gaming machine tax	This tax is set to rise from 17.5% to 20% of gross profit on machine gaming for both casinos.
1 July 2000	MGM Grand Casino and Lasseters Casino - rise in gaming machine tax	This tax is set to rise from 20% to 22.5% of gross profit on machine gaming for both casinos.
1 July 2001	MGM Grand Casino and Lasseters Casino - rise in gaming machine tax	This tax is set to rise from 22.5% to 25% of gross profit on machine gaming for both casinos. However, the expiry dates of the separate agreements differ: • for MGM Grand this 25% tax rate will continue until 30 June 2005 when the current casino agreement expires; • for Lasseters Casino this 25% tax rate will continue until 30 June 2003 when the current casino agreement expires.

A significant year for gambling in the Northern Territory was 1995/96, with a number of major changes to gambling policies and operations.

- The Northern Territory TAB's own betting system was established, directly linking investment pools for all bet types to the NSW TAB. The Territory's TAB achieved a substantial increase (7.84%) in annual turnover, generating total turnover of $82.6 million.

- In March 1995, on-course telephone betting was introduced. Total betting expenditure and turnover by registered bookmakers and sports bookmakers continued to increase. In 1995/96 sports betting generated $64.6 in turnover, or over 48 percent of total bookmaker sales, an annual increase of 14.7 percent.

- The Territory Lottery operation was privatised in February 1995. Under the *Gaming Control Act*, the Territory Lottery Company (since 1996 trading as the Australian Lottery Company [ALC]) conducts a mail order lottery business from the Northern Territory. Tickets are sold by mail order outside the NT and by agencies within the Territory. This type of mail cash lottery is unique in Australia.

- In June 1995 Tattersall's were granted a permit to sell tickets in 'foreign lotteries'[20] for a period of three years (expiring in June 1998) – Tattslotto, Super 66, Tattslotto Extra, Instant Money Lottery and Oz Lotto. A further permit to sell tickets in Powerball was issued in April 1996, also to expire in June 1998.

[20] The NT *Gaming Control Act* defines a 'foreign lottery' as a lottery conducted outside the Northern Territory. S. 40 of the Act prohibits foreign lottery ticket sales unless approval is given by the Minister. One request for such an approval was refused in 1996/97.

- After a review by a parliamentary Select Committee (Northern Territory Legislative Assembly, 1995), cash paying gaming machines were approved for introduction to NT clubs and hotels in 1996.

- In September 1995, USA casino operator MGM Grand finalised the purchase of Darwin's Diamond Beach Hotel-Casino for a purchase price which included a debt assumption.

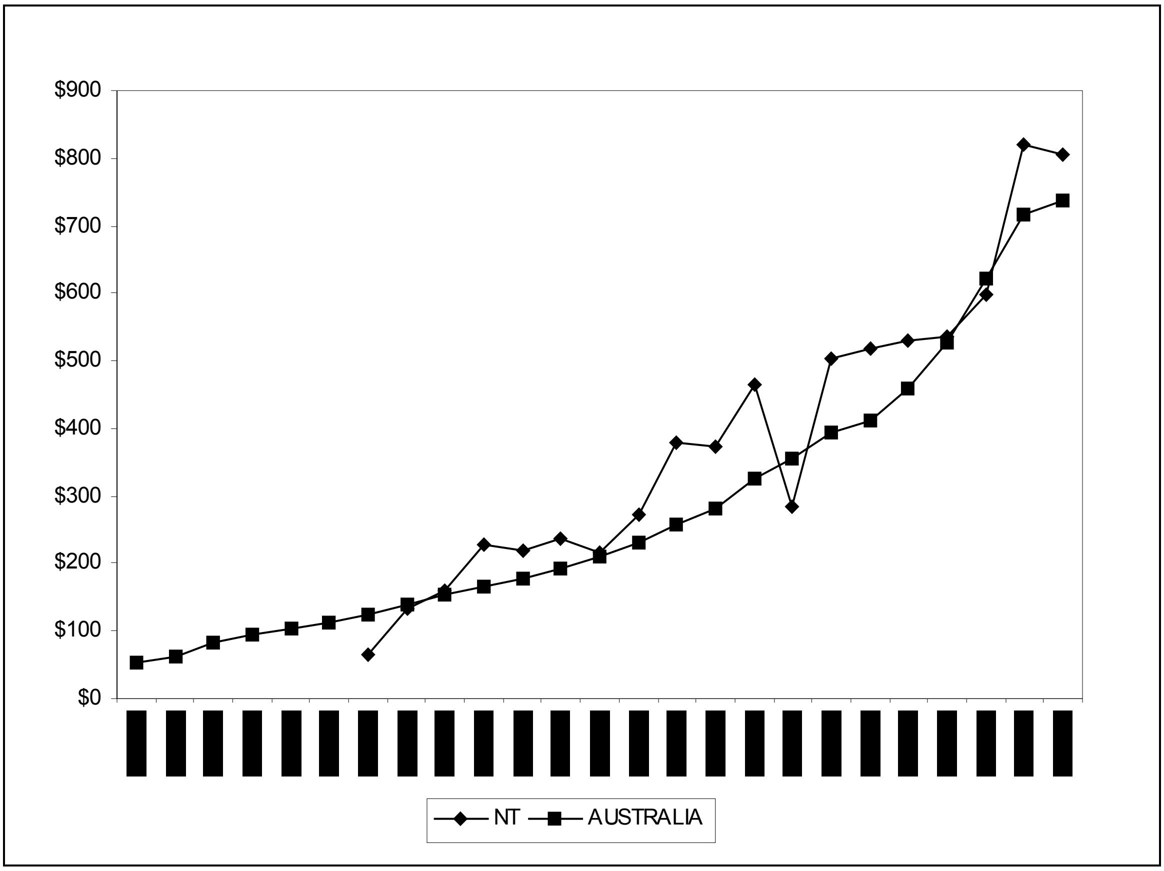
- An initiative to introduce Territory-wide keno was proposed for introduction in 1996, to be conducted by MGM Grand Darwin in Territory hotel and club venues, including the Alice Springs casino.

Many of these initiatives were implemented in 1996/97 with significant effects on gambling sales, expenditure, taxes and industry incomes.

4.2.1 Expenditure

The level of per capita expenditure on gambling in the Northern Territory over the last 25 years has increased slightly higher than national trends (Figure 4.1). Per capita expenditure in the Northern Territory on both racing and gaming has paralleled the growth in average gambling expenditure for all Australian states and territories, as shown in Figure 4.1. However, the caution given previously in this report must be kept in mind: measures of per capita spending are not necessarily an accurate measure of spending by residents of the Territory; they also can include spending by interstate and overseas gamblers.

Figure 4.1: Per capita expenditure on gambling - NT and Australia 1972/73 to 1996/97

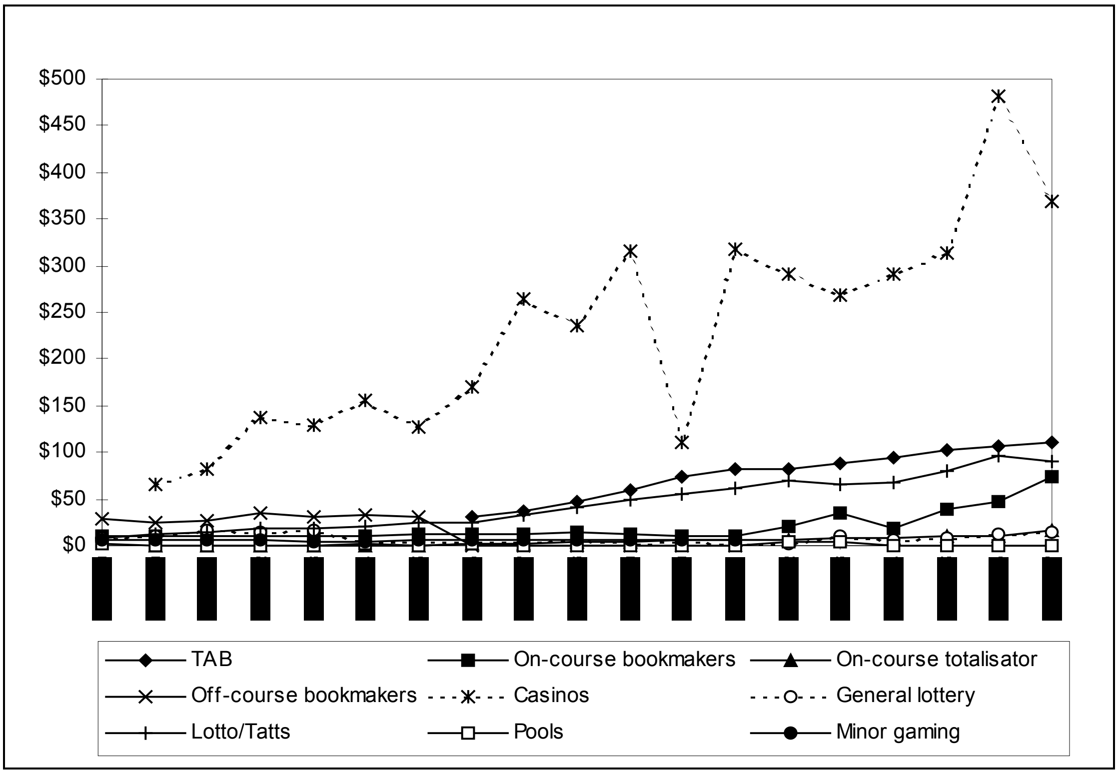


Source: Tasmanian Gaming Commission (1998)

Per capita expenditure on Northern Territory gaming in its various forms (lotteries, casino gambling, gaming machines, keno, minor charitable gambling) has rapidly surpassed racing in the past decade. This pattern reflects national growth trends in gaming, particularly the sharp rise in spending which has been associated with the introduction of EGMs in every state except Western Australia.

However, expenditure on racing in the Northern Territory has grown at a faster rate than the national average, particularly since 1993/94. The main reasons for this growth have been establishment of the NT's own TAB, the success of the three licensed sportsbetting bookmakers, the introduction of on-course telephones for bookmakers, and improved on-course facilities, especially in Darwin.

Figure 4.2: NT per capita expenditure on racing and gaming 1978/79 to 1996/97



Source: Tasmanian Gaming Commission (1998)

- The total gambling expenditure (the sum of racing and gaming expenditures) in the Territory in 1996/97 was $100.349 million.

- The per capita gambling expenditure of the Territory during same period was second highest (NSW being the highest) among all states and territories (Table 3.2). The Territory's per capita gambling expenditure was nine percent ($68) higher than the national average.

- Table 3.1 shows that the Northern Territory gambling expenditure as percentage of household disposable income (3.27%) in 1996/97 was higher than the national level and the highest of all Australian states and territories, behind NSW.

- National comparison of per capita gambling turnover reveals that per capita gambling turnover in the Territory in 1996/97 was $7,036.21, the third highest of all Australian states and territories (Tasmanian Gaming Commission, 1998).

- However, the pattern of growth has not been even and uniform between the various forms of gambling as revealed in Figure 4.2. Government policies, changes in consumer preferences, increased competition, management strategies and the impact of technology all have influenced the relative performance of different types of gambling, and consequently their social and economic impacts.

4.3 Casinos

- Casinos were proposed for the Northern Territory in 1978, the year of Territory self-government. A temporary casino was opened in Darwin in 1979, and the Alice Springs casino opened in 1981. In 1983 the permanent Darwin casino-hotel opened at Mindil Beach. Both casinos originally were owned and operated by Federal Hotels, but ownership has changed since 1984.

- In 1993 the NT *Gaming Control Act 1993* established a new system for the control, licensing and regulation of Northern Territory casinos.

- In 1995 Alice Springs Lasseters Casino was placed in receivership and was operated by managers Delouitte Touche Tohmatsu. In December 1996 an application to purchase Lasseters Casino was received and the purchase was finalised in July 1997.

- In September 1995 MGM Grand Australia P/L, whose parent company is an operator of large casinos in the United States, completed the acquisition of the Darwin Casino from Aspinalls P/L. As part of its Agreement with the NT Government, MGM Grand undertook a $15 million refurbishment, which included a major reorganisation of the general gaming area, new restaurants, entertainment and retail amenities, and renovation of all 96 hotel rooms. This capital improvement program was completed in June 1996.

- There have been several changes to Northern Territory casino operations and regulations since 1995.

4.3.1 Casino operations

To assist the study, each casino was asked for specific information about casino facilities and operations, patronage, employment, impact of community gaming, marketing, crime and community contributions. As Lasseters Casino is a private company, financial information provided to the study is confidential. But this information was cross-checked to confirm other data provided by Lasseters. Financial information MGM Grand Darwin is incorporated in the annual report of the US parent company, MGM Grand Inc. and therefore subsumed in the figures for the larger company.

Table 4.2: NT Casino operating details 1994/95 to 1996/97

	MGM Grand Darwin			Lasseters Hotel Casino		
	1994/95	**1995/96**	**1996/97**	**1994/95**	**1995/96**	**1996/97**
Hotel rooms	97	95	96	na	75	74
No. table games	30	43	36	16	20	25
Gaming machines	382	379	375	185	188	200
Keno terminals	10	6	1	6	6	na

na - not available
Sources: Kelly, 1996 & 1997; Racing and Gaming Authority, Annual Reports 1995/97

- Table 4.2 presents some of the operating details for both MGM Grand Darwin and Lasseters Casino. These figures provide an indication of the size variation between the two casinos.

- The number of table games at MGM Grand decreased in 1996/97, following a increase between 1994/95 and 1995/96. The number of table games has increased steadily at Lasseters between 1995/96 and 1996/97.

- The number of gaming machines at MGM Grand, although decreasing slightly in 1996/97, has remained fairly stable over the three year period shown in Table 4.2, while the number of machines at Lasseters has increased between 1995/96 and 1996/97.

- In 1996 MGM Grand Darwin was permitted to introduce NT Keno at Territory club and hotel venues. A trial program began in October and the full operation of NT Keno was launched in November, with a review scheduled after the first year of operation. Within eight months of its introduction, 30 permits had been issued for NT Keno agents, including Lasseters Alice Springs casino.

The following are edited extracts from the information and data provided by both casinos in response to identical written requests for information for this study. Additional information and data from various sources has been used to augment this information.

MGM Grand Darwin

- At the time of purchase, MGM Grand Inc. expressed the intention of expanding the Darwin casino's operations to attract the south-east Asian market. A number of factors, including increased competition between Australian and international casinos and limitations on scheduled air services, 'the desired mixture of premium players was not obtained. As a result operating margins were negatively impacted and the casino has rationalised costs wherever possible' (Racing and Gaming Authority, 1997:36).

- MGM Grand casino also negotiated with the Director of Gaming for approved changes to the rules for casino games as follows: poker machines to offer random jackpots and goods as prizes, and the use of note acceptors; and roulette to permit 'French Section' bets. The game of pai gow was withdrawn in 1996/97 and 100 gaming machines with note acceptors were installed in May 1997. Approval was also given for changes to link arrangements and coin cage facilities.

- In February 1997 ministerial approval was given for an additional Automatic Teller Machine (ATM) to be installed next to the existing ATM.

- MGM Grand Darwin operates a 5 star hotel and entertainment complex.

- In calendar year 1996 the Darwin casino's income exceeded $39.9 million. This declined to $36.76million in 1997.

- Visitor profile and spending patterns: In 1996, MGM Grand Darwin reports that the majority of visitors (80%) were local residents with the remainder interstate visitors (10%) and junket players (10%). MGM Grand announced in 1996 that it was withdrawing from the junket market (see Table 4.1).

- An estimated three percent of total casino income in 1996 was derived from international individual players, and seven percent from international group players. Over $3.89 million was paid in gross commission to international operators/promoters. No commission was paid to Australian operators/promoters.

- In 1996 hotel room sales at MGM Grand Darwin accounted for $2.5m., food and beverage for $8.05 million and event cover charges (exhibition, entertainment, sporting events) for $.193million of casino income. In calendar year 1997 total hotel income was above $2.951million with food and beverage income at $8.92 million.

- MGM Grand Darwin reports that the large majority (91%) of goods and services supplied to the casino are purchased locally, with only a small proportion of supplies (0.5%) being imported from overseas (Table 4.3).

Table 4.3: MGM Grand Darwin - suppliers 1996 and 1997

	1996		1997	
	$M	**%**	**$M**	**%**
Local	23.434	91.0	16.86	91.0
Domestic	2.188	8.5	1.57	8.5
International	0.128	0.5	0.092	0.5
Total	25.752	100.0	18.527	100.0

Source: MGM Grand Darwin: personal correspondence, 1998

- Taxes fees and levies: In 1996 MGM Grand Darwin paid $2.54 million in gambling taxes, employee license fees and unclaimed prizes; $1.28 million in payroll tax; $.209 million in liquor licence fees; and $.09 million in fringe benefits tax.

- MGM Grand Darwin reported that there were no payments for gambling licence fees or rates and land tax in 1996.

Table 4.4: MGM Grand Darwin - employment 1996 and 1997

Category	1996	1997	% change
Full time employees	326	289	-11.3
Casual/part time employees	130	121	-6.9
Total no. of employees	456	410	-10.1
Males	243	244	0.4
Females	213	166	-22.1
Full time equivalents FTEs	345.5	350.5	1.4
Pit bosses	6	5	-16.7
Dealers, croupiers	52	49	-5.8
Management	39	45	15.4
Food and beverage	75	80	6.7
Administration	23	27	17.4

Source: MGM Grand Darwin: personal correspondence, 1998

- Employment: As revealed in Table 4.4, the total number of staff employed by MGM Grand Darwin decreased by ten percent in 1997 compared with 1996 figures. The decrease in the number of full-time positions was proportionally higher than the decrease in casual/part-time positions. While the number of males employed by the casino remained relatively stable between 1996 and 1997, the number of female employees decreased by 22 percent.

- In terms of staff categories, there have been increases in the number of management and administration positions as well as in food and beverages, while the number of pit bosses, dealers and croupiers has decreased.

- No information was provided by MGM Grand Darwin to the study on problem gambling and its responses or the casino's contribution to community groups. However, other sources indicate that the casino does sponsor major sporting and cultural events in Darwin, thus contributing to the amenities and entertainment of the community. It is a venue for major bands and entertainers and the casino provides free jazz concerts on the lawn every Sunday during the dry season.

- Until 1998 MGM Grand also has assisted Amity Community Services with its support services for people with gambling problems and the design of literature for distribution in the casino. These matters are addressed in other sections of the report.

Lasseters Hotel Casino

- Lasseters operates its own 4.5 star hotel (5 suites and 69 rooms). Hotel occupancy for 1996/97 was 56.64 percent at an average rate of $79.19. The average rate is distorted by F.O.C. rooms being charged out at $50.00 per room instead of a commercially viable rate. Approximately 2,240 rooms were in this category for the 1996/97 financial year thus lowering the average rate.

- Gaming facilities include blackjack tables, American Roulette tables, Carribean Stud, Craps, Baccarat, a mechanical horse racing game (which replaced two up in November 1997), a TAB outlet, NT Keno and 200 gaming machines.

- It should be noted Lasseters changed from its own 'in house' Keno to NT Keno (operated by MGM Grand Darwin) on 13 March, 1997.

- Since change of casino ownership in July 1997, Lasseters have commissioned studies in relation to proposed expansion and refurbishment of the Alice Springs property.

- Several approved changes were made to games in Lasseters Casino in 1996/97: Mini Dice and Big and Small were removed from the main gaming floor; new games (Super 7s, Carribean Stud Poker, Craps) were introduced; and two-up was relocated to allow installation of a TAB agency in February 1997. Along with an extensive trade promotion, the casino also requested approval for extensive conversions of gaming machines and replacement of obsolete machines.

- The Minister approved installation of an ATM in February 1997.

- Visitor profile and spending patterns: Local patrons provide approximately 70 percent of revenue, local tourists 28 percent and international tourists 2 percent.

- Taxes, fees and levies: The primary taxation ($1.44 million) was to the Northern Territory Government in gaming tax in 1996/97.

- In addition, the property paid $331,000 in payroll tax and a further $707,000 in utility costs, including power and water. Hotel marketing duty (bed tax) paid was $47,401. No federal income tax was paid.

- Government infrastructure and support: $10,000 was received from Department of Asian Affairs and Relations in 1998 in assistance for the demand study into Alice Springs proposed conference facility.

- Employment: Total wages for 1996/97 were $6.5 million. All applications are screened for eligibility for working within a casino, licensing requirements, previous work experience and training.

- In liaison with department heads and with the approval of executive management, Lasseters' human resources section develops and plans training programs using internal resources as well as external specialist and skills training. All new staff attend Lasseters internal induction training program which includes health and safety, fire awareness, company policy and procedures and related matters. Middle and senior management also attend training seminars and introductory/advanced courses in cultural awareness.

- Lasseters has also commissioned the services of Amity Community Services in providing training for casino staff to increase awareness of issues related to problem gambling.

- The staff retention rate of Lasseters employees (calculated May 1997 to May 1998) was 40 percent. The departments most affected by staff turnover are food and beverage, cleaning and housekeeping. This is a common feature of the hospitality industry. On an annual basis, the staff turnover in 1996/97 was 145 percent and for the same period 1997/98 was 159 percent.

- Lasseters has management strategies to address the issue of seasonality. Alice Springs has a natural fluctuation of people moving in and out of town during spring and autumn. This is advantageous to human resources as

Lasseters' quietest time is during the summer months. After New Year, staff numbers are at their lowest and it is usually not necessary to fill vacant positions until April or May. During peak periods throughout the year, additional casual staff are employed.

- Industrial issues and relationship with the union: Lasseters keeps within the boundaries of the Hotels, Motels, Wine Saloons, Catering, Accommodation, Clubs and Casino Employees (Northern Territory) Consolidated Award. Any issues raised have been minor and resolved.

- The relationship between the company and the union is considered 'neutral'. The union has contacted Lasseters only twice within the last six years with any queries. The union membership amongst Lasseters' employees is estimated at nil; there are no payroll deductions.

- The quieter off season months are somewhat compensated in gaming by tourist orientated employees with more leisure time on their hands utilising gaming facilities. Staff leave is usually rostered during this period.

- Problem gambling and responses: Lasseters has maintained a financial commitment to assisting Amity Community Services. The financial assistance has been in contributions to self-help booklets posters which are displayed permanently in prominent areas around the gaming sections. Brochures are also kept on hand and displayed at cash points and management staff are trained in gambling related assistance, as mentioned above.

- In early 1998 Lasseters funded an interactive 'self-help' web site for Amity Community Services.

- Food and beverage operations are not discounted to attract the heavy drinkers or budget meals but emphasise quality.

- Lasseters is active in promoting its products to a potential market. Ongoing promotions have been developed to combat competition from hotel and club EGMs. However, gaming products cannot be discounted and promotions mainly consist of coupon entry into prizes for major items such as motor vehicles, holidays, etc. Promotions of this nature are a feature marketing tool for Lasseters and during the last 18 months several large promotional prizes have been offered, including a four wheel drive vehicle, sports car and interstate holidays. The major effect of these promotions is felt with increased patronage on the draw night.

- Additionally, marketing strategies include sponsorship or waiver of room hire charges to larger functions to encourage patronage, especially on quieter nights of the week, for example Monday or Tuesday.

- Management strategies aim to maintain an "up market" clientele and include the maintenance of appropriate dress codes and on-floor supervision of patron behaviour.

- Casino contribution to community groups: Lasseters is the primary sponsor of all major sporting events centered in Alice Springs. Lasseters remains committed to the major sponsorship of both the Alice Springs Golf Club and the Alice Springs Turf Club and sponsored the major events of both clubs to the tune of $35,000 and $25,000 respectively.

- Additionally, Lasseters continues sponsorship of the promotional activities of the Lasseters Turf Club Ball and our Race Day Marquee with these promotions totalling over $40,000.

- Along with these major sponsorships, the casino maintained its high profile sponsorship of local events such as the Camel Cup, Henley on Todd, the Masters Games, Lasseters Indoor Challenge and the Alice Springs entrant in the Sydney to Hobart Yacht Race. Minor sponsorship of local sport was also maintained. Approximate costs were $140,000.

- In times of natural disasters, Lasseters Hotel Casino has been a 'generous corporate citizen'. During the recent Katherine floods, Lasseters responded to the Red Cross appeal and donated $10,000 on the day the appeal opened and subsequently hosted various fund raising events for the local community.

- Lasseters has hosted and actively participated in ongoing functions organised to raise monies in support of the Northern Territory Olympic Fund Raising Committee.

- In 1998, Lasseters reportedly has introduced sponsorship of other Northern Territory events in recognition of the community allowances in regards to gaming machines and commissions from NT Keno (eg. sponsoring a major race on Tennant Creek Cup Day).

- Lasseters reports that its 'in kind' sponsorship is significant with most fundraising activities being supported by way of free meals or free rooms at the casino's hotel for events. Many of these were prizes to local charity raffles or accommodating visiting athletes or dignitaries involved in local events.

- Regular (monthly) morning teas are arranged for local retirement villages and special meals supplied to Meals on Wheels during Christmas, Mothers Day, etc.

Issues raised: Lasseters Hotel Casino

- Lasseters raised several issues related to the impact of community gaming in the Territory. The southern region of the Northern Territory has been slow to receive slot machines: the expected number of machines was anticipated to be 180 machines by July 1997 but at June 1998 only 125 machines have been installed in the southern region.

- Lasseters' management reports that initially, the impact of community machines had a positive commercial effect on Lasseters' financial position with rebates from the community machine allowances reportedly exceeding the extra tax payable under the new taxation arrangements.

- With the Government establishing an escalating tax based over time, Lasseters argues that its financial advantage is decreasing.

- Lasseters expressed the view that it is disappointing that the majority (75%) of community EGMs in the southern region are located in the casino's catchment area of Alice Springs. Management proposes that consideration should be given to increasing community EGMs to locations outside Alice Springs in sites such as Yulara and Tennant Creek.

- Lasseters strongly feels the number of EGMs in any one community venue should not exceed 40 arguing that the creation of a number of 'mini casinos' would have adverse effects on the community.

- Since the introduction of community machines, the casino's growth in machine revenue, according to management has been 'thwarted' and they anticipate that the machines will have had a negative effect by the time of the moratorium on community machine limits expires in 2003. Given this scenario, Lasseters reports that it may review its sponsorship of major events and community support.

4.3.2 Casino regulations

- In December 1995 the Director of Gaming established a new system of government regulation of casino operations based on a "remote surveillance model" unique to the Territory. One factor which motivated this decision was the R&GA's aim of maximising the resources and skills of the gaming inspectorate, so that they could contribute to regulation of the new community gaming venues.

- In January 1996 the R&GA removed the on-site gaming inspectors from full time attendance at the MGM Grand Darwin Casino. Inspectors began to operate from the Head Office of the Authority and development of a remote surveillance model, associated with a structured monitoring process, was undertaken. Under this system of control, "the casino is required to implement strict management controls while [the Authority] carries out its own random program of audit and compliance procedures on casino operations" (Racing and Gaming Authority, 1996:29). The R&GA "continues to assess the quality of the internal controls and procedures put in place by casino operators" (Racing and Gaming Authority, 1997:37). Monitoring of the system is on-going and no formal evaluation has been done.

- Gaming inspectors remained on-site at Alice Springs casino in 1995/96, but gradual transition to a remote surveillance model similar to that in Darwin was proposed. However, in 1997 gaming inspectors continued to maintain an on-site presence during all gaming hours at Alice Springs casino.

- Complaints and disputes in relation to the casinos are investigated by the R&GA. In 1995/96 R&GA gaming inspectors arbitrated 42 significant disputes in the Darwin casino, finding 19 in favour of the casino and 23 in favour of the patron. In 1996/97 the Authority investigated eight formal complaints against the Darwin casino, a significant decline since 1996. At the Alice Springs casino, in 1995/96 nine disputes were investigated, and eight disputes in 1996/97.

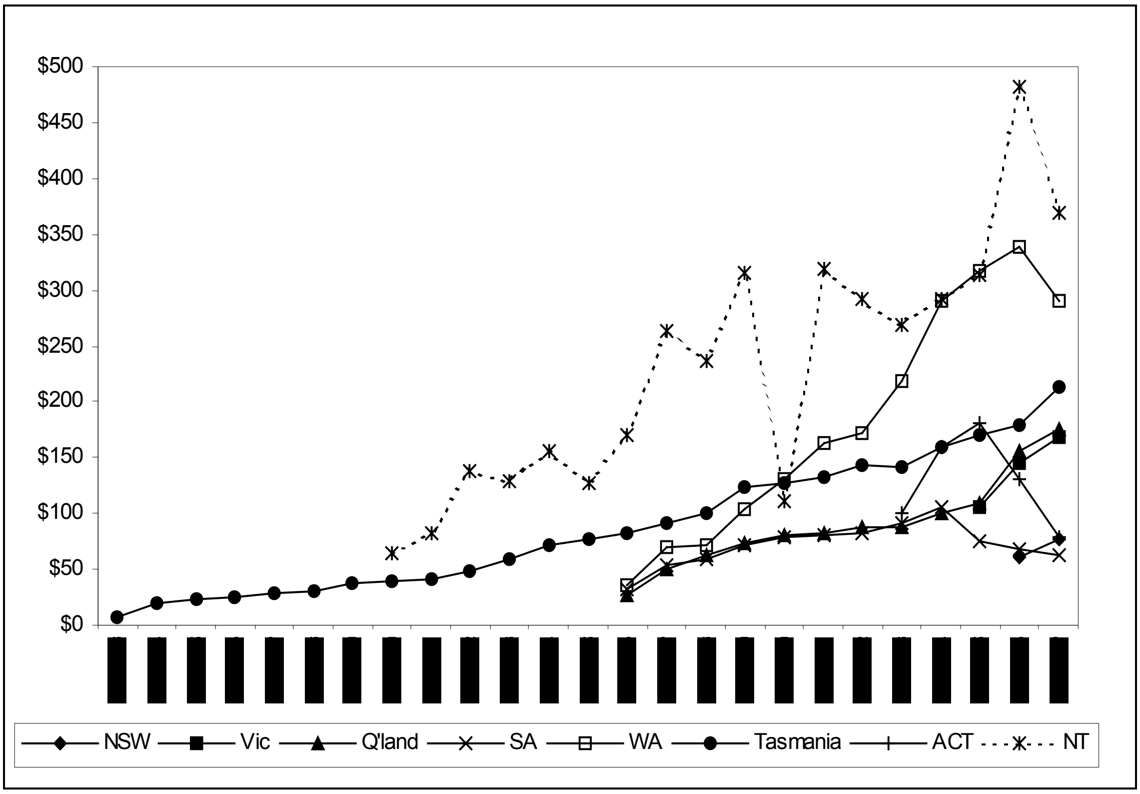
- The casinos also are able to exclude patrons. In 1995/96, 19 people were excluded from Darwin casino, and 22 from the Alice Springs casino. No data are available for 1996/97 at the time of writing.

4.3.3 Expenditure on casinos

- Per capita expenditure on casino gambling in the Northern Territory has exceeded the level of spending on all other forms of gambling in the NT (Figure 4.2) as well as spending on casinos in other states (Figure 4.3).

- The considerable increase in 1995/96 expenditure warrants explanation. Community gaming machines were introduced throughout the Territory from January 1996, and it was predicted that this new form of gambling would divert spending from the casino and other types of gambling (Northern Territory Legislative Assembly, 1995:47). However, the casinos recognised the potential competition and took steps to improve their facilities and services to retain patronage (see below). Moreover, the installation of community gaming machines was slower than expected, allowing the casinos (at least in the short term) to gain a competitive edge with new machines and promotions.

Figure 4.3: Per capita expenditure on Australian casinos by state 1972/73 to 1996/97



Source: Tasmanian Gaming Commission, 1998

- Once the community gaming machines were operating and the novelty of the casino innovations began to fade, it has been more difficult for the casino to maintain patronage.

- In 1996/97 there was a marked decline in per capita expenditure in the Territory, as revealed in Figure 4.3.

- This decline also reflects the withdrawal of the MGM Darwin casino from the international junket market. It was expected that MGM Grand would promote junket based gambling to the Northern Territory following its purchase of the Darwin casino:

  > *MGM Grand Inc. purchased the Darwin Casino with the expressed intention of expanding casino operations to service the South-East Asian market. The complex was refurbished with the view to providing a five star hotel, latest games and private gaming areas for high stake international players…More than 130 experienced staff were recruited to operate the new gaming areas (Racing and Gaming Authority, 1996:30).*

- During 1995/96 22 junkets and over 40 premium players (mainly from Singapore, Malaysia, Hong Kong and Indonesia) visited the Darwin casino. However, a decision by new management to phase junket operations was made in July 1996, only one month after completion of a 'high-rollers' room included in the $15 million upgrade of the casino. The decision in part was a response to the proposal by the Australian Tax Office to tax the junket organisations, many of whom reside in Asia. It resulted in retrenchment of 'at least' 20 casino workers (*Northern Territory News*, July 6 1996).

4.3.4 Casino tax rates

- The NT Government receives casino related revenue from three sources: casino taxation, unclaimed prizes and casino employee licence fees. The revenue received between July 1996 and December 1997 is presented in Table 4.5.

Table 4.5: Turnover, expenditure and government revenue ($) for NT Casinos July-Dec 1996 to July- Dec 1997

	MGM Grand Darwin			Lasseters Hotel Casino		
	Turnover (Handle)	Expenditure (Player loss)	Govt. revenue*	Turnover (Handle)	Expenditure (Player loss)	Govt. revenue*
July-Dec 1996	161,772,032	20,402,372	1,088,134	54,391,711	5,562,735	446,163
Jan-June 1997	146,519,998	14,841,002	328,552	46,806,369	5,075,392	324,706
July-Dec 1997	178,407,062	18,084,866	657,878	57,939,102	6,216,342	534,390

* Net revenue includes: tax, unclaimed prizes and casino employee licence fees.
Source: Racing and Gaming Authority, Gaming Division, 1998

- MGM Grand Darwin: Prior to September 1995, Darwin Casino paid a sliding scale of 8-11 percent determined by annual gross profit. In 1995 an Operator's Agreement with the new purchaser, MGM Grand, provided for a general flat casino tax of eight percent of gross profit from all gaming except gaming machines, which is based on an upward sliding scale of 12.5%-25 percent on gross profit (see Table 4.1 for details).

- Lasseters Casino: Until January 1996, Lasseters Casino paid a flat tax rate of eight percent of gross profit. The current Operator's Agreement is similar to that for MGM Grand Darwin, and provides for a flat casino tax of eight percent of gross profit, except gaming machines which is based on an upward sliding scale of 12.5%-25 percent on gross profit (see Table 4.1 for details).

- Operator's Agreements in 1995 provided for both casino operators to receive a rebate in return for the loss of exclusivity over poker machines and an increased rate of taxation on casino poker machines. Compensation (at the rate of approximately 22% of player loss) was to be 'added to the community machine tax rate [see below] and not separately identified, and passed on to the two casinos by an offset against the tax payable by each casino each month' (Racing and Gaming Authority, 1997). This compensation agreement allowed for the planned introduction of community based gaming machines outside of casinos in 1996 as discussed in Section 4.3.

- As Table 4.5 shows, the Government's total casino revenue declined slightly between July-December 1996 and July-December 1997. MGM Grand Darwin paid less taxation in July-December 1996 than in the same period in the previous year; Lasseters paid slightly more tax in this period. Each casino is affected by seasonal trends with the January to June period being less profitable. This trend is more marked in the figures shown in Table 4.5 for MGM Grand as opposed to Lasseters.

- This reduction in the Government's casino revenue in part can be explained by the casino rebate on gaming machines deducted monthly from their tax liability. This rebate is calculated on gross profit from community gaming machines in the northern region for MGM Grand Darwin and gaming machines in the southern region for Lasseters.

- The rebate received by each casino is presented in Table 4.6. Due to the smaller number of community EGMs operating in the southern region, Lasseters Casino's rebate is lower than MGM Grand's.

- The casino tax rate is being increased progressively and will rise from eight to 15 percent in 1998. However, in 1997 the rebate kept the casinos ahead.

Table 4.6: NT casinos' community gaming machine rebate 1996 to 1997

	MGM Grand Darwin	Lasseters Hotel Casino
	$	$
Jan - June 1996	671,081	159,260
July - Dec 1996	1,341,982	322,440
Jan - June 1997	1,546,438	362,774
July - Dec 1997	2,002,141	447,382

Source: Racing and Gaming Authority, Gaming Division, 2000

4.4 Electronic gaming machines (EGMs)

4.4.1 Introduction of community EGMs

- Prior to 1996, all gaming machines in Northern Territory clubs, hotels and taverns were cashless Approved Amusement Devices (AADs), known as draw card machines. These machines provide players with prizes in the form of goods and services, not cash. However, EGMs, commonly known as 'poker machines', had become increasingly popular during the 1980s in Australia and overseas. In the early 1990s several Australian states (Queensland, Victoria, South Australia) reversed long-held opposition to poker machines and legalised their operation in clubs and hotels.

- Proponents of the introduction of gaming machines asserted that the legalisation of this particular form of gambling would lead to net increases in state revenues and significantly contribute to improved community facilities when operated by community based organisations such as social and sporting clubs. Opponents of poker machines have contested this assumption, arguing that the economic gains are often offset by funds shifting from other areas of the community, by increased regulation costs and by an increase in the number of people with gambling problems and crimes caused by expansion in the gambling industry.[21]

- The temporary Darwin casino first introduced a small number of poker machines to the Northern Territory in 1981 under the Casino Operator's Agreement; the Alice Springs casino received approval for gaming machines soon after. Conscious of developments in other states, hotels and clubs in the Territory started lobbying government for a larger share of the gambling market. They argued that exclusivity over poker machines vested in casino operators was damaging their own fund raising efforts and affecting their viability. At one extreme, they argued that they needed poker machines to survive.

- The two Territory casinos in Darwin and Alice Springs continued to enjoy the privilege of being exclusive licensees for gaming machines until the end of 1995. A parliamentary Select Committee review of the issues and interstate developments in that year (Northern Territory Legislative Assembly, 1995) recommended legalisation and restricted installation of gaming machines in clubs and hotels.

- In the early 1990s the Government indicated a willingness to consider the introduction of community based poker machines provided that the necessary consents could be negotiated with casino operators. The proposal received bipartisan support from Territory politicians.

- The two Territory casinos, predicting erosion of their market, lobbied government effectively for concessions to compensate for loss of revenue. EGMs were introduced into community venues (hotels and licensed clubs) from 1 January 1996 after the two casinos agreed to receive rebate against the loss of their exclusive license for gaming machines. This agreement provided the casinos with a compensation payment as a percentage of gross

[21] Review of Australian research by Dickerson et al. (1995) has estimated that a little over one percent of the adult population might be regarded as 'problem gamblers' but that this group was responsible for nearly 25 per cent of gambling losses.

profit of community based machines and an extension of their exclusivity period over other forms of casino gambling as discussed above.

- In this section the growth and economic performance of gaming machines in the Northern Territory over last two years is summarised in terms of the number of machines operating in community venues and gambling expenditure (cash lost by players), and the effect on revenues is analysed.

- Our analysis is based upon data provided by the R&GA, and information obtained by the way of consultation with venue managers and proprietors, and with key regional bodies and individuals. Other sources of data are the Australian Bureau of Statistics, Northern Territory Treasury and the Tasmanian Gaming Commission.

4.4.2 Community EGM policy in the Northern Territory

- A central rationale which shaped the Northern Territory policy on EGM gambling is that machine gaming should be for community benefit. Clubs can retain the operating surplus generated by gaming machines to improve facilities and services for club members, or they can distribute it amongst local community groups and charities, while hotels operate primarily for private profit. Hence the policy intentionally established more favourable operating conditions for Territory community clubs.

- The NT *Gaming Machine Act 1995* was adapted from similar Queensland legislation, which was the most comprehensive at the time. Under this legislation there is no official limit on the number of EGMs licensed clubs in the Northern Territory can operate, while hotels are restricted to a maximum of six EGMs.

- A Gaming Machine Commission was established to purchase and allocate machines and license gaming venues. The EGMs are owned and maintained (through licensed contractors) by the NT Government and the venues do not pay any lease fees.

- Minimum return to players was set at 85 percent. Calculations of projected gaming machine performance were made to determine a date when the Territory government could expect to ‘break even’ on the purchase costs.

- The number of gaming machines to be introduced over a two year period was 500 machines in the northern region (north of Tennant Creek), with a limit of 260 in the first year; and 180 machines in the southern region, with a limit of 90 in the first year.

- A further requirement of Government which directed the Commission in its allocation of gaming machines was that an indicative ratio of 80:20 that existed for the distribution of draw card machines between clubs and hotels was to be maintained in the distribution of cash paying gaming machines.

- The target for introduction on 1 July 1995 proved to be ambitious. Factors that delayed the target date were the time consuming processes of integrity testing of gaming machines and associated equipment, including a central monitoring system, the tender and purchase process, and the licensing process for venues and gaming operatives (gaming machine managers).

- The Gaming Machine Regulations set out the gaming machine tax rate at 47 percent of gross profit. Hotels were to pay an additional community benefit levy of 25 percent of gross profit, to be paid into a Gaming Machine Community Benefit Fund (CBF).

- Section 151 of the *Gaming Machine Act 1995* provides for the establishment of the Gaming Machine Community Benefit Committee. Having regard to the recommendations of this Committee, the Minister for Racing and Gaming may allocate the Community Benefit Fund for community benefit.

- The split of funds between social impact and social benefit was to be indicatively:

(a) 25 percent to organisations, including government instrumentalities, addressing the social impact of gaming,

(b) 75 percent to organisations providing social benefit, including clubs, other community organisations, etc.

- Administration of the CBF was to be undertaken by the Community Benefit Fund Committee, with expert advice provided by the Department of Sport and Recreation (for social benefit issues) and the Department of Health and Community Services (for social impact issues).

- During the period of this study two public announcements (both in 1997) were made for applications by community groups for CBF funding. Some allocations were made to several groups in 1996, who had been receiving funds from the Charities and Sporting Clubs Fund that was derived from the tax on draw card machines. Allocations from the CBF in 1997 are presented below (Table 4.14), however in February 1998 it was announced that disbursement of the CBF was suspended pending a review of gaming.

- Six gaming machine manufacturers were approved in 1995 to supply the Northern Territory with gaming machines, however only five manufacturers had supplied EGMs to June 1997 (Table 4.7). The sixth approved manufacturer, IGT, began supplying EGMs in late 1997.

Table 4.7: Gaming machine purchases in the NT to June 1997 by manufacturer

Manufacturer	Machines purchased 1995/96	Machines purchased 1996/97
Aristocrat	135	75
Olympic	70	40
Precise Craft	60	0
AWA	45	10
Datacraft	40	40

Source: NT Racing and Gaming Authority Annual Report 1997

- While the NT approach drew many of its features from current Queensland model, there were three major departures:

1. While gaming machines would be owned by the Government (as in Queensland), they would be free of a lease fee for the initial period of implementation. This situation would be subject to review in 1998;
2. The tax base in the NT would be 'gross profit' or 'player loss' from the machines;
3. The membership of the NT Gaming Machine Commission would be appointed by the Minister and include both the Director of Gaming and the Chair of the Liquor Commission.

- It is worth noting that in 1997 Queensland altered the purchasing and ownership arrangement for gaming machines (passing these functions to the private sector) and since 1998 has calculated gaming machine taxation on gross profit (Queensland Government, 1996). However, the status and composition of the Queensland Gaming Commission remains as before and thus continue to differ from the Territory Commission. Members of the Queensland Gaming Commission are all independent appointments made by Parliament, the members have no connection to government or industry.

- Table 4.8 provides information on the policy framework for gaming machines in other Australian states, allowing interstate comparisons.

Table 4.8: Gaming machine policy comparison of interstate jurisdictions 1997

	QLD	NSW	ACT	VIC	TAS	SA	NT
Regulating process	QOGR	Dept of Gaming and Racing	Act Revenue	Victorian Casino & Gaming Authority	Dept of Treasury & Finance State Revenue Office	Office of Liquor Licensing Commission	Northern Territory Racing & Gaming Authority
Approval process	Commission		Commissioner or Delegate	Board	Commission	Commissioner	Commission
Central monitoring system and who operates	QOGR	Nil	Nil	Tattersall/TAB	Network Gaming (Arm of Federal Who Run Casino)	Independent Gaming Corp Co. Jointly owned by Hotel and Club Assn	Government
Machine ownership	LMOs, sites	Site	Site. External finance. No manuf. Finance	Tattersall/TAB	Network gaming lease to site	Site external finance No manuf finance	Government tender process
Machine purchase	LMOs, sites, financial institutions	Site	Site	Tattersall/TAB	Hobart Casino	States stores purchase on site behalf	Government
Machine evaluation	QOGR	Government	NSW Government	Privates Labs	Private Labs	Private Labs	Privates Labs NSW QOGR
Machine types	Clubs 1¢, 2¢, 5¢, 10¢, 20¢, $1 Hotels 1¢, 2¢, 5¢, 10¢, 20¢, $1	Clubs 2¢, 5¢, 10¢, 20¢, $1, $2 Hotels 5¢, 10¢, 20¢	Clubs 1¢, 2¢, 5¢, 10¢, 20¢ $1, $2 Hotels 10¢, 20¢ & Tok	Clubs No restriction Hotels No restriction	Clubs 5¢, 10¢, 20¢, $1 Hotels 5¢, 10¢, 20¢, $1	Clubs 5¢, 10¢, 20¢, $1 Hotels 5¢, 10¢, 20¢, $1	Clubs & Hotels Any betting unit
Maximum number machines	280 clubs 40 hotels	No limit club 10 hotels	No limit club 13 hotels	105 clubs 105 hotels	25 clubs 15 hotels	40 clubs 40 hotels	No limit club 6 hotels
Maximum $ bet	$5	$10	$10	No limit	30¢	$10	$5
EFTPOS	Yes	No	Yes	No	No	No	
Service Contractor	Wang	Manuf. engaged by site	Engaged by site	Engaged by site	Wang	Wang	NTSC

		QLD	NSW	ACT	VIC	TAS	SA	NT
Who are licensed/approved		Site, employees repairers s/contractor manufacturers roll		Site, employees	Site, employees repairers manufacturers roll	Site, employees repairers s/contractor manufacturer	Site, employee GM Monitor Supply Lic s/contractor manufacturer	Site, employees repairers s/contractor manufacturer
Taxes fees and levies		85%-100% player return Clubs: Sliding scale based on site win CSL top sites Hotels: Sliding scale based on site win CSL	84%-100% Player return Clubs $0-$100,000 – 1% +22.5%>$100,000 top Hotels $0-$2M-3% T/O + $2M 4% T/O	85%-100% player return clubs $0-$8,000-1% $8,000-$25,000 – 22.5% >$25,000-23.5% Top Hotels 35% top	87%-100% player return Clubs 33.3% Top-GT 33.3% Top-OP Hotels 33.3 Top-GT 33.3 Top-OP CSF – 8.3% Top	85%-100% player return Clubs 35% Top CSL – 2% Top Hotels 35% Top CSL – 4% Top	85% player return Clubs 35% of NGR <$900,000 40%> $900,000 Hotels 35% of NGR <$900,000 40% > $900,000	85%-100% player return Clubs 47% of GP 3% of T/O – CBL on DCM Hotels 47% of GP CBL–25% of GP DCM-6% of T/O (3% to CSC)
Source for professional advice		QOGR, LMOs, consultants		Site, Government consultants	Site, Government consultants	Site, Government network gaming	Site, Government consultants	Site, Government
Jackpot	Stand Alone	Yes	Yes	Yes	Yes	Yes	Yes	No
	Link in-house	No	Yes	Yes	Yes	No	No	No
	Site link and who holds monies		No	Yes – link permit operator jackpot trust acct. paid by permit holder	Being discussed	No	No	No

GUIDE:

CBL: Community Benefit Levy
CRL: Charities & Rehabilitation Levy
CSC: Charities & Sporting Clubs
CSF: Community Support Fund
CSL: Community Support Levy

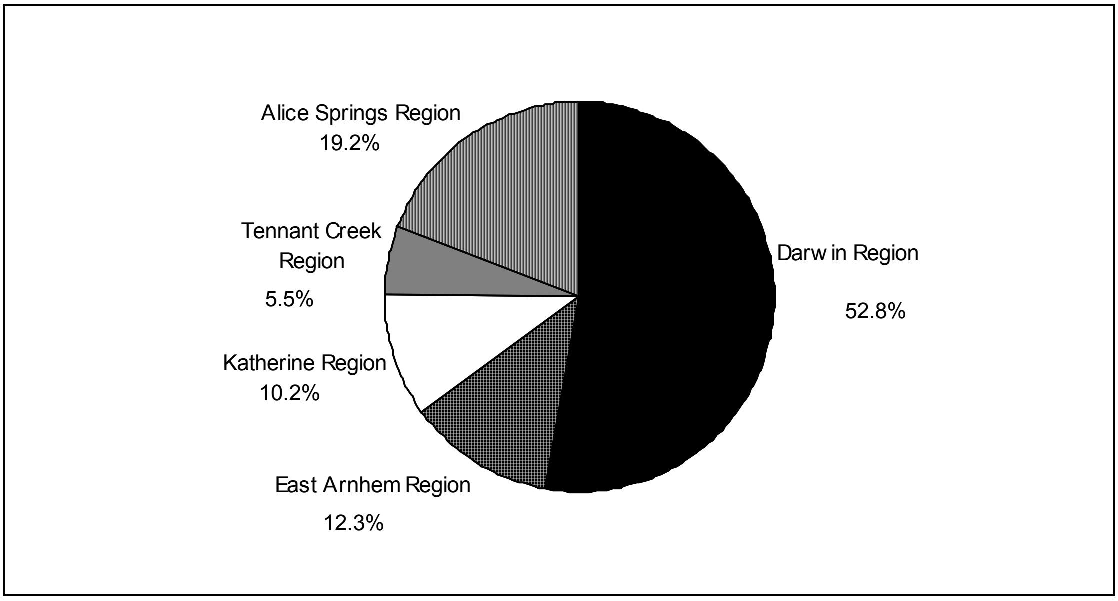
GMT: Gaming Machine Tax
NGR: Net Gaming Revenue
SRL: Sport & Recreation Levy
LMO: Licensed Monitoring Operators

Source: Adapted from Queensland Office of Gaming Regulation, 1996

4.4.3 Distribution of gaming machines in the Northern Territory

Nightcliff Sports Club in Darwin was the first community venue to begin operating gaming machines on 1 January 1996. At the end of 1997, 51 community venues were operating gaming machines in the Territory. A list of these venues can be found in Appendix E. The regional distribution of these venues at December 1997 is shown in Figure 4.4 below and presented in the map in Figure 4.5.

Figure 4.4: Regional distribution of EGMs in community venues in the NT December 1997



Source: Racing and Gaming Authority, Gaming Division, 1998

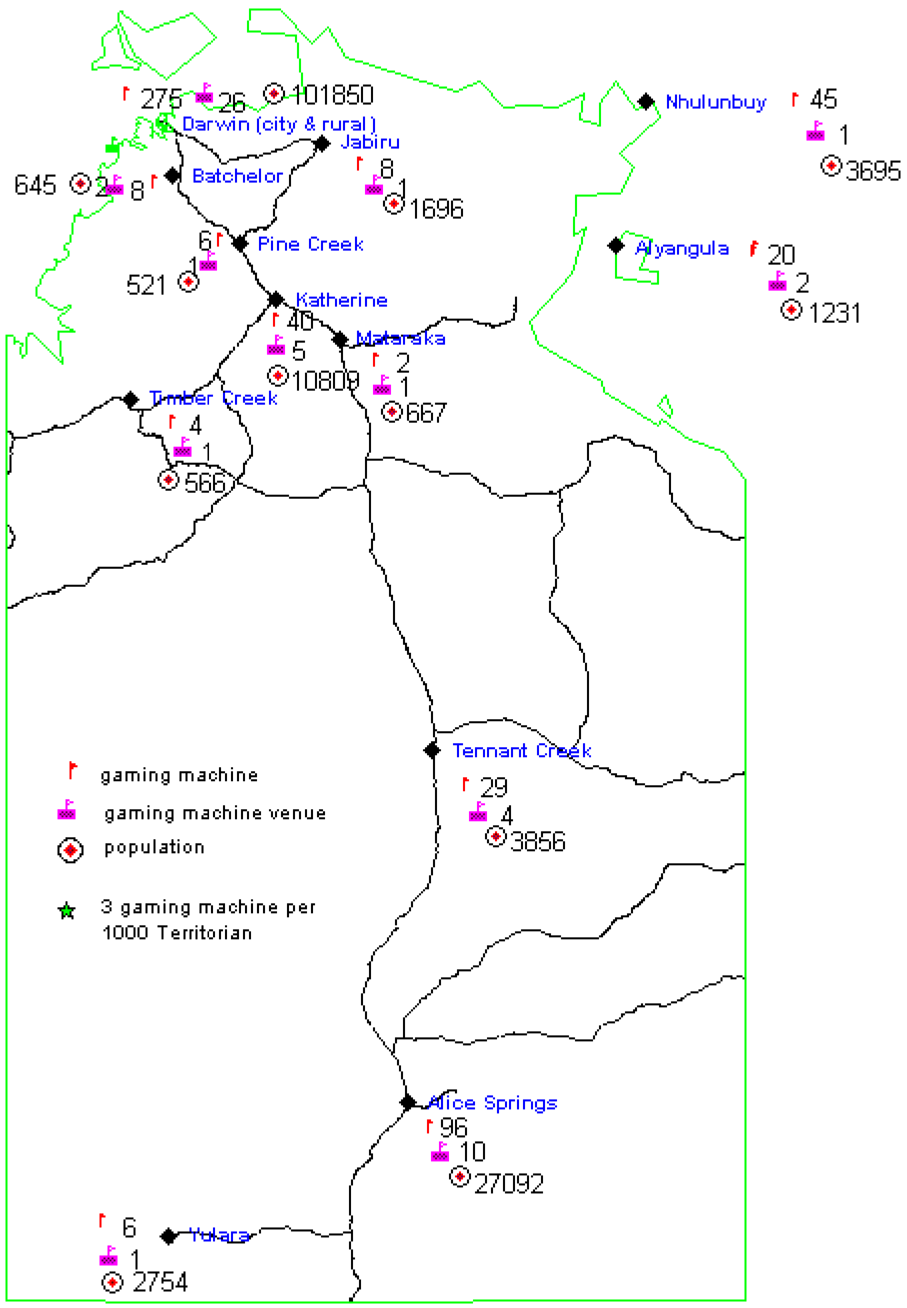
- By the end of December 1997 there were 31 clubs and 20 hotels operating gaming machines in the Territory. The pattern of distribution broadly parallels that of population settlement, with the highest concentration of gaming venues in regions with the largest populations. By December 1997 Darwin Region had the highest number of licensed EGM venues (26 venues) while East Arnhem had the lowest number (3 venues) (Table 4.9).

- The distribution of the number of gaming machines has followed a similar pattern, with less machines installed in the East Arnhem and Tennant Creek Regions (Table 4.9).

- With one exception, all hotels in the Northern Territory which have gaming machines are corporately owned sometimes by single unit companies and others by hotel chains. Some hotel chains may only operate one hotel in the NT but own several elsewhere around the country (eg. Transmedia Corp. - Top End Hotel).

- The one exception to this ownership pattern is the Goldfields Hotel in Tennant Creek, which at the time of this study was owned by a "natural person" who is the licensee.

Figure 4.5: Distribution of NT community gaming venues, machines and population 1997



Courtesy of the Racing & Gaming Authority
Source: ABS Census 1996, WAGMS, Systems, Racing & Gaming Authority

- Both at the Territory level in aggregate and at regional levels, more clubs have received gaming licences for gaming machines than hotels. The one exception is the Katherine region, where five hotels have installed gaming machines but only three clubs have done so (Table 4.9).

- In this regard, the Government's objective to facilitate community based club gaming has been achieved.

Table 4.9: NT community gaming venues by region December 1997

Regions	Clubs	Hotels	Total
Darwin Region	16	10	26
East Arnhem Region	3	0	3
Katherine Region	3	5	8
Tennant Creek Region	3	1	4
Alice Springs Region	6	4	10
Northern Territory (Total)	31	20	51

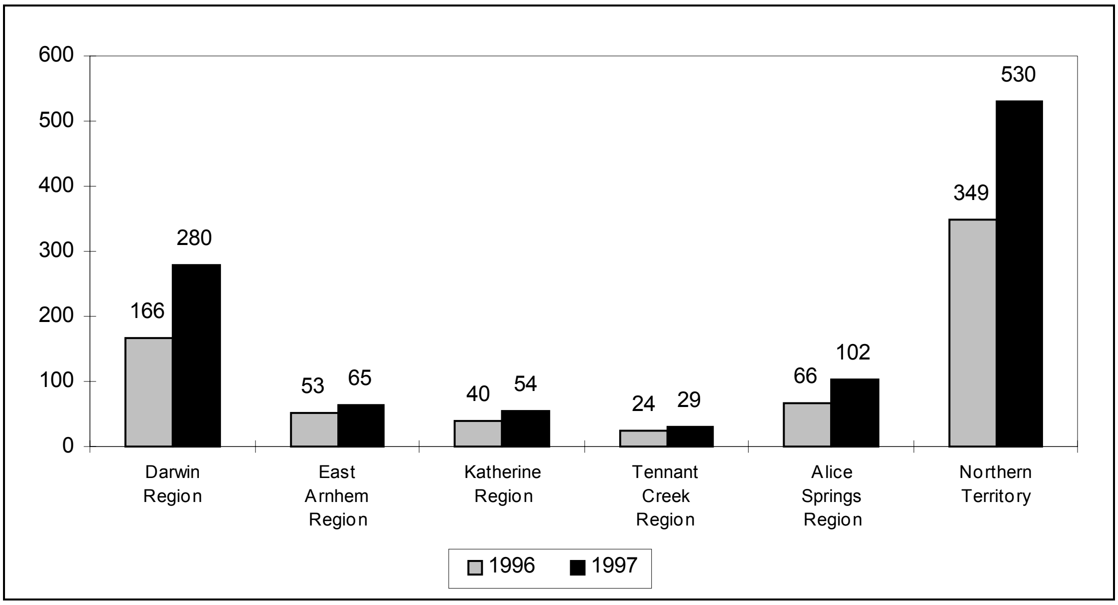
Source: Racing and Gaming Authority Gaming Division, 1998

4.4.4 Growth of EGMs in the Northern Territory

- The Northern Territory Racing and Gaming Authority proposed to install 680 gaming machines during a two-year installation period (1996 to 1997). By the end of 1997 the Territory had 530 machines, well below the initial target of 680 (Figure 4.6). Some venues received more machines than their initial allocations while some others had machines removed from the venue due to their poor performance in first 12 months.

- Overall, gaming machines have been introduced to the Territory at a significantly slower rate than in other Australian states. By comparison, Victoria had introduced 27,500 gaming machines to clubs and hotels between 1992 and 1996; Queensland has introduced over 17,000 gaming machines in approximately the same period.

Figure 4.6: Total number of EGMs at community venues by region in the NT 1996 and 1997



Source: Racing and Gaming Authority, Gaming Division, 1998

- The introduction of gaming machines in the Northern Territory during 1996 was a gradual process, with machines installed progressively into venues as the licensing, purchasing and testing procedures were completed. Thus the first full year of community gaming machine operations was 1997, and our commentary has focused primarily on that year.

- Data on the number of machines operating at clubs and hotel has been compiled separately to see whether the growth has been more rapid in one type of venue than the other and in one particular region than the other.

- Table 4.10 below shows the growth in percentages at clubs in all five regions and the Territory as a whole over a one-year period ie. December 1996 to December 1997.

Table 4.10: Gaming machines in community clubs (number & growth) by regions in the NT 1996 and 1997

Regions	Gaming machines in clubs		
	1996	1997	Growth %
Darwin Region	131	220	67.9
East Arnhem Region	53	65	22.6
Katherine Region	21	32	52.4
Tennant Creek Region	20	23	15.0
Alice Springs Region	52	79	51.9
Northern Territory (Total)	277	419	51.3

Source: Racing and Gaming Authority, Gaming Division, 1998

- During the calendar year 1997, the growth rate of gaming machines in clubs has been highest in the Darwin Region (67.9%), higher than the aggregate growth rate across all Territory clubs (51.3%). The Alice Springs Region also experienced a relatively high growth rate of gaming machines in clubs, slightly higher than the aggregate growth rate for the Territory. By December 1997 three regions - Darwin, Alice Springs and East Arnhem - together operated 87 per cent of the total club based gaming machines in the Territory.

- The overall growth in hotel based gaming machines between 1996 and 1997 was slightly higher than for machines based in clubs (54.2% compared with 51.3%). This was true for all of the regions with the exception of East Arnhem which had no hotel based machines and the Katherine Region (Tables 4.10 and 4.11).

- The number of hotel based machines in the Darwin Region increased from 35 machines at the end of 1996 to 60 machines at the end of 1997 which is the highest growth rate among the regions (71.4%) and higher than the NT growth rate. The Alice Springs Region had the second highest growth rate in terms of hotel machines as it did for club based machines, both of these rates were higher than the respective NT growth rates (Tables 4.10 and 4.11).

Table 4.11: Gaming machines in hotels (number & growth) by region in the NT 1996 and 1997

Regions	Gaming machines in hotels		
	1996	1997	Growth %
Darwin Region	35	60	71.4
East Arnhem Region	0	0	0
Katherine Region	19	22	15.8
Tennant Creek Region	4	6	50.0
Alice Springs Region	14	23	64.3
Northern Territory (Total)	72	111	54.2

Source: Racing and Gaming Authority, Gaming Division, 1998

- Tennant Creek Region has had the third highest growth rate (50%) of hotel gaming machines over the period shown; however, the increase was only two gaming machines, making any comparison unreliable.

- Almost 95% of the hotel based machines in the NT at the end of 1997 were located in just three regions: Darwin (54.1%), Alice Springs (20.7%) and Katherine (19.8%).

- Darwin (68.7%) and Alice Springs (54.4%) Regions showed the two top growth rates in terms of the total number of EGMs. The total number throughout the Territory grew at rate of 51.9 percent from December 1996 to December 1997, as shown in Table 4.12.

- Although the growth rates in Darwin and Alice Springs Regions are greater than other regions they should been seen in conjunction with the relatively large population size of the regions and the greater availability of suitable licensed venues.

- In addition, all growth rates should be considered in conjunction with the actual number increase as in most cases these are relatively small which can lead to percentage growth rates being quite misleading. Moreover, the policy for introducing community EGMs was based upon a two year period of phasing in the EGMs so a growth over 1996 and 1997 was expected.

Table 4.12: Total number of gaming machines (number & growth) by region in the NT 1996 and 1997

Regions	Total number of gaming machines (clubs & hotels)		
	1996	1997	Growth %
Darwin Region	166	280	68.7
East Arnhem Region	53	65	22.6
Katherine Region	40	54	35.0
Tennant Creek Region	24	29	20.8
Alice Springs Region	66	102	54.4
Northern Territory (Total)	349	530	51.9

Source: Racing and Gaming Authority, Gaming Division, Darwin, 1998

- It must be noted that prior to the introduction of gaming machines, many Territory community clubs and hotels already had installed gambling facilities; several were operating TAB outlets and were holding charitable bingo, raffles and other minor gambling in the venues.

- Moreover, during the period of this study NT Keno was introduced into Territory clubs and hotels. To the end of 1997 there were 30 community venues operating NT Keno. NT Keno is discussed further below.

- In effect, community gaming venues can now offer a range of gambling options - EGMs, TAB betting, NT Keno, ADDs (although these are being phased out) as well as bingo, raffles and other forms of charitable gambling.

- Table 4.13 shows the regional distribution of community venues offering the principal forms of gambling (EGMs, TAB and NT Keno) in the Northern Territory at the end of 1997. As might be predicted, venues located in the most densely populated areas (Darwin, Alice Springs and Katherine) have the greatest diversity of gambling, with a larger proportion of clubs and hotels offering all three principal forms of gambling. Tennant Creek is the only region where TAB betting is not available in clubs or hotels; and only one club in Tennant Creek has NT Keno. Similarly, clubs in East Arnhem region offer relatively limited gambling variety.

Table 4.13: Community gaming venues with TAB[a] and NT Keno[b] in the northern and southern regions of the NT December 1997

	Clubs			Hotels			Total		
	TAB	**EGMs**	**NT Keno**	**TAB**	**EGMs**	**NT Keno**	**TAB**	**EGMs**	**NT Keno**
Northern	11	22	11	12	15	9	23	37	20
Southern	3	9	5	2	5	1	5	14	6
NT Total	14	31	16	14	20	10	28	51	26

a- The TAB outlets included here are only those in venues with gaming machines. The total number of TAB outlets in the NT is 47 (36 northern region & 11 southern region).
b - There were five additional NT Keno sites in the Territory during 1997: Lasseters Casino; Berrimah Hotel/Motel, Stuart Arms Tavern, Rum Jungle Motor Inn and Rum Jungle Recreation Club, which did not operate gaming machines in 1997.

4.4.5 Community benefit and the Community Benefit Fund (CBF)

The rationale for the introduction of EGMs in community venues was for 'community benefit', that is the profits from machine gaming in community venues should flow to the community through various community clubs, groups and charities, as explained in the community EGM policy section above.

The NT *Gaming Machine Act 1995* provided for the establishment of the Gaming Machine Community Benefit Fund into which a levy of 25 percent of gross profit from EGMs in hotel venues is paid. Guidelines for the distribution of monies from this Fund were formulated by the Community Benefit Fund Committee (see above) and two rounds of applications in 1997 were received.

- Community Benefit payable in 1995/96 was $86,889 and in 1996/97 following the increase in EGMs in hotel venues the amount payable was $641,771.

- However, the amount distributed from the CBF up until its suspension in February 1998 was much less than the amount payable as revealed in Table 4.14, and considerably less than the amounts requested by the applicants. A total of $172,310 was distributed to 49 community based non-profit organisations, out of the 61 applications received.

Table 4.14: Applications to and distributions from the Community Benefit Fund 1996 to February 1998

Categories	No. of applicants	Amount requested $	No. of recipients	Amount distributed $
Youth sports	2	19,000	2	7,000
Other sports	35	110,664	27	69,520
Community organisations	10	66,497	9	24,865
Gambling services	3	82,597	2	60,652
Charities	11	26,677	9	10,273
Total	61	305,435	49	172,310

Source: Racing and Gaming Authority, Gaming Division, 1998

- Of the amount distributed almost $70,000 went to 27 sports clubs and another $7,000 to youth sports clubs.

- Another significant recipient category was gambling services for which two agencies received more than $60,000. This represents 35 percent of the total allocations which is higher than the proportion recommended in the CBF guideline (25%).

- Nine charitable organisations received only $10,273 from the CBF which represents six percent of the total allocation.

- Of all recipients, just over 50 percent were located in the Darwin Region, 33 percent in Alice Springs, 12 percent in the Katherine Region and two percent in both the Tennant Creek and East Arnhem Regions. No data was available for the actual cash distributions for each Region, however the distribution of the number of recipient organisations is relatively in keeping with the distribution of EGMs (see Figure 4.4) except for the Tennant Creek and East Arnhem Regions which are under-represented among recipients.

4.4.6 Trends and performance: community EGMs in the Northern Territory

- At the Territory level it is possible to identify emerging trends and economic impacts of gaming machines on spending patterns and public finances. Club profits since the introduction of EGMs have risen above the levels achieved for draw card machines. Although they pay a higher tax rate of 47 percent of gross profit, venues do not incur the same machine ownership costs for EGMs as they did for draw card machines. Even with the community benefit levy, hotels have increased their gaming profits with EGMs without equivalent machine purchasing costs. Under the principle of mutuality, clubs are further assisted by their exemption from Commonwealth income tax to facilitate their stated purpose of promoting sport and community facilities. It appears that in general, EGMs have improved the profitability of hotels and the capacity of clubs to deliver substantial community benefits to their members.

- However, caution must be exercised when drawing conclusions from this data. The introduction of gaming machines has been relatively recent and as explained above, installation of machines has been a steady and gradual process across the Territory. Thus the market for machine gaming is still in the early developing stages of the business cycle. The introduction of NT Keno during the same period has further distorted patterns and trends. It is too early to identify any firm trends or draw any conclusions with confidence.

- Further, it proved difficult for this study to collect reliable and comparable information on community contributions made by gaming venues. This was largely due to the fact that most venues did not maintain adequate records that could be easily retrieved, with regard to either monetary or 'in kind' contributions.

- If the community contributions made by venues are to be monitored and assessed, it will be necessary for venues to maintain detailed and reliable records of financial donations and other non-monetary benefits to the community.

- As Tables 4.14 shows, the Northern Territory Government's revenue derived from EGM gambling during 1997 has increased steadily as player expenditure has increased.

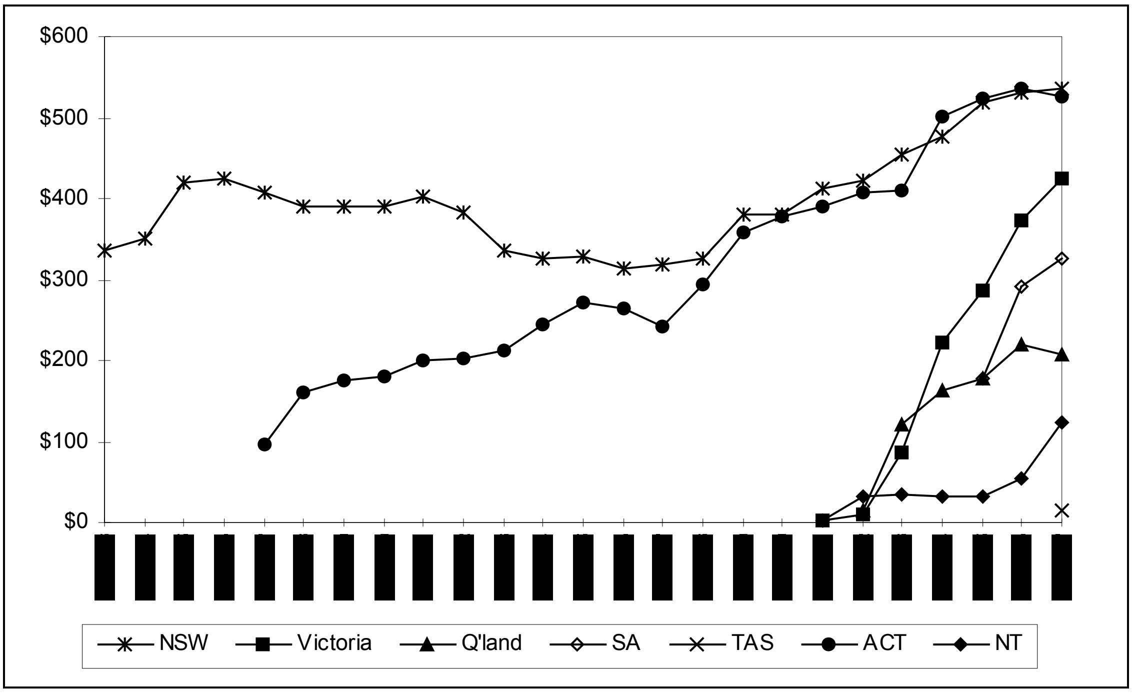
Table 4.15: NT gaming machines performance 1994/95 to 1996/97

	1994/95	1995/96[b]	1996/97
Number of AAD machines[a]	350	-	68
Number of poker machines	-	236	495
Number of venues	70	27	45
Total turnover AADs	$48.797m	na	$3.25m
Total turnover gaming machines	-	$39.7m	$175.9m
Total prizes, payouts	$45.149m	$35.9m	$15.373m
Minimum % return to player	-	87%	87%
Gross machine income	$3.648m	$3.782m	$16.05m
Total taxes paid[c]	$.347m	$1.3m	$7.8m
Community contribution	$.174m	na	na
Total licensing fees[d]	$5.300m	$1,500	na

Source: Kelly:1996, 1997; Racing and Gaming Authority, Annual Reports 1995/97; Tasmanian Gaming Commission 1998.
a - In January 1996, new types of machines (cash electronic gaming machines, gaming machines or 'poker machines') began to be introduced gradually to NT clubs and hotels, and to phase out the 'old' AAD machines.
b - Figures for 1996 refer only to the new EGMs and the six month period January-June 1996. Thus caution must be used making direct comparison with the cashless AAD machines operating prior to that date.
c - Revenues are paid in arrears
d - Licence fees per venue vary by $100.
na - not available.

- However, although per capita expenditure has increased as more cash-paying EGMs are installed and the popularity of this type of gambling grows, spending by Territorians on gaming machines (ie EGMs and draw card machines) remains significantly less than per capita spending in every other Australian state (Figure 4.7).

Figure 4.7: Per capita expenditure on gaming machines for all Australian states 11972/73 to 1996/97



Source: Tasmanian Gaming Commission, 1998

4.4.7 Issues and trends arising since the introduction of gaming machines

- As can be expected with the introduction of such a major and innovative policy, issues have arisen over the period of the study which have warranted attention. Many of the issues which have arisen since the introduction of gaming machines have been common to all Territory gaming venues, but others are specific to certain venues or regions.

- In 1996 R&GA was required to clarify the status of EFTPOS facilities located gaming venues. Some clubs and hotels already had EFTPOS facilities available (eg. at the bar) prior to their application for a gaming licence; other sought to have EFTPOS installed in a convenient location as part of their venue's restructuring to operate gaming machines. This research team was requested to prepare a report and recommendations on the issue for the R&GA.

- After review of existing policies in other Australian states and discrete observation of patron behaviour and management practices in clubs and hotels throughout the Territory, it was recommended that EFTPOS should not be installed within the gaming area, and that a daily limit of $200 should be imposed by the venue on cash withdrawals. This policy was implemented in 1996.

- In 1997 the R&GA also requested an interim report from the project team on existing support services in the Territory to assist people with gambling problems with recommendations for a rehabilitation network and community education program. This report has been referred to Territory Health Services who will prepare a response for the R&GA and then jointly they will submit a proposal to Cabinet. It is understood that there is still no agreement relating to the structure of the rehabilitation network.

- The economic performance of some venues have exceeded projected forecasts, and overall the gaming machines have performed better than forecast (Racing and Gaming Authority, correspondence, 15 April 1997). As a result, Territory authorities have revised forward the 'break even' date for cost recovery of machine purchases. The new break even date was re-calculated to be approximately July 1997.

- On the other hand, since the original allocation of gaming machines four venues have had their machines removed due to continued poor performance during the first 12 months of operation.

- Before gaming machines are withdrawn from venues they must have had their gaming licence for at least 12 months. If the venue is consistently performing below the minimum performance band established by the R&GA, the venue is issued with a warning that if performance does not improve over a specified period this may result in a certain number of gaming machines being withdrawn from the venue. The venues are able to provide evidence to defend the number of gaming machines and suggest reasons for the poor performance as well as strategies to improve the performance.

- To date the venues that have lost gaming machines are:
- Darwin Greyhound Association: Originally 6 EGMs down to 4 then 3
- Darwin Bowls Club: Originally 2 EGMs, increased to 6 then down to 3
- Alice Springs Golf Club: Originally allocated 2 EGMs. However this was increased to 6 before the machines were actually installed, now down to 3
- Queen of the Desert Resort: Originally 6 EGMs, down to 3.

- All venues in the southern region of the Territory are performing below the level of those in the north, with the exception of one club and one hotel in Tennant Creek. Tennant Creek has a relatively high disposable income with a proportion of the population being miners. Moreover, there are relatively few alternative commercial leisure activities in Tennant Creek to compete for residents' recreational spending.

- Even so, interviews with venue managers and key informants indicate that smaller venues throughout the Territory are relatively happy with the performance of their gaming machines. While some may not meet the economic performance targets expected by R&GA, they are seen as a benefit by providing entertainment for club and hotel patrons.

- Performance of gaming machines in some venues fluctuates depending upon tourist numbers, particularly where they not have a very large resident base in the area.

- There have been continued pleas from the licensees of some hotels for an increase in the number of gaming machines and there have been continued requests from a number of venues for changes to various aspects of the regulations and other things such as types of gaming machines. The Gaming Commission has been consistent in its response to these requests: that these policy issues are a matter for the review and the Commission will not make decisions on these issues before the 1998 review.

- The servicing and maintenance of gaming machines in regions outside of Darwin has been problematic, with long delays and unreliable service. Stakeholders consulted for this study report lack of experience on the part of licensed technicians as well as a shortage of licensed staff which led to delays, particularly in serving more remote venues. In the southern region the problem was compounded by personality conflicts between the service provider and one of the venue managers. However, it is reported that has been resolved as both of them have left their particular positions.

- One specific brand of gaming machines created most problems in terms of reliability, but this has been recognised by the R&GA and they will not be purchasing any more of these machines.

- Some of the clubs are using their gaming revenue to improve and expand venue facilities; even smaller clubs have been able to make significant improvements to their venues. However, there are other venues where the use of EGM revenue is not so obvious, for example in reducing their debt.

- Community venues with a large Aboriginal patronage often provide two separate bars: a lounge bar where more (non-Aboriginal) people use the gaming machines, and a public bar frequented by Aboriginal patrons.

- The impact of gaming machines on the performance of the two Territory casinos appears to have been minimal. In some respects the introduction of gaming machines may have had positive effects, as Section 5 will discuss. Gross profit from both table games and the casinos' own gaming machines has continued to increase despite the introduction of community venue gaming machines. This suggests that money being spent on community gaming machines is being transferred from somewhere other than existing casino gaming expenditure. However, gross profit from casino table games (rather than gaming machines) is not increasing at the same rate as it was before the community gaming machines were introduced. It is not possible to say if this is a direct or indirect result of the community gaming machines.

- Without more detailed specific regional data, it is not possible to identify the impact of gaming machines on local TAB agencies. However, observations over the period of the study and interviews with key informants indicate that many of the TAB agencies have undertaken refurbishment and improved their appearance since 1996.

4.4.8 Draw card machines

- Draw card machines (which are really cashless poker machines) were operating legally in Territory licensed club venues from the late 1970s, but were not permitted in hotel premises until 1990.

- In the early stages players in clubs could play draw card machines for a cash return of credits won. From 1990 permits issued for the operation of these machines required that credits won could only be redeemed for goods or services.

- It was well known that some establishments in the past did in fact redeem credit vouchers for cash, but that was a difficult situation for the R&GA to control.

Table 4.16: Draw card machines and venues in the NT 1994/95 to 1996/97

	Hotels			Clubs		
	1994/95	**1995/96**	**1996/97**	**1994/95**	**1995/96**	**1996/97**
Venues	25	19	10	45	26	7
Machines	101	69	38	249	80	30

Source: NT Racing and Gaming Authority Annual Reports

- Currently there are 11 venues operating 37 draw card machines throughout the Territory (see Table 4.18) and the numbers have been consistently decreasing since the introduction of EGMs (Table 4.16). They do not attract a significant share of the market as the figures in Table 4.17 reveal and it can be assumed that they will not be in operation for too much longer.

Table 4.17: NT Draw card machine turnover and profit 1994/95 to 1996/97

Hotels	Clubs

	1994/95	1995/96	1996/97	1994/95	1995/96	1996/97
	\$000	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Turnover	5,669	5,025	1,325	43,129	30,631	1,886
Gross Profit	802	651	188	2,846	1,909	351

Source: NT Racing and Gaming Authority Annual Reports

- Service for draw card machines has become less reliable since the introduction of gaming machines, as priority has been given to the servicing and maintenance of gaming machines.

- There is no date set for draw card machines to cease operating; however this will be an issue considered in the 1998 review of NT gaming.

Table 4.18: Venues with draw card machines at the end of 1997

Venue	No. draw card machines
Hotel Darwin	9
Berrimah Hotel	2
Arafura Tavern	4
Darwin Prison Club	1
Palmerston RSL	6
Hayes Creek Wayside Inn	1
Old Elsey Wayside Inn	5
Timber Creek Tavern	1 (requested removal)
Elliot Hotel	1
Tyeweretye Club	4
Alice Springs Bowls Club	3
Total	37

Source: Racing and Gaming Authority, 1998

- Current performance data of these draw card machines have not been provided to this study.

4.5 NT Keno

- In October 1996 Cabinet approved NT Keno to be conducted by MGM Grand Darwin in Territory hotels and clubs, and at the Alice Springs Lasseters Casino. By June 1997 permits for 30 NT Keno agents had been issued throughout the Territory (Table 4.19).

Table 4.19: NT Keno venues 1996/97

Venue	Commenced operations	EGMs
Casuarina All Sports Club	30 Oct 96	Yes
Parap Village Tavern	30 Oct 96	Yes
Victoria Hotel	30 Oct 96	Yes
Tracy Village Sports & Social Club	8 Nov 96	Yes
PINT Club (Dwn)	6 Dec 96	Yes
Top End Hotel	17 Dec 96	Yes
Katherine Country Club	20 Dec 96	Yes
Katherine Hotel	20 Dec 96	Yes
Katherine Club	20 Dec 96	Yes
Arnhem Club (Nhul)	20 Dec 96	Yes
Humpty Doo Hotel (Rural Dwn)	26 Dec 96	Yes
Plaza Karama Tavern	17 Feb 97	Yes
Darwin Golf Club	17 Feb 97	Yes
Works Social Club (Kth)	21 Feb 97	Yes
Palmerston Golf & Country Club	25 Feb 97	Yes
ROAB Club	3 Mar 97	Yes
Lasseters Hotel Casino	13 Mar 97	Yes
Wests Sporting Club	14 Mar 97	Yes
Alice Springs RSL Club	14 Mar 97	Yes
Alice Springs Memorial Club	14 Mar 97	Yes
Todd Tavern	14 Mar 97	Yes
Berrimah Hotel/Motel	3 Apr 97	No
Alyangula Rec Club	10 Apr 97	Yes
Litchfield Tavern	17 Apr 97	Yes
Tennant Creek Memo Club	15 May 97	Yes
Pine Creek Hotel/Motel	21 May 97	Yes
	(Ceased operation 28/08/97)	
Rum Jungle Motor Inn	12 Jun 97	Yes (in 1998)
Ayers Rock Resort Residents' Club	25 Jun 97	Yes

Stuart Arms Tavern	26 Jun 97	No
Rum Jungle Recreation Club	18 Aug 97	Yes (in 1998)
Hibiscus Tavern	30 Oct 97	Yes
Winnellie Hotel	11 Dec 97	Yes
Lake Bennett Resort	1998	No

Source: Racing and Gaming Authority, Gaming Division, 1997

- A tax rate of eight percent applies to gross profit from MGM Grand Darwin's Keno operations. There have been no changes to operating conditions or tax rate of NT Keno since its introduction. When it was introduced the policy stated that the tax rate would operate at eight percent, the same as other casino games, and would be reviewed after 12 months operation. It was reviewed in September 1997 and confirmed at eight percent. This tax arrangement was subject to review in June 1998.

- Issuing of NT Keno permits is as follows:
- MGM Grand Darwin Inc. advertise for expressions of interest from hotel and club venues.
- MGM Grand Darwin Inc. hold talks with the interested venue.
- Following negotiations and if all parties are agreeable, MGM enters into an agreement with the venue.
- MGM then sends a copy of the final page of the agreement (containing signatures of both parties) to R&GA and requests a permit for the particular venue to operate an otherwise illegal game under Sec 50 (ii) of the Act.
- R&GA makes a recommendation to the Minister (which has been generally accepted) and the Minister signs the permit that is drawn up by the Solicitor of the NT.
- R&GA then issues the permit to MGM.

- If a request for a permit was denied, MGM Grand Darwin Inc. could appeal to the Gaming Control Commission.

4.5.1 Issues arising since the introduction of NT Keno

- There have been no significant issues arising since the introduction of NT Keno. It appears that in the larger venues it has performed better than expected, despite the fact that MGM Grand's original estimate for the number of NT Keno sites was considerably higher than those in actual operation.

- There has been only one venue which has withdrawn its NT Keno facility - Pine Creek Hotel.

Table 4.20: NT Keno: turnover, gross profit and revenue ($) 1996 to 1997*

Year	Turnover	Gross profit	Government revenue
1996	1,399.256	448,832	35,906
1997	13,789,648	2,999,927	239,994

Source: Racing & Gaming Authority, Gaming Division 1998
* Refers to calendar years. Data for 1996 refers to the six month period July-December, as NT Keno began operations only in November 1996. Government revenue *excludes* unclaimed prizes.

4.6 Lotteries

- Tattersalls (Victoria) has operated lotteries in the Northern Territory since 1978. Lotteries are conducted in the Northern Territory under Division 111 of the *Gaming Control Act*. Under s. 40 of the Act in June 1995 Tattersalls was authorised to sell tickets in 'foreign lotteries' for a period of three years (expiring June 1998).[22] The permit provides for the sale of Tattslotto, Super 66, Tattslotto Extra, Instant Money Lottery and Oz Lotto. The mid-week game of Powerball was permitted from April 1996; in February 1997 a Saturday Lotto draw was reinstated.

- Morris International P/L, trading as the Territory Lottery Company (TLC), was issued with a permit to conduct a mail order lottery in or from the

[22] The NT *Gaming Control Act* defines 'foreign lotteries' as any lottery conducted outside the Northern Territory.

Northern Territory, for the sale of Tattersalls lottery products and the Territory Lottery.[23] The Territorian Lottery 22, the first lottery conducted by TLC, was launched in April 1995 and drawn in July 1995. Under the agreement with the NT government, TLC was required to pay 20 percent of gross sales. In 1995/96 several lotteries were conducted with increasing numbers of tickets and prize money, and fees of $719,894 were received. In 1996/97 four lotteries were held and fees of $687,313 were received.

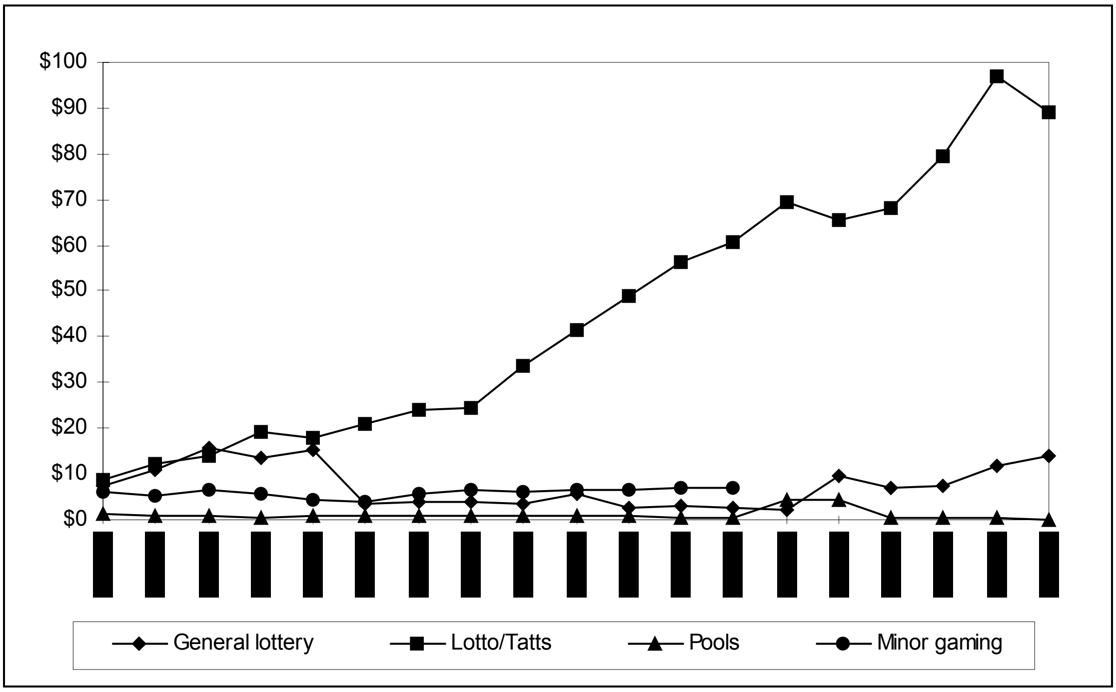
- Tattersalls sales commenced through TLC in October 1995. In 1995/96 most of the Tattersalls lotteries experienced growth in sales above 1994/95 levels. The main Lotto product (Saturday and mid-week game) increased sales by 21%; Oz Lotto increased sales by 17%. But in 1996/97, all Tattersalls lotteries except the new Powerball game had a sharp decline in subscriptions. Sales of Super 66 fell by 22% on the previous year; Oz Lotto by 19%; Soccer Pools by 25%; Instant Lotteries by 16%. The decline of the main Lotto game (22%) was partly affected by replacement of the mid-week game by Powerball. While Powerball has clearly captured most of the Tattersalls subscriptions at the expense of other Tattersalls products.

- After a long period of declining performance, Soccer Pools ceased sales in the Northern Territory in 1997.

- Tickets for both the Territorian and Tattersalls lotteries are sold at a variety of retail outlets throughout the Territory. The Territorian also is sold by mail order outside the Territory, and is marketed overseas through the Internet, though not in an interactive form. Administration of the lotteries is localised, however: ALC is based in Darwin; Tattersalls is based in Melbourne.

[23] Tattersalls is a private lottery company based in Victoria. Established in Sydney in 1881 by George Adams (see Wilson 1980) Tattersalls operates lotteries in Victoria, Tasmania, ACT and Northern Territory.

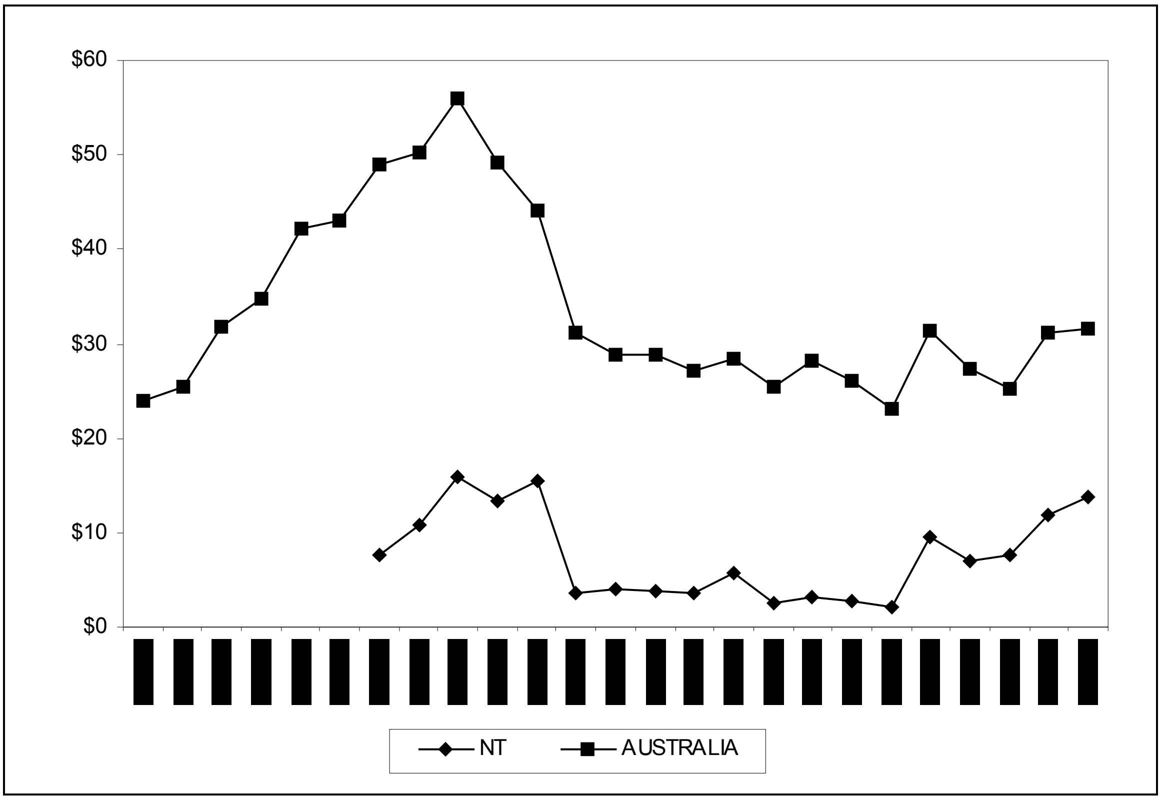
Figure 4.8: Per capita expenditure on lotteries in the NT 1978/79 to 1996/97



Source: Tasmanian Gaming Commission, 1998

- Tattersalls lotteries dominate this form of gambling in the Northern Territory, with per capita spending continuing to increase steadily since 1978 (Figure 4.8). Per capita spending on Tattersalls lotteries is more than four times than of its nearest lottery competitor, the Territorian.

Figure 4.9: Per capita expenditure on lotteries in the NT and Australia 1972/73 to 1996/97



Source: Tasmanian Gaming Commission, 1998

- Yet per capita expenditure on lotteries in the Northern Territory is significantly less than the level of lottery spending for Australia as a whole

(Figure 4.9). Although Australian per capita spending on lotteries has declined since the 1970s, it remains more than double the level of spending in the Northern Territory.

Table 4.21: NT lotteries and other gaming, turnover and revenue ($) July1996 to December 1997*

	July 1996 - Dec 1996		Jan 1997 - June 1997		July 1997 - Dec 1997	
Source Activity	Turnover	Govt Revenue	Turnover	Govt Revenue	Turnover	Govt Revenue
Major lotteries	na	na	na	na	na	na
Tattslotto	8,994,396	3,121,167	9,000,838	3,109,983	9,746,710	3,411,348
Oz Lotto	2,186,859	811,359	1,965,793	686,452	2,420,292	872,839
Powerball	2,914,883	1,036,973	2,472,912	874,847	3,015,828	1,055,539
Super 66	123,038	33,806	123,835	31,234	133,490	35,041
Tattersalls Sweeps	20,124	5,283	na	na	na	4,843
Soccerpools	34,206	11,287	31,342	5,913	34,787	0
Instant lotteries	1,495,955	393,184	1,316,450	350,134	1,778,573	466,875
Territorian	2,134,845	484,287	1,908,085	203,026	2,398,185	203,012
Territorian - Interstate	na	na	na	na	na	na
Morris Tatts. Sales	2,627,967	919,788	2,764,164	967,458	3,000,558	1,050,196
Draw card machines	2,222,939	95,572	1,024,598	41,756	774,259	32,604
NT Keno	359,773	9,036	3,141,893	69,744	4,933,321	50,374

*This table does not include community gaming machines or casino gaming.
na - not available
Source: Racing and Gaming Authority, Gaming Division 1998

- Taxes, distribution of funds: The Lotteries Fund was established under s.6 (1) of the Financial Management Act for payment of funds received by the Director of Gaming pursuant to s.43 of the Gaming Control Act. These funds include fees for lotteries conducted under the Act; lottery commissions payable on foreign lotteries conducted under the Act; the regulations; and unclaimed prizes.

- The Northern Territory Government also established a duty of sharing Agreement with the Victorian Government for the sale of Tattersall lottery tickets in the Northern Territory. Under the Agreement, the Territory was required to pay a revenue share (38.46%) of duty received from the Victorian Government in respect of TLC Tattersalls sales. In 1995/96 duties remitted to the Lotteries Fund were: 35 percent of all NT subscriptions sold for Tattslotto, Oz Lotto and Powerball; and 26.25 percent of subscriptions for Super 66, Soccer Pools and Instant Money Lottery.

- In 1996 TLC traded as the Australian Lottery Company (ALC) and submitted a proposal to the Minister to vary the Agreement. In December 1996 Cabinet approved a reduction in government commission from 20 percent to 10 percent for three years,[24] change to the Tattersalls commission sharing arrangement and removal of commission on giveaway tickets (not exceeding 500 tickets per lottery). A new licence was issued in June 1997 and a revised Agreement entered into.

Table 4.22: Approved disbursements from NT Lotteries Fund 1994/95 to 1996/97

	1994/95	1995/96	1996/97
No. of non-profit organisations	16	16	38
Amount distributed	$129,000	$63,601	$57,448
	$,000	***$,000***	***$,000***
Amount transferred to Sport and Recreation Development Fund	6,127	6,433	na

Source: NT Racing and Gaming Authority, Annual Reports 1995/97

- The Minister for Racing and Gaming may approve disbursement of the Lotteries Fund to charitable organisations or other community welfare bodies. In 1995/96 $129,000 was allocated to sixteen non-profit organisations which promote the welfare of the community; 38 organisations received a total of $57,448 in 1996/97 (Table 4.22).

- The Sport and Recreation Development Fund receives most of the monies from the Lotteries Fund. The Treasurer directs the transfer of commission monies collected from Tattersalls sales from the Lotteries Fund to the Sports and Recreation Development Fund. These funds are transferred in monthly instalments.

Table 4.23: Northern Territory lotteries income 1994/95 to 1996/97

Tattersalls lotteries	1994/95 $000	1995/96 $000	1996/97 $000
TattsLotto[a]	19,021	23,182	17,995
Powerball	na	726	5,388
Super 66	339	316	247
Oz Lotto	4,388	5,143	4,147
Melbourne Cup Sweep	20	26	20
Soccer Pools	76	88	66
Instant scratchies	4,008	3,365	2,812
TOTAL % change	-	+17.21	-6.6
Total prizes paid[b]	16,769	19,222	na
Commission received	2,028	1,224	na
Duty[c]	9,442	10,866	10,477
The Territorian (ALC) - Fees	-	718	687
Number of outlets	***na***	***26***	***26***

a - Tattslotto mid-week game was replaced by Powerball in May 1996
b - Based on 60% return to player, except Soccer Pools (50%)
c - Duty received from the Victorian Government
na - not available
Source: NT Racing and Gaming Authority, Annual Reports 1995/97

- Operating expenses: Data are available only for 1995. Retailer commissions for Tattersalls outlets in the Northern Territory (which are included in gross sales) in 1995 totalled $2.028 million (Kelly, 1996:16). The operating expenses of Tattersalls (Victoria) were $40.589 million but relate to lotteries in the ACT, Victoria, Tasmania and the Northern Territory.

[24] This was to be reviewed upwards, subject to a full analysis of the viability of the lottery.

- Employment: The only figures available for people employed by the lotteries industry in the NT are those employed directly by the Territory Lottery Company (TLC). The number employed by the TLC are relatively small (Table 4.24). The figures presented reveal that the total number of staff employed by the TLC have decreased by 32 percent in the 12 months between August 1997 and August 1998. This decrease has been in the number of full-time and casual staff.

Table 4.24: Staff employed by the Territory Lottery Company at August 1997 and 1998

Category	August 1997	August 1998
Full-time staff	12	9
Part-time staff	2	2
Casual staff	5	2
Total	19	13

Source: The Territory Lottery Company, personal correspondence, 1998

- The TLC reported that the reduction in staff numbers was in keeping with their 'desire to be as productive as possible' and that the reductions 'have played a large role in the reduced operating costs of the enterprise'.

- The 1996 NT Select Committee on Interactive Gaming noted the potential for lotteries to utilise Internet technology to develop instant result lottery products. But the Committee also cautioned against the effects this would have on the character of existing lotteries (Northern Territory Legislative Assembly, 1996:57). At the time, the potential for market growth was thought to be based on cable pay television. This has proven not to be the case. Delays with availability of cable pay television and its lower than expected take up by the Australian public have encouraged commercial interests and state governments to turn to other market opportunities for gambling, notably sports betting and interactive gaming.

4.6.1 Charitable gaming

- R&GA permit allows charities to sell 'major lottery' tickets only in the Northern Territory. They are not supposed to sell interstate. No fees are paid to the Northern Territory government for this authorisation and regulatory procedure Charities also can hold small raffles without authorisation.

- The Northern Territory R&GA approves both trade promotions run on a national basis and trade promotions conducted and drawn in the Territory. No fees are paid to the Northern Territory government for this authorisation and regulatory procedure.

- The market for charitable lotteries has become much more competitive in recent years, and it is increasingly difficult for charitable organisations to maintain market share against the new forms of gambling.

- The number of major lottery permits that had been issued by R&GA for the 1997/98 financial year (235) is less than the number issued in 1993/94 (304).

Table 4.25: Number of charitable gaming permits issued by NT Racing and Gaming Authority 1995/96 and 1996/97

Permit type	1995/96	1996/97
Trade promotions	2,551	3,043
Raffles*	720	713
Bingo	na	320
Calcutta sweeps	na	3
TOTAL	3,271	4,079

*In 1995/96 only aggregate data are available for the total number of non-profit associations awarded permits.
Source: Kelly:1996, 1997; Racing and Gaming Authority, Annual Reports 1995/97

- Lotteries being submitted for approval are proposing to sell tickets for $100 or $300 each, rather than $1, $5 or $10 tickets. The number of tickets sold are reduced when the face value of the tickets are increased. This suggests that the charitable organisations are targeting their sales at a different market. One person commented to this study that several charities are ‘raffling sponsorship’ - that is, a number of charities are holding lotteries where the prize is the rights of sponsorship for a certain event, or to have a special event named after them, or having T-Shirts for an event printed with the sponsor’s name, etc.

- Industry commentators argue that not all of these lotteries perform well; some have not been successful. However one large lottery held by HPA each year at the Darwin Turf Club Ball sells for $100 a ticket with a $10,000 cash prize. This lottery has been operating for a number of years.

- The database at R&GA is fairly old and information such as the amount of prize money etc. for major lotteries is not available from this database. The information would have to be extracted manually. This task was beyond the resources of this study.

- Additional information on the impact of gambling activities of Territory charitable and non-profit organisations has been obtained for this study by surveys conducted in 1997 and 1998, discussed in Section 5 of this report.

Table 4.26: Gaming licences issued by NT Racing and Gaming Authority 1996/97

Source Activity	Category	31 Dec 96	30 Jun 97	31 Dec 97
Darwin casino	Key & standard licenses	321	338	343
Alice Springs casino	Key licences	28	26	23
Alice Springs casino	Standard licences	76	80	77
No. gaming machine venues	Clubs/Hotels	26/15	29/16	31/20
No. gaming machines	Clubs/Hotels	272/64	404/91	419/111

Gaming machine licenses	Manager*	110	258	353
Gaming machine licenses	Repairer	7	8	8
Draw card machine venues	Clubs/Hotels	16/14	8/11	6/11
Draw card machines	Clubs/Hotels	64/74	32/45	28/44
Approved associations	Non profit	na	790**	na

*Figures relate to full licences issued. Figures do not include Provisional Licences (must full licences are preceded by a provisional).
** On file but not necessarily active.
na - not available
Source: Racing & Gaming Authority, Gaming Division, 1998

4.7 Racing and wagering

The Northern Territory Government has commissioned separate reports specifically to consider the racing sector and the future of the TAB. Consequently we have not attempted a detailed investigation and analysis of racing in the Northern Territory for this study. A report on *Future Strategies for the Northern Territory Thoroughbred Racing Industry* was released in April 1997 (Laysell Consulting, 1997); and the NT Treasury commissioned a report on the NTTAB early in 1998. These reports provide specific information to guide the Government's policy review of the racing sector and the future of the NTTAB. As these are under consideration by Government, we present only a brief summary of trends and issues over the period of the study.

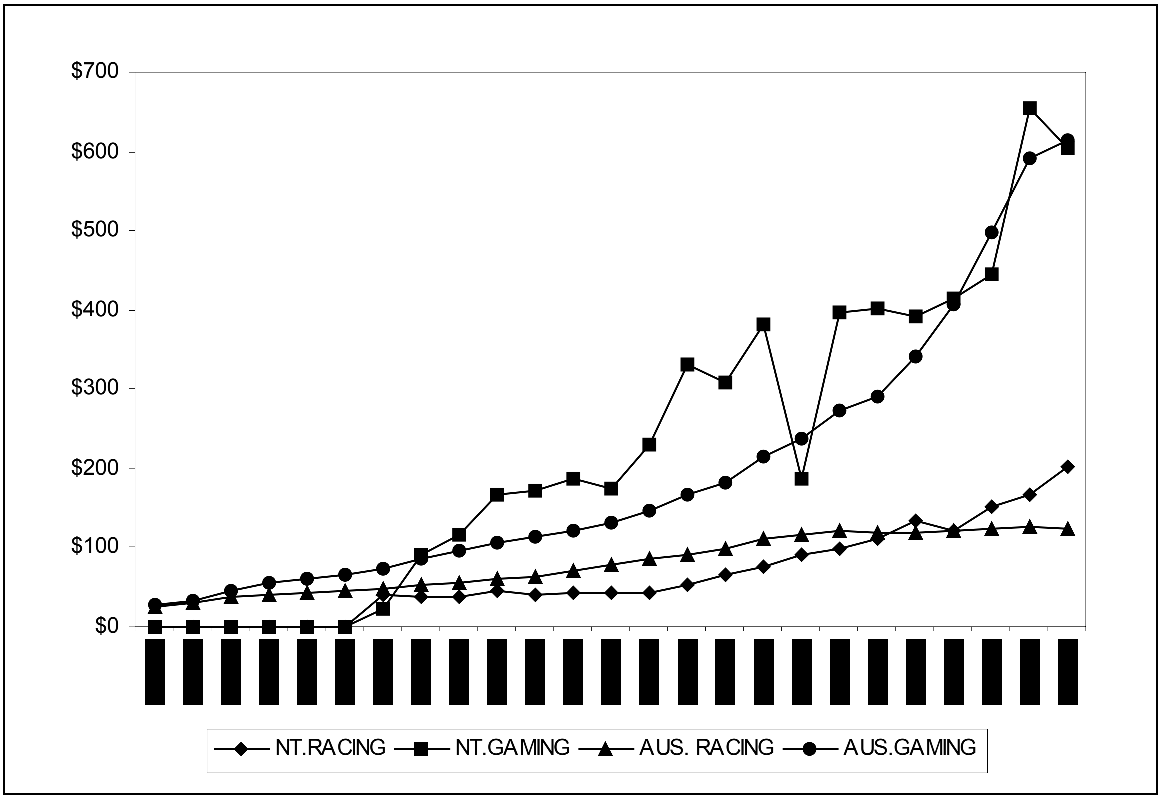
This overview of racing and betting in the Northern Territory is organised around three themes: racing clubs; bookmakers and sportsbetting; and the NTTAB.

- The Northern Territory racing industry is centred on thoroughbred racing. There is only one greyhound club, at Winnellie Park in Darwin. There is no harness racing in the Northern Territory, although the NTTAB accepts wagers on harness racing conducted in other states.

- In a pattern similar to other Australian states, Figure 4.10 shows that per capita expenditure on racing in the Northern Territory has been consistently below the level of gaming expenditure, and that it has been growing at a significantly lower rate, particularly in recent years. However, while the

Northern Territory expenditure on racing is generally less than the average per capita racing expenditure in Australia as a whole up until 1993/94, from 1994/95 the NT rate has continued to rise about the Australian rate (Figure 4.10).

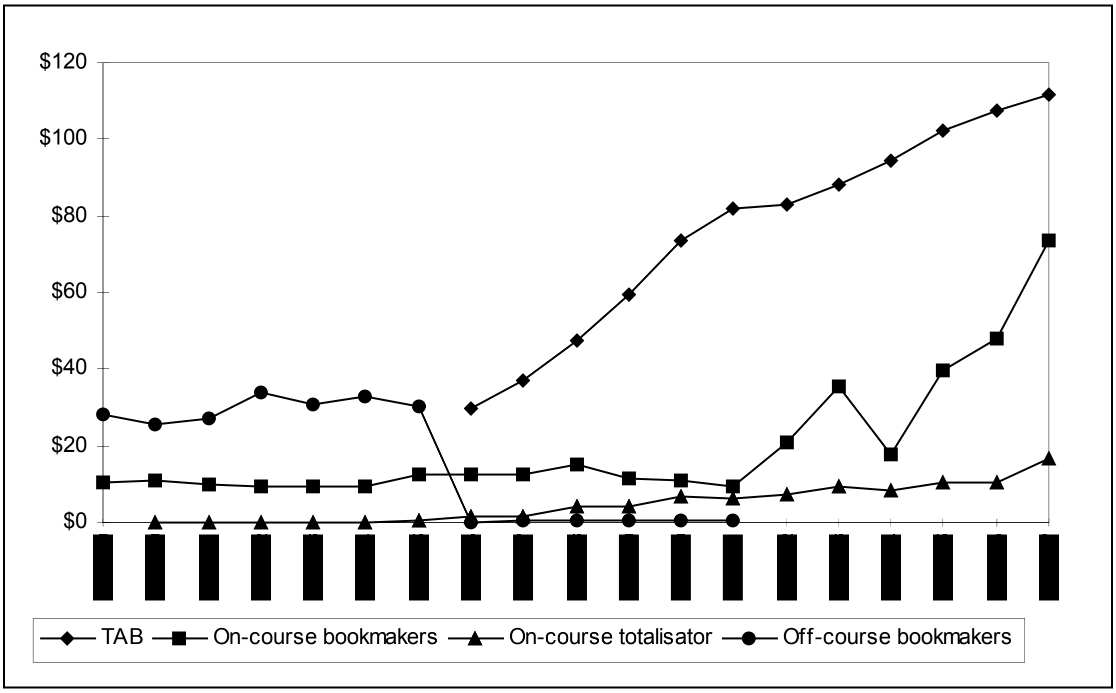
Figure 4.10: Per capita expenditure on racing and gaming NT and Australia 1972/73 to 1996/97



Source: Tasmanian Gaming Commission, 1998

- Player loss on the NT TAB exceeds per capita expenditure on all other forms of race betting in the Northern Territory (Figure 4.11). As noted elsewhere in this report, these data include expenditure by overseas and interstate gamblers and do not provide a completely accurate indication of the amount wagered by residents of the Territory. For this reason, sportsbetting has been excluded from Figure 4.11 as much of the expenditure with NT sportsbetting bookmakers originates from outside the Territory. In contrast, the NTTAB holds very little interstate or overseas money.

Figure 4.11: Per capita expenditure on all forms of betting in the NT 1978/79 to 1996/97



Source: Tasmanian Gaming Commission, 1998

4.7.1 Racing clubs

- The two metropolitan thoroughbred racing clubs at Darwin and Alice Springs jointly dominate racing in the Northern Territory, with regular meetings during the year and special race carnivals. The eleven country clubs each hold only one meeting a year, with the exception of Katherine which holds two meetings.

- While the general trend in other states has been for the number of race meetings to increase from 1994/95 to 1995/96, the number of horserace meetings held in the Northern Territory appears to have declined in that period, if the number of race meetings covered by the NTTAB is an indication of this trend. The number of greyhound race meetings increased, however (Table 4.27).

- The Darwin Turf Club (DTC) holds meetings at Fannie Bay racecourse and provides assistance to several country clubs in the top end. The Alice Springs Turf Club (ASTC) holds meetings at Pioneer Park and provides similar assistance to racing clubs in the southern part of the Territory.

Table 4.27: Northern Territory and Australian racing: number of meetings covered by the NTTAB 1994/95 to 1995/96

State	Galloping		Harness Racing		Greyhound Racing		Total	
	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96
NT	104	88	-	-	45	51	149	139
NSW	427	435	266	288	299	336	992	1059
VIC	300	343	330	351	263	252	893	946
QLD	267	269	110	122	98	135	475	526
SA	161	165	139	112	101	101	90	92
WA	90	92	-	-	-	-	90	92
Other	9	5	-	-	-	-	9	5
Total	1358	1397	845	877	806	875	3009	3149

Source: NT Racing and Gaming Authority Annual Reports 1995, 1996

- Reflecting the relatively small scale of the NT racing sector and the seasonal nature of the Territory's racing season, support services associated with racing are similarly modest by Australian standards. Racehorse stock is mostly imported from interstate. There is little breeding of racehorses in the Northern Territory, and this is undertaken by owners. The potential for full-time trainers, jockeys and stable hands is very limited. Reliable up-to-date figures are not to hand, but data compiled in 1991 estimated that most people in the industry worked part-time (ACIL:1992).

- In December 1996 a Territory Racehorse Owners Bonus Incentive Scheme (TROBIS) was established to provide bonus incentives for participation in racing. Based on a similar scheme in Victoria, TROBIS is managed by the Darwin Turf Club under the direction of an Executive Committee comprised of industry and Commission members.

Table 4.28: Northern Territory TAB on-course turnover ($) 1994/95 to 1995/96

	1994/95	1995/96
Darwin Turf Club	5,455,609	8,793,366
Alice Springs Turf Club	1,311,363	1,102,186
Darwin Greyhound Association	784,047	685,347
Country race clubs	77,059	111,991

Source: NT Racing and Gaming Authority Annual Reports 1996, 1997

4.7.2 Racing tax and distribution of revenues

- The organisation of the NT racing industry was consolidated into a single authority in 1991 with the establishment of the NT Racing Commission (located within the Racing and Gaming Authority) responsible for the racing industry and the NTTAB. The Commission is responsible for the control of racing and the various racing clubs and licensed bookmakers conduct racing and betting in accordance with relevant legislation and the Commission's rules.

- Bookmakers' taxes on turnover are collected and retained by the Racing and Gaming Authority in an Industry Assistance Fund (IAF). The IAF receives the majority of its revenue from TAB net surpluses, which are divided equally between the IAF and Consolidated Revenue. Industry subsidies are paid from the IAF and are used by clubs to assist with operational expenses.

Table 4.29: Northern Territory racing clubs: distribution of Industry Assistance Funds 1994/95 to 1995/96

	1995/96 $	1994/95 $	Change %
Darwin Turf Club			
Operational Subsidy	1,313,934	1,256,159	
Rebate	327,538	41,824	
Freight	35,860	52,660	
Grant	4,607	0	
Principal Club Rebate	40,000	31,799	
Sports Tax	56,556	78,647	
	1,778,495	**1,461,089**	**+21.7**
Alice Springs Turf Club			
Operational Subsidy	922,739	949,965	
Rebate	0	0	
Freight	18,700	25,850	
Sports Tax	68,484	188,628	
Grant	182,500	0	
	1,192,423	**1,164,443**	**+2.4**
Darwin Greyhound Association			
Operational Subsidy	96,433	132,007	
Freight	5,445	5,043	
Grant	60,000	0	
	161,878	**137,050**	**+18.1**
Country Clubs			
Katherine Turf Club	50,000	53,350	
St Patrick's Racing Club (Darwin)	26,500	26,400	
Tennant Creek St Patrick's Race Club	11,000	8,300	
Adelaide River Race Club	17,500	16,910	
Timber Creek Amateur Race Club	15,000	15,000	
Renner Springs Amateur Race Club	Did not race	7,500	
Harts Range Amateur Race Club	9,600	9,526	
ABC (Brunette Downs)	10,000	10,000	

Tennant Creek Race Club	16,500	16,345	
Pine Creek Turf Club	9,500	9,420	
Barrow Creek Turf Club	12,000	12,650	
	177,600	**185,401**	**-4.2**
TOTAL	**3,310,396**	**2,947,983**	**+12.3**

Source: NT Racing and Gaming Authority Annual Reports 1996, 1997

- Treasury's only role with respect to racing is to receive payment of 50 percent of TAB profits. Fifty percent of the turnover tax on sportsbetting is paid to the Department of Sport and Recreation by the Commission. The Racing Commission also administers a Racecourse Development Fund (RDF) which receives one percent of TAB turnover, that is used for capital projects on NT racecourses (Tables 4.29 and 4.30). Distribution of this fund has increased to the Darwin and Alice Springs clubs and to greyhound racing, but declined to country clubs. This reflects a general concentration of racing activity in the metropolitan centres, particularly in Darwin and the top end.

Table 4.30: NT Racecourse Development Fund - Expenditure Summary 1995/96 to 1996/97

	1995/96 $	1996/97 $
Darwin Turf Club		
Development Loan Repayments Principal	425,689	313,043
Interest	388,966	352,608
Grants	20,000	98,053
Alice Springs Turf Club		
Development Loan Repayments Principal	92,339	17,391
Interest	47,194	32,792
Grants	65,015	10,902
Katherine Turf Club		
Development Loan Repayments Principal	10,340	10,340
Interest	2,294	1,380
Grant	3,237	20,406
Darwin Greyhound Association		
Grant	22,643	1,700
Photo Finish	0	1,580
Tennant Creek Turf Club		

Grant	5,276	2,989
Miscellaneous		
Grant – CATOTA Ablution Block	0	15,000
Grant – Timber Creek	5,000	0
Grant – Adelaide River	1,911	0
Grant - Pine Creek	4,951	0
TOTAL	**1,094,855**	**878,184**

Source: NT Racing and Gaming Authority Annual Reports 1996, 1997

4.7.3 Bookmakers and sportsbetting

- From March 1995 the NT *Racing and Betting Act* allowed for the introduction of on-course telephones for use by bookmakers. The minimum bet with this facility was set at $250, in line with every Australian state except Tasmania ($200). Also, in 1995/96 the NT Government subsidised construction of an Auditorium at Fannie Bay Racecourse with improved betting facilities; and one sports bookmaker in Darwin was licensed to receive bets via the Internet. In combination, these changes have had a rapid and profound effect on bookmaking and betting in the Territory.

Table 4.31: NT Bookmakers' turnover, local and interstate 1994/95 to1997/98

	1994/95	1995/96	1996/97	1997/98
Darwin Turf Club				
Local	3,868,020	4,003,534	5,027,126	4,650,190
Interstate	11,675,835	11,951,641	13,783,710	30,185,590
	15,543,855	**15,955,175**	**18,810,836**	**34,835,780**
Alice Springs Turf Club				
Local	650,625	803,444	861,987	937,725
Interstate	1,893,364	4,000,000	4,234,157	3,945,720
	2,543,989	**4,803,444**	**5,096,144**	**4,883,445**
Darwin Greyhound Association				
Local	551,777	408,888	488,772	243,127
Interstate	253,497	203,121	99,732	56,074
	805,274	**612,009**	**588,504**	**299,201**
Country				
Local	406,876	491,158	433,325	359,931
Interstate	737,379	757,627	801,712	645,902

	1,144,255	**1,248,785**	**1,235,037**	**1,005,833**
Other				
Total on course	20,037,373	22,619,413	25,730,521	41,024,259
Sportsbetting	36,536,976	55,367,278	63,816,495	85,036,028
Auditorium	-	2,698,322	20,677,318	22,266,339
TOTAL	**56,574,349**	**80,685,013**	**110,224,334**	**148,326,626**

Source: Racing and Gaming Authority 2000

- Table 4.31 shows that a major and growing proportion of NT bookmakers' turnover comes from betting on interstate events, with the exception of greyhound betting. It is widely acknowledged that the operations of Darwin Allsports and Sportsbet**,** and the Auditorium facilities opened in 1995 have contributed to the rapid growth of interstate and overseas betting. No data was available to this study which identified the amount of local and interstate betting through the Auditorium or on sportsbetting.

Table 4.32: NT Bookmakers' racing turnover by club and sportsbetting turnover 1994/95 to 1996/97

	1994/95	**1995/96**	**1996/97**
	$000	**$000**	**$000**
Darwin – Fannie Bay	15,955	39,719	34,866
Darwin Greyhound – Winnellie Park	612	588	299
Alice Springs – Pioneer Park	4,803	5,648	5,482
Country Racecourses	1,249	1,235	1,006
Auditorium	2,698	20,677	22,266
Sub Total	***25,317***	***67,867***	***63,919***
Sports	56,353	64,628	85,036
Total	**81,670**	**132,495**	**148,955**

Source: NT Racing and Gaming Authority Annual Reports 1996, 1997

- In 1995/96 total bookmakers' turnover was $132.4million, an increase of 63 percent over the previous year; growth continued in 1996/97 with an eleven percent rise compared to 1995/96. The substantial increase in bookmakers' turnover was mainly attributable to the establishment of telephone betting facilities with bookmakers and the licensing of the three sportsbetting bookmakers. Reflecting other trends in Territory racing and betting, the metropolitan clubs, especially Darwin, have been the major beneficiaries of this growth (Table 4.32). Bookmaking on racing showed a sharp increase (168.1%) in 1995/96 compared to 1994/95 and little change in turnover between 1995/96 and 1996/97. There has been a comparatively steady rise in sportbetting turnover over the three year period shown in Table 4.32, with an increase of 51% between 1994/95 and 1996/97.

- The growth in bookmakers' turnover has inevitably resulted in increased revenue for the NT Government (Table 4.33). Of the tax received on sportsbetting, 50 percent is paid to the Department of Sport and Recreation and 50 percent to the respective club where the sports betting facility is situated.

Table 4.33: NT Bookmakers tax, by source July 1996 to December 1997

	Turnover $	Tax paid $
Raceday		
July-Dec 1996	23,057,075	350,111
Jan-June 1997	18,595,646	283,551
July-Dec 1997	22,800,013	342,884
Mid-week Auditorium		
July-Dec 1996	8,655,665	134,162
Jan-June 1997	13,610,674	210,965
July-Dec1997	13,758,092	204,263
Sportsbetting		
July-Dec 1996	29,801,151	135,254
Jan-June 1997	55,234,877	227,222
July-Dec1997	62,150,549	246,903

Source: Racing and Gaming Authority 1998

4.7.4 Northern Territory Totalisator Administration Board (NTTAB)

- When the NTTAB was established in 1985, the ACT TAB was contracted to process and pool the Territory wagers. In 1995 the NTTAB changed their pooling partnership, by that time being processed by Tabcorp via the ACT TAB, to a direct link into the larger NSW TAB pools. The change was initiated when Tabcorp issued a termination notice to ACT TAB in response to issues related to arrangements between ACT TAB and Vanuatu.

- Pooling arrangements with NSW TAB (the largest TAB in Australasia) saw significant growth in NTTAB in 1996/97. However, changes to NSW legislation in preparation for the privatisation of NSW TAB and the introduction of sportsbetting in 1998 allowed NSW TAB to terminate the ten year pooling agreement with NTTAB.

- In February 1998 NTTAB re-established pooling arrangements with ACT TAB to utilise their totalisator system to link the territory's punters back into Tabcorp's SuperTAB pools.

Table 4.34: NTTAB agencies and PubTAB outlets 1996/97

Agencies (16)	Pub/Club TAB outlets (36)
Alice Coles	Yulara
Diarama	MGM Grand
Tennant Creek	West's Sporting Club - Alice
Katherine	Walkabout Hotel - Nhulunbuy
Nhulunbuy	Tracy Village Sports Club
Groote Eylandt	Top End Hotel
Casuarina	Todd Tavern - Alice
Karama	Rum Jungle Motor In
Palmerston	RSL Darwin
Nightcliff	RSL Alice Springs
Winnellie	RAOB Club
Cavanagh St, Darwin	Queen of the Desert - Alice
Parap	PINT Club
Colonial	Pine Creek Hotel
Hibiscus (Sub agency)	Palmerston Tavern
Parap Tavern (Sub agency)	Noonamah Hotel
	Nightcliff Sports Club
	Memorial Club Alice Springs
	Litchfield Tavern

	Katherine Hotel-Motel
	Katherine Club
	Jabiru Sports & Social Club
	Humpty Doo Hotel
	Hotel Darwin
	Heavitree Gap Resort - Alice
	Darwin Golf Club
	Crossways Hotel - Katherine
	Braitling - Alice Springs
	Borroloola Inn
	Berrimah Hotel
	Arafura Tavern
	Airport Hotel
	Lasseters Casino
	Darwin Greyhound Association
	Alice Springs Turf Club
	Darwin Turf Club

Source: NT TAB, personal correspondence, 1997

- Despite the increased competition from EGMs and other gambling options, TAB sales for 1996/97 rose by 6.29 percent to $87.9 million (Table 4.35). Patrons were able to bet on over 3,550 meetings during 1996/97, an increase of 12.8 percent over the previous year. Coverage included international races and extended weekend races.

- Operating profit for 1996/97 increased by only 2.23 percent, however. Major cost escalations occurred during the year with agents' commissions (15.8% increase), printing costs (57%), and marketing and advertising expenses (365%).

Table 4.35: Northern Territory TAB summary 1994/95-1996/97

	1994/95	1995/96	1996/97
Number of cash outlets	52	53	53
Number of telephone outlets	-	1	1
Turnover	$76.682m	$82.693m	$87.9m

Aggregate takeout %	15.72%	15.72%	15.8%
Taxes as % of turnover	na	2.94%	2.89%
Government revenue	na	$2.432m	$2.548m
Costs of providing services	$6.446	$7.268m	$8.237m
Distribution to industry	$3.107m	$3.456m	$3.542m

na - not available.
Source: Kelly:1996, 1997; Racing and Gaming Authority, Annual Reports 1995/97

- During 1996, the TAB embarked on a major advertising and marketing campaign which aimed to reposition the TAB in the market and to improve customer service. Market research (JWPM, 1997) and the management of the NTTAB considered that the outlets 'were looking old, tired and in need of a fresh facelift' (Racing and Gaming Authority, personal correspondence). Accordingly a campaign was commenced through TV, radio, press and cinema in October 1996. The aim was to 'promote the TAB to the younger generation and to present TAB betting in a fun way, to both males and females'. This campaign was more restrained in 1997, with the Darwin Cup and the Melbourne Cup the two major campaigns promoted to the public.

- Specific marketing and advertising strategies included:
- A 'bet early' competition on the Melbourne Cup
- Assistance for punters at racecourses
- $3 and $5 vouchers for use at the TAB
- 'Ladies day' promotions to encourage women to go to the races and to bet with the TAB.

- Turnover is made up of various bet types and the break-up for NTTAB for the last financial year is as follows:

  - WIN 50%
  - PLACE 18%
  - QUINELLA 5%
  - TRIFECTA 23%

- ➢ OTHER 4%

- NTTAB revenues are estimated at 84.35 percent from thoroughbred racing, 10.65 percent harness racing, 5 percent greyhound racing (NTTAB, personal communication, 1998).

- The 1997 Select Committee report on Broadband Communication recommended that the NTTAB expand its products beyond racing and that the organisation be privatised. While a marketing study was commissioned by the NTTAB (JWPM, 1997), no parliamentary committee was formed during the period of this study ‘to advise the Government on legislative issues, revenue implications, opportunities and impacts in electronic wagering and gaming’ (Racing and Gaming Authority, personal correspondence).

- The NTTAB has been considering sports betting on other codes (football, rugby, etc.) and conducted surveys on this issue throughout TAB outlets in 1996/97. Negotiations with NSWTAB to link with NSW Footy TAB pools was unsuccessful. Racing and Gaming reported to this study that approval had been ‘rejected from a ministerial level’, primarily because of the operations of sportsbetting from Northern Territory - ‘Northern Territory is seen as luring revenue from NSW’ (Racing and Gaming Authority, personal correspondence).

- Major refurbishment of agencies and outlets also was planned for 1997, but this program was placed ‘on hold ‘ when the NTTAB received the termination notice of the pooling agreement from NSWTAB. During 1997 all energies were focussed on establishing the link to ACTTAB system enabling NTTAB to pool into TABCORP pools.

- Under the pooling agreement with TABCORP, current commissions deducted from various bet types are as follows:

  - WIN and PLACE 14.25%
  - QUINELLA 15.00%
  - EXACTA 17.00%
  - DOUBLES 15.00%
  - TRIFECTA 19.00%
  - SUPERFECTA 20.00%

- The NTTAB signed a five year agreement with Sky Channel commencing in July 1997. The Agreement has the following set rates for the next five years:

  - 1997-1998 $12,000 per annum per agency
  - 1998-1999 $12,960 per annum per agency
  - 1999-2000 $14,000 per annum per agency
  - 2000-2001 $15,120 per annum per agency
  - 2001-2002 $16,328 per annum per agency

- The purchase of Sky Channel by NSWTAB has not changed this agreement.

- Managers of agencies control their staffing requirements and any individual marketing/advertising campaign/ideas for their outlet must be approved by the NTTAB. Any complaints or issues raised by punters are addressed by the outlet and administration staff immediately. Regular contact and correspondence is maintained on a daily basis.

- Specific details of individual TAB outlets is private and confidential information and not publicly available. However, for this study NTTAB has broken down turnover figures to postcodes where possible. These figures relate to four-weekly accounting periods commencing July 1995, the date of commencement of the systems link with the NSWTAB betting pool.

- These graphs reveal a sharp increase in turnover during the Melbourne Cup week (November) each year. They also show a general seasonal pattern with increased turnover at the time of the Darwin Cup (early August) and relatively slow trade during May-June.

- Moreover, a dramatic downturn occurred in postcode area ‘0854’ in 1996 due to one large punter leaving the area and moving interstate (Racing and Gaming Authority, personal correspondence).

- Further research and analysis is required to explain the regional variations and trends.

- R&GA report that it is difficult to accurately assess why some outlets continue to grow whilst other outlets remain stagnant or decline in turnover. The main factors why some outlets continue to grow seem to be:
- Proactive management;
- Positive, happy, friendly management and staff;
- Location;
- Size and set up of outlet;
- Parking available.

- Stagnant or declining outlets may be subject to local conditions and declining turnover may be out of their control. However R&GA report there are outlets that:
- Look ‘old and tired’ (no new marketing or advertisements displayed);

- Lack suitable form guides;
- Lack management leadership and personality;
- Poor location;
- Lack parking facilities;
- Insufficient space to grow.

- R&GA provided qualitative information regarding differences in performance at individual venues. Some venues are definitely more popular than others for various reasons. It is difficult to accurately state a specific reason however R&GA consider location, size, management personality and comfort are the main factors.

- Significantly, despite the increasing competition between different forms of gambling, the initiatives by NTTAB during 1996/97 have maintained steady market growth. However TAB betting does not attract the same level of expenditure as casino gaming or EGMs; and betting on races has not shown the same rapid rise in market share that has been achieved by sportsbetting.

- Even so, TAB outlets (e.g. with PubTAB) that have had new gaming products introduced since 1996 do not appear to have deteriorated in turnover.

- Significantly, outlets that have a variety of gambling options - ie. a TAB facility, NT Keno, poker machines - appear to receive better patronage than outlets with only a TAB facility. It would appear that having a range of gambling choices is an attraction to the gaming/wagering public to attend that venue.

4.8 *Current policy issues*

During the period of this study two policy issues emerged at a national level which warrant comment:

1. The application of National Competition Policy (NCP) to all economic activities and industries in Australia, including gambling;
2. The emergence of Internet gambling both as a potential area for gambling development and growth, and as an issue of regulation and national coordination.

4.8.1 Competition policy

- Under National Competition Policy (NCP) the Federal Government now requires states and territories to facilitate competition in industries and other services. The most immediate impact of NCP for gambling in the Northern Territory is the requirement for proposed changes to the law to undergo a "community benefit" test. This has led to a more detailed analysis of the impact of any changes on the industry, Government and the community.

- *The Gaming Control Act* is being reviewed for NCP purposes.

- As well, a wider review of the Act, including licensing provisions, is to commence in 1998. This review must comply with NCP requirements.

4.8.2 Internet gambling

The Northern Territory was the first Australian state or territory to legalise Internet betting, granting sports betting permits to three bookmakers (one based at Pioneer Park in Alice Springs, and two at Fannie Bay racecourse in Darwin. Other states have since recognised the market potential of this area of gambling, and acknowledge that they are losing income from local residents who bet with the Northern Territory bookmakers.

In 1996 a Select Committee of the NT Legislative Assembly tabled a report on the impact of Broadband Communication services on the Northern Territory's racing and gaming industry (Northern Territory Legislative Assembly, 1996). At the time, this was the most comprehensive Australian review of the implications of the new telecommunications technology for gambling.

The report identifies several key issues:

- Inter-jurisdictional matters such as licensing, regulatory standards, taxation, advertising;
- The potential impact on existing forms of gambling;
- The implications for NT revenue;
- Consumer choice;
- Lifestyle and social impacts, including problem gambling, the effects on charities, censorship, social impacts, and the potential benefits for remote communities.

While generally supportive of the notion of Internet and interactive gambling, the report also recognised that there were new problems and difficulties associated with it. The report made several risk management recommendations including that 'State and Territory Governments adopt a common set of immutable principles, based on sound prudential control and open competition, to support the expansion of competitive gaming product'.

The Northern Territory Government continued to take an active role in the Working Party of State and Territory Gaming regulatory officials which, in May 1997, published a *Draft National Regulatory Model for Interactive Home Gambling Products* for public review and debate.

This report proposed a set of fundamental principles and guidelines for the legalisation of interactive home gambling. As a result of that report and the growing interest in the field, there have been at least three national conferences on the issue. The only one with published outcome was held in Sydney in May 1998, jointly organised by the Australian Institute of Criminology (AIC) and the Australian Institute for Gambling Research (AIGR).

Moreover, several Australian states (Queensland, Victoria, South Australia, ACT, Tasmania) have begun preparation of legislation for interactive home gambling, or have already passed such legislation. Queensland was the first to do so (the *Interactive Gambling [Player Protection] Act 1998*); and the Northern Territory followed soon after by amending the *Gaming Control Act* in May 1998 to enable the licensing of an operator to provide interactive gaming.

Key regulatory issues and policy debates which arise for governments, operators and the community out of interactive and Internet gambling. It raises questions about the implications of new technology and gambling for each of the following factors:

- The current understanding of the new gambling technologies, their potential and problems;
- Cross-border gaming issues;
- Integrity of gambling services and products;
- Taxation;
- Financial transactions;
- Controlling illegal operations;
- The impacts on existing gaming licensees;
- Legitimacy and consumer confidence;
- Liability and privacy issues;
- Advertising;

- Social impacts: the potential for underage gambling, problem gambling and support services;
- The political environment;
- The advantages and disadvantages of a uniform regulatory approach and how it could be achieved.

As publicity and media comment on this issue has grown, so has public concern about the social consequences and industry concern for the effects on existing gaming operators and the very nature of the gambling industry. Several commentators have called for a moratorium on legalisation of this form of gambling until these concerns are investigated and adequately resolved.

The Federal Government, concerned about the spread and impacts of gambling overall, has been drawn into the issue, albeit indirectly. An address by Senator Amanda Vanstone at the 1998 AIC/AIGR conference, and a subsequent press release (23rd June 1998) focussed on 'the potential for a major shake-out of the gambling industry as operators and consumers come to terms with cyber-gambling' and the 'downsides specific to gambling in the digital age'.

The Federal Government since then has included Internet and interactive home gaming in the terms of reference for investigation by the Productivity Commission gambling inquiry, due to report in November 1999.

A more extreme response has been made by the USA Congress which has passed legislation (92:10) to prohibit Internet gambling.

This issue in Australia is far from resolved, although the Northern Territory continues to take an active lead. Lasseters Casino has announced it is developing an interactive gaming website; and in a positive and innovative move Lasseters also has provided financial assistance to Amity Community Services to develop an interactive 'self-help' website for people with gambling problems which is linked to the Lasseters site.

4.9 Government revenue and outlays

Gambling makes a significant contribution to the fiscal earnings of the Northern Territory Government. However, as explained in Section 2.3.5 of this report, the Territory Government earns less from gambling than other Australian states both in real monetary terms and as a proportion of total government income.

- Total Northern Territory Government revenue from gambling rose from \$15.56 million in 1994/95 to \$24.809 million in 1996/97. Of this gaming contributed \$20.921 million and racing \$3.888 million.

- Gaming machines in community venues contributed \$7.8 million in taxation in 1996/97. However this payment included government purchase and maintenance costs of machines.

- On average, Territory government revenues in 1996/97 amounted to 24.7 percent of expenditure (down from 35.7 percent in 1995/96), or 2.8 percent of turnover (down from 4.1 percent in 1995/96). That is, of every \$100 spent (or lost by players) on gambling, the government receives \$24.70 in taxes. The remainder is absorbed by the gambling providers in costs, profits, etc.

- Based on the Territory population classified as adult and eligible to gamble, the average expenditure ('player loss') per adult in 1996/97 was \$805, down slightly from \$822 in 1995/96 but still a significant increase on the 1994/95 figure of \$620. At the current government retention rate of 24.7 percent, each adult on average paid \$225.23 in gambling related tax in 1995/96, and \$198.84 in 1996/97. These figures include expenditures by tourists and gamblers not resident in the Territory which thus represent 'export' earnings for the government. However, the data provided to this study does not allow us to estimate or calculate the extent of this contribution to government income.

- The total current revenues of the Territory Government (excluding non-budget sector agencies' income) in 1996/97 amounted to $24.8 million. Gambling taxes therefore accounted for 9.1 percent of government current revenue (down from 10 percent in 1995/96).

- The rate of tax paid by the different forms of Territory gambling varies considerably, with international wagers on sportsbetting (0.25%) and racing (0.5%) taxed at the lowest rates and community gaming machines taxed at 47 percent (hotels pay an additional 25% community levy) (Table 4.36).

Table 4.36: Tax rates on gambling in the Northern Territory 1997

Gambling type	Tax rate at 31/12/97
Casino games	8%
Casino machines	17.5%
NT Keno	8%
Licensed Clubs EGMs	47%
Hotel EGMs	47% + 25% (Levy)
Racing	1.55%
	0.5% (international)
Sportsbetting	0.5%
	0.25% (international)

Source: personal correspondence, Racing and Gaming Authority 1998.

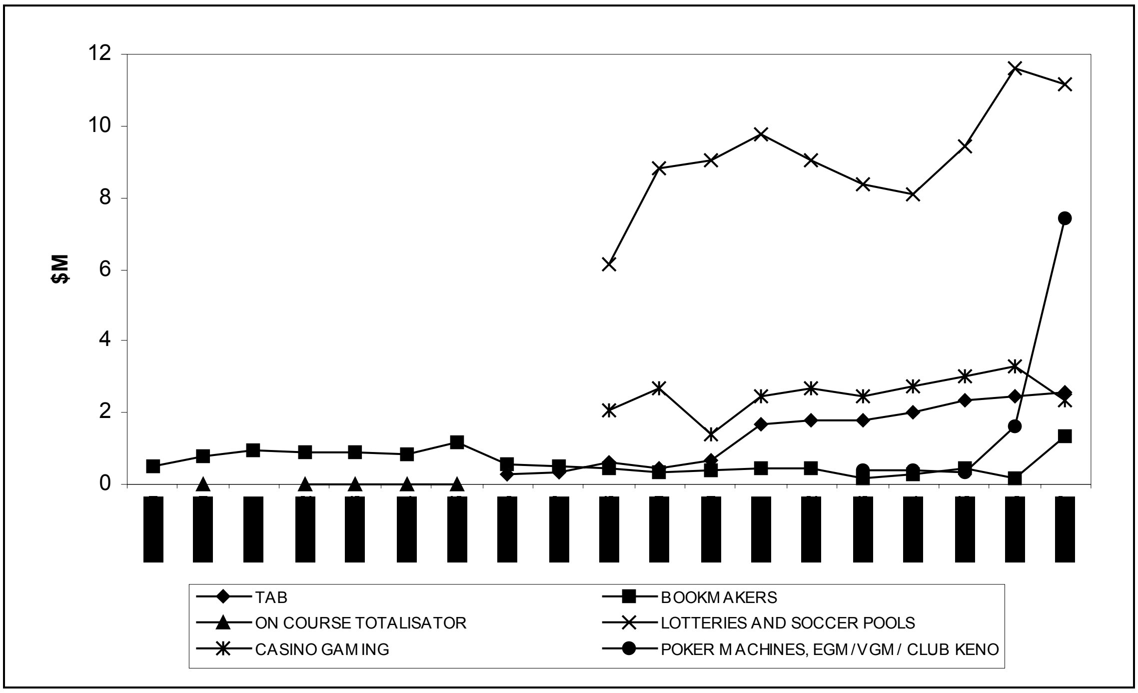
- As well as the overall expansion of total revenues, the general trend since 1994/95 has been for government earnings from all forms of Territory gambling (except lotteries) to increase.

- Lotteries generate the largest amount of revenue for the Territory government, although this declined slightly in 1996/97 (Figure 4.11).

- Casino revenues also declined in 1996/97. A significant factor in this decrease was the 22 percent casino rebate on gaming machines deducted monthly from the tax liability of the MGM Grand Darwin casino and Lasseter's Casino to offset competition from community gaming machines.

- The most rapid growth in government revenue from gambling in the two years of this study understandably came from community gaming machines, which showed an increase from $.341 million in 1994/95 (when only cashless machines were available outside the casinos) to $7.437 million in 1996/97.

Figure 4.12: NT Government revenue from all forms of gambling 1978/79 to 1996/97



Source: Tasmanian Gaming Commission, 1998

- As predicted, government revenues derived from gaming in clubs and hotels (community gaming machines, Keno) have risen sharply. Before 1996 there was no tax on draw card machines in clubs. Since then a three percent levy on draw card machine turnover has applied, as well as 47 percent tax on the gross profits of new gaming machines (EGMs) introduced to clubs and hotels. Hotels have continued to pay more tax than clubs, with a six percent levy on draw card machine turnover as well as an additional community levy of 25 percent on EGM turnover.

- Revenues from the superceded draw card machines have fallen as they have been withdrawn or lost their appeal for players. This decline has been more than compensated by a progressive increase in the number and popularity of community EGMs (Table 4.37). In total, the NT Government has earned approximately $14.5 million in additional revenues from EGMs since their introduction in 1996.

- However, the tax earned from EGMs has not achieved the levels predicted, to a large extent because installation throughout the Territory was slower than anticipated.

- TAB revenues have shown steady growth since 1990/91, but have not matched the performance of gaming machines or casinos.

- Bookmaker revenues, on the other hand, have risen since the introduction of Internet sportsbetting and improved racetrack facilities in 1996. Yet given the sharp increase in per capita spending on sportsbetting, the revenues paid to government are relatively low. This is due to the low rate of tax for this form of gambling (0.25-1.55%).

- Against the general trend of increased government earnings from gambling, revenues from Tattersalls and The Territorian lotteries have declined since 1995/96.

Table 4.37: Northern Territory taxes from gambling 1995/96 to 1996/97

Type of gambling	1995/96 $m	1996/97 $m	1997/98 $m
Clubs: draw card machines	0.06	0.005	0.018
Clubs: EGMs	1.557	6.470	8.285
Hotels: draw card machines	0.261	0.075	0.026
Hotels: EGMs	0.251	1.860	2.841
Tattersalls Lotteries	10.866	10.477	na
Casinos*	3.282	2.320	1.070
NTTAB	2.432	2.548	na
Racing**	na	0.979	na
Sportsbetting	-	0.362	na

* Excludes the casino rebate to offset the loss of exclusivity for gaming machines. Includes employees licence fees and unclaimed prizes.
** Excludes distributions to racing clubs and industry.
na - not available.
Source: personal correspondence, Racing and Gaming Authority 1998; R&GA Annual Reports .

- While the NT Government has had a net increase in gambling tax collections during the two years of this study, there are considerable costs associated with the administration of gambling. These include labour and equipment costs, marketing and promotions, as well as the routine expenses of public administration and auditing. The regulatory and operational activities of the Racing and Gaming Authority and the functions of the Racing Commission and Gaming Commission are funded directly from gambling revenues. No study has identified or estimated the full costs and benefits of government's administration of gambling in the Territory or in any other Australian state, although the NT Racing and Gaming Authority publishes annual costs of key administrative services. For example, the project costs associated with the government purchase, testing, installation and maintenance of community EGMs in 1995/96 were $292,280 (Racing and Gaming Authority, 1996). In 1996/97 these costs increased to $494,400, including $21,100 associated with the new Territory Keno system.

- Changes to annual reporting prevent an accurate comparison of cost trends between 1994/95 and 1996/97, although the outlays of the R&GA for

1996/97 are indicative. In that year R&GA outlays totalled $20.439 million, of which $.477 million was for Corporate Services, $4.635 million was on Racing Management (which includes funding to the racing industry), $1.318 million on Gaming Control, $3.724 million on Systems and $10.285 million on Lotteries (e.g. lottery commissions). R&GA's public account receipts in 1996/97 were $9.667 million from Consolidated Revenue and $15.901 million from the R&GA's agency operating account.

- Other state governments have recognised the costs associated with administration of gaming machine policies and adjusted their administrative procedures and tax rates accordingly. Significantly, although Queensland also previously owned and leased gaming machines to community venues, in 1997 the policy was changed to allow venues to purchase their own machines. If the NT Government was to consider such a change to existing arrangements (as the hotels have been suggesting) a full analysis of the cost implications, including the ramifications for small venues and community benefit objectives is required.

- Like other Australian governments, the Northern Territory Government also uses tax concessions such as 'tax expenditures' and subsidies to support parts of the gambling industry or compete with other jurisdictions for gambling income. The lower tax rates on club gaming machines compared to hotels are an obvious example of government concession to a specific sector of the industry. These expenditures represent a significant element of government spending, or revenue loss, and offset the expansionary trend in gambling tax revenues.

- No study has been done to estimate the budgetary costs of Territory tax expenditures, although information is available on the distribution of NTTAB and bookmaking revenues to the racing industry. Other tax subsidies not as easily scrutinised by the public include concessional tax rates on sportsbetting and international wagering, and the tax rebate paid to the two Territory casinos to compensate for competition from community gaming machines.

- Gambling tax concessions in the Territory appear to have increased since 1994/95 with accelerated interstate competition and the decline in racing, although the casino tax increases proposed for 1998-2000 stand out as being against this trend.

- As observed in Section 2.3.5, gambling taxes have risen as a proportion of total taxation in the Territory, comprising 9-10 percent of the Territory Government's revenue in 1996/97. However, despite recent growth, gambling taxes are less important to the Territory government than in other Australian states. Gambling taxes are less important than payroll and financial transaction taxes and remain comparable in importance with motor vehicles as a share of Territory taxes.

Other taxation issues which warrant examination but which are outside the scope and resources of this study include: the robustness, stability and elasticity of gambling revenues; the impacts on other revenues such as sales taxes and other consumption taxes; the effects on the tax burden of federal taxpayers; the significance of gambling taxes for tax equity; the regressivity of gambling taxes; the effects of gambling taxes on the Territory's overall tax policy; efficiency costs, demand elasticities and tax neutrality; the implications of the Federal Government's proposed Goods and Services Tax (GST); and the collection costs of gambling revenues.

5 Impact of gambling: results of surveys and interviews

5.1 Venue surveys

An important part of this study was to monitor the impacts of the introduction of cash paying electronic gaming machines (EGMs) on the community venues which commenced operating gaming machines after January 1996. Data relating to these impacts were collected in two ways:

- through interviews with venue operators, which sought information on their impressions and experience of the operation of EGMs in their venue and associated impacts; and
- two mail-out surveys were sent to all community gaming venues which aimed to collect some more quantitative data in relation to the impacts of the EGMs. A summary of the results from both surveys appears below.

5.1.1 Methodology

The survey questionnaire was designed in collaboration with members of the Northern Territory Racing and Gaming Authority (R&GA) and the NT Gaming Machine Commission to ensure relevant and useful information could be collected in a co-ordinated manner. The questionnaire was based upon a similar survey administered annually in Queensland by the Queensland Office of Gaming Regulation (QOGR) to monitor the impact of EGMs on venues in that state. Permission was received from the QOGR to use the questionnaire as a basis for the surveys in the Territory and several questions were adjusted or substituted so that they more accurately applied to circumstances in the Northern Territory.

The questionnaire was comprehensive and sought information relating to patronage, staffing, venue facilities, building projects, operational issues, community contributions and the impact of new gaming facilities (eg. EGMs and NT Keno) on the different aspects of the venue's trade. Wherever possible information was sought for a period prior to, and following the introduction of the EGMs in the venues for comparative purposes. In addition to the set questions a *feedback sheet* was included which allowed venue operators to communicate ideas, suggestions, concerns, etc. which were not otherwise adequately covered in the structured survey questions and responses. A complete copy of the questionnaire can be found in Appendix A**.**

With the exception of a few minor changes, the questionnaire remained the same for both the 1997 and 1998 surveys to maximum data comparability. The first survey was administered in early June 1997 and the second in mid-January 1998. The timing of this second study allowed venues to assess impacts and issues for the full 1997 calendar year.

In 1997 survey questionnaires were mailed to 45 of the 46 licensed community gaming venues (clubs and hotels). Gaming machines were not operational in one venue, which had been licensed as a gaming venue at this time; hence it was considered inappropriate to survey this venue. Forty-seven licensed gaming venues were surveyed in 1998. Venues which had received their gaming licences only one to two months prior to January 1998 were not surveyed in 1998.

In each survey the venue operators were requested to return the completed questionnaire within one month after it was received. Those venues which had not returned a completed survey by this date were sent reminder letters. Follow-up telephone calls then were made to operators who did respond to the reminder letter. This strategy produced a successful response rate to both surveys.

In 1997 30 of the 45 venues returned a completed survey, which gave a response rate of 67 percent. Eight of the 15 venues which failed to respond were hotels. Thus the response rate for hotels was only 50 percent, compared to 76 percent response rate for clubs. However, six of these hotel venues had experienced a recent change in ownership at the time the survey was issued which may have contributed to the lower response rate for hotels in the first survey.

Of the 47 venues that were mailed a survey in 1998, 33 returned a completed survey giving an overall response rate of 70 percent. Again clubs achieved a high response rate (77%) compared to hotels (59%). In considering the response rate for the 1998 survey, it is important to note that the survey was administered only a couple of weeks prior to the floods which devastated the Katherine Region in January 1998, affecting most of the gaming venues in this area. Four of the six affected venues had not returned the surveys prior to the floods.

5.1.2 Profile of responding venues

Table 5.1 shows the distribution of the operational venues for the five specific regions of the Northern Territory which were surveyed in both years. In addition, the table reveals the comparative distribution of the survey responses as well as presenting the rate of response for each region.

At the time of the 1997 not all venues would have been operating EGMs for a full twelve months; however almost all would have had EGMs installed for more than six months. In 1998 all except two venues had been operating EGMs for more than twelve months and a few in the Darwin Region had been operating the machines for two years.

Twenty-five of the 33 gaming venues which responded to the 1998 survey also had completed the 1997 survey. This allowed preliminary analysis of the longitudinal impacts in those venues.

Table 5.1: Regional distribution of operational gaming venues, survey responses and region response rates - 1997 and 1998 venue surveys

Region	Distribution of operational venues surveyed		Distribution of survey responses		Region response rate	
	1997	1998	1997	1998	1997	1998

Darwin Region	49%	49%	50%	49%	68%	70%
East Arnhem Region	7%	6%	10%	9%	100%	100%
Katherine Region	16%	17%	7%	6%	29%	25%
Tennant Creek Region	9%	9%	13%	12%	100%	100%
Alice Springs Region	20%	19%	20%	24%	67%	89%
Total	101%	100%	100%	100%	N/A	N/A

Source: 1997 & 1998 Surveys of Community Gaming Venues

- The distribution of responses is very similar for both surveys, as shown in the table above, and with the exception of the Katherine Region, geographical regions of the Territory are adequately represented.
- The Katherine Region is considerably under-represented in the survey data for both 1997 and 1998, with only 25 percent of the operational venues in this region completing the survey in 1998 and just under 30 percent in 1997. However, the low response in 1998 was largely an effect of the Katherine floods in January of this year, as discussed above. Those venues in the region which returned the survey did so before the flood disaster.
- The East Arnhem and Tennant Creek Regions are slightly over-represented in the survey data for both surveys due to their 100% response rates.
- The Darwin Region is adequately represented, accounting for approximately half of the operational venues and half of the survey responses in both surveys.
- The Alice Springs Region is adequately represented in the 1997 survey and slightly over-represented in the 1998 survey data due to its higher response rate in the second survey.

Table 5.2 presents a breakdown by the number of EGMs installed in operational venues and those who responded to the surveys. More than half of the operational venues surveyed in both 1997 and 1998 were operating six or less EGMs, with just over one quarter in each year operating 7-12 EGMs. Nine percent of operational venues surveyed in each year operated 13-20 EGMs, while another nine percent were operating 21-45 EGMs.

Table 5.2: Distribution of operational gaming venues, survey responses and specific category response rates by number of EGMs per venue

Category	Distribution of operational venues		Distribution of survey responses		Category response rate	
	1997	1998	1997	1998	1997	1998
1-6 EGMs	56%	57%	43%	49%	52%	59%
7-12 EGMs	27%	26%	30%	30%	75%	83%
13-20 EGMs	9%	9%	13%	9%	100%	75%
21-45 EGMs	9%	9%	13%	12%	100%	100%
Total	101%	101%	99%	100%	N/A	N/A

Source: 1997 & 1998 Surveys of Community Gaming Venues

- While operational venues with 1-6 EGMs represent more than half of the total operational venues, they account for just under half of the survey responses in both years. Venues which operate more than six machines are slightly over-represented (or adequately represented in the case of venues with 13-20 EGMs in 1998) in the survey data, due to the higher response rates for venues in these categories (Table 5.2).

Table 5.3 below shows the categories of venues which responded to the survey. Each venue operator selected their own venue category from a list of eleven, including one blank category where respondents could define a more appropriate category if required.

Table 5.3: Distribution of survey responses by venue category

Venue category	1997	1998
Hotel/Tavern	27%	30%
Community Club	23%	24%
Multi-sports Club	27%	18%
Golf Club	7%	9%
Bowls Club	7%	6%
RSL/Services Club	3%	6%
Sailing Club	3%	3%
Lodge-based Club	3%	3%
Total	100%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- Seventy-three percent of responses in 1997 and 70 percent in 1998 were from clubs, with the majority being community or multi-sports clubs.
- Hotels are under-represented in both surveys. Hotels accounted for 36 percent of the total operational gaming venues surveyed in 1997 and 1998; however they represent only 27 and 30 percent respectively of the survey responses (Table 5.3).

The two tables below represent survey responses by the type of venue and the number of operational EGMs that were installed on the premises at the close of business on 31 May 1997 for the 1997 survey and 31 December 1997 for the 1998 survey.

Table 5.4: Distribution of survey responses by venue category and number of EGMs at 31 May 1997

Venue category	Number of EGMs				Total
	1-6	7-12	13-20	21-45	
Hotel/Tavern	100%	0	0	0	100%
Licensed Clubs	22%	41%	18%	18%	99%
Community club	*14%*	*43%*	*14%*	*29%*	*100%*
Multi-sports club	*13%*	*38%*	*25%*	*25%*	*101%*
Golf club	*0*	*100%*	*0*	*0*	*100%*
Bowls club	*100%*	*0*	*0*	*0*	*100%*
RSL/Services club	*0*	*0*	*100%*	*0*	*100%*
Sailing club	*100%*	*0*	*0*	*0*	*100%*
Lodge-based club	*0*	*100%*	*0*	*0*	*100%*

Source: 1997 & 1998 Surveys of Community Gaming Venues

- Due to the continuing policy which limited hotel venues to a maximum of six EGMs, all hotel respondents are found in the 1-6 EGMs category for both surveys. Twenty-two percent of licensed club respondents in the 1997 survey also operated 1-6 EGMs; 26 percent of club respondents in the 1998 survey operated six or less EGMs (see Tables 5.4 and 5.5).
- The largest proportion of responding club venues in both surveys (41% in 1997 and 43% in 1998) operate between 7-12 EGMs.

- Only eight of the responding venues in 1997 and seven in 1998 had more than 12 EGMs in operation at the time of the surveys; in each survey four of these had more than 20 EGMs. Almost 80 percent of responding venues in 1998 were operating 12 or less EGMs; the same was true for 73 percent of respondents in 1997.

Table 5.5: Distribution of survey responses by venue category and number of EGMs at 31st December 1997

Venue category	Number of EGMs				Total
	1-6	7-12	13-20	21-45	
Hotel/Tavern	100%	0	0	0	100%
Licensed Clubs	26%	43%	13%	18%	100%
Community club	*13%*	*50%*	*13%*	*25%*	*101%*
Multi-sports club	*17%*	*33%*	*17%*	*33%*	*100%*
Golf club	*33%*	*67%*	*0*	*0*	*100%*
Bowls club	*100%*	*0*	*0*	*0*	*100%*
RSL/Services club	*0*	*50%*	*50%*	*0*	*100%*
Sailing club	*100%*	*0*	*0*	*0*	*100%*
Lodge-based club	*0*	*100%*	*0*	*0*	*100%*

Source: 1997 & 1998 Surveys of Community Gaming Venues

- The responding venues in both surveys which have more than 20 EGMs were either multi-sports or large community clubs (Tables 5.4 and 5.5).
- All individual sporting clubs (such as bowling, sailing and golf clubs) which responded to either survey had less than 12 EGMs, with the majority of these operating six or less EGMs.

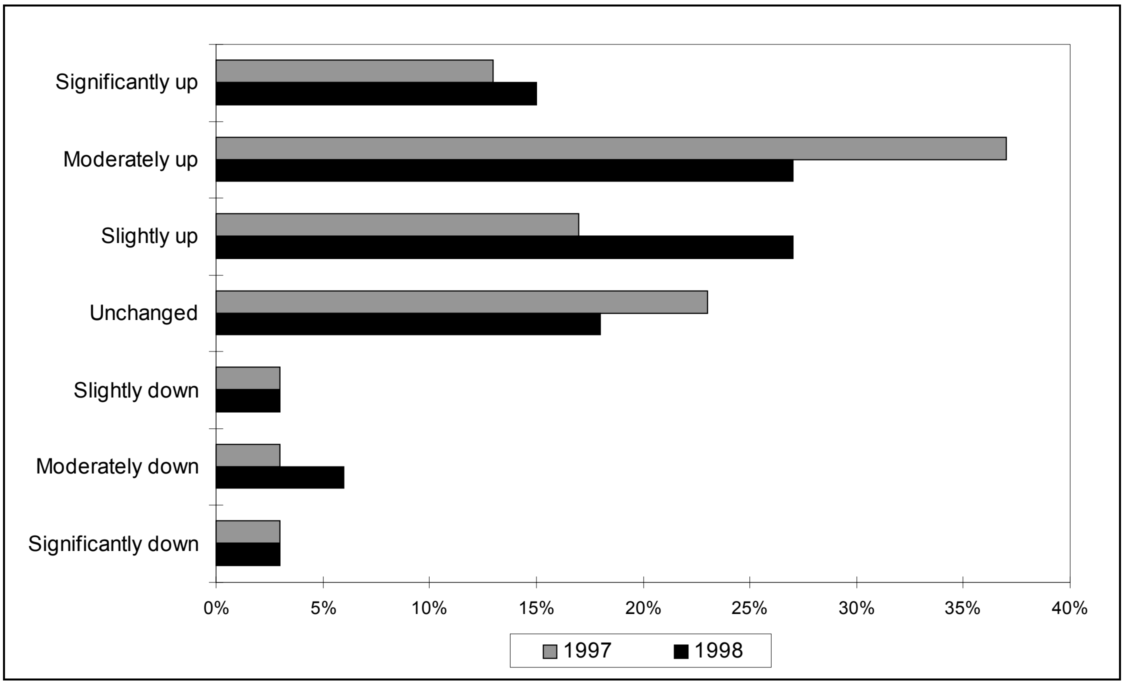
5.1.3 Analysis of responses

Venue patronage

In order to identify any increases in the patronage at venues that may have occurred following the introduction of EGMs, venues were asked to indicate how their current patronage (i.e. at May 1997 or December 1997) compared with that of 12 and 24 months previous. The results are set out in Figures 5.1 and 5.2.

- More than two thirds of respondents in both surveys indicated that their patronage at the time of the respective surveys had increased when compared to the level of patronage at the same time twelve months previously.
- In 1997 13 percent, and 15 percent in 1998, claimed that this increase had been significant.
- Less than ten percent in the 1997 survey and 12 percent in 1998 reported a decrease in patronage over the same periods. Approximately one fifth of respondents in both surveys indicated that there had been no change in the patronage level.

Figure 5.1: Comparison of venue patronage at the time of the survey with that of previous 12 months



Source: 1997 & 1998 Surveys of Community Gaming Venues

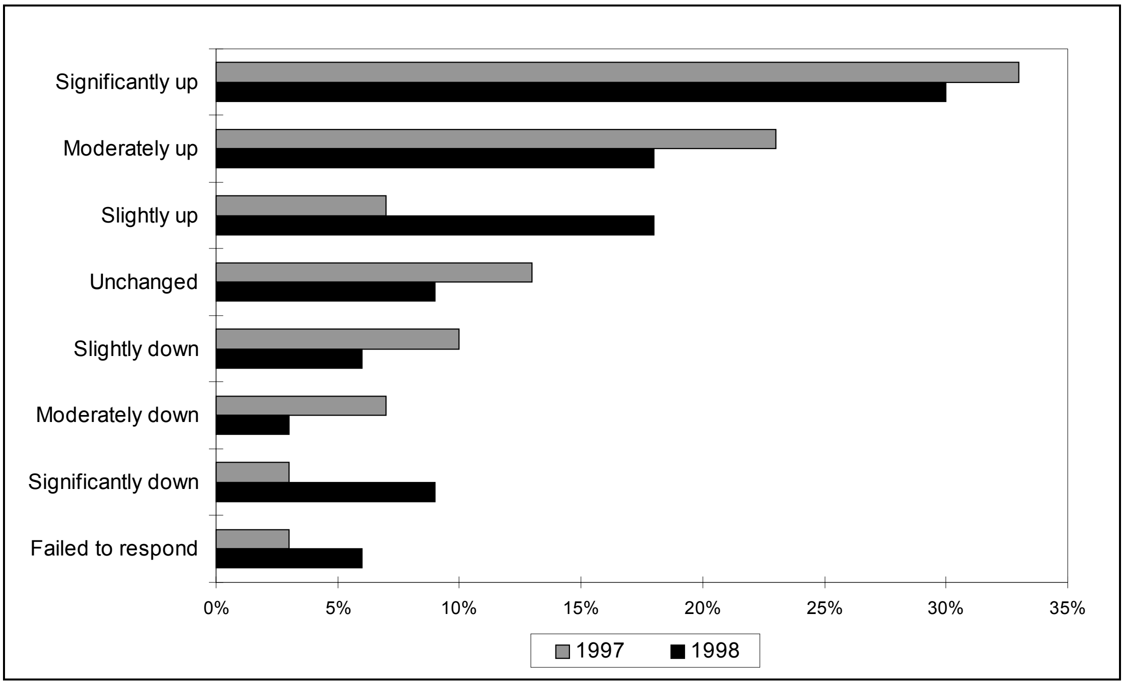
- Two thirds of respondents in 1998 and slightly less than that in 1997 indicated that their patronage at the time of the respective surveys had increased, compared to venue patronage in the preceding two years.
- While this overall reported increase in patronage is similar to the increase reported over the twelve month periods (Figure 5.1), a much higher percentage of

respondents in both surveys reported that the increase over the increase over the two year period had been significant. One third of respondents in 1997 and 30 percent in 1998 reported that the increase in patronage had been significant.

- However, 20 percent and 18 percent in 1997 and 1998 respectively, reported that patronage at the time of the survey was down on that of the previous two years, with half of these respondents in 1998 reporting that this was a significant decrease.
- Thirteen percent of respondents in 1997 and nine percent in 1998 claimed that their current patronage was similar to that of two years prior.

It appears from the responses that clubs have experienced a greater increase in patronage compared to hotels over the last two years. In the 1997 survey more than 72 percent of responding clubs reported an increase in patronage over the last two years compared to only 38 percent of responding hotels. In the 1998 survey, compared to patronage levels in the previous 12 months, 74 percent of responding clubs and 60 percent of responding hotels indicated that the current level of patronage was higher. In the same survey 78 percent of clubs but only 40 percent of hotels reported an increase in current patronage compared to that of two years prior.

Figure 5.2: Comparison of venue patronage at the time of the survey with that of the previous 12 months, 1996 and 1997



Source: 1997 & 1998 Surveys of Community Gaming Venues

In addition to comparing overall patronage, venue operators were asked to compare the daily patronage estimates for their busiest and quietest trading times for the periods prior to and following the installation of EGMs in their venue. Table 5.6 shows the changes to daily patronage estimates in both the busiest and quietest times since the introduction of EGMs.

Table 5.6: Comparison of current daily patronage during busiest and quietest times with similar times prior to EGM installation

Patronage	Busiest period		Quietest period	
	1997	1998	1997	1998
Increased	53%	49%	40%	42%
No change	27%	27%	43%	36%
Decreased	3%	3%	0	0
Failed to respond	17%	21%	17%	21%
Total	100%	100%	100%	99%

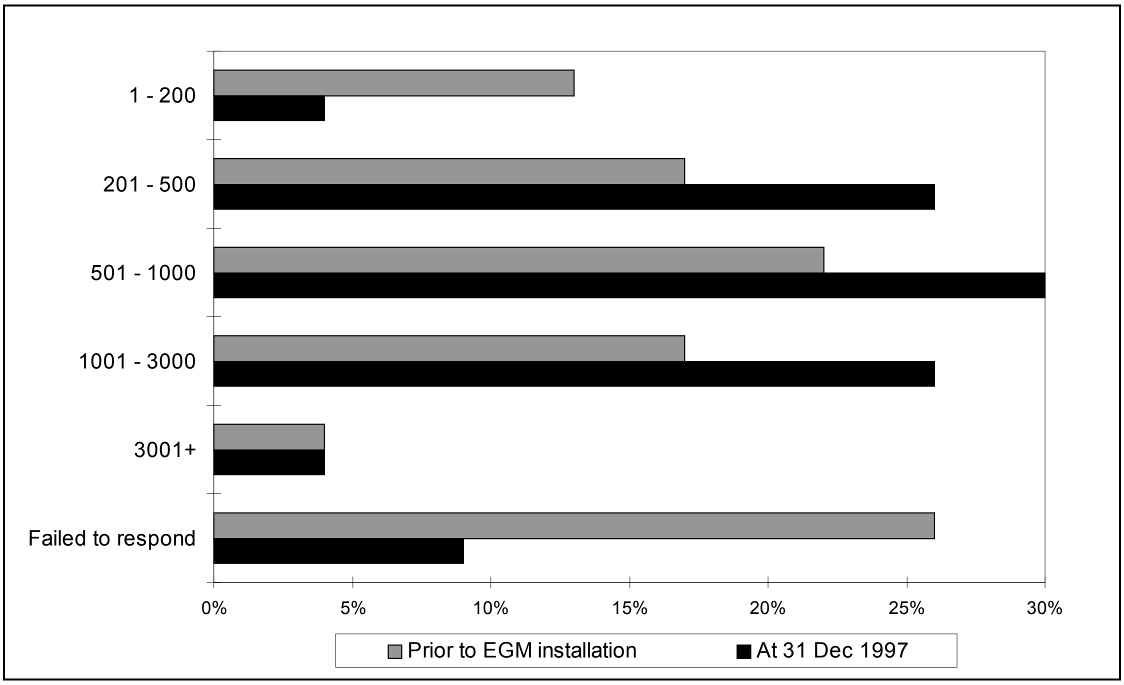
Source: 1997 & 1998 Surveys of Community Gaming Venues

- While approximately half of the respondents in both surveys reported an increase in daily patronage in their busiest times following the installation of EGMs, only around 40 percent reported an increase for their quietest times (Table 5.6).
- Also in both surveys, just over one quarter reported no change in the patronage level during their busiest times since the introduction of EGMs. However, more than 40 percent in 1997 and 36 percent of respondents in the 1998 survey indicated that there had been no change to the level of patronage at their quietest time since the introduction of EGMs.
- Relatively more clubs than hotel respondents reported increases in daily patronage during the venue's busiest periods in both surveys. The same trend is true of the 1997 responses in relation to the impact on the quietest trading times. However in the 1998 survey a similar proportion of club and hotel respondents reported an increase in the number of patrons during their quietest times.

Club Membership

A question relating to the number of financial members at the licensed club venues was added to the 1998 survey in order to ascertain the impact the introduction of EGMs on membership levels. Approximately one quarter of responding club venues failed to provide the number of financial members prior to the installation of EGMs. However 91 percent of these venues provided a membership figure at December 1997 (Figure 5.3).

Figure 5.3: Membership at club venues prior to EGM installation and at 31st December 1997



Source: 1998 Survey of Community Gaming Venues

- Eighty-three percent of those clubs which provided membership figures for both periods reported an increase in the number of financial members. There was only one responding club which indicated that there had been a decrease in membership numbers.

- The number of members at clubs has increased in the period following the introduction of EGMs. For example prior to the installation of EGMs 13 percent of these clubs had memberships of 200 or less people, this percentage decreased to just four percent of these venues at the end of 1997. Those clubs which have a membership of 1001-3000 people increased from 17 percent prior to the installation of EGMs to 26 percent in December 1997. However, these figures must be viewed cautiously due to the fact that 26 percent of club respondents failed to provide a membership figure for the period prior to the introduction of EGMs.

Employment at gaming venues

Venue operators were asked to provide figures relating to the current number of staff employed by the venue on a full-time, part-time and casual basis as well as the number of hours worked by each staff category. Similar figures relating to the period prior to the installation of EGMs (for the 1997 survey) and for December 1996 (for the 1998 survey) also were requested, in order to ascertain any changes in employment at the venue which may be attributable to the EGMs.

This question was probably the most poorly handled overall by the respondents in both surveys, particularly in relation to the number of hours worked by staff. Almost one third of respondents failed to respond to this part of the question in 1998.

Tables 5.7 and 5.8 set out the proportion of responding venues which experienced various changes in staff numbers and hours since the installation of EGMs.

Table 5.7: Comparison of staff numbers and hours worked in gaming venues at May 1997 with similar figures prior to EGM installation

Change experienced	Percentage of responding venues experiencing changes in each staff category					
	Full time		Part time		Casual	
	Staff	Hours	Staff	Hours	Staff	Hours
Increased	43%	37%	13%	13%	50%	40%

No change	43%	40%	67%	60%	33%	37%
Decreased	10%	7%	7%	7%	10%	3%
Failed to respond	3%	17%	13%	20%	7%	20%
Total	99%	101%	100%	100%	100%	100%

Source: 1997 Survey of Community Gaming Venues

- While a large percentage of respondents in both surveys reported no change to the number of full-time staff or the hours that they worked, more than 40 percent of respondents in 1997 did report an increase in the number of full-time staff employed. More than one third also reported an increase in the hours worked by this group of staff since the installation of EGMs (Table 5.7).
- An increase in the number of, and hours worked by full-time staff was reported by fewer respondents in 1998, but still more than one quarter of respondents in this survey indicated that the number of full-time staff had increased (Table 5.8).
- Half of the respondents in 1997 reported that the number of casual staff they employed had increased since the introduction of EGMs. Forty percent reported an increase in the number of hours casual staff were working in this period. Fewer respondents (24%) in the 1998 survey reported that the number of casual staff employed as well as the hours these staff worked had increased between December 1996 and December 1997.
- Of the three staff categories, very few respondents in either survey appeared to employ staff on a part-time basis. Those who did employ part-time staff reported little change in their numbers or hours worked. It is worth noting that no hotel which responded to the 1998 survey indicated that they employed staff in this category.

Table 5.8: Comparison of staff numbers and hours worked in gaming venues at December 1997 with similar figures for December 1996

Change experienced	Percentage of responding venues experiencing changes in each staff category					
		Full time		Part time		Casual
	Staff	Hours	Staff	Hours	Staff	Hours

Increased	27%	33%	6%	9%	24%	24%
No change	39%	30%	12%	6%	39%	33%
Decreased	9%	3%	3%	3%	6%	6%
Not Applicable	3%	3%	58%	52%	6%	6%
Failed to respond	21%	30%	21%	30%	24%	30%
Total	99%	99%	100%	100%	99%	99%

Source: 1998 Survey of Community Gaming Venues

- A small minority of respondents in both surveys indicated that the number of staff and the hours they worked had actually decreased over the specified periods.
- Responding clubs reported higher rates of staff increases compared to hotels in the 1997 survey. However in 1998 responding hotels and clubs reported similar rates of staff increases.
- In the 1997 survey 55 percent of responding clubs reported an increase in casual staff, while 45 percent reported an increase in the number of full-time staff employed since the introduction of EGMs.
- In the 1998 survey 30 percent of hotels indicated an increase in both full-time and casual staff employed; 26 percent of clubs reported an increase in the number of full-time staff and 22 percent reported an increase in casual staff between the end of 1996 and the end of 1997.

Survey data relating to employment at community gaming venues indicates that for a considerable number of responding venues the number of staff employed, particularly on a full-time and casual basis, increased following the introduction of EGMs. In the 12 month period preceding December 1997, there were still increases reported in the number staff employed in these categories but the proportion of respondents who indicated this was lower. This suggests that the initial introduction of EGMs may have resulted in more jobs being created in these venues.

Completed building projects/facility improvements

Venue operators were asked to provide the dollar value for any completed building projects or facility improvements made possible through the operation of EGMs. The responses are set out in Table 5.9.

Table 5.9: Value of completed building projects/facility improvements by venue type

Cost of projects	Club		Hotel		Total venues	
	1997	**1998**	**1997**	**1998**	**1997**	**1998**
No projects	41%	30%	88%	40%	53%	33%
Up to $10,000	5%	9%	0	0	3%	6%
$10,001 – $50,000	14%	13%	13%	20%	13%	15%
$50,001 – $100,000	18%	9%	0	0	13%	6%
$100,001 – $150,000	9%	17%	0	0	7%	12%
$150,001 – $500,000	9%	9%	0	0	7%	6%
Failed to respond	5%	13%	0	40%	3%	21%
Total	101%	100%	101%	100%	99%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- At the time of the first survey in June 1997, just over half of the responding venues reported that they had not completed any building projects that had been facilitated by the introduction of the EGMs. One third of respondents in the second survey reported the same situation at December 1997.
- In the 1997 survey 88 percent of responding hotels indicated that they had not completed any such projects. This figure dropped to 40 percent of responding hotels in the 1998 survey, while another 40 percent of hotels did not provided a response to this question.
- Only 13 percent of hotel respondents indicated that they had completed some type of building project or facility improvement at the time of the 1997 survey. This figure rose slightly to one fifth of the hotel respondents in the 1998 survey. In both cases the completed projects cost $50,000 or less.
- In contrast with hotels, the majority of responding clubs in both surveys indicated that they had completed some type of building project which had been facilitated by the introduction of EGMs.

- More than one third of responding clubs in each survey reported that they had completed construction projects or facility improvements valued at more than $50,000 that were facilitated by the introduction of EGMs.
- The total dollar value of completed building projects reported by respondents (clubs and hotels) to have been made possible by the operation of EGMs was $1,188,263 in the 1997 survey and $1,342,294 in the 1998 survey.
- Considering the total number of EGMs operated by responding venues (i.e. 379 EGMs in 1997 and 416 EGMs in 1998), the expenditure on completed building projects averaged $3,135 per EGM in the 1997 survey data and $3,227 per EGM in the 1998 data.

Construction currently in progress and future projects

Respondents also were requested to specify building projects facilitated by EGMs, which were currently underway or planned for commencement in the future. While many respondents did identify relevant projects there was insufficient information to provide an accurate dollar value for these projects.

Table 5.10: Current and future building projects/facility improvements by venue type

Commencement time	Club		Hotel		Total Venues	
	1997	**1998**	**1997**	**1998**	**1997**	**1998**
Currently underway	32%	44%	13%	20%	27%	36%
Planned next 12 mths	32%	30%	63%	20%	40%	27%
Planned next 12-24 mths	5%	4%	0	0	3%	3%
Planned next 24+ mths	14%	9%	0	0	10%	6%
None specified/failed to respond	18%	13%	25%	60%	20%	27%
Total	101%	100%	101%	100%	100%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- A higher proportion of both responding hotel and club venues in the 1998 survey, compared to the 1997 survey, reported that they had building or refurbishment projects underway at the time of the respective surveys. Overall this represented more than one third of responding venues.

- One fifth of respondents in the 1997 survey and more than one quarter of those in the 1998 survey failed to provide any responses in relation to planned building projects or those underway. This was largely due to the fact that a significant number of hotel respondents did not provide responses to this question in either survey.
- Even so, the majority of respondents in both surveys indicated that they either had building projects underway or planned for commencement in the next 12 months.

Entertainment

In order to ascertain any changes to live entertainment provided by community gaming venues over the last two years, venue operators were asked to specify expenditure on entertainment for two specified periods - 12 months prior to and 12 month following EGM installation (for the 1997 survey), and for the two 12 month periods ending December 1996 and 1997 (for the 1998 survey).

In addition, respondents indicated whether or not the number of live acts had increased, remained the same or decreased over these two periods. The responses are detailed in Table 5.11. Ten percent of respondents failed to answer this question in 1997. In the 1998 survey almost 40 percent of respondents failed to answer the part of the question relating to expenditure.

Table 5.11: Comparison of number of live entertainment acts and expenditure on entertainment over two 12 month periods

Change experienced	Expenditure		Number of live acts	
	1997	1998	1997	1998
Increase	47%	30%	33%	21%
No change	27%	18%	43%	61%
Decrease	17%	6%	13%	9%
Not applicable	0	6%	0	3%

Failed to respond	10%	39%	10%	6%
Total	101%	99%	99%	100%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- While 47 percent of all responding venues in the 1997 survey reported that expenditure on live entertainment had increased since the installation of EGMs, only 33% reported an increase in the number of live acts performing at their venues. This may indicate that venues were hiring better quality acts and paying more for them. This distinction was more marked for licensed clubs than for hotels: 50% of responding club venues reported an increase in spending on live entertainment, while only 32% reported an increase in the number of live acts performing at the venue.
- A similar trend is revealed in the 1998 survey, although a lower proportion of venues indicated that there had been an increase in the expenditure on entertainment or the number of live acts compared to 1997. The distinction between hotel and clubs' expenditure on entertainment was not as marked in the 1998 survey results as in the 1997 survey.
- The majority of respondents in the 1998 survey indicated that the number of live acts had remained constant over the last two years; less than ten percent indicated that there had been a decrease. This compares to 43 percent in the 1997 survey who reported that the number of live acts had remained unchanged in the 12 months following the introduction of EGMs and 13 percent who indicated that the number of these acts had decreased over the same period.

5.1.4 Impact of EGMs on venue trading position

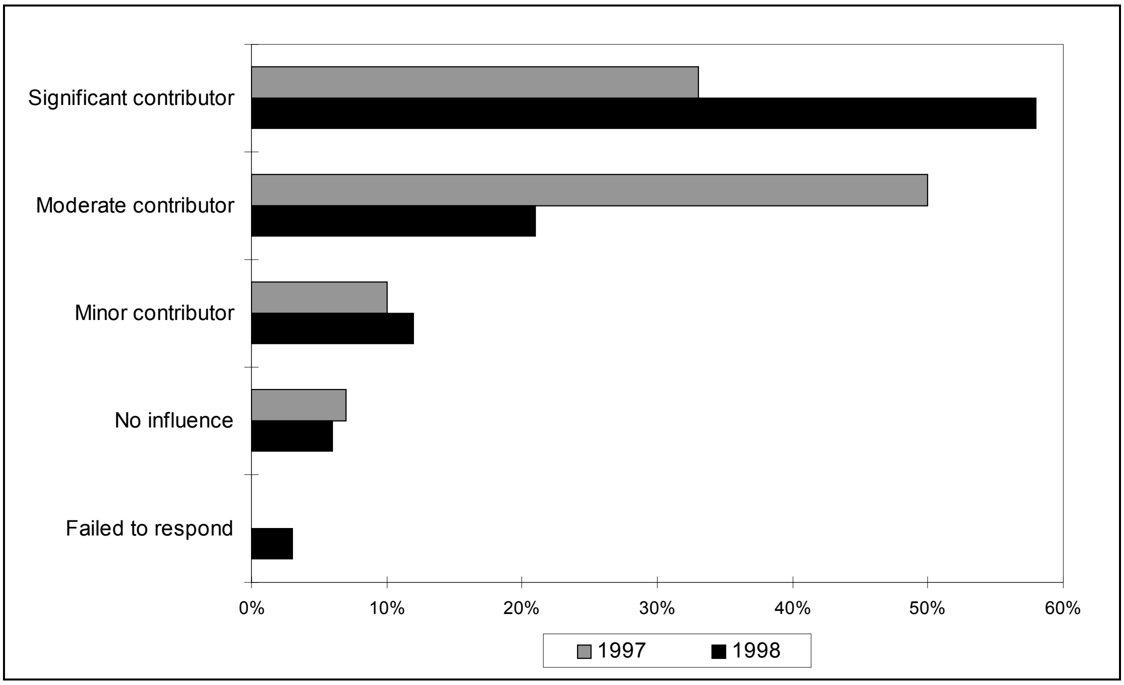
A number of questions in the survey questionnaire asked the venue operators to indicate the direct impact that they believed the operation of EGMs had had on various aspects of the venue's trade. These aspects included overall gross profit, bar trade and bistro/restaurant trade.

Overall gross profit

Figure 5.4 below presents the responses from both surveys relating to the impact on gross profit of the introduction of EGMs for the responding venues.

- The majority of all responding venues in 1997 indicated that the operation of EGMs was a moderate contributor to their overall gross profit and a further 33 percent indicated that EGMs were a significant contributor to their overall gross profit. In the 1998 survey this trend is reversed, with a majority of respondents (58%) indicating that EGMs were a significant contributor to their overall gross profit and a further 21 percent indicating that EGMs were a moderate contributor.
- Of the 33 percent of respondents in 1997 who indicated that EGMs were a significant contributor to overall gross profit, almost all of them were operating more than six EGMs. Notably, no responding hotel venue reported that EGMs were a significant contributor to the venue's gross profit in the 1997 survey.
- In terms of the reported impact of EGMs on gross profit, venue responses in 1998 indicated that EGMs were perceived as a significant contributor to venue profits. By 1998 half of the responding hotels and 61 percent of the clubs indicated that EGMs were making a significant contribution to overall gross profit. The 1998 survey reported no significant distinction between venues which operated a small number of EGMs compared to those which operated 21-45 EGMs.

Figure 5.4: Impact of EGM installation on overall gross profit, all community gaming venues



Source: 1997 & 1998 Surveys of Community Gaming Venues

- No responding venues in either survey indicated that the operation of EGMs had produced a negative impact on overall gross profit. However seven percent of respondents in 1997 and six percent in 1998 reported that the operation of EGMs had had no influence on the venue's overall gross profit. In the 1998 survey all the venues reporting no influence were hotels.

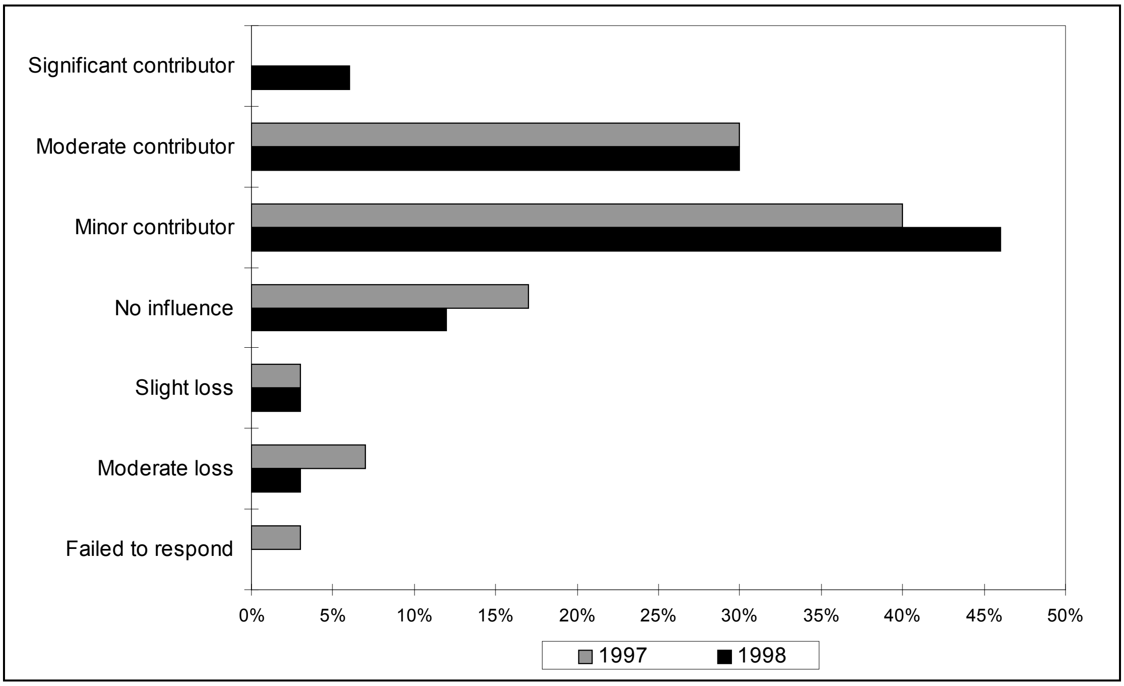
Bar Trade

- Venues also were asked to report the perceived impact of EGM installation on their bar trade (Figure 5.5). 70 percent of respondents in 1997 and more than three quarters of responding venues in 1998 reported that their bar trading hours had not increased since the introduction of EGMs. Only eight venues in each survey had increased bar trading hours. These were mainly clubs: seven in the 1997 survey and six in the 1998 survey.

- Seventy percent of respondents in 1997 and 76 percent in 1998 indicated that EGMs were either a minor or moderate contributor to the venue's bar trade. In 1997 this represented 75 percent of responding hotels and 68 percent of clubs. In 1998 half of the responding hotels indicated that operation of the EGMs had been a moderate contributor to their bar trade, while 52% of responding clubs indicated this contribution had been minor.

- No venue in the 1997 survey indicated that the EGMs had had a significant positive impact on bar trade. Only six percent of respondents in the 1998 follow-up survey indicated that the contribution to bar trade had been significant; all of these were club venues.

Figure 5.5: Impact of EGM installation on bar trade, all venues



Source: 1997 & 1998 Surveys of Community Gaming Venues

- Very few respondents indicated that the impact of EGMs on bar trade had been negative. Only ten percent of respondents in 1997 and six percent in 1998 indicated that the operation of EGMs had resulted in a slight or moderate loss in bar trade and in 1998 all of these were club venues.
- A similar number of hotel and club respondents indicated that there had been no impact on bar trade as a result of the introduction of EGMs.

Bistro/restaurant trade

In addition to indicating the perceived impact of EGMs on the bistro/restaurant trade, respondents were asked to indicate:

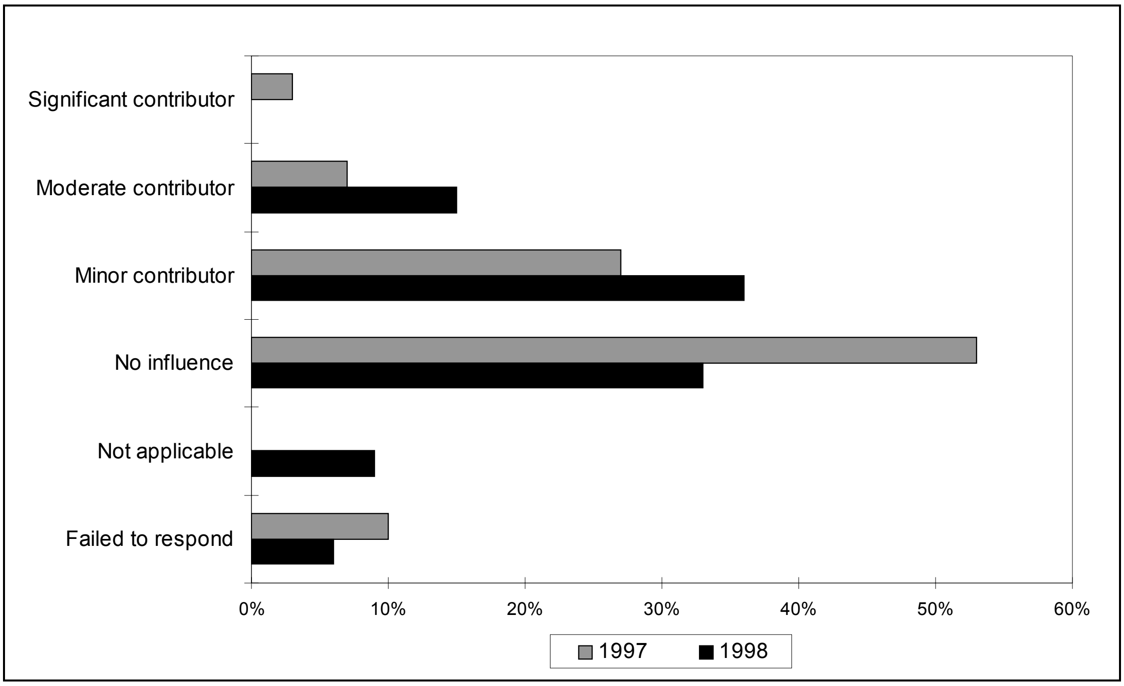
a) whether the bistro was operated by the venue or leased to a caterer; and

b) whether or not the number of meal sessions had changed since the introduction of EGMs.

- Half of the 1997 respondents and 55 percent of those in 1998 operated their own bistro/restaurant facilities. It is significant that in 1997 73 percent of responding hotels and 90 percent of hotels in 1998 operated their own bistro/restaurant. This is a much higher rate than for responding clubs of which only 37 percent in 1997 and 39 percent in 1998 reported operating their own bistro/restaurant facilities.
- Seventy percent of respondents in 1997 and 52 percent in 1998 reported that there had been no change in the number of meal sessions offered by their venue since the introduction of EGMs. Almost one quarter of respondents in 1998 indicated that these sessions had increased (26% of clubs, 20% of hotels).

Figure 5.6 presents responses relating to the impact of EGMs on bistro/restaurant trade reported by venues in both surveys. At the time of the 1998 survey nine percent of responding venues did not operate meal facilities (all were clubs). The number of responding venues for which this was the case in the 1997 survey is not known.

Figure 5.6: Impact of EGM installation on bistro/restaurant trade



Source: 1997 & 1998 Surveys of Community Gaming Venues

- In 1997 just over one third reported either a minor or moderate positive contribution to their restaurant trade due to the operation of EGMs. This represented 60 percent of hotels and 48 percent of clubs. In 1998 however, over half of the responding venues reported that EGMs had made a minor or moderate contribution to restaurant trade.

- The majority of respondents (53%) in 1997 reported that there had been no impact of the EGMs on their restaurant trade. However only one third of respondents in the 1998 survey reported the same; all of these venues had less than 13 EGMs.
- No venues in either survey reported any negative impact of the EGMs on bistro trade.
- Nor did any indicate that the introduction of EGMs had made a significant contribution to bistro trade.

Impact of EGMs on other gaming facilities

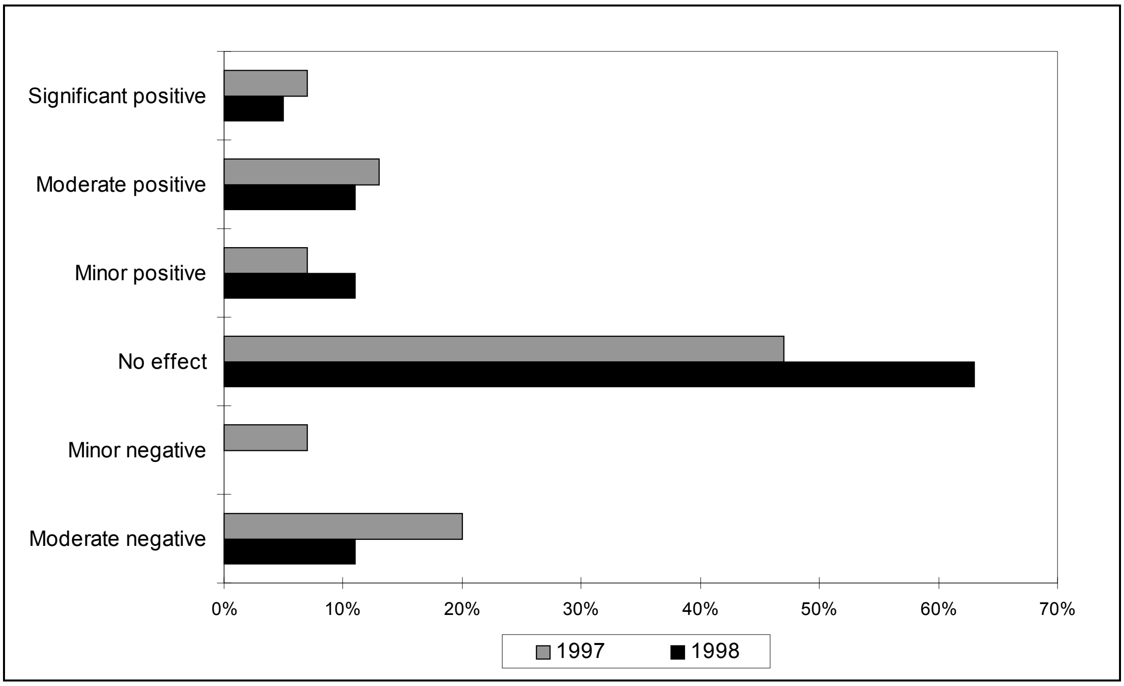
To gain an indication of the impact the introduction of EGMs has had on the existing gaming facilities in venues, respondents were asked to specify the effect of EGM operation on facilities such as the TAB, raffles, live bingo and bingo tickets.

TAB

Half of the respondents in the 1997 survey and more than half (58%) of the gaming venues who completed the 1998 survey operated a TAB facility. Relatively more responding hotels than clubs operated a TAB facility. The majority of responding clubs in both surveys (55% in 1997; 58% in 1998) did not operate a TAB facility, while only 38 percent of hotel respondents in 1997 and ten percent in 1998 did not have TAB facilities.

Figure 5.7 presents the perceived impact of the introduction of EGMs on the operation of TAB facilities in venues. It therefore includes data relating to only 15 of the 30 respondents in 1997 and 19 of the 33 respondents in 1998.

Figure 5.7: Impact of EGMs on existing TAB facilities in venues



Source: 1997 & 1998 Surveys of Community Gaming Venues

- Almost half of respondents (47%) in 1997 which operated a TAB facility and more than 60 percent of those respondents in 1998 indicated that there had been no effect on TAB turnover following the introduction of EGMs. This was particularly true for venues with less than 13 EGMs.

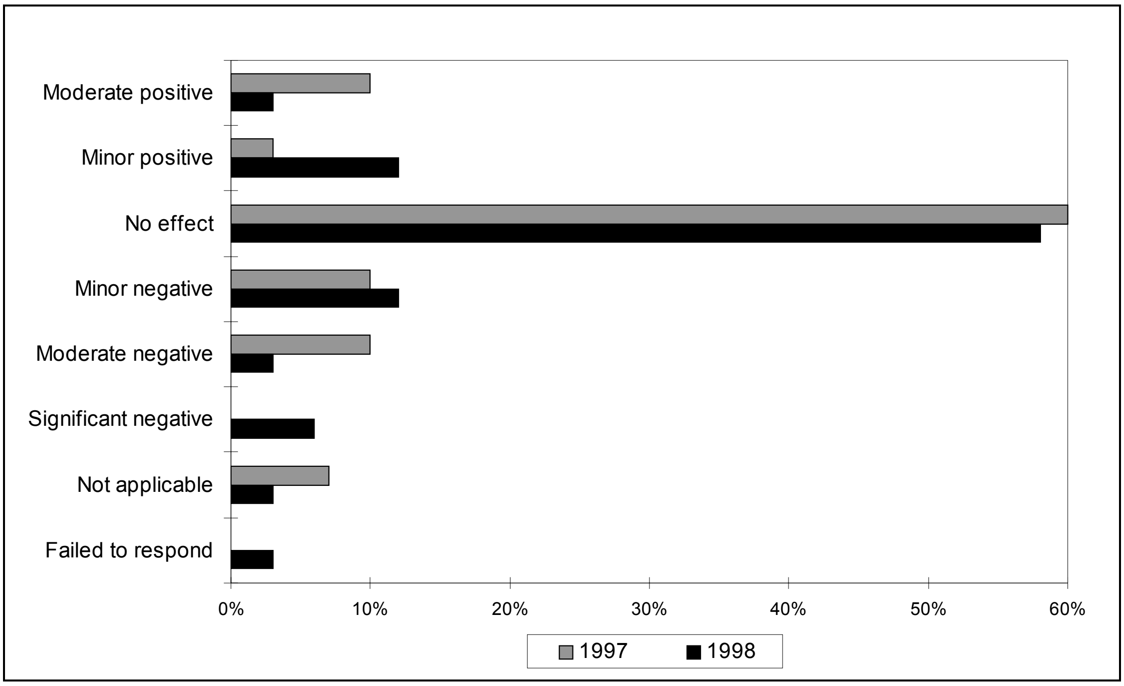
- In both surveys, just over one quarter of responding venues with a TAB reported that there had been a positive effect on TAB operations (whether it be significant, moderate or minor) following the introduction of EGMs.
- However in 1997 27 percent of respondents indicated that there had been some negative impact; the majority reported this to be *moderately* negative. This perception had changed significantly by 1998. Only 11 percent of responding TAB operators in 1998 indicated that there had been a negative impact on TAB turnover due to EGM operation.

Raffles

All respondents, with the exception of two in the 1997 survey and one in the 1998 survey, reported that raffles were held regularly in their venue. Therefore all respondents surveyed are included in Figure 5.8 below.

- Approximately 60 percent of respondents in each survey indicated that the introduction of EGMs had had no impact on sales of raffle tickets in those venues. This was particularly true for venues with 1-6 EGMs.
- However, where there was an impact it tended to be negative with approximately one fifth of respondents in both surveys reporting that there had been a negative impact.
- In contrast, 13 percent of gaming venues in 1997 and 15 percent in 1998 indicated that there had been some positive impact on raffles following the introduction of EGMs.

Figure 5.8: Impact of EGMs on organised raffles in venues



Source: 1997 & 1998 Surveys of Community Gaming Venues

Live bingo

Only 23 percent (1997) and 21 percent (1998) of responding venues operated live bingo – seven venues in each survey. All, except one in the 1998 survey, were licensed clubs.

- Approximately half of these clubs indicated that there had been some negative impact of the EGMs on bingo turnover; one respondent in each survey indicated this had been a significant impact.
- One of these respondents in 1997 and two in 1998 indicated that the impact of EGMs on bingo had been positive.

Bingo Tickets

Almost half of responding venues in 1997 reportedly sold bingo tickets. However this was the case for only one third of responding venues in 1998. The proportion of hotels and clubs which sold bingo tickets was fairly similar in both surveys. Table 5.12 presents the perceived impact of EGMs on the sale of bingo tickets in venues and therefore includes data from only 14 respondents in 1997 and 11 respondents in 1998.

Table 5.12: Impact of EGMs on sales of bingo tickets in venues

Impact	1997	1998
No effect	50%	36%
Minor negative	14%	9%
Moderate negative	14%	18%
Significant negative	21%	36%
Total	99%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- No responding venues which sold bingo tickets reported in either survey that the impact of EGMs on ticket sales had been positive.
- Half of the responding venues in 1997 who sold bingo tickets reported no effect on ticket sales following the introduction of EGMs.
- This compares to 63 percent of these venues in the 1998 survey which reported a negative impact on sales following the introduction of EGMs. Thirty-six percent of these considered this negative impact to have been significant. This was particularly the case for venues with a small number of EGMs.

NT Keno

NT Keno was available for installation in community venues from 31 October 1996. Therefore at the time of the 1997 survey, the maximum period of operation for NT Keno in these venues was seven months. However, most gaming venues, particularly in the southern region of the Northern Territory, would have had the facility for a shorter period of time. At the time of the 1998 survey the maximum period any venue could have been operating NT Keno was fifteen months, but as stated above, most would have had NT Keno for a much shorter period.

Table 5.13: Operation of NT Keno by venue type

NT Keno	1997	1998
% of clubs	55%	52%
% of hotels	75%	60%
% of all respondents	60%	55%

Source: 1997 & 1998 Surveys of Community Gaming Venues

As at 31 May 1997 60 percent of responding venues were operating NT Keno, while at 31 December 1997 55 percent of the respondents in the 1998 survey were operating NT Keno, as shown in Table 5.13. In both surveys a larger proportion of hotel venues were operating NT Keno than club venues.

The perceived impact of NT Keno on other gaming facilities reported in both surveys is presented in the tables below. These tables include only relevant data in each of the columns - that is, only those responding venues which operated NT Keno and the other particular type of gambling.

Table 5.14: Impact of NT Keno on other gaming facilities in venues reported in 1997 survey

Impact	EGMs n=16	TAB n=10	Raffles n=15	Live Bingo n=4	Bingo Tickets n=8
Moderate positive	0	20%	0	0	0
Minor positive	19%	20%	20%	0	0

No effect	63%	20%	67%	75%	88%
Minor negative	13%	30%	7%	25%	13%
Moderate negative	6%	10%	7%	0	0
Total	101%	100%	101%	100%	101%

Source: 1997 Survey of Community Gaming Venues

Of the respondents with NT Keno facilities:

- A majority in both surveys reported that the introduction of NT Keno had had no effect on the turnover from their EGMs, while approximately one fifth of them reported a minor positive impact. The short experience with Keno operations and the fact that NT Keno was introduced almost simultaneously with EGMs suggest that it would be difficult for venue operators to reliably assess the impacts of these forms of gambling on each other. These responses therefore must be treated with caution.
- A majority (54%) of those respondents in 1998 which also operated TAB facilities reported that there had been no impact of Keno on TAB turnover. However more than 30 percent indicated that there had been some minor negative impact. This compares with responses in 1997 which reported that 40 percent of venues believed the impact of NT Keno on TAB operations had been positive, while another 40 percent reported this impact to have been negative.
- Most respondents in both surveys which have organised raffles indicated that raffle sales had not been affected following the introduction of NT Keno.
- Of the small number of responding venues which operate live bingo or sell bingo tickets the majority reported no impact from NT Keno. However where there was an impact it was entirely negative (see Tables 5.14 and 5.15).

Table 5.15: Impact of NT Keno on other gaming facilities in venues reported in 1998 survey

Impact	EGMs n=18	TAB n=13	Raffles n=16	Live Bingo n=5	Bingo Tickets n=6
Moderate positive	0	8%	0	0	0
Minor positive	22%	8%	6%	0	0

No effect	72%	54%	81%	60%	50%
Minor negative	6%	31%	13%	40%	33%
Moderate negative	0	0	0	0	17%
Total	100%	101%	100%	100%	100%

Source: 1998 Survey of Community Gaming Venues

5.1.5 Other impacts on venue trade

Significant competitors

Venue operators were asked to rank significant competitors to their business from a list including a casino, hotels in the local vicinity, clubs in the local vicinity or to specify some other major competitor. Table 5.16 below presents the responses for the most significant competitor identified by each respondent.

Table 5.16: Most significant competitor identified by community gaming venues (clubs and hotels)

Most significant competitor	Clubs		Hotels		All venues	
	1997	1998	1997	1998	1997	1998
A casino	9%	13%	38%	30%	17%	18%
Local hotels	9%	13%	13%	10%	10%	12%
Local clubs	41%	48%	38%	40%	40%	46%
None specified	41%	26%	13%	10%	33%	21%
Failed to respond	0	0	0	10%	0	3%
Total	100%	100%	102%	100%	100%	100%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- 40 percent of respondents in 1997 and almost half the respondents in 1998, identified clubs in the local vicinity as their most significant competitor. This was the case for both hotel and club respondents.
- Relatively more responding hotels than clubs in both surveys identified a casino as their most significant competitor.
- A greater percentage of responding clubs than hotels did not specify a competitor in either survey.

Most significant positive and negative impact on venue trade

Respondents were asked to indicate, from a list of factors, which had been the most significant positive and negative influence on their overall gross profit. The responses are contained in Table 5.17 below.

Table 5.17: Most significant influential positive & negative factor on community gaming venue trade (clubs and hotels)

Most significant influential factor	Positive		Negative	
	1997	1998	1997	1998
Venue location	40%	30%	3%	9%
Facilities provided	27%	42%	3%	6%
Venue operational strategies	13%	12%	3%	0
Prevailing economic conditions	7%	6%	40%	33%
Change in local population	7%	3%	10%	12%
Change in local visitor/tourist numbers	3%	3%	13%	9%
None specified	3%	3%	27%	30%
Total	100%	99%	99%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- Facilities provided at the venue, and venue location were identified by a large proportion of respondents in both surveys as being the most significant positive influence on their trade.
- In terms of significant negative influences, 40 percent of respondents in 1997 and one third in 1998 identified the prevailing economic conditions. Approximately 30 percent in each survey did not specify a significantly negative influential factor.

Future EGM numbers

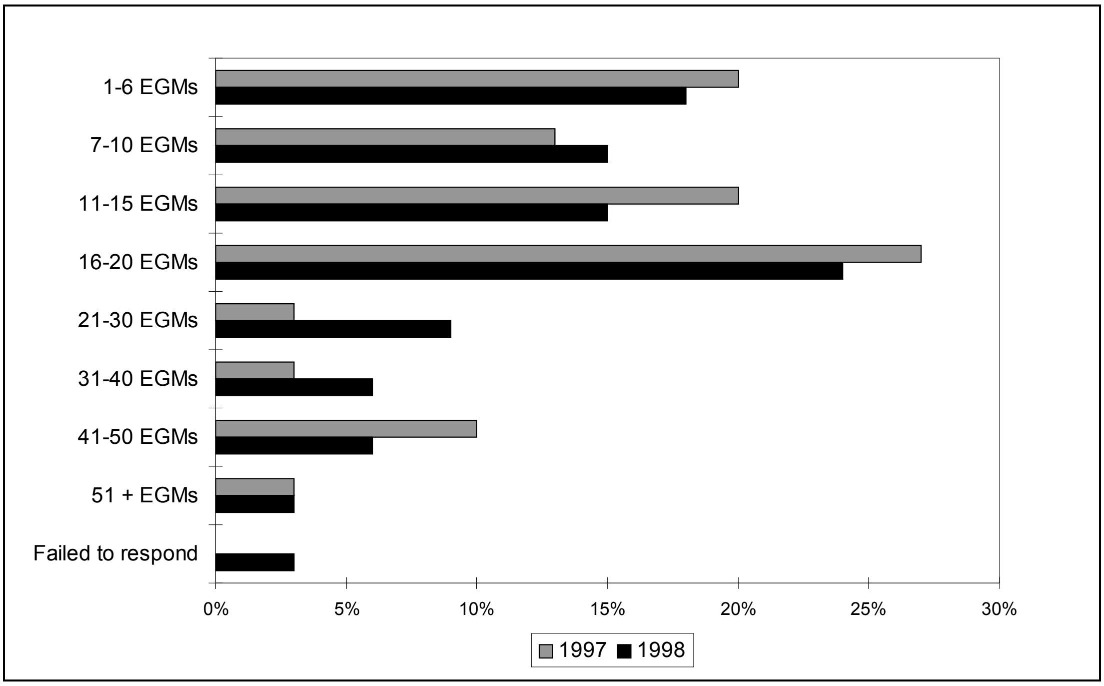
Venue operators were asked to indicate if the number of EGMs had changed since the original installation and to specify the increase or decrease.

- No respondents in either survey indicated the number of EGMs had decreased from the original allocation (Note: EGMs have been removed from a small number of venues which did not respond to the 1998 venue survey).
- Twenty-seven percent of respondents in 1997 and almost 40 percent in 1998 had had no change to the number of EGMs originally installed. A considerable number of these venues were hotels.
- Sixty percent of respondents in 1997 and almost half of the respondents (48%) in 1998 had received an additional 1-10 EGMs. Another ten percent in each survey had received between 11 and 20 EGMs in addition to their original allocation of EGMs.

Optimum number of EGMs

In addition, venue operators were asked to indicate what they perceived would be the optimum number of EGMs for their venue. Figure 5.9 below presents the responses from venues for both surveys.

Figure 5.9: Perceived optimum number of EGMs in venues



Source: 1997 & 1998 Surveys of Community Gaming Venues

- Significantly, 37 percent of responding venues in 1997 and one third of all respondents in 1998 indicated that the current number of EGMs installed in their venues had already reached the optimum level**.** The majority of these in the 1998 follow-up survey, when we would expect experience in gaming operations would inform the responses, were clubs.

- A large majority of respondents in both the 1997 (80%) and 1998 (72%) indicated that the optimum number of EGMs for their venue would be 20 or less.
- Only one respondent in each survey - a hotel in 1997 and a club operator in 1998 - indicated that the optimum number of EGMs would be more than 50.
- Approximately one quarter of all respondents in both surveys indicated that the optimum number for their venues would be between 16 and 20 EGMs.
- A significant proportion of responding hotels - 63 percent in 1997 and 70 percent in 1998 - indicated that the optimum number of EGMs would be more than six EGMs, currently the maximum allocation.

Community contributions

Considering that the government's rationale for introducing EGMs into community venues was 'community benefit', an attempt was made to collect information which would provide an indication of the level of community benefit being contributed by gaming venues, both financially and 'in kind'.

As such, venue operators were asked to specify the amount of monetary support they had given to local community groups/organisations and/or charitable organisations, since the introduction of EGMs. For hotels the figures requested were over and above their compulsory contribution to the Gaming Machine Community Benefit Fund (CBF).

A considerable percentage of respondents in both surveys failed to respond to the part of this question relating to the monetary contribution.

Table 5.18: Monetary contributions made by gaming venues to community groups since the introduction of EGMs

Amount	Clubs		Hotels		All venues	
	1997	1998	1997	1998	1997	1998
$0	5%	9%	38%	10%	13%	9%

Up to $1000	5%	0	0	10%	3%	3%
$1001 - $5000	5%	4%	25%	30%	10%	12%
$5001 - $15000	32%	17%	25%	0	30%	12%
$15001 - $50000	18%	35%	13%	20%	16%	30%
$50001+	0	9%	0	0	0	6%
Failed to respond	36%	26%	0	30%	27%	27%
Total	101%	100%	101%	100%	99%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- Thirteen percent of respondents in 1997 and less than ten percent in 1998 indicated that they had made no financial contributions to community groups since the introduction of EGMs. In the 1998 survey all such respondents had less than 13 EGMs. Relatively more hotel venues than club venues indicated that they had made no financial contributions of this kind. Notably, more than one quarter of all respondents failed to provide an answer to this question in either survey.
- Almost one third of club respondents in 1997 reported that they had contributed $5,000-$15,000 to community organisations since the introduction of EGMs. In 1998 a slightly larger proportion (35%) of responding clubs indicated that they had contributed $15,000-$50,000.
- In the 1997 survey, while almost 40 percent of responding hotels indicated that they had made no financial contributions to community groups (in addition to the compulsory GMCBF levy), 25 percent stated they had given between $1,000 and $5,000. Another 25 percent stated that they had contributed between $5,000 and $15,000.
- The total value of community contributions made by responding venues since the introduction of EGMs was reportedly $260,892.55 at the time of the 1997 survey and $558,244.00 at the 1998 survey. This gives an average of $884.38 per EGM in 1997 and $1783.53 per EGM in 1998. These figures apply only to the 73 percent of responding venues who provided an answer to this question. However, these results must be treated cautiously as the most of the respondents provided an estimate only. A considerable number did not provide a response at all.

To gauge the level of 'in kind' or non-monetary contributions made by gaming venues, operators were asked to specify any 'in kind' contributions made to community groups including free use of venue facilities for events and raffles and other specified contributions (Table 5.19).

Table 5.19: 'In kind' contributions made by gaming venues to community groups

'In kind' contributions	% of clubs		% of hotels		% all venues	
	1997	1998	1997	1998	1997	1998
Use of venue facilities	86%	74%	50%	40%	77%	64%
Use of venue to run raffles	73%	70%	38%	60%	63%	67%
Use of venue for special events	64%	74%	25%	30%	53%	61%
Other	14%	17%	25%	10%	17%	15%
No 'in kind' contributions	9%	13%	38%	0	17%	9%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- A large majority of respondents in both surveys indicated that they had made some sort of 'in kind' contribution to local community groups, whether this be through the provision of the venues facilities free of charge or the organisation of special events. In the 1997 survey more hotels reported that they had made no 'in kind' contributions. However in the 1998 survey all of the responding hotels stated that they had made some sort of 'in kind' contributions to community organisations. This could reflect either a change in practice (ie. more hotels had begun making such contributions) or a growing recognition by hotels that such contributions should be reported.

Prohibition of patrons from gaming

Under the Gaming Machine Act 1995, a licensee has the ability to prohibit a patron from gaming on the premises for one month if there are "reasonable grounds...to believe that the peace and happiness of a person's family are endangered" due to excessive machine gaming.

In order to provide an idea of the utilisation of this provision in the Act venue operators were asked to indicate if they could or had been required to utilise Section 112 of the Gaming Machine Act 1995 to successfully prohibit a patron from machine gaming. The responses are presented in Table 5.20.

Table 5.20: Use of Section 112 to prohibit patrons from gaming

Response	Clubs		Hotels		All venues	
	1997	1998	1997	1998	1997	1998
Yes, already done so	27%	22%	0	20%	20%	21%
Yes, if required	68%	70%	8%	70%	73%	70%
No	0	4%	13%	0	3%	3%
Other	0	0	0	10%	0	3%
Failed to respond	5%	4%	0	0	3%	3%
Total	100%	100%	101%	100%	99%	100%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- A large majority of respondents in both surveys indicated that they felt confident that they could utilise Section 112 if the occasion arose. Only one venue in each survey - a hotel in 1997 and a licensed club in 1998 - stated that they did not feel they could use Section 112 effectively.
- Approximately one fifth of respondents in both surveys reported that they had already utilised Section 112 to prohibit a patron from machine gaming. In 1997 all of these were licensed clubs, while two of the seven venues in 1998 were hotels.
- These six venues in 1997 had banned a total of nine people from gaming. The seven venues in the 1998 survey had banned thirteen people. This increase could indicate either a gradual acceptance by venues to use this capacity and/or an increase in the number of people with gambling problems.
- Four of the nine people reported by 1997 respondents to have been banned from gambling requested a self ban. On three occasions a family member requested the ban; in one case the venue operator was aware that the patron was experiencing financial difficulties; in the final case the patron's GP made the request.

- In the 1998 survey all but one patron had requested a self ban. In the remaining case the venue operator observed that the patron's gambling behaviour was causing difficulties.
- More than 75 percent of respondents in either survey did not believe that Section 112 needed modification to make it more effective. A further 10 to 12 percent believed modification was necessary. Approximately 12 percent failed to respond to this question in either survey.
- Respondents' suggested changes to Section 112 included an increase in the time a person can be banned (ie. from one month to three); a change in the wording of the Act to allow a person to be banned from the *gaming area* in a venue not just from playing the EGMs; a limit to be imposed on the maximum amount that any one person can spend on gaming machines in a day; and, a mechanism to prevent a person prohibited from one venue to continue gambling at other local gambling venues. One respondent in the 1998 survey commented that other strategies which could be implemented by the venue operators should be considered as alternatives to the banning option.

5.1.6 Venue operational issues

Accounting requirements

Venue operators were asked if they were experiencing difficulties with record keeping and accounting requirements relating to EGMs. In each survey all respondents except one answered this question. In 1997 all venue operators reported that they were having no problems in this area; however, 18 percent of respondents in 1998 stated that they were experiencing difficulties.

Of those 1998 respondents - four licensed clubs and two hotels - which were experiencing difficulties, most believed that the accounting requirements could be computerised to eliminate a certain amount of the paperwork. One venue outside the Darwin area mentioned that they were frustrated by the lack of communication from the Racing and Gaming Authority in this regard.

Accounting analysis reports

Respondents were asked to indicate the usefulness or otherwise of the monthly accounting analysis report provided by the Racing and Gaming Authority. Responses to this question are presented in Table 5.21.

Table 5.21: Usefulness of accounting analysis reports

Response	1997	1998
Very useful	57%	33%
Moderately useful	20%	39%
Marginally useful	20%	15%
Of no practical use	3%	6%
Failed to respond	0	6%
Total	100%	99%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- The majority of responding venues in both surveys indicated that the monthly accounting analysis reports were of some use, with more than half in 1997 and one third in 1998 claiming they were very useful.
- Only one respondent in 1997 and two respondents in 1998 indicated the report was of no practical use.

Maintenance and Hotline service

Venue operators were asked to indicate how they were finding the service provided by the repair and maintenance contractors, as well as the Hotline service provided by the Racing and Gaming Authority (Table 5.22).

Table 5.22: Venues' experience of support services

Response	Repair and maintenance		Hotline	
	1997	1998	1997	1998
Considerably inadequate	17%	24%	0	0
Slightly inadequate	33%	27%	3%	3%
Satisfactory	27%	15%	20%	24%

Good	13%	21%	60%	52%
Excellent	10%	9%	17%	18%
Failed to respond	0	3%	0	3%
Total	100%	99%	100%	100%

Source: 1997 & 1998 Surveys of Community Gaming Venues

- Half of the responding venues in both surveys indicated that the repair and maintenance service was either considerably or slightly inadequate. Responses from venues outside of Darwin were significantly more negative than those from Darwin venues.
- Of the respondents within the Darwin Region, 73 percent in 1997 and 63 percent in 1998, considered the repair and maintenance service to be either satisfactory, good or excellent.
- Of the respondents outside the Darwin Region, 73 percent in 1997 and 65 percent in 1998, considered the repair and maintenance service to be either considerably or slightly inadequate. In 1998 this represented all of the respondents from the Katherine Region, 75 percent of the respondents from the Tennant Creek Region, 67 percent of the East Arnhem respondents and fifty percent of the Alice Springs respondents.
- A majority of responding venues in both surveys found the Hotline service to be good. A further 17 to 18 percent indicated it was excellent. Only three percent in either survey indicated that the service was slightly inadequate.

Hopper payout, hopper capacity and cash payout limit

Venue operators were asked their opinion of certain limits on hopper payouts, hopper capacity and cash payouts. The current limit on hopper payout/cancel credit is $50, while the hopper capacity is $200. Respondents were asked to indicate whether these limits were too low, too high or adequate. Similarly they were asked to respond to the current limit on cash payouts to patrons of $250 (Table 5.23).

Table 5.23: Opinions of current limits of hopper payout, hopper capacity and cash payouts

Opinion of current levels	Hopper payout/cancel credit		Hopper capacity		$250 cash payout	
	1997	1998	1997	1998	1997	1998
Too low	53%	64%	13%	15%	50%	42%
Adequate	47%	30%	83%	82%	50%	55%
Too high	0	0	0	0	0	0
Failed to respond	0	6%	3%	3%	0	3%
Total	100%	100%	99%	100%	100%	100%

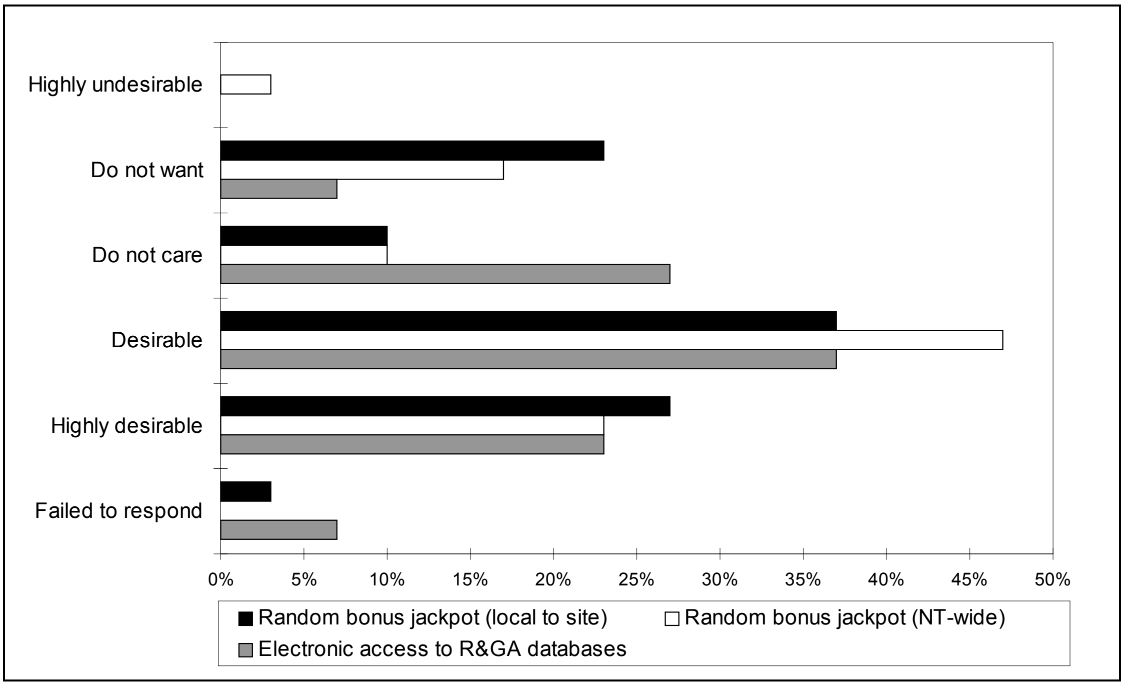
Source: 1997 & 1998 Surveys of Community Gaming Venues

- The majority of respondents in both surveys considered the hopper payout/cancel credit limit to be too low. Only a minority of respondents who responded to this question considered the current limit to be adequate.
- A large majority of all respondents considered the hopper capacity to be adequate. Those who did not, indicated that they believed this limit was too low.
- Half of the respondents in 1997 and more than half in 1998 considered the $250 cash payout limit to be adequate, while 50 percent (1997) and 42 percent (1998) considered the limit to be too low.

Technological issues for gaming venues

The Racing and Gaming Authority presented three options for site operation in relation to gaming for which they sought venue operators' opinions. This section was included only in the 1997 survey. As shown in Figure 5.10, respondents were asked to indicate their desirability for these technological changes.

Figure 5.10: Opinions relating to technological changes for gaming operation



Source: 1997 Survey of Community Gaming Venues

- An NT-wide random bonus jackpot was favoured by 70 percent of the respondents, and almost 65 percent were supportive of a local site random bonus jackpot.
- The majority (60%) also favoured electronic access to the Racing and Gaming Authority databases.

5.1.7 Other issues raised by community gaming venues

A blank feedback sheet was attached to the survey questionnaires to allow venue operators to provide additional information or comments regarding operating issues, concerns or problems in relation to EGMs. Thirty percent of respondents in 1997 and almost 40 percent in 1998 took the opportunity to make additional remarks.

In addition to information obtained from the two venue surveys, the study sought more qualitative information from venues on issues which they considered to be important. While previous research in other states provided some indication of issues for investigation, we also recognised that the distinctive socio-demographic and cultural characteristics of the Northern Territory, and the particular features of the Territory's gambling industry and policy framework would possibly present different patterns and raise different issues.

In the process of identifying the major changes in gambling in the Northern Territory and the causes of those changes over the period 1996/97, we undertook personal consultations with venue operators and key informants in every region. Consultations and interviews were conducted in three stages.

- The first step was an initial interview with proprietors and managers of community gaming venues and some observation of venues to identify the actual operation of the venues and the relationship to the introduction and development of EGMs and NT Keno and related activities.
- The second step involved follow-up interviews and observations in 1997 to assess the changes which had taken place over the period since the introduction of EGMs and NT Keno in 1996 to December 1997.
- The third step involved telephone interviews with proprietors and managers of venues to clarify issues and concerns which had emerged during the study.

While there were certain issues that were particularly relative to one of the regional areas in the Territory, there were many issues that were consistently raised by operators throughout the Northern Territory. Therefore this information has been analysed on a Territory-wide basis. Issues peculiar to a particular region have been highlighted accordingly. Similarly, some hotel operators raised different issues to those raised by managers of licensed clubs and these are discussed separately.

Generally most venue operators were pleased with the overall performance of the EGMs in their venues (even if they were performing below the Northern Territory average), with some commenting that this performance had exceeded expectations. However, a number of issues and concerns were raised by a significant number of venues; these are discussed below.

Communication with R&GA

- One of the issues that was most commonly raised by gaming operators across the Territory related to the flow of information from the Racing and Gaming Authority (R&GA) which the venues considered to be inadequate. In the early stages of the research several of the operators accepted that this may have been merely a consequence of the initial 'teething problems' that were being experienced as a result of the changes occurring in the industry. However as the research progressed many venue operators expressed frustration at the alleged communication problems and lack of information being provided to the venues by the Authority.

- One operator claimed that flow of information was 'all one way' with venues being required constantly to provide information to the R&GA, while the R&GA continued to provide very little to the venues. Others claimed that there were several occasions when they had received no response from the R&GA to correspondence sent by the venue operator. Some operators indicated that the only time they heard from the R&GA was when there was a problem with some of the paperwork the venue had provided.

- Several operators commented that there should have been some type of newsletter, similar to that produced by the Northern Territory Liquor Commission, which would provide the venues with information relating to the developments in the industry and basic information such as the number of EGMs that were operating throughout the Territory. It was suggested that a newsletter also could be an effective means of advising operators of directives and regulations in relation to issues such as advertising, promotions and the payment of winnings to patrons.

- There are several other issues which are directly related to the concerns regarding the perceived inadequate flow of information from the R&GA such as the type of advertising able to be carried out by gaming venues and the allocation of poor performing EGMs. These issues are discussed further below.

- However, there was a minority of venue operators who, while noting that they had little communication with staff at the R&GA on matters other than technical problems, did not consider this to be a disadvantage or concern. Another minority commented that they were satisfied with the communication and relationship that they had developed with particular R&GA staff.

- It is worth noting that almost all venue operators in Alice Springs and Tennant Creek spoke favourably in relation to the approach and attitude of one of the gaming inspectors based in Alice Springs. R&GA personnel in Alice Springs appear to have developed a positive working relationship with most of the gaming venues in these two towns.

- Several venue managers and proprietors suggested that there should be a workshop or open forum organised to allow staff of the R&GA and community gaming venue operators to discuss issues, concerns and ideas for the future direction of policy in this area. Very few operators were aware that a review of the gambling industry was scheduled for mid to late 1998, or whether venues would be consulted.

- In relation to this particular study of gambling, several operators expressed the view that the R&GA should provide industry with feedback or access to the final report.

Advertising and promotions

Issues relating to advertising and promotion of EGMs in community venues, which were raised by several gaming operators, fall into two quite distinct categories. The first relates to the definition of the type of advertising which is permitted under the regulations and the second relates to identified inconsistencies in the policies relating to the advertising of different forms of gambling.

- Towards the end of the research (1998) - after more than two years of gaming machine operation - several operators were still unclear with regards to the type of advertising and promotions of the EGMs they were able to conduct. Some stated that they had been running internal promotions of the gaming machines, which they considered did not contravene the regulations. Other operators indicated that they had not run internal promotions because they believed that this king of advertising was not permitted. These same operators knew other venues were running such promotions and advertising and objected to what appeared to be double standards or discretionary interpretation of regulations. Several venue operators indicated that the R&GA needed to clarify the situation in relation to advertising of EGMs.
- Secondly, there was the concern over inconsistencies which appeared to exist within the policies as they relate to the advertising of different types of gambling in various venues. Several club venue managers expressed frustration in relation to the restrictions placed on the advertising of community EGMs compared to the type of advertising and promotions that Territory casinos were able to undertake. While several venue operators also commented that they did not want to become ‘mini-casinos’, they considered the differences in policies to be unfair, particularly given the fact that the licensed clubs are non-profit community organisations.

- A few community venue operators also mentioned the inconsistencies which seemed to exist between the advertising of community EGMs compared to the commercial advertising of NT Keno and the Northern Territory TAB's major advertising campaign in 1996/97 which was directly aimed at encouraging younger gamblers.

Poor performing EGMs

An issue raised by many venues early in the research and repeatedly mentioned throughout the course of this study relates to the status of EGMs which consistently perform poorly.

- Even in the initial stages of the research venue operators were readily identifying the brands of EGMs were the most popular and the most reliable, as well as identifying those machines which were the worst performers and most unreliable.
- Several operators, particularly club managers, expressed frustration at the fact that despite numerous requests to the R&GA to replace these particular poor performing machines there had been no action and venues were left to 'carry' these EGMs and their attendant costs. Some operators claimed that they had received no response from the R&GA regarding any policy in relation to the replacement of poor performing machines. In cases where there had been a response from R&GA the venue operators were less than satisfied.
- In smaller venues the problem of poor performing EGMs seemed to be exacerbated by the fact that there was a limited number of EGMs from which patrons could choose.
- Only one venue operator in the Darwin region indicated that a poor performing EGM had been replaced at the operator's request.
- Several club managers considered that the fact that community gaming venues had to retain poor performing machines was yet one more advantage which the casinos had over them. A meeting of club operators discussed this issue and there was a suggestion from some operators that they would prefer to purchase their own

machines which would allow them to have greater control over the types of EGMs they installed.

Operation of EGMs in hotel venues

Inevitably a number of hotel operators raised objections to perceived inequities related to the restricted number of EGMs allowed in hotels and the additional tax on hotel EGMs, compared to licensed clubs.

- Most hotel operators believed that the limit of a maximum of six EGMs in hotels should be increased. The main reason given for this position was that the hotels were finding it more difficult to compete with the facilities and services offered by the licensed clubs and as a result hotel patrons were shifting their patronage to the clubs.
- When this matter was raised, a small number of club operators strongly expressed the view that the number of EGMs in hotel venues should not increase. In general club managers supported the Government's rationale for this policy, noting that clubs are non-profit organisations which operate for community benefit; hotels operate for private profit.
- A small number of hotel operators stated that they opposed the extra 'community benefit' levy which was placed on EGMs in hotels. A few hotel operators indicated that they contributed a significant amount of money each year to local sporting and community groups and as such they disagreed with an extra levy on gross profit from their gaming machines.

Licensed gaming managers

The issue of licensed gaming managers was raised by a number of the operators. There were three main concerns: one relating to the problems faced by smaller clubs with only one or two licensed managers; another relating to the issue of training for these managers; and the other focussed on the licensing process itself.

- A number of smaller club operators commented on difficulties for small venues which have only one or two staff who could be licensed as gaming managers, especially as this industry has a high rate of staff turnover. One such venue in Alice Springs had experienced difficulties in recruiting staff who would stay for any length of time. The cost to the club of continually licensing and training new staff as gaming managers was considerable. It was suggested by another club manager that there should be different levels of licensing. People with lesser licences would be able to stand in at times when the fully licensed manager was unable to be present in the gaming area.
- Access to training for gaming managers was a major concern for venues in the East Arnhem Region in particular. Venue operators in this area believed that there should be some provision made for on-site training of gaming managers in more remote areas such as East Arnhem. The cost of sending staff to Darwin for training was considerable and venues could not afford to be short-staffed for any length of time.
- Some operators believed that the licensing procedures for gaming managers were too intrusive and unrealistic in some aspects and should be reviewed.

Servicing of EGMs

- The majority of venue operators were satisfied with the servicing of EGMs, and many agreed that this service had improved over time. However all venues located in the East Arnhem and Tennant Creek regions maintained that they were experiencing costly and inconvenient delays in the repair of EGMs.

Cash payout of winnings

- Several operators suggested that the current $250 limit for cash payouts was too low and argued that the regulations in relation to such payouts needed to be reviewed. Some suggested that the cash payout limit should be the same as that at the casinos, citing it as another example of widespread dissatisfaction with different regulations for different types of gaming venue.

- An equal number of venue operators were satisfied with the $250 limit and commented that their patrons had become used to the rules.

Security issues

Very few operators reported that there had been security problems at their venue following the introduction of the EGMs.

- A small number of venues in the Darwin Region had experienced some burglaries, but these were largely targeting cigarettes and alcohol.
- A few venues indicated that they had increased security following the introduction of EGMs, either through a swipe card system for entry to the club or by installing security equipment or employing security staff. However, in many cases these increases in security were not a direct result of the introduction of EGMs.

Social impacts

While most operators indicated that there had been few, if any, patrons who had experienced problems with their gambling, a small number of venue operators sought information from the researchers on any negative social consequences that had been detected following the introduction of EGMs.

- A small number of venue operators in Tennant Creek and Katherine expressed caution in relation to the potential impact of the gaming machines on the local community. Venue operators whose EGMs were performing well indicated that they did not wish to introduce additional machines which might adversely affect the local economy. These operators appeared conscious of the potential impacts that further expansion gambling may have on small regional economies and communities.

5.2 Community surveys

To supplement the information we obtained from government agencies, community groups and industry, and bearing in mind the objectives of the study, we developed a questionnaire to be administered by telephone to households throughout the Territory. The aim was to gain further understanding of the community's perceptions of changes within the Northern Territory's gambling industry over the last two and a half years as well as how these changes have affected people's gambling and leisure patterns.

The surveys were designed with a view to obtaining data on these issues which has statistical reliability and validity. By conducting two comparable surveys, one at the start of the study and one at the end, we could identify changes in community perceptions and patterns.

Roy Morgan Research was commissioned to conduct the two community telephone surveys of Northern Territory residents. The surveys were conducted in late March of 1996 and mid-March 1998. The results of the first survey were presented to the R&GA in June 1996. A summary of the second (1998) survey results is attached at Appendices.

The timing of these surveys is important to any analysis of the findings. The first survey was conducted almost three months after the first community gaming machines (EGMs) were installed into community venues in the Territory. At this time there were relatively few EGMs in operation and those that were installed were located only in venues in the Darwin area. There was none operating at this time in the southern region of the Northern Territory. Therefore people's exposure to these types of machines would have been limited at the time when the first survey was conducted in 1996. Draw card machines were still operating in a number of venues throughout the Northern Territory.

However, in early 1996 there was local media coverage of the introduction of the machines in the Territory and the issue of gambling was being given considerable attention. Many of the Territory media focussed on sensationalised reports of the negative impact of gambling in the southern states, particularly from Victoria and South Australia.

By 1998, the time of the second survey, gambling and its associated social and economic consequences had become a national issue. The 1998 survey was carried out at a time *preceding* the Federal Government's announcement of a national inquiry into the gambling industry in Australia. However, this survey again coincidentally was scheduled at a time of accelerated media attention on the role of state governments, particularly the Victorian Government, in the 'promotion' of gambling.

Moreover, at the time of the second survey EGMs had been operating in the Northern Territory for more than two years. Residents would have had actual experience of community gaming machines, as they operate in the Northern Territory. Under such circumstances, it could be expected that they would be more likely than in 1996 to interrogate media reports from the perspective of practical personal knowledge.

The two surveys therefore provide a periodic analysis of community perceptions of gambling in the Northern Territory. However, we have not been able to measure the extent to which people's perceptions and opinions have been influenced by media reports of the impacts of gambling outside the Territory.

Objectives

In broad terms the objectives of the two surveys were:

- to identify the way people spend their leisure time and money, with particular attention to patterns of gambling;
- to provide an overview of the characteristics of Territory gamblers;
- to obtain insights into public perceptions of the introduction of cash paying electronic gaming machines (EGMs);

- to allow an assessment of the extent to which gambling is associated with economic and social problems in the Territory; and
- to provide comparative data to assess the social and economic impacts of the introduction of EGMs over time.

5.2.1 Methodology

A Computer Assisted Telephone Interviewing (CATI) methodology was used for both surveys, which allowed a quick turn around time. Roy Morgan Research uses the Bellview CATI system to conduct most of its telephone survey work, as it offers a wide range of advantages over other CATI systems and the tradition pen-and-paper methods. This system is widely used in Europe and the United States, and was 'tailored' to meet the needs of this project.

The benefits for this study are:

- quick turn around time. In the absence of comparable baseline survey data prior to the introduction of the EGMs in the Territory, it was important to conduct the 1996 survey in the early stages of the EGM installations;
- automatic call management which ensures efficient and accurate tracking of appointment times for interviews;
- powerful sampling management and administration which allows adequate supervision of interviews;
- provision of detailed results at any time;
- last minute changes to the questionnaire;
- and automatic generation of detailed fieldwork statistics.

Survey Sample

The samples were randomly selected from Roy Morgan's databases of the Northern Territory, weighted to select respondents according to age-sex-locality. This produced

88 groups weighted to their correct proportions in the latest population estimates. A further filter was that respondents had to be aged 18 years and over.

In the 1996 survey 307 people were interviewed, and in 1998 a total of 339 people were interviewed throughout the Territory. Of these respondents 147 (47.9%) were female and 160 (52.1%) were male in the 1996 survey, compared to 172 (50.7%) females and 167 (49.3%) males in the 1998 survey.

Cultural identification was not included as a factor in the sample weightings, but the questionnaire asked respondents to nominate their country of origin and cultural identification. Aboriginal people tend to be under-represented in telephone surveys, and only 23 respondents (7.5% of total sample) in 1996 and 24 respondents (7.1% of the total sample) in 1998 identified themselves as either Aboriginal or Torres Strait Islander. This has meant that indigenous people in the Northern Territory are significantly under-represented in both of these telephone surveys.[25]

Therefore, while this survey provides some indication of the Aboriginal gambling patterns, the findings which relate to indigenous leisure patterns cannot be considered as an accurate indicator. For this reason patterns of Aboriginal gambling have been considered in other sections of this report, using a more appropriate methodology (see Section 5.5.2).

5.2.2 Summary of findings

This section summaries data from the surveys in using seven major categories. These areas are listed below:

- leisure patterns and gambling in the Northern Territory;
- prevalence of gambling, characteristics of gamblers and non-gamblers, the frequency with which people gamble and the amounts they spend;

[25] Figures from the 1996 Census revealed that indigenous people represent 23.7 percent of the Territory's population (Australian Bureau of Statistics: 1997).

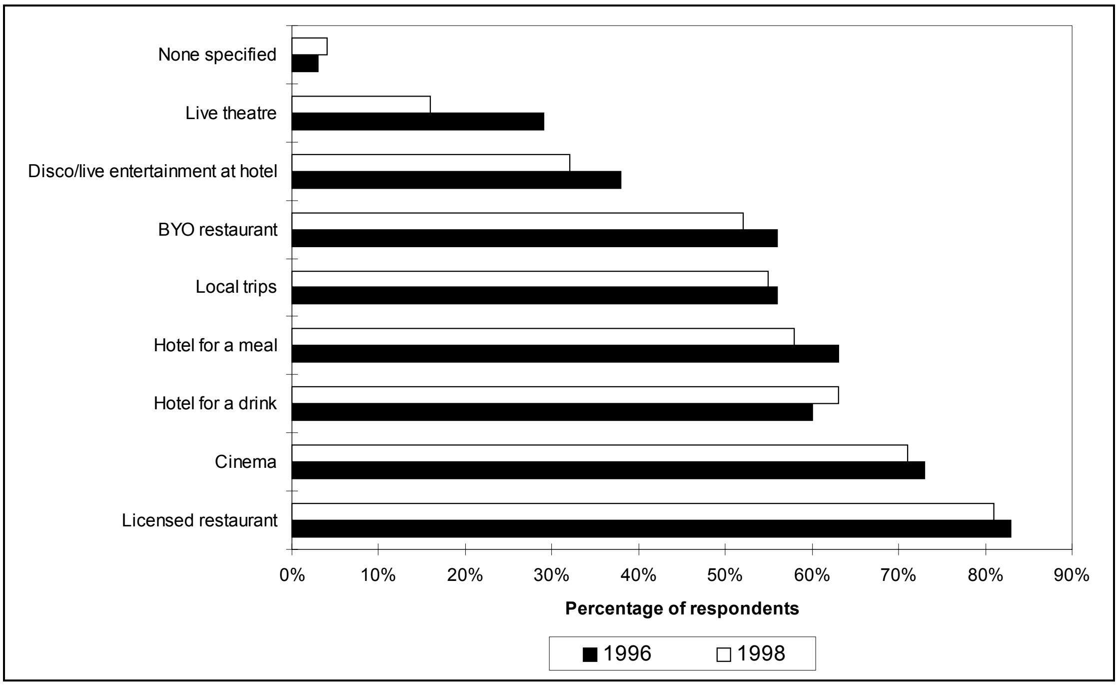
- patterns of gambling on electronic gaming machines (EGMs);
- perceptions of EGMs and their advantages and disadvantages for Northern Territory hotels and clubs;
- perceptions of the impacts of gambling on individuals and families;
- donations to charities;
- summary and conclusion.

Leisure activities

Respondents were prompted as to the leisure activities they have participated in during the twelve month period prior to the interview; the results are presented in Figure 5.11 below.

- The variation in the popularity of the nominated leisure activities was minimal between the results of the 1996 and 1998 surveys, as revealed in Figure 5.11.
- In both surveys the most popular leisure activity in which the respondents reportedly had engaged was going to a licensed restaurant; this represented more than 80 percent in each of the surveys.
- Going to the cinema was the second most popular leisure activity for respondents in both surveys, representing more than 70 percent in each.
- A slightly higher percentage of 1996 respondents visited a hotel for a meal (62%) that in 1998 (58%), while the reverse was true in the case of going to the hotel for a drink (60% in 1996 survey and 63% in 1998 survey).
- Attending live theatre was less popular amongst respondents in 1998 compared to those in 1996.

Figure 5.11: Popular leisure activities in 1996 and 1998 community surveys



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- In both surveys there were significant differences between the leisure activities of men and women and between some age groups. In the 1996 survey, men, particularly those under the age of 35 years, were more likely to go to a hotel for a drink or a meal, or to seek entertainment at a disco or hotel. Women over the age of 35 years were significantly less likely to engage in any of these activities.

- In the 1997 survey, women aged between 25-49 years were more likely to go to a hotel for a meal, while men aged 35-49 years were significantly more likely to visit a hotel for a drink. Men and women aged 50 years and over were significantly less likely to have a meal at a licensed restaurant or a hotel and to go to a disco or live entertainment at a hotel.
- In both surveys a significant proportion of respondents between the ages of 25-34 years attended the cinema, but men 50 years and over were less likely to go to the cinema than other groups. It was revealed in both surveys that women go to the cinema and live theatre significantly more than men.
- Male respondents in both surveys were significantly more inclined to go on local trips within the Territory which involved more than one night's stay.

Table 5.24: Popular leisure activities in 1996 and 1998 community surveys by gender

Activities	1996 Survey		1998 Survey	
	% of males	% of females	% of males	% of females
Licensed restaurant	82%	84%	79%	83%
Cinema	67%	79%	63%	77%
Hotel for a drink	66%	54%	67%	59%
Hotel for a meal	66%	59%	56%	61%
Local trips	63%	48%	54%	56%
BYO restaurant	54%	59%	49%	55%
Disco/live entertainment at hotel	43%	34%	35%	29%
Live theatre	21%	37%	11%	21%
None of above	3%	3%	5%	2%

Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

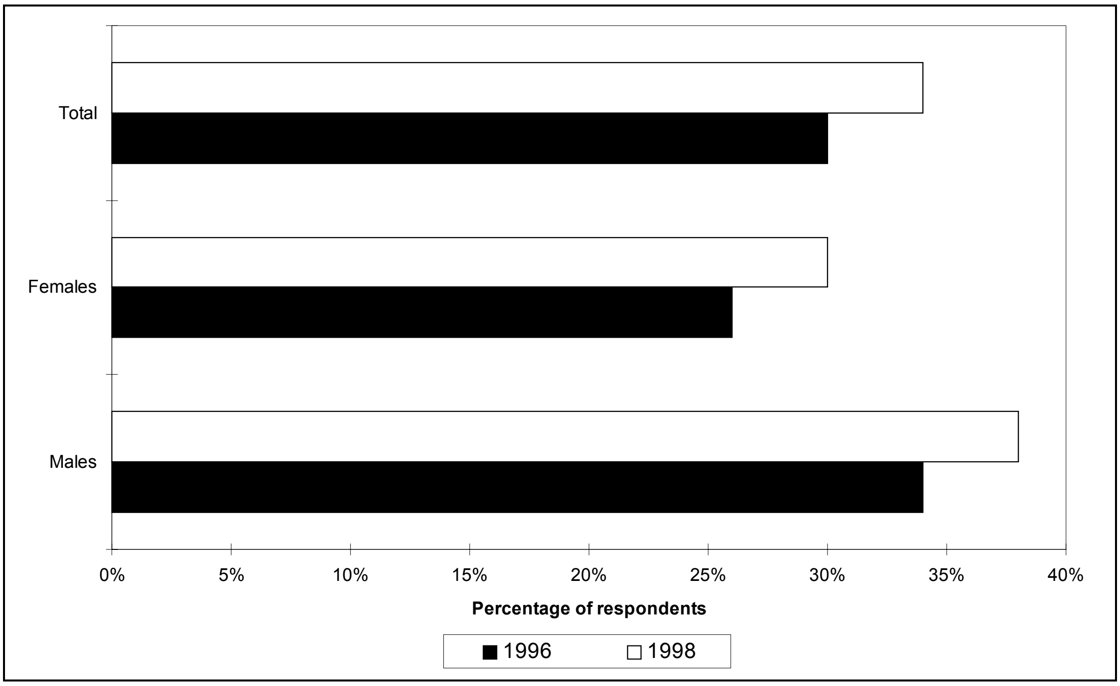
- Respondents with a tertiary education and higher household incomes were significantly more likely to go out for a meal in both surveys. In the 1996 survey the destination was more inclined to be a BYO restaurant, while in 1998 the destinations in addition to a BYO restaurant included a licensed restaurant or a hotel. Those respondents in both surveys which had lower household incomes (under $30,000) were less likely to visit restaurants.

- Not surprisingly, those respondents who were employed on a full-time or part-time basis had significantly higher levels of participation in leisure activities which involve substantial or regular expenditures (going to restaurants, discos and hotels, trips within the Territory) in both surveys.
- While there were no significant differences revealed in the leisure activities of respondents based on occupation in the 1996 survey, in 1998 tradespeople were significantly less likely to go to licensed restaurants or hotels for a meal, or to visit the cinema, than respondents in other occupations.
- Again there were no significant differences in the leisure patterns of respondents born in Australia or overseas revealed in the 1996 survey. However, in the 1998 survey a significant proportion of respondents who were born in Australia was more likely to go to a hotel for a drink and to go on an overnight trip within the Northern Territory than those respondents born outside Australia. While Aboriginal people were significantly less likely to go on an overnight trip within the Northern Territory.

In addition the leisure activities listed above, respondents were asked if the regularly visited a hotel or licensed club. The proportion of respondents who answered in the affirmative are presented in Table 5.25 below.

- Despite the relatively high levels of participation in the leisure activities outlined above, only 30 percent of respondents in the 1996 survey indicated that they *regularly* visited a hotel or licensed club. However, this proportion did increase to 34 percent in the 1998 survey.
- Both survey revealed that male respondents were more likely to visit a club or hotel regularly, as shown in Figure 5.12. In the 1996 survey data the presence of draw card machines or EGMs in the venue was not an influential factor in these behaviour patterns. However, in 1998 while the presence of draw card machines was not revealed as an influential factor, a significantly higher proportion of respondents who regularly visited a venue with EGMs had played those machines.

Figure 5.12: Respondents who regularly visit a hotel or licensed club



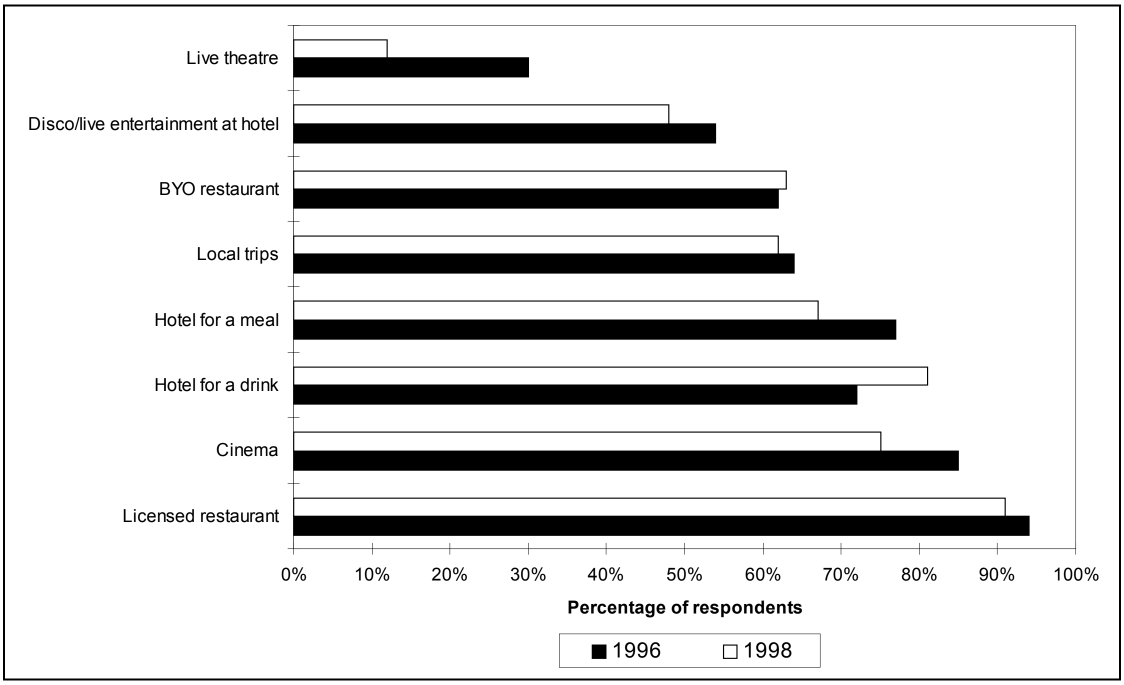
Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- This research sought data on the impact of new forms of gambling on other leisure activities. When leisure patterns are matched with data on playing EGMs, significant differences are revealed in the leisure patterns of those who have played EGMs in the twelve month period prior to each survey, and those who have not.
- Results from both surveys revealed that respondents who had played EGMs were also significantly more likely than those who had not played EGMs, to have

participated in certain other social activities including going to restaurants, hotels and discos and respondents in 1996 were also more likely to have gone to a cinema.

- Figure 5.13: reveals the percentages of respondents in both surveys who had played EGMs and also participated in other leisure activities.

Figure 5.13: Proportion of EGM players who had participated in other leisure activities



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

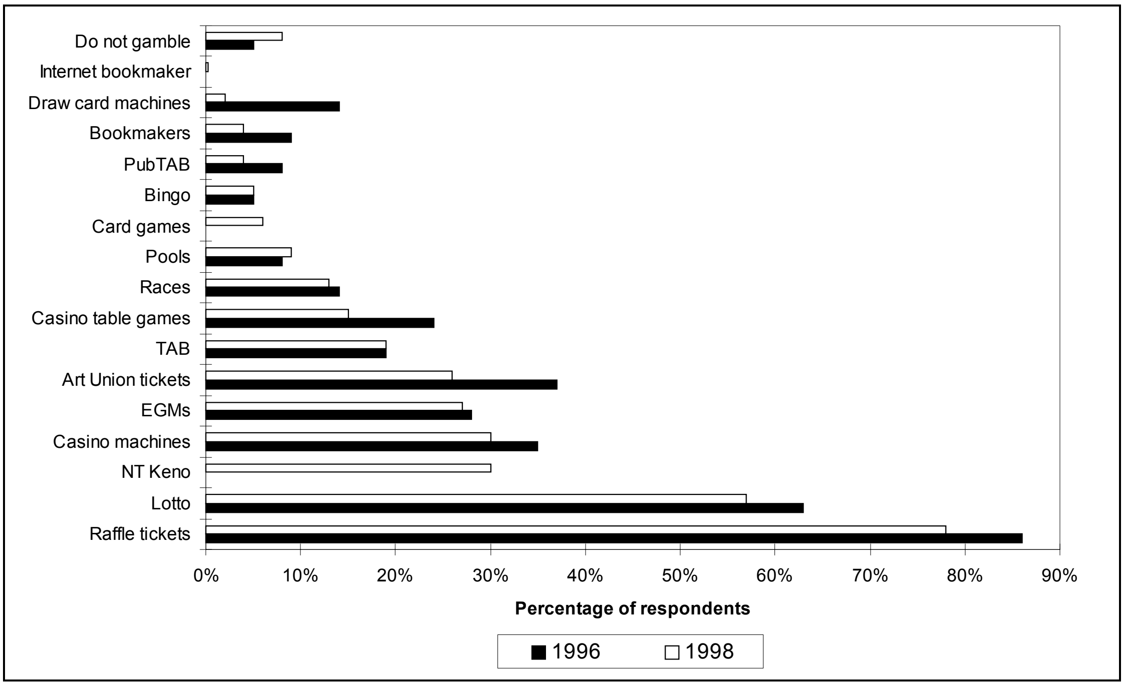
Gambling activities

Respondents were prompted as to their gambling activities in the twelve months prior to the survey. The aim is to provide insight into the extent and nature of gambling in the community - that is, to obtain a broad understanding of gambling patterns in the Territory. It is not the purpose of this study to investigate why people are motivated to gamble or to engage in one or another form of gambling. Hence respondents' motivations and perceptions of various forms of gambling were not examined.

- A very small percentage of both respondents in both surveys had *not* engaged in any of the types of gambling mentioned by the interviewer. However, this percentage increased from 5.2 percent in the 1996 survey to eight percent of the 1998 respondents. Male and female respondents were almost equally represented in this group of non-gamblers in the 1996 survey, whereas in the 1998 survey the proportion of male non-gamblers was slightly higher than that of female respondents.
- In both surveys the most popular type of gambling by far (ie. the form of gambling with the highest level of participation in the twelve months prior to the respective surveys) was buying a raffle ticket. Eighty-six percent of respondents in the 1996 survey and 78 percent of respondents in the 1998 survey had purchased a raffle ticket in the twelve months preceding the respective surveys.
- The other type of gambling which had a significant level of participation in both survey data was playing lotto, with approximately 60 percent of respondents in each survey having played.
- Playing EGMs reportedly had the fifth highest rate of respondent participation in both survey, despite the fact that the EGMs had been operating only three months prior to the 1996 survey being conducted. In 1996, 28 percent of respondents had played EGMs in a club or hotel and this percentage *decreased* slightly in the 1998 survey with 26.5 percent of respondents indicating that they had played these EGMs.
- In 1998 just under 30 percent of respondents reported that they played the NT Keno which was introduced to community venues throughout the Territory from 31 October 1996 (although keno had been operating in the casinos before this date). Hence, this type of gambling was not included in the 1996 survey.
- This reveals that among respondents in the 1998 survey a higher rate of participation was reported for NT Keno than for EGMs in hotels and clubs.

- Machines in a casino reportedly had a higher rate of respondent participation in 1996 (34.5%) and 1998 (29.5%) compared to EGMs in hotels and clubs, and in 1998 a similar proportion of respondents reported that they had played NT Keno and machines at casino.

Figure 5.14: Reported levels of participation in certain types of gambling



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998
NB: NT Keno, card games and Internet bookmakers were not included in the 1996 survey questionnaire.

- Proportionately less respondents in the 1998 survey compared to the 1996 survey reported that they had engaged almost all types of gambling mentioned, as is evident in Figure 5.14, but this was particularly true for buying Art Union tickets, casino table games, bets at PubTAB and with bookmakers and understandably playing draw card machines which decreased from 14.3 percent in 1996 to just 2.4 percent of respondents who had reported played these machines in 1998.

- The exceptions to this trend were betting at the TAB or on the pools and playing bingo.

- Betting with Internet bookmakers was included in 1998 survey, reflecting the expansion of that aspect of the Territory's gambling industry. However, only one of the respondents (0.3%) in this survey indicated that they had participated in this form of gambling.

- The most frequent form of gambling reportedly was playing lotto which was played by the majority of lotto players in both the 1996 (53.6%) and 1998 (53.9%) surveys. Another frequent form of gambling in both surveys was buying raffle tickets. In 1998 one third of those respondents who bet at a PubTAB did so once or twice a month. However, the majority of respondents who gambled on all other forms of gambling, reportedly bought raffle tickets only every couple of months or less.

- The most expensive form of gambling reportedly was table games at a casino which was consistent in both surveys, however in 1998 a larger proportion of respondents who played these table games reportedly were spending more money at any one time playing the games. In 1998 one quarter of these respondents reported spending \$21-\$50 on any one occasion and a further 40 percent reported spending more than \$50 on any one occasion. These figures compare to 48 percent and 21 percent, respectively for casino table game players in the 1996 survey.

- On any one occasion Territory respondents reported spend the least on buying raffle tickets (50% in 1996 and 62% in 1998 spent less than \$5), having a bet on the pools (64% in 1996 and 79% in 1998 spending less than \$10), playing keno (73.3% in 1998 spending less than \$10) and lotto (68% in 1996 and 73% in 1998 spending less than \$10), however lotto was the most frequent form of gambling.

- Other forms of gambling where the majority of Territory respondents spend less than $20 on any one occasion are art union tickets, betting at the TAB or with an Internet bookmaker, bingo, EGMs in a community venue or casino, draw card machines and playing cards for money.

- Some notable differences in gambling patterns by socio-demographic characteristics of the respondents in each survey. In 1996 female respondents aged 35-49 years were less likely than other groups to play EGMs or draw card machines and more likely to buy a raffle ticket, while in the 1998 survey young women (aged 18-24 years) were *more* likely to play machines in a casino.

- Males respondents in 1998 were much more likely to bet at PubTAB than their female counterparts, and those men aged 35-39 years also were more likely to buy lotto tickets and play NT Keno than other groups. In the 1996 survey male respondents over the age of 50 years were significantly more inclined to buy lotto tickets.

- In the 1996 survey it was reported that young male respondents (aged 20-24 years) were more likely to play casino table games than other groups. This finding has also been noted in other studies in Queensland and Victoria. However, in 1998 young respondents (aged 25-34 years) were significantly more likely to play casino games but there was no significant difference revealed between men and women who played these games.

- Younger respondents in the 1996 survey were less inclined than other groups to buy raffle or Art Union tickets, or to play lotto, however no similar significant trends were revealed in the 1998 survey. In contrast, significantly more respondents in 1996 aged 25-44 years bought Art Union tickets and this was particularly true for female respondents aged 35-49 years in the 1998 survey.

- The 1996 survey also reported that younger respondents (aged 25-34 years) were significantly more likely to go to the races and bet. No similar trend was revealed in the 1998 survey.

- While no particular socio-demographic group was identified in either survey as being significantly more likely than other groups to engage in playing EGMs in hotels or clubs, there was some indication that older respondents were less inclined to play these machines. For example, as mentioned above, female respondents aged 35-49 years in the 1996 survey were significantly less likely than other groups to play EGMs, while the same was true for male respondents aged 50 years and older in the 1998 survey. However, as discussed further below, 1998 respondents in full-time employment were more inclined to engage in a number of gambling activities, including EGMs.

- In 1996 respondents with some tertiary education were less inclined than other groups to buy tickets in lotto or art unions. In contrast, respondents with a secondary school qualification in the 1998 survey were reportedly less likely to buy a ticket in an art union and those who had completed tertiary study were more inclined to buy one of these tickets than respondents with other levels of education.
- Some significant differences were revealed about the participation in gambling by respondents in full-time employment compared to other groups. Respondents in both surveys who were in full-time employment were more likely to buy a raffle ticket and play table games at a casino and in the 1998 survey this also included playing lotto, playing EGMs either in a casino or hotel or club and betting at the races. In 1998 respondents in full-time employment were significantly less likely to be non-gamblers.
- In 1998 respondents in part-time employment were less likely to play EGMs in hotels or clubs, while those respondents engaged in home duties were less likely to play casino table games. No similar trends were reported in the 1996 survey.
- Occupation was not revealed as a significant factor in shaping gambling preferences in the 1996 survey. However in the 1998 data associate professionals (e.g. technicians, etc.) were more inclined to buy lotto and art union tickets, whereas tradespersons were significantly less likely to buy a lotto ticket or play EGMs in hotels or clubs compared to other occupation groups. Respondents employed as advanced clerical and service workers were more likely to play keno.
- In 1998 those respondents with a low household income ($10,000-$19,999) were less likely to play lotto or machines in a casino, compared to those with a high income ($80,000-$99,999) who were significantly more likely to play lotto, keno, machines at a casino or buy an art union ticket. In 1996 it was revealed that fewer

respondents on moderate incomes ($20,000-$30,000) bought raffle or art union tickets than other groups.

- Income was not a significant indicator of the level of spending on particular types of gambling in either survey.
- Few gambling preferences are related to country of birth or to cultural identity it was revealed in both surveys. However, in the 1996 data it was reported that Australian-born gamblers were more inclined to bet at the races and play casino machines and EGMs than other groups. In the 1998 survey Australian-born respondents were also more likely to play EGMs in hotels and clubs than those respondents born outside Australia. In 1998 respondents born in the United Kingdom, and in 1996 those born in Asia (this category excluded the Philippines and East Timor) were the groups significantly less likely to play these EGMs.
- There were no significant differences in the gambling patterns of Aboriginal or Torres Strait Islander respondents compared to other groups in 1998. However in the 1996 data it was reported that indigenous respondents were less inclined to buy raffle and art union tickets. But this finding must be treated with caution due to the fact that indigenous people are significantly under-represented in this survey data, as discussed above.

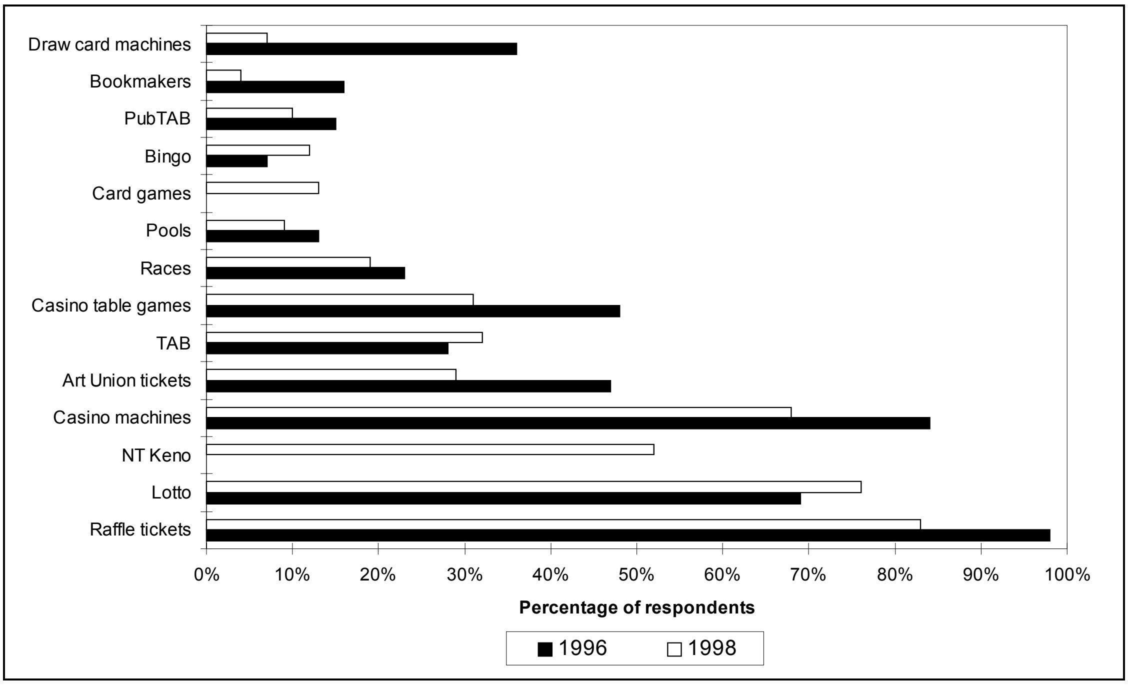
Gambling on EGMs in community venues

To obtain baseline information about the patterns and possible impacts when a new form of gambling is introduced, specific information was sought about gambling on EGMs. Data was also analysed to identify any emerging relationship between gambling on EGMs and other patterns.

- As revealed in Figure 5.14 above, proportionately less respondents in the 1998 survey than those in the 1996 survey had played EGMs in a hotel or club. In 1996, 28.0 percent of respondents reported that they had play EGMs in the preceding twelve months, compared to 26.5 percent of respondents in 1998. This is despite the fact that there was much less availability of EGMs in community venues throughout the Territory at the time of the 1996 survey compared to the 1998 survey.

- This level of participation in gambling on EGMs compares to 34.5 percent of respondents in the 1996 survey and 29.5 percent of respondents in 1998 who reported having played machines at a casino in the respective twelve months preceding each survey.
- In both surveys those respondents who had played EGMs in hotels and clubs were significantly more likely to engage in various other types of gambling, as presented in Figure 5.15. In both surveys EGM players were significantly more inclined to also play casino machines and table games and bet at the TAB. In 1996 these respondents were also significantly more likely to have engaged in raffles, art unions, PubTAB, betting at the races and with bookmakers and played draw card machines. In the 1998 survey this significant relationship existed between EGM players and playing lotto, NT Keno and cards for money.

Figure 5.15: Reported levels of participation for EGM players in other types of gambling



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- No significant relationship was revealed between playing EGMs and playing lotto, bingo or betting on the pools in the 1996 data, while in 1998 no significant relationship existed between EGMs and gambling on raffles or art unions, betting at the races, PubTAB, with Internet or other bookmakers, on the pools, playing bingo or draw card machines.

- Moreover, respondents in both survey who reported that they had *not* played EGMs in the preceding twelve month were significantly less inclined to have participated in other forms of gambling.
- The 1996 survey data suggests that initially EGMs in hotels and clubs may have attracted some new gamblers, while at the same time attracted players from existing forms of gambling. For example, 64 percent of respondents in the 1996 survey who reported that they had played EGMs, previously had not played draw card machines. However, almost 84 percent of EGMs player in this survey had played machines in a casino. This rate of participation of EGMs in playing casino machines fell to 68 percent in the 1998 survey.

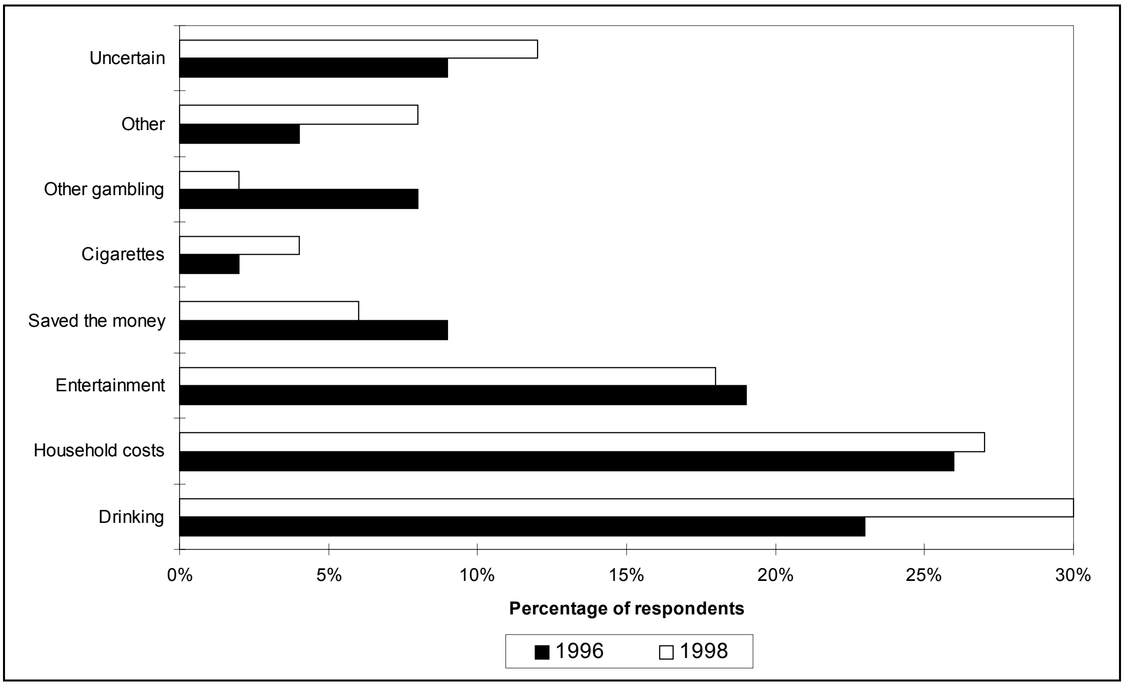
Table 5.25: Reported spending on EGMs and casino machines on any one occasion

	1996 Survey		1998 Survey	
	EGMs	**Casino machines**	**EGMs**	**Casino machines**
Less than $5	5%	5%	14%	5%
$5 - $10	30%	17%	23%	23%
$11 -$20	35%	32%	30%	30%
$21 - $50	23%	36%	21%	31%
$51 - $100	6%	7%	8%	8%
Over $100	1%	4%	2%	3%
Uncertain	0	0	1%	0
Total	100%	101%	99%	100%

Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- Respondents in both surveys reported spending more on any one occasion playing machines in a casino compared to those in a hotel or club, as shown in Table 5.25. For example 68 percent of players in 1996 and 61 percent of players in 1998 reported spending between $11 and $50 on casino gaming machines on any one occasion compared to 58 percent 51 percent in 1996 and 1998, respectively, of EGMs players in hotels and clubs.
- Significantly in both surveys, respondents reported playing EGMs in community venues less often than a couple of months.

Figure 5.16: Areas where money spent on EGMs would otherwise have been spent



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- When asked where they most likely would have otherwise spent the money they had gambled on EGMs, 30 percent of EGMs players in 1998 and 23.3 percent in the 1996 survey reported that the money would have been spent on drinking, as shown in Figure 5.16. In fact 44 percent of EGM players in the 1996 survey and 54 percent in the 1998 survey indicated that the money they had spend on EGMs would most likely have otherwise been spent on personal consumption or entertainment.

- Just over one quarter of EGM players in each of the surveys indicated that the money would have otherwise been spent on household costs such as food and clothing. This is a comparable figure to similar surveys in Queensland and Victoria.
- Only a small percentage of EGM players in the 1996 survey (9.3%) indicated they would have saved the money and this proportion was even smaller in the 1998 data (5.5%).

Public perceptions

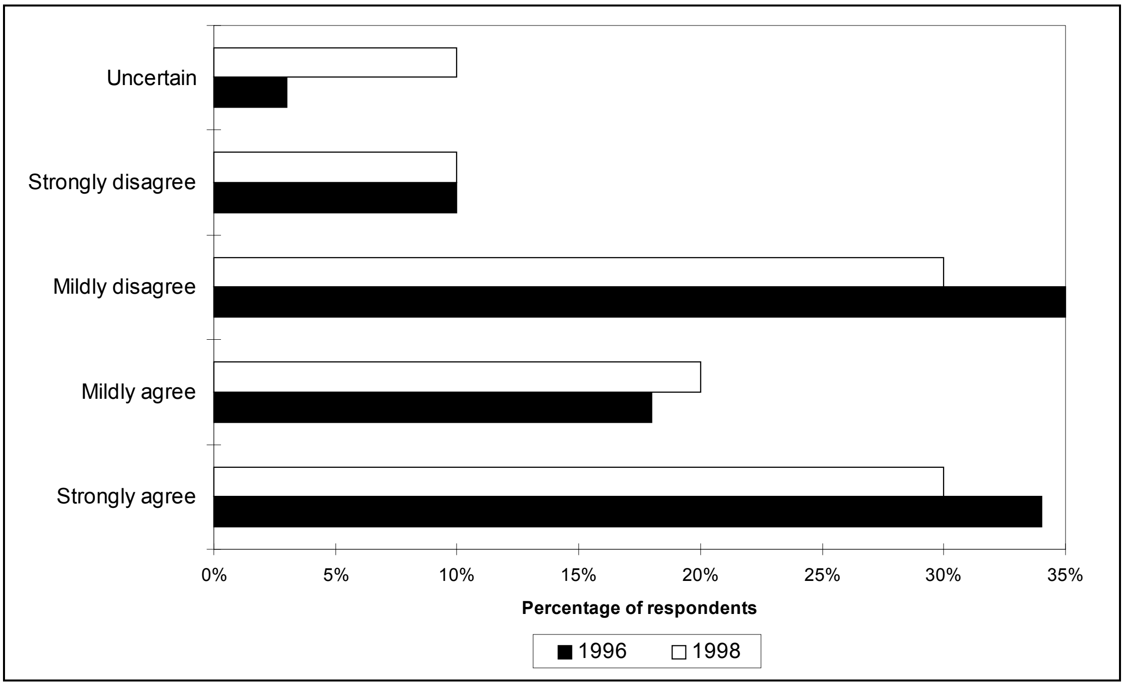
To supplement the more objective measures of gambling and leisure behaviour, respondents were asked several questions about their perceptions of gambling in the Northern Territory and the government's role. In each case, respondents were presented with a statement and asked if they strongly agreed with it, mildly agreed with it, disagreed with it or strongly disagreed. They were then asked, without prompting, to give reasons for their answer. These answers have been grouped into categories which broadly reflect the shared viewpoints which were expressed.

- Approximately half of all respondents in the 1996 and 1998 survey agreed that the **'Northern Territory Government (or governments in general in the 1996 survey)[26] is encouraging people to gamble too much these days'**, with a significant 33.9 percent in 1996 and 29.5 percent in 1998 *strongly* agreeing, as shown in Figure 5.17.
- Only 45 percent and 40 percent of respondents in the 1996 and 1998 surveys, respectively disagreed with this state and for the majority of these their disagreed was 'mild', rather than 'strong'.

[26] In the 1996 survey this statement referred to governments in general, rather than specifically the Northern Territory Government. To gain a better indication of the people's perceptions of the Northern Territory Government's involvement to question was altered in the 1998 survey specifically to ask about the Northern Territory Government.

- A greater proportion of respondents in the 1998 survey were unsure of their opinion on this statement, compared to those in 1996.

Figure 5.17: Responses to statement - 'the Northern Territory Government is encouraging people to gamble too much these days'



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- Older respondents in both surveys were more likely to agree with this statement. In 1996 and 1998 male respondents over the age of 50 years were significantly more likely to strongly agree, while the same was true for female respondents aged 50 years and over in the 1996 survey and female respondents aged over 35 years in the 1998 survey. Younger respondents were more inclined to disagree with the statement (particularly those aged 25-34 years in the 1996 survey and 18-24 years in the 1998 survey).

- In 1996 there were also some significant differences by occupation, with managers/supervisors in strong agreement and clerical/administration workers in strong disagreement. No such differences were revealed in the 1998 data, however those respondents in 1998 who were on lower household incomes ($10,000-$19,999) were more likely to agree with this statement.
- In 1998 there was a significant difference between respondents who had played EGMs and those who had not played EGMs with the former group in strong disagreement with the statement. Similar findings were not evident in the 1996 data.

In the 1996 survey respondents were asked if the agreed or disagreed with the statement: **'poker machines should have been introduced into the Northern Territory'**, whereas in 1998 they were asked to comment on the statement: **'poker machines should <u>never</u> have been introduced into the Northern Territory'** to provoke a stronger response. The responses for each are revealed below.

In 1996, during the initial stage of the introduction of EGMs into community venues:

- A small majority of respondents (50.5%) **agreed** that **'poker machines <u>should</u> have been introduced into the Northern Territory'**. However, only 4.9 percent were in strong agreement while 45.6 percent mildly agreed with the statement. This indicated only weak support for the policy of introducing EGMs into community venues at the time of the 1996 survey. Given that EGMs had been operating only a short time, it is not surprising that 9.1 percent of respondents were unable to make a judgement.

- Slightly more men than women agreed with the statement, while women (particularly those aged 18-24 years) were more likely to disagree. Respondents on high incomes ($60,000-$80,000) and those who have completed tertiary education were also more likely to disagree.
- Understandably there was a clear difference in the responses of those people who reported playing the EGMs (79.9% agreed) and those who had not played the EGMs in the preceding twelve months (87.9% disagreed).
- Reasons given for agreeing with the statement included: an individual's freedom of choice; revenue benefits; lack of many other entertainment options; EGMs will assist development and jobs; the chance to win money; and the fact that other states already were operating EGMs.
- Those who disagreed with the introduction of EGMs gave as their reasons: EGMs will encourage problem gambling and other behavioural problems; there is enough gambling already; it is a waste of time and money; they only benefit the clubs and hotels; moral and ethical opposition to gambling.

In 1998, after the EGMs had been in operation throughout the Northern Territory for more than two years:

- A majority of respondents (58.1%) **disagreed** with the statement that **'poker machines should <u>never</u> have been introduced into the Northern Territory'**. However, only 15.9 percent strongly disagreed while 42.2 percent mildly disagreed. This indicates that there is a certain, though not strong, level of support for the policy to introduce EGMs into community venues with only 31 percent agreeing with the statement. A further 10.9 percent of respondents were unable to give an opinion.
- Younger respondents (aged 18-24 years) were more likely to disagree with the statement, while women were significantly more likely to mildly agree with the statement.
- Those respondents employed at a professional level were more likely to agree with the statement compared to those in other occupations. Respondents with a low

family income ($10,000-$19,999) also were more likely to agree that EGMs should never have been introduced, while those earning $30,000 to $39,999 were more likely to disagree with the statement.

- Respondents born in Australia were significantly more likely to strongly disagree with the statement and less likely to have no opinion on this issue, than those born outside Australia.
- Not surprisingly there was a significant difference in the responses to this statement between EGM players and those who have not played the machines. While 83.3 percent of EGMs players disagreed with this statement, 37.3 percent of non-players agreed while another 13.7 percent of non-players were unable to say either way.
- Reasons given for disagreeing that EGMs should never had been introduced include: an individual's freedom of choice; and EGMs provide another leisure activity - women were significantly more likely to give these two reasons. Only 5.1 percent stated that they disagreed with the statement because revenue from EGMs goes back into the community and/or sporting clubs.
- Those who agreed that EGMs should never have been introduced provided a wide range of reasons including: gambling is addictive and people spend all of their money - men were significantly more likely to provide this response; excessive gambling creates social/family problems; EGMs encourage people to gamble more; and there are enough gambling facilities already, eg. casino.

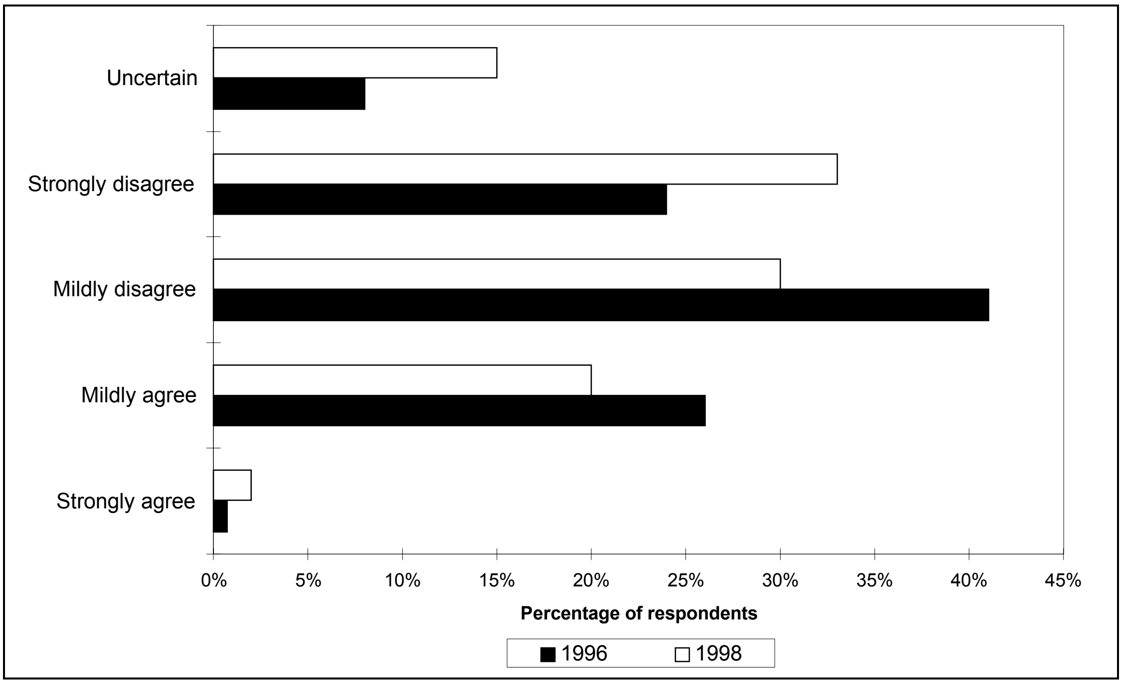
If responses to these two statements are considered together, it appears that despite a longer period of operation of community EGMs throughout the Northern Territory at the time of the 1998 survey, there is still only weak support for their introduction and this is mainly among younger people. This trend continues in respondents' views on the benefits to community which will flow from the introduction of these machines, as discussed below.

- A large majority of respondents in both the 1996 (64.5%) and 1998 (62.5%) surveys disagreed with the statement that '**introducing poker machines will**

benefit the community', with 23.8 percent in 1996 and 32.7 percent in 1998 strongly disagreeing, as presented in Figure 5.18.

- Moreover, only 27.4 percent of respondents in 1996 agree with the statement and in 1998 less than one quarter of respondents (22.1%) agreed that EGMs will benefit the community with only 2.4 percent strongly believed this, despite the fact that they had been operating for a considerably longer period at the time of the 1998 survey.
- More than two years after the introduction of EGMs, 15.3 percent of respondents could no not say whether or not their introduction will benefit the community - this was the case particularly for younger female respondents (25-34 years). This proportion of uncertain respondents increased from 8.1 percent in the 1996 survey.

Figure 5.18: Responses to statement - 'introducing poker machines will benefit the community'



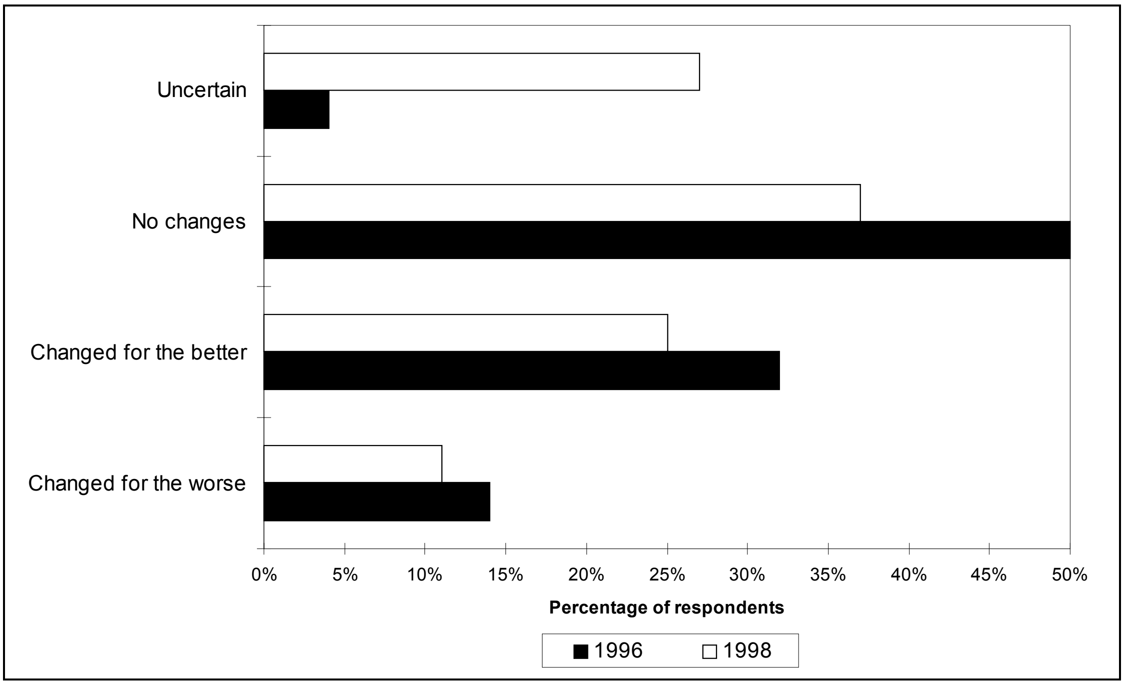
Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- In both surveys there were significant differences between the views of men and women on the benefits that EGMs will bring to the community. Significantly more men than women believed that EGMs would benefit the community, this was particularly true of males respondents aged 25-34 years in 1996 and 35-49 years in 1998. However, in the 1998 survey men 50 years and older were more inclined to strongly disagree that EGMs will benefit the community.

- In 1998, those respondents who were in full-time employment were more likely to agree with the statement than those in other types of employment, while those on higher incomes ($60,000-$79,999) were more likely to be uncertain about the benefit of EGMs to the community. These factor were not influential in the 1996 data, however respondents who had a tertiary education were more inclined to disagree with the statement, contrasting with a large proportion of respondents with senior secondary education who agreed.
- Australian-born respondents in both surveys were significantly more likely than respondents born outside Australia to believe that EGMs would benefit the community.
- Not surprisingly, significantly more respondents who had played EGMs compared to non-players in both surveys, believed that the machines' introduction will benefit the community. However somewhat surprisingly, of those who disagreed, 22.2 percent in 1996 and 25.5 percent in 1998, had reportedly played the machines in the preceding twelve months.
- Reasons given in both surveys for agreeing with the statement included: a belief there would be increased revenue for sporting clubs and the "community" in general; creation of sporting and leisure benefits; jobs creation; and the money would stay in the Northern Territory and provide a good source of government revenue.
- The majority of respondents in both surveys who disagreed with the statement gave problem gambling and the consequences for families of excessive expenditure on EGMs as their reasons for this disagreement. One quarter of those respondents who disagreed with the statement in 1996 and 11 percent of those respondents in 1998 said that there was no evidence that the community could benefit, with a further six percent of these 1998 respondents claiming that the only one to benefit from the introduction of EGMs is the government. Only a very small number of respondents in the 1996 (1.0%) and 1998 (0.5%) surveys disagreed with this statement citing ethical or moral objections to gambling.

- When those respondents who reported visiting a club or hotel regularly were asked to comment on (in 1998) or speculate on (in 1996) **the effects of EGMs on their club or hotel**, 50 percent of these respondents in 1996 and 37 percent indicated there would be or had been no change, as revealed in Figure 5.19. Almost one third of these respondents in 1996 expected there would be positive changes while one quarter of respondents in the 1998 survey believed there had been beneficial changes to their local venue. The proportion of those who had expected or observed positive changes was larger than those who believed these changes to be or to have been negative.
- However, what is significant in comparing the results of the two surveys is that more than one quarter of respondents (27.2%) in the 1998 survey who regularly visit a club or hotel indicated that they could not give an opinion on what the effect of EGMs had been on the specific venue which they frequented. This compares to only four percent of similar respondents in the 1996 survey who were speculating on the effects.

Figure 5.19: Reported changes to clubs and hotels following the introduction of EGMs



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- It is interesting to note that in the 1998 survey significantly more EGM players than non-players believed that there had been no change to their local hotel or club since the introduction of EGMs.

- Speculating on the changes that EGMs would bring to their local hotel or club, respondents in 1996 who believed that this impact would be negative gave the following reasons for their view: gamblers would change the image and atmosphere of the venue; people will social less; and children will be excluded. Those respondents in 1998 who believed that the impact of EGMs had indeed been negative cited similar reasons.

- In 1996 respondents who expected the impact of EGMs on their local venue to be positive suggested that these changes would include: increase in club membership; improvement of facilities and services; and better entertainment, while a large number of these respondents (17.2%) were unable to give a reason for their view. In addition to increases in club membership, facility improvements and better entertainment respondents in 1998 who believed the impact of EGMs had been positive also cited increased funding for sporting groups.

- Without prompting, respondents were asked to say **'what will be/has been the BEST thing to result from the introduction of poker machines into clubs and hotels in the Northern Territory'**. A wide range of responses were given, however the largest proportion of respondents in both surveys cited the economic benefits to clubs. This accounted for almost one quarter of respondents in the 1996 survey, but only 14.5 percent of respondents in 1998. The next most frequent response for both surveys was increased leisure activity for people which was cited by less than ten percent of each group of respondents, while 7.5 percent in 1996 and 3.5 percent in 1998 said that the best thing would be/had been the creation of a new source of government revenue.
- A considerable minority of respondents (36.0%) in 1998 suggested that there were **no** benefits from the introduction of EGMs, while a further 22.1 percent could not identify a "best effect". Slightly less, but still considerable percentages were recorded for these responses in the 1996 survey, however they more significant for the 1998 survey considering the length of time the EGMs had been operating.

- Respondents also were asked to say **"what will be/has been the WORST thing to result from the introduction of poker machines into clubs and hotels in the Northern Territory'**. In comparison to the previous question, although a wide variety of responses were offered, in both surveys there was far greater agreement on the major impacts. Approximately one third of respondents in each survey (35.8% in 1996 and 31.2% in 1998) specified problem gambling and a further 26.4 percent in 1996 and 10.6 percent in 1998 nominated the detrimental effects of excessive gambling on families and society as a whole.

- A small percentage of respondents (3.6% in 1996 and 9.4% in 1998) cited no 'worst effects', while eight percent of 1996 respondents and almost 12 percent of respondents in 1998 could not identify a 'worst effect'.

- A large majority of respondents in both 1996 (90.9%) and 1998 (85.8%) believe that **'poker machines in clubs and hotels in the Northern Territory should be carefully controlled and monitored'**, with 49.9 percent in 1996 and 53.1 percent in 1998 strongly agreeing. This finding is similar to the strong support for policy controls which have been found in other states. Only a small minority disagreed in each survey (5.9% in 1996 and 3.2% in 1998) however, a larger percentage in the 1998 survey (10.9%) compared to the 1996 survey (3.3%) were unable to express a view on this issue.

Difficulties with individuals' gambling

Information was sought on the extent and impacts of gambling on individuals and families. As with previous questions, respondents were asked if they agreed or disagree with a statement about their own gambling experience. Further information was sought on the incidence of difficulties arising from the gambling behaviour of members of their family.

- Almost 93 percent of respondents in 1996 and 85.5 percent of 1998 respondents agreed with the statement **'my gambling is relatively problem free'**, with 86.3 percent and 81.4 percent, respectively in strong agreement. However, only 2.1 percent of the respondents disagreed with this statement, compared to 5.9 percent in the 1996 survey.

- Just over 89 percent of respondents in each survey reported that **members of their family had not experienced problems with their gambling** 'at home, at work or financially'. This majority was equally divided between men and women respondents in both surveys. Notably, in the 1996 survey, twice as many women as men indicated that someone in their family *had* experienced problems with gambling.
- Of the 10.9 percent of respondents in 1996 who stated that a member of their family had experienced difficulties with their gambling, almost half claimed that betting at the TAB or on horse racing was the source of the problems, while another 27.3 percent nominated (unspecified) casino gambling. In 1998 of 9.4 percent of respondents who reported that someone in their family had experienced gambling problems, 35 percent claimed that EGMs in community venues were the source of the problems, while another 35 percent identified casino table games. However, these findings must be treated cautiously due to the very small number of respondents involved.

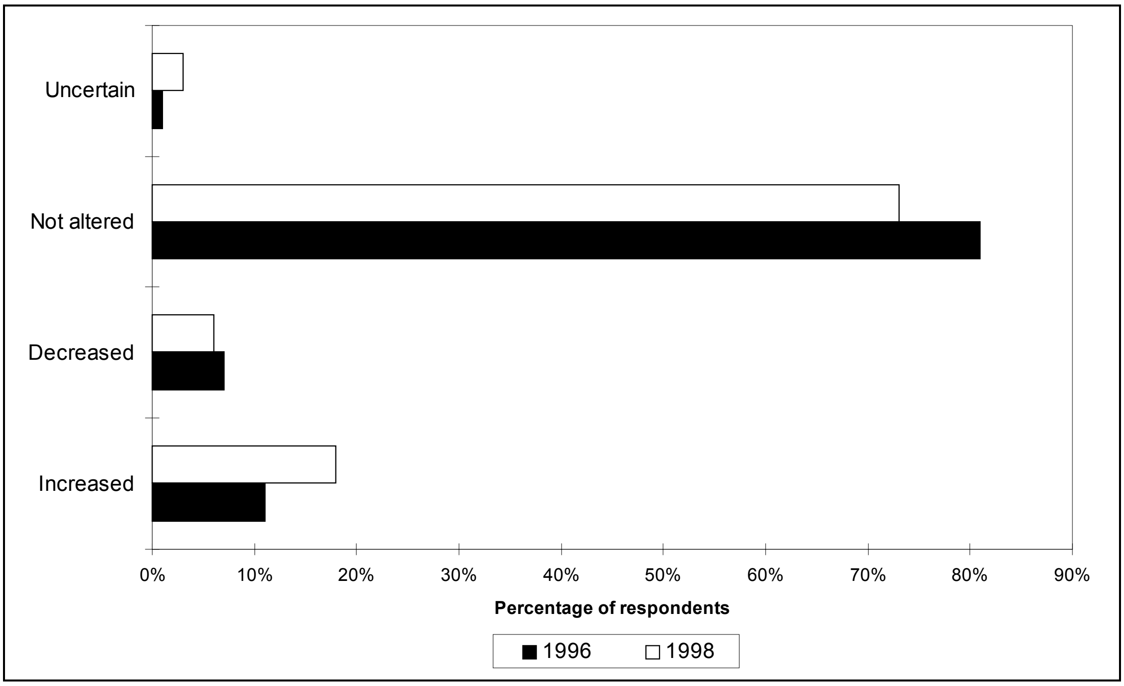
Donations to charities

To assist in the analysis of the impacts of gambling on charitable fundraising, respondents were asked about household donations to charities in both surveys.

- Of all people surveyed 89.9 percent in 1996 and 87.6 percent in 1998 made donations to charities with a significant proportion of donors in 1996 being men aged 35-44 years and men and women being almost equally represented in the 1998 data.
- A significant number of those respondents who make donations to charities have an annual household income of between $40,000 and $60,000, which is a finding consistent to both surveys.
- Among gamblers, 95.3 percent in 1996 and 93.3 percent of respondents in 1998 who reported playing EGMs also made donations to charities. It is worth noting that those respondents in the 1998 survey who did *not* play EGMs were significantly less likely to make donations than those who had played EGMs.

- In the 1996 survey it was revealed that younger respondents (aged 25-34 years) were reportedly the least likely to donate to charities.

Figure 5.20: Changes over the preceding twelve months to amounts donated to charity as reported by donors



Source: Roy Morgan Research, NT Gambling Surveys 1996 & 1998

- As shown in Figure 5.20, a larger proportion of donors to charities in the 1998 survey (18.2%) reported increasing the amount they had donated in the previous twelve months, compared to those in the 1996 survey (10.9%).
- However, a large majority of charity donors in both surveys reported that the amount of money they donated has not altered over the respective twelve month periods. Only a small percentage of these respondents in both survey reported that the amount of their donations had decreased.
- Reasons given by the small number of respondents who reportedly had increased their donations in the 1996 survey included: increased personal discretionary income (26.7%); recognition that welfare money does not go as far (23.3%); social conscience (16.7%); and more charities asking for donations (10.0%). In 1998 these respondents gave the following reasons: social conscience (31.5%); Katherine floods disaster (25.9%); increased personal discretionary income (24.1%); and more charities asking for donations (18.5%).
- Reasons given for decreasing charitable donations included: cannot afford it/decreased income (55.0% in 1996 and 64.7% in 1998); charities have not come around as often (20.0% in 1996 and 5.9% in 1998); and family responsibilities (10.0% in 1996 and 5.9% in 1998).

5.2.3 Summary

- The data from these surveys has provided some important comparable baseline information which gives an indication of the some of the impacts of the changes within the gambling industry over the first two years of the operation of EGMs in community venues. In addition it has provided an idea of the gambling patterns of Territory residents and an indication of the relationship between gambling on EGMs and other established forms of gambling and leisure activities.
- The public's perceptions in relation to the policy of introducing EGMs into hotels and licensed clubs through the Northern Territory from January 1996 have also been examined by using data provided through these surveys.
- Despite the fact that EGMs were operating in only a small number of venues at the time of the first survey, a larger proportion of respondents in 1996 compared to

1998 reported having played these machines. Approximately one quarter of respondents in the 1998 survey reported that they had played EGMs in the preceding months.

- A relationship between gambling on EGMs and other forms of gambling was revealed in both surveys. It was reported that respondents who play EGMs were more likely to have engaged in other forms of gambling including machines or table games in a casino. This suggests that while EGMs may have attracted new people, there seems to be some cross over from existing forms of gambling.
- While a small majority of respondents in both surveys believed that EGMs should have been introduced into Territory hotels and clubs, suggesting that there is some support for the policy within the community.
- However, approximately half of the respondents considered that the Northern Territory Government is encouraging 'too much' gambling, however there is no way to determine to what extent the media and especially reports of the situation in other states have influenced these views. Despite this, it does indicate that sections of the Territory community continue to have negative perceptions about the role of Government in this area.
- Furthermore, almost two thirds of respondents in both surveys do *not* believe that the introduction of EGMs will benefit the community and more than one third of respondents in the 1998 survey indicated that there were *no benefits.*
- There were strong responses in relation to problem gambling and the need for careful control and monitoring of the EGMs which again reflects the general concerns in the community about the potential social and economic consequences of gambling development. However, a large majority of respondents in both surveys indicated that their gambling behaviour and that of their family members had not caused problems.

5.2.4 Northern Territory gambler profiles

The following profiles of gamblers below, are constructed from data collected in the 1998 community survey by Roy Morgan.

EGM players: 26.5% of respondents

EGM players in the Territory are:

- Just as likely to be men as women, but less inclined to be men aged 50 years and over.
- More likely to be aged 35-44 years.
- Likely to have achieved a senior secondary school level of education or to have completed tertiary study.
- Very likely to be employed full-time and found across all occupation groups, however significantly less likely to be a tradesperson.
- Most likely to have a family income of more than $40,000 per year.
- Significantly more likely to be Australian born.
- Likely to spend $20 or less on any one occasion when playing the machines and to play less often than every couple of months.

Casino machine player: 29.5% of respondents

Casino machine players in the Territory are:

- Predominantly more likely to be young females (18-24 years), however across other age groups are just as likely to men as women.
- Likely to have achieved a senior secondary school level of education or to have completed tertiary study.
- Very likely to be employed full-time and found across all occupation groups.
- Significantly more likely to have a high household income ($80,000-$99,999) and much less likely to have a household income of less than $20,000.
- Probably born in Australia.
- Significantly more likely to have played EGMs in a hotel or club.

- Most likely to spend between $11 and $50 on any one occasion when playing the machines and to play less often than every couple of months.

Casino table game players: 15% of respondents

Casino table game players in the Territory are:

- Just as likely to be men as women, but significantly more likely to be aged 25-34 years.
- Likely to have achieved a senior secondary school level of education or to have completed tertiary study.
- Significantly more likely to be employed on a full-time basis, generally across all occupation groups except home duties.
- More likely to have a household income of more than $40,000 per year.
- Probably born in Australia.
- Significantly more likely to have played EGMs in a hotel or club.
- More likely to spend between $21 and $100 on any one occasion playing the tables and to play less often than every couple of months.

Keno player: 29.8% of respondents

Keno players in the Territory are:

- Just as likely to be men as women but more likely to be men aged 35-49 years.
- Likely to have achieved a senior secondary school level of education or to have completed tertiary study.
- Likely to be employed on a full-time basis and significantly more likely to be employed as an advanced clerical or service worker.
- Significantly likely to have a high household income ($80,000-$99,999).
- Probably born in Australia.
- Significantly more likely to have played EGMs in a hotel or club.

- Predominantly more likely to spend $10 or less on any one occasion playing keno and to play less often than every couple of months.

TAB bettor: 18.6% of respondents

TAB bettors in the Territory are:

- Just as likely to men as women and more likely to be 25 years or over.
- Likely to have achieved a senior secondary school level of education or to have completed tertiary study.
- Likely to be employed on a full-time basis across a range of occupations.
- Likely to have a household income of $40,000 or more.
- Probably born in Australia.
- Significantly more likely to have played EGMs in a hotel or club.
- Likely to spend $10 or less on any one occasion betting at the TAB and likely to have a bet less often than a couple of months.

5.3 Surveys of charities and non-profit organisations

The impact of increased availability of gambling, especially the introduction of electronic gaming machines (EGMs), on the fundraising ability of charitable and non-profit organisations has been of concern in a number of Australian states in Australia.

In the Northern Territory the Select Committee on the effects of poker machines in community venues (Northern Territory Legislative Assembly, 1995) highlighted the potential for community gaming machines in clubs and hotels to adversely affect the fundraising capacity of charitable organisations, and at the same time for an increased demand on the services of these groups as more people experienced problems with gambling. Indeed, these concerns guided the Northern Territory Government's decision to restrict the number of gaming machines in the community, to establish a policy which favoured community clubs over hotels, and to establish a Community

Benefit Fund (CBF) from hotel gaming revenue which would assist welfare organisations and community groups.

The Northern Territory has a large number of charitable and non-profit organisations which are involved in fundraising to support the work that they carry out in the community. Therefore it was necessary for this study to consider and monitor any effects on their fundraising ability following the introduction of EGMs into hotel and licensed clubs throughout the Northern Territory. We also were interested in investigating the increased workload placed on community service agencies which might be associated with the expansion of gambling, and which types of gambling, in the Territory.

To do this, in addition to interviews with representatives of community service agencies, two mail-out surveys were administered to agencies throughout the Territory, one in 1997 and the other in 1998. It was hoped through these surveys to collect some reliable information regarding the impact on these organisations over the first two years of operation of the EGMs.

5.3.1 Methodology

- Agencies were informed of the purpose of the surveys as part of a study into gambling in the Northern Territory. This allowed them to decide whether or not they felt it was appropriate for them to fill out the questionnaire.
- The survey questionnaire was designed to collect information regarding the organisational structure of the organisations, the type of fundraising, the fundraising strategies employed by the organisation and whether these were on a national or Territory basis.
- Organisations were asked to indicate what, if any, types of gambling activities they used to raise money and overall if there had been any noticeable changes in the ability to raise funds generally, in the preceding couple of years.

- Respondents also were asked to comment on the effects that changes to the Territory's gambling industry might have had on their organisation.
- The questionnaire also included questions relating to any financial or 'in kind' donations that had been received from gambling venues, as well as information relating to submissions made to, or funds received from the Gaming Machines Community Benefit Fund. Provision was made for respondents to contribute additional comments. A full copy of the questionnaire can be found in the Appendices.
- A list of the major fundraising non-profit organisations was provided by the committee of fundraising organisations in the Northern Territory which, with the addition of other known community service organisations, provided the sample for the surveys. Survey questionnaires were mailed to a total of 30 organisations in mid March 1997 and again in late March 1998. A list of these organisations appears below (Table 5.26).
- Follow-up letters were sent to organisations which had not returned the surveys by the specified response date. In most cases those who had not replied one week after the reminder letter was sent were phoned by the researcher. This method helped to produce a successful response rate, particularly for the 1997 survey.
- In 1997, 18 of the 30 organisations returned a completed survey giving a response rate of 60 percent. The majority of those who did not complete this survey indicated that they did not have the staff time or resources to complete the survey.
- In the 1998 survey the response rate was only 40 percent with 12 of the 30 organisations returning a completed survey. Some of those who failed to respond again indicated that they were under-resourced and could not afford the time to complete the survey, while others believed that they had little to contribute.

Table 5.26: Organisations surveyed for the 1997 and 1998 Survey of Charities and Non-profit Organisations

Arthritis Foundation of the NT	HPA Inc
Asthma Foundation	Kormilda College
Australia Trust for Conservation Volunteers	Legacy Club of Darwin

Australian Kidney Foundation	MS Society
Australian Red Cross	National Heart Foundation
Camp Quality	NT Carers' Association
Cancer Council of the NT	NT Council for Volunteering
Carpentaria Disability Services	NT University Foundation
Craft Council of the NT	Nungalinga College
Diabetes Australia NT	Salvation Army
Disabled Sports Association	St Vincent de Paul Society
Down Syndrome Association	Sudden Infant Death Association NT
GROW	Top End Life Education Centre
Guide Dogs Association	Variety Club of Australia NT
Heart Kids of the NT	YWCA

5.3.2 Analysis of responses

The following sections provide a summary and comparison of the surveys of charities and non-profit organisations conducted in 1997 and 1998 as part of this study.

- The first section provides an outline of the structure and operation of the organisations that responded to the surveys.
- The second section concentrates on the findings in relation to the effect on these organisations as a result of the changes within the gambling industry in the Northern Territory over the last two years.

Structure and operation of organisations

- As mentioned above, 60 percent of organisations responded to the 1997 survey, while for the 1998 survey only 40 percent of organisations responded. Three quarters of those who responded to the 1998 survey also had responded to the 1997 survey.
- In 1997 a more varied group of organisations responded to the survey, compared to those in 1998. As shown in Table 5.27, only three types of organisations responded to the 1998 survey, two thirds of them being charities. In 1997, only 44 percent of respondents were charities, while just over one fifth were welfare or community

support organisations. Thus we cannot assume that responses in 1997 and 1998 were from the same agencies.

Table 5.27: Survey responses by type of organisation

Organisation Type	1997	1998
Charity	44%	67%
Sporting organisation	6%	0
Welfare/community support	22%	17%
Church organisation	6%	0
Community education	11%	17%
Other	11%	0

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- In 1997, almost 90 percent of survey respondents and almost 60 percent in 1998, indicated that they provided services and support for people throughout the Northern Territory, despite the fact that all of them operated from Darwin. One agency in 1997 reported that services were provided to residents of the Top End, while another indicated that its efforts were focussed on service provision in the Darwin area alone. In 1998 one third of respondents provided their service only to people in the Darwin area.
- Information was sought relating to any increased demand on the services provided by the organisations. Almost 78 percent of respondents in 1997 indicated that there had been an increase in this demand compared with previous years. In the 1998 survey, half of the respondents indicated that this was the case.
- Very few of these respondents suggested possible reasons for this increased demand other than a growing number of people needing support in terms of their health and welfare and an increased community awareness of the type of services provided. Some also suggested that there was an increased demand on the organisation to provide community education and awareness programs about gambling.

Staff and volunteers

- Respondents in both surveys employed a varying number of staff, both on a part-time or full-time basis. While approximately one quarter of respondents in both surveys employed eleven or more people, 27 percent in 1997 and 33 percent in 1998 employed only one or two staff (see Table 5.28). It is interesting to note that while 17 percent of respondents in 1997 employed no staff, every respondent in 1998 employed at least one person.

Table 5.28: Number of staff employed by responding organisations

Number of staff	1997	1998
No staff employed	17%	0
1-2 people	27%	33%
3-5 people	22%	17%
6-10 people	11%	17%
11+ people	22%	25%
Failed to respond	0	8%
Total	99%	100%

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- For many respondents in both surveys volunteers were a significant part of the organisation. However, as with the number of staff employed, the number of volunteers involved varied among respondents.

Table 5.29: Number of volunteer members involved in responding organisations

Number of volunteers	1997	1998
No volunteers	0	17%
1-10 people	22%	25%
11-20 people	22%	8%
21-30 people	11%	17%
31-40 people	11%	0
41-50 people	11%	0
51+ people	22%	8%
Failed to respond	0	25%
Total	99%	100%

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- In 1998, half of the responding organisations had up to 30 volunteer members, the number of volunteer members involved in the 1997 responding organisations was much more varied with 22 percent each reporting 1-10 volunteers and more than 50 volunteers. However the majority of respondents (55%) in 1997 indicated that they had more than 20 volunteers involved in their organisation, as shown in Table 5.29.
- It is important to note that 17 percent of respondents in 1998 reported that they had no volunteers, while a further one quarter of respondents failed to indicate how many, if any, volunteers were involved.

Financial and non-financial support

- Information was sought relating to the total revenue raised via gambling and non-gambling activities by each organisation for the preceding three years. However, in both surveys insufficient data was provided to allow reliable analysis of this information.
- In addition, respondents were asked to identify the major sources in 1996 (for 1997 survey) and 1997 (for the 1998 survey) of financial and non-financial support from a list including public donations and various levels of government. Most respondents in both surveys identified more than one area of either financial or non-financial support. The results are presented in Table 5.30 below.

Table 5.30: Major sources of financial and non-financial support

Sources of support	Financial support		Non-financial support	
	1997	1998	1997	1998
General public	72%	67%	61%	42%
Organisation's members	22%	25%	56%	50%
Private sector	50%	58%	44%	50%
Local government	0	0	6%	0
NT Government	67%	50%	28%	25%
Commonwealth Government	28%	33%	6%	8%

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- In terms of both financial and non-financial support there is little variation between responses from the 1997 and 1998 surveys, with the exception of non-financial support received from the general public. In 1998, only 42 percent of responding organisations received 'in kind' support from the public, compared to 61 percent in the 1997 survey.

- Donations from the general public were the most frequently identified major source of financial support for responding organisations in both surveys. This was followed by financial support from the Northern Territory Government, from which 67 and 50 percent of respondents in the 1997 and 1998 surveys, respectively, received a major part of their funding.

- However, in the 1998 survey the private sector was identified by larger percentage of respondents as a major source of financial support than the Northern Territory Government - that is 58 percent compared to 50 percent, as shown in Table 5. The reverse is true in the 1997 survey data.

- The Commonwealth Government was a major source of financial support for only approximately one third of respondents in both surveys. The Commonwealth was identified by less than ten percent of respondents in each survey as a major source of 'in kind' or non-financial support.

- Local government was the least identified source of support for responding organisations, with no respondents in either survey identifying local government as a major source of financial support. Only one respondent in the 1997 survey identified local government as a major source of 'in kind' support.

- The major source of non-financial support was most frequently identified by 1997 respondents (61%) as the general public, while in the 1998 survey half of the respondents identified both the private sector and the organisation's members.

- The majority of respondents in both surveys indicated that these sources of financial and 'in kind' support had not changed substantially over the preceding year.

Fundraising activities

- The majority of respondents in both surveys reported that they were affiliated with a larger national body - this represented 94 percent 1997 respondents and 75 percent of respondents in 1998.
- In terms of fundraising activities, respondents were asked to indicate whether or not they conducted their activities in conjunction with any national body or separately. The results are contained in Table 5.31 below.
- The majority of respondents in both surveys conduct separate fundraising activities, while approximately one quarter in each survey carry out both joint and separate fundraising activities.

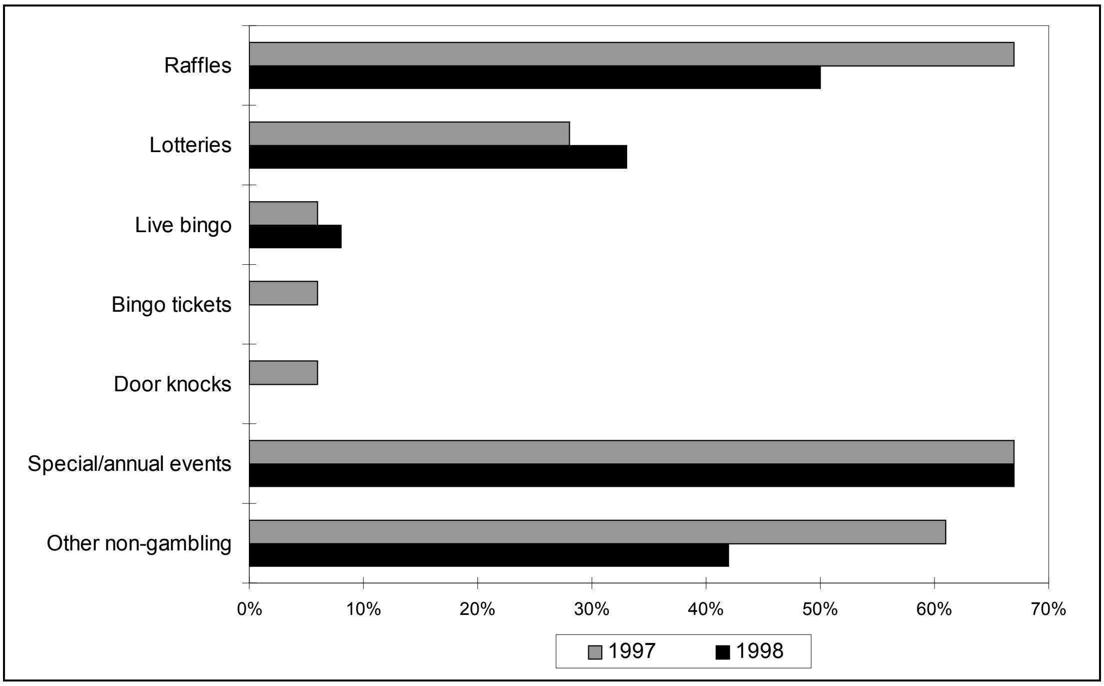
Table 5.31: Basis of fundraising activities in relation to national affiliated organisations

Basis of fundraising	1997	1998
Conducted separately	61%	50%
Conducted jointly	6%	17%
Both separately & jointly	28%	25%
Failed to respond	6%	8%
Total	101%	100%

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- From a list including gambling and non-gambling activities respondents were asked to indicate the type of fundraising activities that had been undertaken by their organisation. The results are presented in Figure 5.21 below.

Figure 5.21: Type of fundraising activities undertaken by responding organisations



Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- Seventy-two percent of respondents in 1997 and 58 percent in the 1998 survey indicated that they undertook fundraising which involved gambling activities such as raffles. This is a significant decline in such a short period. Particularly when considered in the light of other responses to this survey, this issue requires further investigation to identify the reasons and effects.

- Raffles were the most frequently identified fundraising activity for respondents in 1997 and second behind special/annual events in the 1998 survey. The only other gambling activity which was popular for fundraising among survey respondents in both years was the conducting of a lottery, with 33 percent of 1998 respondents reporting this and 28 percent in 1997. Although a relative small decline, in combination with the general decline in the gambling related fundraising, it may be significant.
- Special/annual events were reportedly used to raise funds by two thirds of responding organisations in both the 1997 and 1998 surveys. Other non-gambling activities mentioned by the respondents included the sale of new and used goods, catering, direct mail appeals, quiz nights and seeking corporate sponsorship.
- Despite their reported shift away from gambling as a source of fundraising, the majority of respondents in both surveys (78% in 1997, 67% in 1998) reported that the strategies employed to raise funds for the organisation had not changed in the preceding 12 months.

Staff and volunteers involved in fundraising

- Respondents were asked to provide the numbers of staff and volunteers in their organisation who were responsible for or involved in fundraising activities and whether or not there had been any substantial changes in theses levels over the preceding twelve months. They were asked to indicate if the ability to recruit volunteers had changed and also to provide any reasons for this change.

Table 5.32: Number of staff and volunteers involved in fundraising activities

	Full-time staff		Part-time staff		Volunteers	
	1997	1998	1997	1998	1997	1998
None	39%	33%	72%	67%	44%	33%
1-3 persons	61%	42%	28%	17%	6%	0
4-10 persons	0	8%	0	0	22%	25%
11-20 persons	0	0	0	0	11%	0
21+ persons	0	0	0	0	17%	8%
Failed to respond	0	17%	0	17%	0	34%

Total	100%	100%	100%	101%	100%	100%

Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

- Responses presented in Table 5.32 reveal that for the majority of responding organisations in both surveys larger numbers of volunteer members, compared to employees, are involved in fundraising activities. Where employees are involved there is usually less than three employed on either a part-time or full-time basis. With the exception of one respondent in 1998, no responding organisations reported that they employed more than 3 staff, either full-time or part-time to carry out fundraising.

- In comparison, 50 percent of respondents in 1997 and 33 percent of respondents in 1998 reported that there were four or more volunteer members of their organisation involved in raising funds for the organisation.

- Half of the respondents in 1997 reported that either the number of people or the number of hours spent on fundraising had changed in 1996 compared to previous years and in all cases this had meant an increase in one or both of these areas due to extra time required to raise sufficient funds.

- In the 1998 survey 41 percent of respondents reported that in 1997 there had been no change in the number of people and or the number of hours spent on fundraising, while one quarter reported that there *had* been an increase in these areas. Some respondents in this latter group reported that they had employed an additional staff member to cope with increased time that was needed to raise funds, similar to responses in the previous survey.

- In terms of recruiting volunteers, 44 percent in 1997 and half of respondents in 1998 indicated that there had been no change in the organisation's ability to recruit volunteers in the preceding 12 months, however in several cases respondents commented that it remained "just as difficult as ever".

- Another 44 percent of respondents in 1997 and one third in 1998 reported that it had become more difficult to recruit volunteers, with some respondents in both surveys suggesting that more people were taking up paid employment and the fact that organisations were requiring an increasing number of volunteers which placed extra demands on the decreasing pool of volunteers in the community.

- No respondent in either survey indicated that any increased difficulty in recruiting volunteers could be attributed to the changes in the Territory's gambling industry.

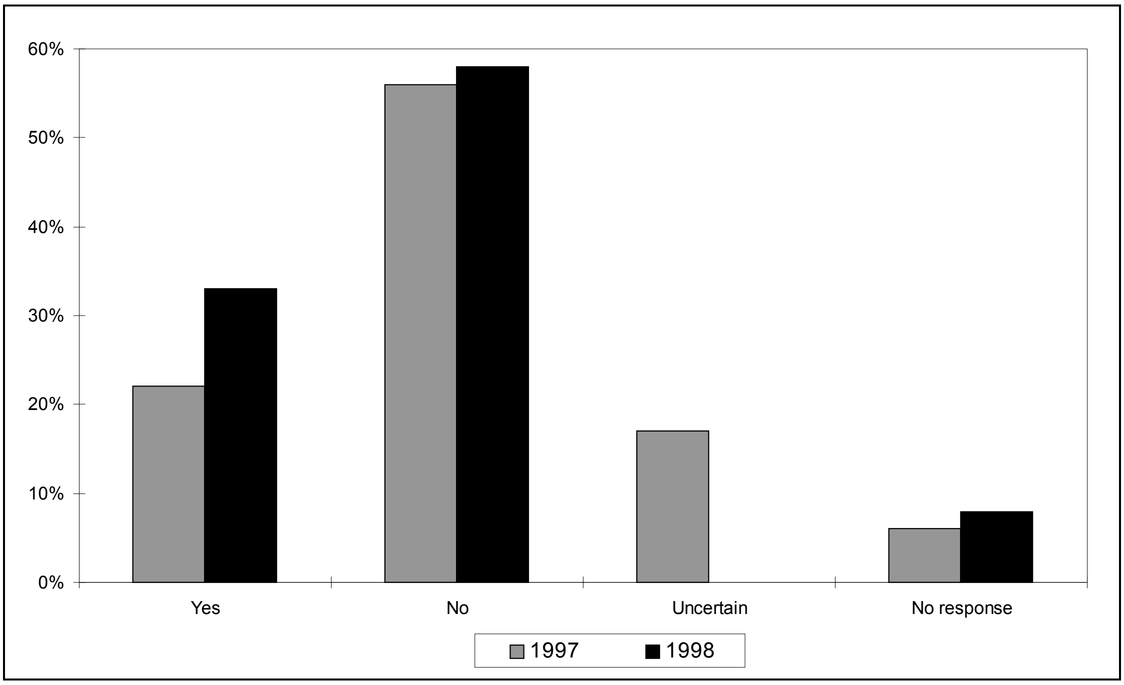
5.3.3 Charitable organisations and the expansion of gambling

Impact of gambling on fundraising

In order to gain an idea of the perceived impacts of recent changes in the Northern Territory's gambling industry, respondents were asked to indicate whether or not they believed there had been any impact on their ability to raise funds, during 1996 or 1997 compared to previous years.

- Just over one fifth of respondents (22%) in the 1997 survey compared to one third of respondents in 1998 indicated that changes in the gambling market (ie. the introduction of EGMs in community venues) *had* affected their ability to raise funds in 1996 or 1997, respectively, compared to previous years (see Figure 5.22).
- However, as shown in Figure 5.22, the majority of respondents in both surveys (56% in 1997 and 58% in 1998), believed that there had been no impact on fundraising as a result of recent changes in the gambling market. It is not surprising that 17 percent of respondents in the 1997 survey were uncertain of the impact, as the majority of EGMs in community venues had been in operation for little more than 12 months.
- Respondents in both surveys who indicated that there had been an impact believed that this impact had been *negative*. Although they could not provide evidence of the links to gambling, they believed that there was less disposable income available to contribute to charitable organisations and that the expansion of gambling increased the competitiveness of the fundraising market.
- One respondent in each survey mentioned the fact that they were no longer receiving funds which used to come from the operation of draw card machines at the local hotel. Another in the 1998 survey suggested that a possible decrease in the casino turnover may have contributed to the casino's inability to assist the organisation in 1997.

Figure 5.22: Indication of perceived impact of gambling on organisations' fundraising ability



Source: 1997 & 1998 Surveys of Charities and Non-profit Organisations

Contributions from gambling venues

- Information was requested relating to financial and in kind support received by the organisations from gambling venues, including casinos, clubs and hotels during 1995, 1996 and (for the 1998 survey) 1997. Gambling venues were a source of support for very few responding organisations in both surveys.

- Only 17 percent of respondents in 1997 and one quarter of respondents in 1998 reported that they had requested and received financial donations from a gambling venue. In the 1997 survey (which reported on donations up to the end of 1996) these organisations indicated that the amount of donations received ranged between $900 and $4,500, while the 1998 respondents reported that the amount of these total donations to the end of 1997 ranged from $520 to $6,100.
- One third of respondents in both of the surveys reported that they had requested and received 'in kind' donations from gambling venues. Such support identified in the surveys included free use of a venue's facilities, the donation of used office furniture, accommodation at the casino to be used a prize to be raffled and the provision of labour for a capital works project.

Community Benefit Fund

- Respondents were asked several questions relating to their knowledge and use of the Gaming Machine Community Benefit Fund (CBF). However it should be noted that at the time of the first survey (1996), the first official round of applications to the CBF had not been called. At the time of second survey in 1998, it had been announced that the Fund had been suspended.
- Knowledge of the Fund's existence was not extensive among respondents in either of the surveys. In the 1997 survey, only 60 percent of responding organisations reported that they were aware of the CBF. This percentage increased to only 75 percent of the respondents in the 1998 survey, with one quarter of community service agencies unaware that the Fund was available.
- Despite the fact that the first official round of applications to the CBF had yet to be called at the time of the 1997 survey, one respondent indicated that they had applied for money from this Fund.
- At the time of the second survey (1998), following two rounds of applications, 42 percent of respondents indicated that they had submitted a grant application to the

CBF. Although reflecting increased awareness of the Fund since 1996, this is still a relatively low figure.

- However, of these five respondents, only *one* reported that their organisation had received money from the Fund. This organisation was a charity which reportedly received a total of just over $3,500 for the purchase of office equipment.

Additional comments

- Half of the respondents in 1998 and just over half in 1997 contributed additional comments in the space provided at the end of the survey questionnaire. In the earlier survey most of these respondents described the difficulties facing charitable and non-profit organisations with increasing demands on their services at the same time as governments continue to withdraw funds from community support and welfare.
- While most of these respondents in 1997 acknowledged that the impact of gambling on fundraising ability could not be easily quantified, there was concern that the expansion of gambling opportunities would not help the situation and there was concern from one respondent in particular about the encouragement of the "potentially harmful activity" of gambling.
- In addition, one respondent outlined some of the other factors which had impacted upon fundraising in organisations, including Casuarina Shopping Square decision "a few years back" to ban the sale of lottery and raffle tickets within the centre.
- One respondent claimed that community organisations which were running lotteries could not compete with the eight percent commission that the Territory Lottery Company paid to businesses which sold their tickets. As a result it was claimed that many businesses were refusing to have community organisations' lottery tickets preferring instead to sell only Territory Lottery tickets.
- Other respondents indicated that they had lost funding support when hotels replaced draw card machines with EGMs.
- In the 1998 survey almost all additional comments related to Community Benefit Fund. One respondent stated plainly:

The NT Government's decision not to allocate funds from the Community Benefit Fund has angered our organisation and many others.

- Other respondents in 1998 commented that it was their understanding that it was "difficult to obtain significant funds from the Community Benefit Fund if the organisation already receives government funding" or that "no-one has received any funds from the CBF", while another said that their application to the CBF had been returned due to the suspension of the Fund.
- In 1997 one respondent also mentioned the CBF, taking issue with the policy for the distribution of monies from the Fund. This respondents claimed that the guidelines for the allocation of funds were biased towards sporting clubs and that people with disabilities were not able to take advantage of many of the benefits which may flow from gambling revenue in the licensed clubs. This respondent suggested that perhaps the CBF should give preference to charities and other community service agencies.

5.3.4 Summary

- While these two surveys of charities and non-profit organisations cannot claim to be representative of all charitable organisations in the Northern Territory, the surveys do provide an indication of the changes over time perceived and experienced by the responding organisations in relation to the expansion of gambling.
- The surveys in 1997 and 1998 have revealed that a minority of respondents perceived that changes in the Territory's gambling market, particularly the introduction of community EGMs, have had a negative affect on fundraising activities of those organisations. The proportion of those in this category is larger in the 1998 survey compared to the 1996 survey. However the small number of respondents in the 1996 and particularly the 1998 survey preclude any strong conclusions being drawn.
- While the majority of respondents in both surveys indicated that they perceived no effects, several voiced concern over the potential for negative impacts, especially

in the first survey, but commented that this would be difficult for them to document accurately.

- A considerable majority of respondents in both surveys indicated that they undertook fundraising which involved gambling activities, with the most popular being raffles and to a lesser degree lotteries. Thus a significant number of responding agencies relied upon the general public to provide a major source of income for the organisations. This may explain the concern that several respondents raised in relation to increased competitiveness in the fundraising market as a result of gambling expansion.
- The survey also revealed that very few organisations had received financial or 'in kind' support from a gaming venue.
- On the contrary, several reported loss of funding as a result of reduced opportunities to run lotteries and replacement of draw card machines by EGMs.
- It also appears that any such losses had not been compensated for through the Community Benefit Fund, with only one of the responding organisations in the 1998 survey (and none in the 1996 survey) reporting that they had received a grant from the CBF. At the time of the 1998 survey, only three quarters of the respondents indicated that they were aware of the Fund.
- It was particularly evident in the 1998 survey data that responding organisations were confused, concerned and angered by the operation, or lack of operation of the CBF.

5.4 Problem Gambling and Community Service Agencies

The Select Committee on the effects of poker machines in community venues (Northern Territory Legislative Assembly, 1995) emphasised that research in Australia and overseas had shown a strong relationship between the introduction of this form of gambling and gambling-related problems. They also noted that an increase in problem gambling could be expected to impact on community service agencies in various ways, including demand for a variety of support services such as addictions counselling, family and relationship support, emergency relief and financial counselling. A particular concern was the potential impact on low-income and disadvantaged groups.

This study sought to investigate these issues using a number of research strategies:

- consultation with key stakeholders including those on the Community Reference Group established to assist and advise the study and those in regional centres throughout the Territory
- interviews with community service providers in all the regions of the Territory. Many of these have daily contacts with people with gambling problems or with families directly affected by gambling problems;
- analysis of client data provided by agencies who offer services for problem gambling.

The findings of this research are summarised below, by Territory region.

5.4.1 Darwin Region

While the Northern Territory does not have a service agency dedicated to providing gambling intervention services, various existing agencies provide this intervention in addition to other services. In the Darwin Region, Amity Community Services has expanded its gambling intervention service over the last two and a half years and continues to be the only service in the region which actively promotes a gambling intervention service. Posters in all gambling venues throughout the Northern Territory advertise Amity's freecall telephone number.

The Financial Counselling Service at Anglicare has also been involved in providing assistance to people experiencing financial problems as a result of their gambling behaviour. Other service agencies in the Darwin area are aware of the gambling intervention services provided by both Amity and Anglicare and refer clients to these agencies if necessary.

However, other services in the Darwin area provide services to people experiencing difficulties with gambling. Several of the staff at these agencies who have been consulted in the course of this research indicated that gambling as a major ‘presenting issue’ was not that common among their clients, but rather that gambling was a ‘secondary issue’ for some clients. As such, if other issues were successfully dealt with in therapy, in many cases the problems relating to gambling behaviour tended to be reduced.

Other counsellors believed that there was a reluctance on the part of several people to acknowledge difficulties relating to gambling, for fear of the stigma associated with being labelled a ‘gambler’. This belief contributed to the concern which several counsellors expressed that there were people in the community who were experiencing difficulties with gambling but were not accessing help.

A more detailed analysis of the data and information provided by service agencies in the Darwin Region appears below. Statistical data was provided by both Amity Community Services and Anglicare Financial Counselling and interviews were conducted with professional staff in all agencies which provided the qualitative data used in this analysis.

Amity Community Services

Background and organisational basis

Amity Community Services continues to be the only agency in the Darwin Region that specifically advertises a gambling intervention service. Therefore, the researchers have maintained regular contact with staff at Amity throughout the course of this study and Amity has provided valuable statistics relating to client presentations.

At a professional level, staff involved in the provision of the gambling program at Amity have participated in national gambling conferences and in national forums such as the National Association for Gambling Studies (NAGS). This has allowed the staff to remain informed about developments at a national level within the gambling industry as well as in the area of service provision. In addition this participation has allowed the exchange of ideas and strategies employed to provide gambling intervention services and to increase community awareness of the issues.

Amity Community Services, over the last three to four years, has broadened its counselling services. Until 1993 the provision of gambling intervention services was secondary to its core focus on early intervention and counselling in the area of alcohol and other drugs. Now the service includes intervention and counselling for a range of behavioural issues such as gambling, smoking, eating disorders and lifeskills training (e.g. anger and stress management, assertiveness, relaxation) as well as the co-ordination of the Northern Territory Drink Driver Education and provision of the Drink Driver Education Program. To better reflect this broadening in service provision, in late 1996 the service's name was changed from Amity House - Community Drug and Alcohol Services, to Amity Community Services.

Amity is a community-based organisation overseen by a professional board of management. The organisation receives operational funding from the Northern Territory Government's Living With Alcohol Program, in addition to receiving smaller grants for specific projects from other Territory and Federal Government departments, including the Northern Territory Racing and Gaming Authority.

The philosophy that underlies Amity's service provision is based on harm minimisation and informed by the public health model and the social learning theory which attempts to 'normalise' behaviour and promote an understanding that individuals can control their behaviour. The approach used in relation to gambling intervention is:

> not anti-gambling or blaming of the gambling industry or the individuals who may experience problems in relation to gambling. It focuses on the interaction between the

> industry, the individual and the social/cultural setting...the aim is to reduce the harm associated with the activity of gambling not demand the disuse of the activity of the community (Amity Community Services, 1997:23).

In 1997 there were eight staff employed by the agency who each specialise in different areas and come from various backgrounds including psychiatric nursing, psychology and adult education.

Amity promotes its services via various media including television, radio and newspaper advertisements, in addition to pamphlets and posters that are distributed to other agencies and alcohol and gaming venues.

Services provided

Services provided by Amity fall into two categories: *Information, Education & Training Services* and *Assessment & Intervention Services.*

The *Information, Education & Training Services* include:

- promoting increased awareness in the community of alcohol, other drug, gambling and other behavioural issues and providing accredited and non-accredited training Territory-wide, to professionals in related areas;
- providing the accredited Drink Driver Education Program in the Darwin region as well as co-ordinating the delivery of the program by local agencies in the other Territory regional centres.

The *Assessment & Intervention Services* include:

- offering face to face counselling for people experiencing problems related to alcohol, drugs, gambling, smoking, eating or other behaviours;
- telephone counselling via a 1800 number for people outside the Darwin area;
- group sessions as required, and;

- client assessment reports for the courts.

The provision of counselling is free and confidential.

A small percentage of clients are Aboriginal people and Amity attempts to work with agencies such as multicultural resource centres and translation centres to provide information about their services to people from non-English speaking backgrounds. Pamphlets providing information on Amity's service have been translated into a number of languages including Italian, Greek, Vietnamese, Cambodian, Indonesian, Timorese, Thai, Chinese and Filipino.

A large majority of Amity clients are self-referrals; individuals initiate contact and make their own appointments.

Gambling Intervention and Community Education

In 1993 Amity was approached by management of the then Diamond Beach Casino in Darwin for resource material to provide to casino patrons who were experiencing problems with their gambling. As a result Amity applied to the Northern Territory Racing and Gaming Authority for funds to develop and produce a gambling information booklet - 'Managing your Gambling'. In July 1993 Amity received a small amount of money from the proceeds of Territory Lottery No. 20 to develop this booklet. This booklet not only contained useful tips for managing gambling behaviour but also contact details for various referral agencies throughout the Northern Territory, and was distributed to the casinos and other gambling outlets for patrons to access.

In 1996 Amity received funds via the Lotteries Fund to expand the existing gambling intervention service and the community education on gambling issues. Amity subsequently submitted a successful application to the Gaming Machines Community

Benefit Fund for additional funds for the gambling initiative over the 1997/98 financial year.

The 'Managing Your Gambling' information booklet has been revised and up-dated recently and distributed to all gambling venues throughout the Territory as well as to other community service agencies. Pamphlets providing information and contact details for gambling intervention services were distributed to all gaming venues throughout the Territory in June 1996. To encourage a collaborative approach to the initiative within regional centres such as Alice Springs and Katherine, the local alcohol intervention agency agreed to place their own contact details on the back of the pamphlets for distribution in these two towns.

With funds from the Northern Territory Government, MGM Grand Casino and Lasseter's Casino, Amity produced some new posters in 1997 to advertise their gambling services and the freecall 1800 number. These posters have been distributed to all licensed gaming venues throughout the Northern Territory in line with industry regulation which requires the display of such information by gaming operators. The new-look posters feature the slogans 'There's more than one way to back a winner' and 'Even the Odds', and carry the logos of the agencies which provided funds. The posters have been distributed to all gaming venues, including TAB agencies. To date Amity has received positive feedback from industry representatives about the posters, however further evaluation of their effectiveness as a community education strategy is required.

Another recent initiative, as part of the community education program has been the production of small cards, similar to business cards, which carry the question 'Is gambling sometimes a problem for you?' and provide the contact details for Amity. These cards were distributed in early 1997 to places where people pay household accounts such as Telstra, Northern Territory Housing Commission and the Department of Social Security. The Power and Water Authority agreed to print similar information, free of charge, on the top of routine household accounts during 1997 (Bolton & Dwyer, 1997).

Amity's communication and co-operation with industry providers has continued throughout 1997. Lasseters Hotel Casino in Alice Springs engaged Amity to provide training on gambling issues to the casino's staff in 1997 and Amity has been involved in discussions with MGM Grand Darwin, regarding issues related to responsible provision of gambling products.

In 1998 Amity has developed an innovative interactive Internet site which provides 'self help' gambling management information. This site features an interactive assessment and problem solving process and offers anonymity to the user. The site also provides information and 'links' to relevant service providers around the world. Lasseters Hotel Casino provided financial support for the development of this site, while Amity maintains control over the production and content of the site.

Training module for service providers

Funds received from the Racing and Gaming Authority in early 1996 were to devise a training module for providers of gambling intervention services. In August 1996 Amity mailed a questionnaire to relevant service providers throughout the Territory to discover the extent of gambling services that exist and to establish the training needs of professionals who were interested in providing a gambling intervention service. From these responses and through information gathered from other states, Amity have devised a training package which is comprised of six modules:

1. perspectives on gambling;
2. skills required to work with and in the community;
3. skills required to work with groups;
4. gambling interventions;

5. cultural issues and gambling (i.e. different world views, etc.); and
6. gambling and mental health issues.

This training course was available to service providers from late 1997. However, service providers have been fairly slow to access this training and there are two factors which may be impacting on this situation. The first is the suspension of the Community Benefit Fund and the second is that, as yet, no decision has been made by the Government on the policy which will guide the provision of gambling intervention services throughout the Territory. It is suggested that agencies are uncertain whether they will be able to apply for funds to provide gambling intervention services as an extension to their existing services, and until this is known are reluctant to engage training in this area for their staff.

Recent Community Awareness and Advertising Campaigns

Advertising by Amity in newspapers, on radio and television particularly, is dependent upon available funding. In 1996 Amity ran advertisements on the local commercial television station between January and June. The theme of the advertisements was ‘Getting over life’s little hurdles’. Similarly themed advertisements on two commercial radio stations were run throughout 1996 as well as advertisements in the Community Notices section of the *Northern Territory News.* This advertising has focussed on the broad range of issues covered by the services offered by Amity, including gambling.

Pamphlets and posters specifically advertising Amity’s gambling related service were distributed to gaming venues and TAB agencies throughout the Northern Territory in June (pamphlets) and December (posters) 1996 as mentioned above.

It is important to note that Amity Community Services was able to increase its advertising during 1995 above that in 1996 because more funds were available for community education during 1995.

In 1997 there were no television advertisements for Amity's service, however in the first half of 1997 Amity continued to advertise on commercial radio. Daily advertisements in the Community Notices section of the *Northern Territory News* have continued throughout 1997 and into 1998. Television advertising has resumed in early 1998 on the new commercial station in Darwin. In addition, Amity has begun advertising on local non-English speaking background community radio in 1998. Again this advertising is for the range of the services offered by Amity Community Services and includes gambling.

Overall there has been less advertising of Amity's services in 1997 compared to 1996 largely due to the absence of television advertising in 1997. However, the distribution to each new community gaming venue of Amity posters and pamphlets which relate specifically to gambling, has continued throughout 1996, 1997 and into 1998.

Profile of clients at Amity Community Services

Staff at Amity Community Services have provided the project with detailed client statistics for people presenting with problems related to gambling, for the period July 1992 to June 1998. This data allows monitoring and analysis of any increased demand on Amity's gambling services following the introduction of EGMs in community venues from January 1996. However, it is important to remember that such data does not provide a true indication of the actual number of people in the community who may be experiencing difficulties with gambling.

In addition to the detailed statistics of gambling clients, more general statistics have been collected for all clients between 1992/93 and 1997/98 to allow a comparison of patterns before and after the introduction of EGMs. Thus the research can identify the trends and the other factors which may influence client numbers, such as advertising campaigns and seasonal changes. Wherever possible information relating to these other relevant external factors has been collected.

As described above, Amity's service provision in recent years has been extended to include other behavioural issues in addition to intervention for alcohol and other drugs issues.

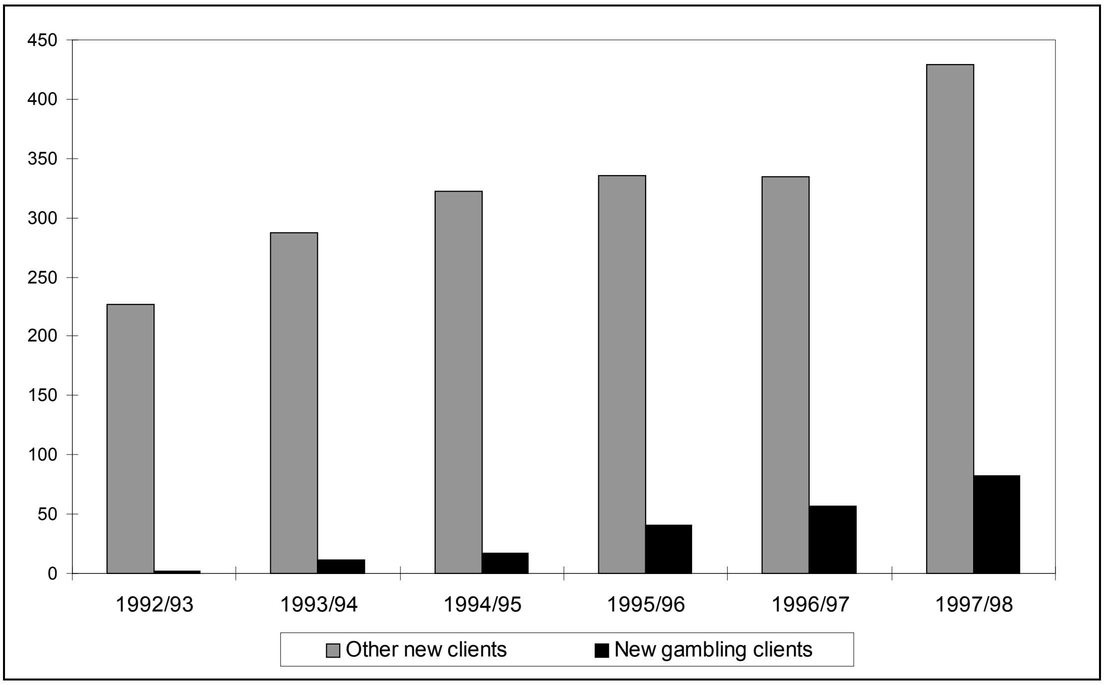
The overall number of new client presentations at Amity has increased steadily from a total of 229 in 1992/93 to 511 for 1997/98 (see Table 5.33). This has been assisted by the establishment of the telephone counselling service from April 1994 which has made Amity's service accessible to more people throughout the Territory who can utilise the freecall number.

While alcohol remains the most frequent presenting issue for clients at Amity, from 1992/93 there has been a gradual decrease in clients presenting with alcohol-related problems, which has been countered by an increase in clients seeking assistance for a range of other issues including, other drugs, lifestyle skills training and gambling, as the trend in Figure 5.23 reveals.

Over these six years also there has been a gradual increase in the number of 'significant others' seeking assistance due to the behaviour of someone close to them. Figures for 'significant other' presentations are included in the data presented below.

The figures presented below relate to new client presentations at Amity for face to face and telephone counselling.

Figure 5.23: Amity Community Services - new gambling client presentations and new client presentations for all other presenting problems 1992/93 - 1997/98



Source: Amity Community Services

Profile of gambling clients

Gambling as a presenting issue has increased from one percent of all new client presentations in 1992/93 to 16 percent of all new client presentations in 1997/98, as revealed in Table 1.1. To a certain degree this can be attributed to the broadening of

Amity's services; alcohol as a presenting issue for new clients has fallen from more than 80 percent of all new presentations in 1992/93 to around one third in 1997/98.

New client presentations for gambling related problems have risen from a total of 17 new clients in 1994/95 to 41 new clients in 1995/96; this period includes the first six months of the operation of EGMs in community venues. In 1996/97 gambling presentations increased by 39 percent to a total of 57 presentations, and in 1997/98 there was 82 new gambling client presentations, that is double the number of gambling client presentations compared to 1995/96 (see Table 5.33).

Further interventions, also shown in Table 5.33, relate to cases where a client returns for more than one counselling session and the figures here represent contacts rather than individuals. The most striking feature in this data is the significant increase in total further interventions in the 1997/98 period: a more than twofold increase on the previous year. Staff at Amity Community Services indicated that this rise is largely associated with a growth in the area of lifeskills training sessions, which by their nature usually require a client to return for a number of sessions.

As shown in Table 5.33, gambling clients also have contributed to the increase in further interventions and staff at Amity report that gambling clients are usually more likely than alcohol or other drug clients to return for a further three to four counselling sessions.

In 1995/96 gambling further interventions represented eight percent of the total further interventions, while in 1996/97 they increased from 21 to 60 contacts to represent 30 percent of total interventions. In 1997/98 gambling further interventions increase again to 72 contacts, however due to the dramatic increase in overall interventions they accounted for only 11 percent of the total further interventions in this year.

While the overall rise in new gambling clients and gambling further interventions may reflect an increase in the number of people experiencing problems associated with gambling, there are other factors which may have contributed to this trend, as identified in the 1997 Interim Report (McMillen & Togni, 1997) for this study. These factors include a greater awareness of the services offered by Amity through the presence of Amity posters and pamphlets in almost all gambling venues since the introduction of community EGMs, as well as advertising through various other forms of media.

While it is difficult to differentiate with any certainty the effects of increased community education on one hand and the increase in the availability of EGMs on the other, the continuing upward trend in gambling presentations cannot be discounted as an impact of the increased availability of gambling throughout the Territory.

When considering the monthly figures for new gambling clients at Amity there is no evidence of a recurring seasonal trend between January 1996 and June 1998. However, with small monthly figures any trends in the monthly gambling presentations are difficult to determine with any confidence.

Table 5.33: Amity Community Services - gambling as a proportion of new client presentations and further interventions 1992/93 - 1997/98

	Total new clients	New gambling clients	Gambling as a % of total new clients	Total further interventions	Gambling further interventions	Gambling as a % of total further interventions
1992/93	229	2	1%	207	na	na
1993/94	298	11	4%	229	na	na
1994/95	339	17	5%	316	11	3%
1995/96	377	41	11%	257	21	8%
1996/97	392	57	15%	198	60	30%
1997/98	511	82	16%	663	72	11%

na - not available
Source: Amity Community Services

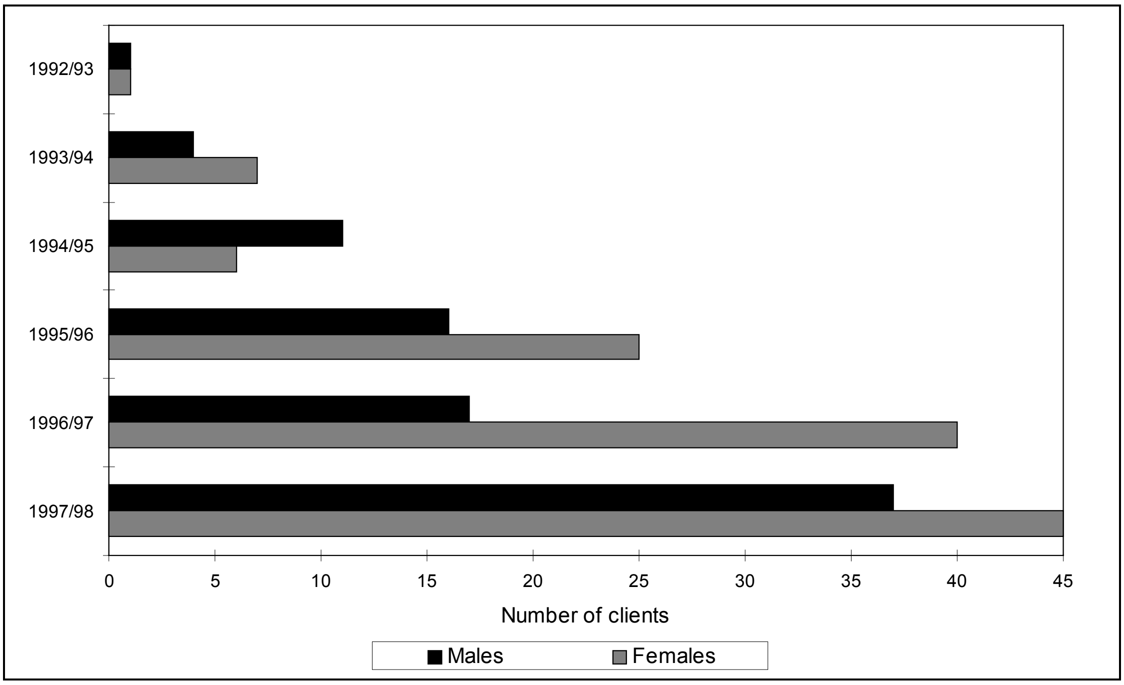
Gender of gambling clients

In 1992/93 men represented approximately three quarters of the total number of new clients presenting at Amity Community Services. However, this proportion has been falling over the last six years as a result of an increase in the number of women presenting at Amity, which may reflect the broadening of the service's focus away from a solely alcohol intervention service. In 1996/97 women represented 47 percent of the total new client presentations (Amity Community Services, 1997).

However, for clients presenting with gambling related problems, the majority over the last six years have been women, as shown graphically in Figure 5.24. With the exception of 1994/95, the number of women have represented between 50 and 70 percent of the total number of gambling client presentations, whether for issues relating to their own gambling behaviour or that of someone close to them.

The proportion of male gambling clients rose to 45 percent in the 1997/98 period which represents the largest proportion of these male clients since 1994/95 when men represented 65 percent of all gambling presentations.

Figure 5.24: Amity Community Services - new gambling clients by gender 1992/93 - 1997/98



Source: Amity Community Services

'Significant other' gambling clients

Table 5.34 presents a breakdown of the those who presented at Amity in relation to their own gambling as opposed to those who were seeking help in relation to someone else's gambling (i.e. 'significant other' clients).

To the end of 1995/96, ‘significant other’ gambling clients accounted for only a very small number of presentations compared to those who presented at Amity for reasons relating to their own gambling, as shown in Table 5.34. However, in 1996/97 ‘significant other’ gambling clients accounted for one quarter of all gambling clients and in 1997/98 this figure rose to 29 percent.

This increase is largely attributed to a significant increase in the number of women presenting as ‘significant others’ to a gambler - in 1996/97 one quarter of female gambling clients were ‘significant others’, while in 1997/98 close to half of these clients (44%) presented with issues relating to the gambling behaviour of someone close to them.

While this data suggests that men are less inclined to present at Amity as a ‘significant other’ to a gambler, this trend is true of the ‘significant other’ presentations overall. In 1996/97 of all client presentations at Amity, 22 percent were female ‘significant others’ while only seven percent were male ‘significant others’ (Amity Community Services, 1997).

The other trend which is evident when considering the breakdown of ‘significant other’ and gambling clients is that despite the fact that the overall number of women presenting with gambling issues at Amity in 1997/98 continues to exceed the number of men (as shown in Figure 5.24, above), the number of males presenting for issues relating to their own gambling behaviour is higher than the number of females in this category: that is, 33 males gambling clients in 1997/98 compared to 25 female clients. Not since 1994/95 has the number of male gambling clients been higher than females in this category (see Table 5.34).

Table 5.34: Amity Community Services - new client presentations for gambling and significant other gambling clients 1992/93 - 1997/98

	Gambling clients	Significant other gambling clients	Unknown*	Total

	Males	Females	Males	Females		
1992/93	1	1	0	0	0	2
1993/94	4	6	0	1	0	11
1994/95	11	4	0	2	0	17
1995/96	14	21	0	2	4	41
1996/97	13	30	4	10	0	57
1997/98	33	25	4	20	0	82

* For four telephone clients in 1995/96, it was not recorded whether or not they were 'significant others'.
Source: Amity Community Services

Type of gambling involved

Not surprisingly the types of gambling identified by clients presenting at Amity have become more varied, reflecting the expansion of the gambling industry in the Territory. However, the increases in gambling presentations have not been restricted only to the more recently introduced forms of gambling such as EGMs in community venues.

The data presented below on the types of gambling identified by Amity clients includes only those who have sought assistance with their own gambling behaviour and not those who have presented as 'significant others' to gamblers. This is similar to the data presented below relating to the age of clients.

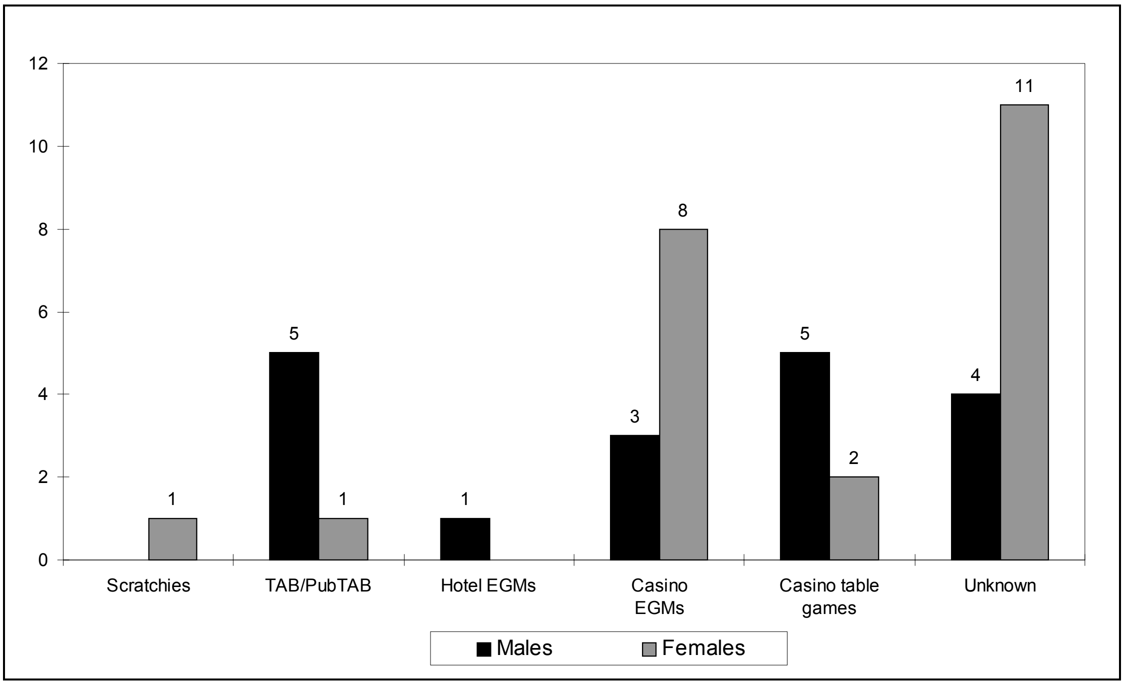
It is worth noting that for most of the 'significant other' gambling clients in the three years from 1995/96 to 1997/98, the type of gambling which was the source of concern was not recorded. However, in the cases where it was recorded, only one client in 1997/98 and none in the preceding two years identified EGMs in community venues as the type of gambling involved.

When identifying the type of gambling, a client could nominate more than one type, therefore the numbers presented in the following three graphs may total more than the actual number of gambling client contacts, excluding 'significant others', for that year.

During 1995/96, which includes only the first six months of the operation of community EGMs, only one male gambling client identified these machines in a hotel as the type of gambling in which he had engaged (see Figure 5.25).

For a considerable number of gambling clients (43%) the type of gambling was not recorded. Of those cases where this was recorded, the most prominent type was playing machines at a casino and female clients were largely represented in this type of gambling as Figure 5.25 shows. The most frequent type of gambling identified by male clients was betting at the TAB and playing table games at a casino.

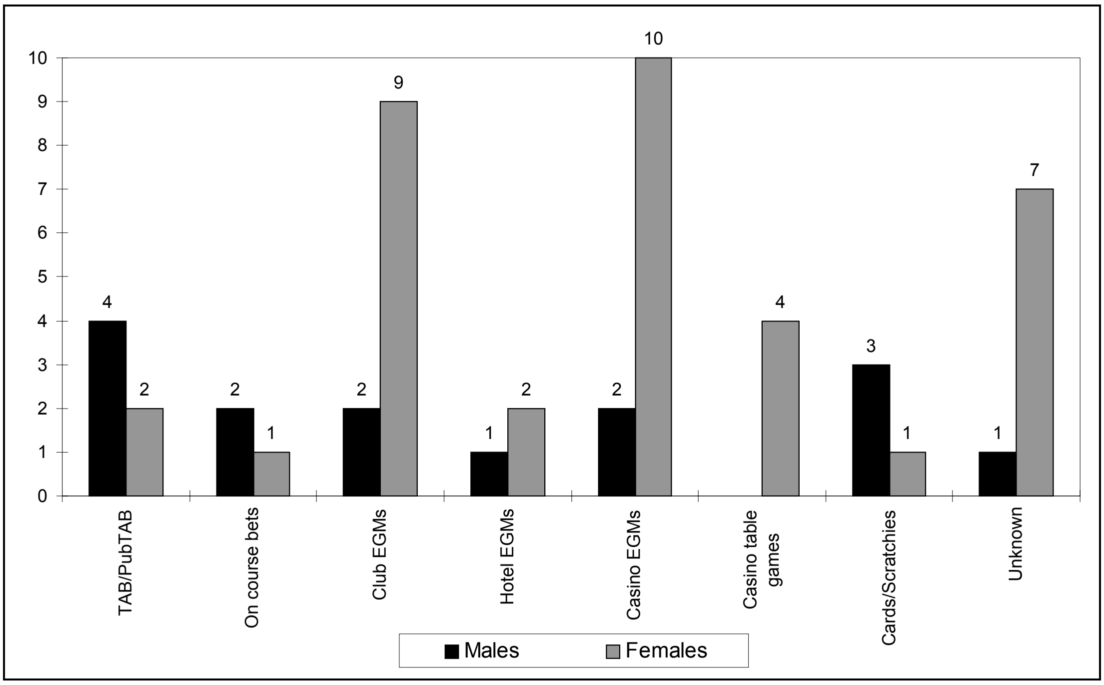
Figure 5.25: Amity Community Services - new gambling client presentations by gender and gambling type 1995/96*



* These figures <u>exclude</u> 'significant other' gambling clients. Clients may have identified more than one type of gambling, therefore the total number presented in this figure may be more than the total number of gambling clients in 1995/96.
Source: Amity Community Services

A larger variety of gambling types are identified by clients in 1996/97 (see Figure 5.26), which reflects the introduction of EGMs in community venues, but also may reflect an increased community awareness of the services offered by Amity, as mentioned above. For example it was the first time that Amity pamphlets and posters had been present in TAB agencies throughout the Territory.

Figure 5.26: Amity Community Services - new gambling client presentations by gender and gambling type 1996/97*



* These figure exclude 'significant other' gambling clients. Clients may have identified more than one type of gambling, therefore the total number presented in this figure may be more than the total number of gambling clients in 1996/97.
Source: Amity Community Services

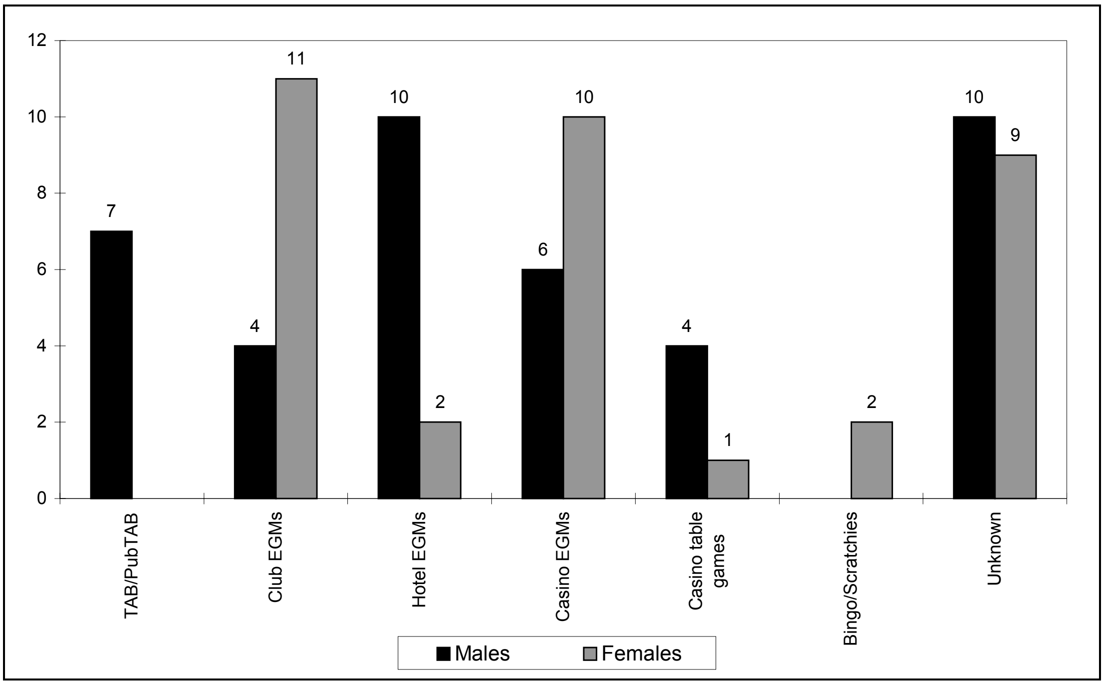
Gambling on EGMs in community venues was identified by 14 of the 43 (excluding 'significant others'), or one third of gambling clients in 1996/97. The majority of these (79%) identified machines in a licensed club as opposed to those in a hotel.

Female clients, more frequently than male clients, identified these community EGMs, particularly those in clubs as the type of gambling that was creating difficulties. For female gambling clients EGMs in licensed clubs was the second most frequently identified type of gambling, behind casino machines.

Women gambling clients in 1996/97 were also more likely to identify casino table games as the form of gambling in which they had engaged, which is contrary to the trend in 1995/96 as shown in Figure 5.25. Male clients were more likely to identify betting at the TAB, or playing cards or buying instant lottery tickets, however the small numbers involved require that any trends be treated cautiously. Very few male gambling clients in 1996/97 identified EGMs as the type of gambling in which they had engaged, whether the machines were in a casino, licensed club or hotel.

In considering these trends it must be remembered that for almost one fifth of gambling clients in 1996/97 the type of gambling involved was not recorded.

Figure 5.27: Amity Community Services - new gambling client presentations by gender and gambling type 1997/98*



* These figures exclude 'significant other' gambling clients. Clients may have identified more than one type of gambling, therefore the total number presented in this figure may be more than the total number of gambling clients in 1997/98.
Source: Amity Community Services

The trend in 1997/98, particularly for male gambling clients, is somewhat different, as shown in Figure 5.27, and it is in this data that the impact of the EGMs in community venues becomes more evident. It is important to note that the type of gambling engaged in by one third of the gambling clients at Amity in this year was not recorded.

Excluding 'significant other' gambling clients, males presenting at Amity for issues relating to their own gambling behaviour outnumber females in 1997/98, as mentioned above, and this is reflected in the data presented in Figure 5.27.

While casino machines continue to be the most frequently identified form of gambling for gambling clients presenting at Amity during 1997/98, EGMs in a community venue were identified by 47 percent of these gambling clients: this represents 42 percent of males gambling clients and 52 percent of female gambling clients in the 1997/98 period.

For male gambling clients the most frequently identified form of gambling was machines in a hotel, followed by betting at the TAB and machines in a casino. Female gambling clients in 1997/98 most frequently identified EGMs in a licensed club, followed by casino machines.

Consideration of this data which reveals the type of gambling in which gambling client had engaged over the three year period shown above, shows the emergence of community EGMs as a prominent type of gambling identified by these clients. This emergence is particularly evident in the 1997/98 data, almost two years after the initial community EGMs were introduced.

Age of gambling clients

Table 5.35 contains data over a three year period relating to the age of those people who have attended Amity Community Services for issues relating to their own gambling behaviour; that is it excludes data relating to 'significant other' gambling clients. This reveals that the majority of people who have attended for issues relating to their own gambling behaviour over the years shown, have been aged less than 50 years, and in 1997/98 more than two thirds of gambling clients in this category were aged less than 40 years.

The figures for 1997/98 reveal that almost half of both the male and female gambling clients who attended for reasons relating to their own gambling were aged between 30 and 39 years.

Table 5.35: Amity Community Services - new gambling client presentations by age and gender 1995/96 - 1997/98*

	20-29 yrs	30-39 yrs	40-49 yrs	50-59 yrs	60+ yrs	Unknown
1995/96 Total	7	10	10	2	3	7
Male	*1*	*3*	*6*	*1*	*3*	*2*
Female	*6*	*7*	*4*	*1*	*0*	*5*
1996/97 Total	11	11	12	3	1	5
Male	*2*	*2*	*5*	*1*	*0*	*3*
Female	*9*	*9*	*7*	*2*	*1*	*2*
1997/98 Total	11	27	12	4	2	2
Male	*7*	*15*	*6*	*2*	*1*	*2*
Female	*4*	*12*	*6*	*2*	*1*	*0*

* These figures exclude ‘significant other’ gambling clients.
Source: Amity Community Services

Similar trends are found in the data relating to ‘significant other’ gambling clients, with a large majority of these clients being aged less than 50 years in all of the three time periods shown above.

Telephone counselling of gambling clients

As mentioned above, Amity provide a freecall telephone counselling service for people throughout the Northern Territory. Data relating to telephone gambling clients is presented below for a three year period from 1995/96. Table 5.36 isolates these telephone gambling clients and provides a breakdown by gender and ‘significant other’ status.

All figures relating to telephone counselling from the commencement of this service in April 1994 are included in the data on client contacts presented above.

Table 5.36: Amity Community Services - new gambling client contacts for telephone counselling 1995/96 - 1997/98

	Gambling clients		Significant other gambling clients		Unknown*	Total telephone gambling clients
	Males	Females	Males	Females		
1995/96	0	5	0	2	4	11
1996/97	3	6	2	1	0	12
1997/98	8	9	2	15	0	34

* Of the four clients in 1995/96 for which it was unknown whether or not they were 'significant others', two were males and two were females.
Source: Amity Community Services

The most significant trend in the telephone gambling clients is the increase in these contacts in 1997/98. In 1995/96 and 1996/97, telephone gambling clients represented 27 percent and 21 percent of total new gambling clients at Amity Community Services, respectively. However, in 1997/98 they represented more than 41 percent of all new gambling clients. Of these 34 new telephone gambling clients in 1997/98, almost half were contacts by women presenting as a 'significant other' to a gambler.

This increase in telephone gambling clients in 1997/98 is more significant than increases in telephone counselling clients for other presenting issues for the 1997/98 period. This indicates that the increased advertising of Amity's freecall number in gambling venues throughout the Northern Territory, which occurred increasingly as the EGMs were installed in a larger range of community venues, may have been effective in raising awareness of the service. As discussed above posters and pamphlets carrying Amity's freecall number were distributed for display in all new gambling venues and the new-look posters were distributed from December 1996.

This may suggest that a greater number of people from regional areas where there are limited gambling intervention services, have been accessing Amity's gambling service. However, this can only be speculated as in a considerable number of cases the place of residence for gambling clients has not been recorded as will be discussed further below.

As with the total new gambling clients, women outnumber men in the figures for telephone gambling clients, whether they are seeking help for their own gambling behaviour and particularly when they are seeking help for the behaviour of someone close to them.

Geography of gambling clients

Due to Amity Community Services being located in Darwin, it is not surprising that a large proportion of its gambling clients reside in the Darwin Region. In 1995/96, 76 percent of the total new gambling clients resided in the Darwin area and five percent in the Katherine Region, while for the remaining 19 percent the area where the client resided was not recorded. If the telephone gambling clients are considered in isolation, the majority were from the Darwin area as well.

In 1996/97 and 1997/98 the number of cases where the place of residence for each gambling client was not recorded was much larger than in 1995/96, accounting for 40 and 59 percent of all gambling clients, respectively. A place of residence was less likely to be recorded for telephone clients in both of these periods. For this reason it is difficult to determine to what extent regional clients have contributed to the increase in gambling clients, particularly telephone clients, in these two periods.

However in both 1996/97 and 1997/98 the large majority of those clients, for which a place of residence was recorded, lived in the Darwin Region.

Overview

- Since 1992/93 the overall number of clients attending Amity Community Services has been increasing steadily; over the six year period from 1992/93 to 1997/98 the total number of new client presentations has more than doubled - from 229 to 511 clients, respectively. This reveals the growth of Amity as a service provider and reflects the broadening of the service provision.

- Overall more men than women present as clients at Amity, however in more recent years the proportion of female clients has increased and in 1996/97 women represented 47 percent of the total new client presentations.
- Amity continues to be the only agency in the Darwin region which specifically advertisers a gambling intervention service and throughout 1996, 1997 and into 1998 has remained active in promoting its services and in developing a training module for professionals interested in providing a gambling intervention service. Most recently Amity have been innovative in developing a 'self help' interactive Internet site for gambling management.
- The data relating to gambling client presentations at Amity Community Services does not necessarily reveal the actual number of people experiencing difficulties with their gambling in the population of the Northern Territory, or even in Darwin. However, it does provide an indication of the level of demand from gamblers and/or their family/friends on services like Amity over the past few years.
- New clients presenting at Amity for issues related to gambling have increased from five percent of the total new clients in 1994/95, prior to the introduction of EGMs in community venues, to 11 percent in 1995/96 (which includes the first six months of EGM operation) and in 1997/98 gambling clients represented 16 percent of all new client presentations.
- This increase in gambling client presentations may suggest that there has been an increase in the number of people experiencing difficulties with gambling. Over this period there has been an increased advertising of the service provided by Amity via the distribution of their pamphlets and posters to all gaming venues. Therefore, it is difficult to differentiate the effects of community education and the increase of EGMs with any certainty, however the continuing upward trend cannot be discounted as an impact of increased gambling options throughout the Territory.
- While casino machines remains a frequently identified type of gambling in which many gambling clients, particularly women have engaged, EGMs in community venues has emerged as a prominent type of gambling identified by gambling

clients. This is particularly true of clients in 1997/98 where 47 percent of gambling clients (excluding 'significant others') identified EGMs in either a hotel or a licensed club.

- With the exception of 1994/95, more women than men have presented at Amity with issues relating to either their own gambling behaviour or that of someone close to them. However, in 1997/98 the number of men presenting for issues relating to their own gambling behaviour was more than the number of women presenting for this reason; women were much more likely to present as a 'significant other' to a gambler.

- To the end of 1995/96 'significant other' gambling clients represented only a small number of the overall gambling clients, however in 1997/98 they represented almost 30 percent of all new gambling clients. Females clients are much more likely than male clients to present as 'significant others' to gamblers, however this trend is not unique to gambling presentations, but is true of all 'significant other' presentations.

- The majority of clients who have attended Amity between 1995/96 and 1997/98 for issues relating to their own gambling have been aged less than 50 years, with two thirds of these clients in 1997/98 being aged less than 40 years.

- In 1995/96 and 1996/97, telephone gambling clients represented 27 percent and 21 percent of total new gambling clients at Amity Community Services, respectively. However, in 1997/98 they represented more than 41 percent of all new gambling clients and of these almost half were contacts by women presenting as a 'significant other' to a gambler.

- The increase in telephone gambling clients in 1997/98 is greater than the increase in telephone clients presenting for other issues which suggests that the advertising of Amity's freecall number in all gambling venues throughout the Territory may have been successful in raising awareness of the service provided. Insufficient data relating the place of residence of telephone gambling clients prevents identification of any regional trends.

- In 1995/96, 76 percent of new gambling clients at Amity lived in the Darwin Region. There is insufficient data on the place of residence for these clients in 1996/97 and 1997/98 to determine any trends.

Anglicare Financial Counselling

Background and services provided

Anglicare, Anglican Community Services is a well established organisation in the Northern Territory that provides a number of services to the community including financial counselling. The services provided are non-religious in focus. There is one financial counsellor based in Darwin who is funded by the Commonwealth to provide financial counselling 30 hours per week.

This counsellor has participated in a number of national gambling conferences and forums throughout 1996 and 1997 and is involved in the National Association for Gambling Studies. This participation has allowed the exchange of ideas and strategies for the provision of services to those people who experience difficulties with gambling.

The financial counselling service offered in Darwin is free and confidential and provides assistance with debt problems, money worries, budgeting, saving, credit options as well as providing information on the type of government assistance that may be available.

In 1997 Anglicare submitted an application to the Gaming Machine Community Benefit Fund Committee for additional funds to increase the financial counselling service offered. However, due to the suspension of this Fund in early 1998 no funding has been received by Anglicare.

Client presentations

Data provided by the financial counsellor at Anglicare is for the period from December 1995 to March 1998. Due to the time consuming nature of collating the figures, no significant data for 1995 has been obtained. The data relates to new client presentations at the financial counselling service.

Due to the fact that their is only one counsellor to provide the service, the number of clients seen is dependent upon the number of working days for this person. Discussions with the counsellor revealed that there were less working days available to see clients in 1997 compared to 1996 due to other work commitments.

This may explain the decrease in the overall number of clients presenting at the service in 1997 as is shown in Table 5.37 below. Due to the way the data was collated, December 1995 has not been separated from the data provided for 1996. Therefore, data presented in Table 5.37 does not compare like periods.

For the 13 month period between December 1995 and December 1996, a total of 259 new clients attended Anglicare's Financial Counselling Service. In the 1997 twelve month period the number of overall clients decreased by one third to a total of 174 new clients as shown in Table 5.37. If the average monthly number of new clients is calculated for these two periods it is revealed that there was an average of 19.9 clients per month for the 13 month period between December 1995 and December 1996 and only 14.5 clients per month for the 1997 period.

Table 5.37: Anglicare Financial Counselling - new client presentations and presentations for gambling December 1995 - March 1998

	New Clients	Gambling presentations	Gambling identified*	Spouse identified with gambling
Dec 95 - Dec 96	259	8	22	3
Jan - Dec 97	174	11	1	3
Jan - Mar 98	26	1	0	0

* This refers to clients who do not initially present with gambling, but who identify gambling as an issue in the course of their therapy.
Source: Anglicare Financial Counselling

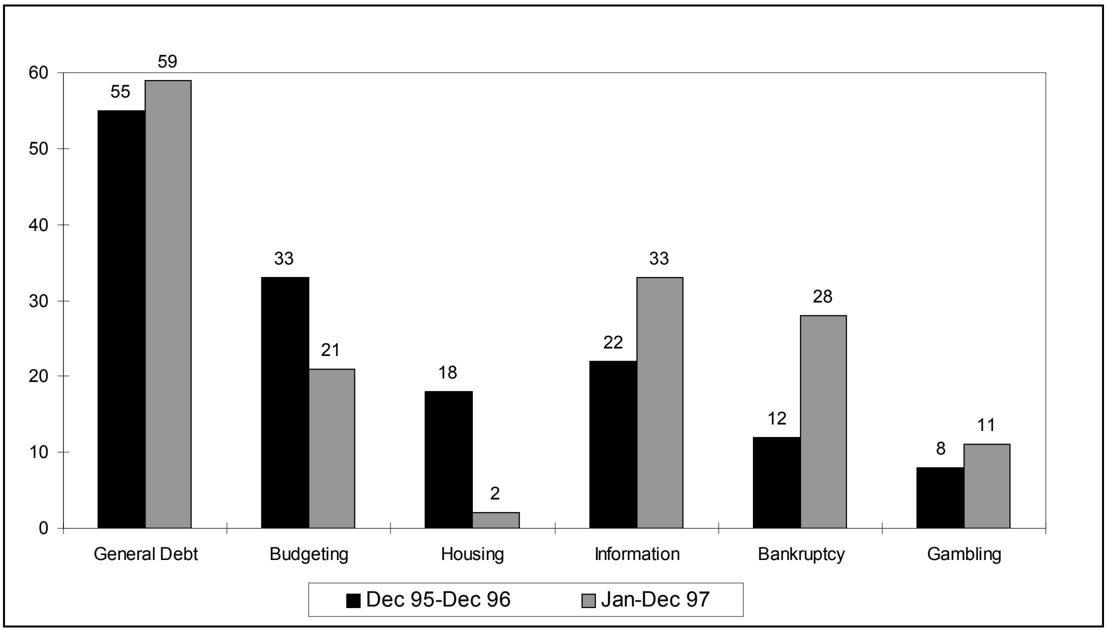
Of the 259 new clients in 1996 (including December 1995) eight, or three percent of them, initially presented with problems relating to gambling. In 1997 the number of new client presenting with gambling related problems rose slightly to eleven clients, representing six percent of all new clients in 1997. This trend is shown graphically in Figure 5.28 below.

As revealed in Table 5.37, a further 22 new clients in the 1996 period identified gambling as an issue throughout the counselling sessions and three clients identified gambling as a problem for a spouse or other person close to them. However, despite an increase in the number of clients initially presenting with a gambling issue in 1997, only one additional client identified gambling throughout the course of their counselling sessions and three identified gambling as a problem for their spouse.

The presenting issue, as identified by the clients, is recorded in Anglicare's data for all new clients. Figure 5.28 presents the most frequent presenting issues for new clients between December 1995 and December 1997. Gambling is included as one of these presenting issues.

General debt was the most significant presenting issue for new clients in both of the periods shown in Figure 5.28, accounting for approximately one fifth of the clients in the 1996 period and one third of clients in 1997. Other frequent presenting issues include budgeting problems, seeking financial information, housing issues, bankruptcy and gambling. In addition to an increase in the number of presentations for general debt, more clients in 1997 presented with issues relating to bankruptcy, inquiries about financial information and gambling, as revealed in Figure 5.28.

Figure 5.28: Anglicare Financial Counselling - new client presentations by most frequent presenting issue and gambling December 1995 - December 1996 and January - December 1997



Source: Anglicare Financial Counselling

For the first quarter of 1998 there have been 26 new client presentations at Anglicare Financial Counselling. Only one of the new clients presented with issues related to gambling and none has subsequently identified gambling as an issue for themselves or someone close to them.

Due to the absence of data for most of 1995, it is difficult to monitor any impact on client presentations at Anglicare's Financial Counselling Services following the introduction of EGMs into community venues. In addition, the type of gambling involved is not recorded in the data so it is not possible to isolate the number of people experiencing difficulties because of EGMs in community venues. However, the small number of gambling presentations overall suggests that there has not been a dramatic increase in people seeking financial counselling as a result of gambling behaviour.

In 1996 the counsellor reported that the service was receiving an increased number of calls in relation to gambling related problems and that several people were seeking a Gamblers' Anonymous group in Darwin. However, these calls appear to have become less frequent in 1997.

Summary

Difficulties experienced with gambling account for a very small percentage of new client presentations at Anglicare Financial Counselling. In the 13 month period from December 1995 to December 1996 three percent of new clients presented with gambling related problems, while in 1997 this percentage rose slightly to six percent, and this was despite an overall decrease in the number of client presentations.

However, despite a slight increase in the number of clients who presented with gambling as a problem, the number of clients who identified gambling as an issue throughout the course of their counselling fell from 22 in the 1996 period, to just one in 1997.

It is not possible to analyse how the introduction of EGMs in community venues may have affected these presentations, as data relating to clients presentations during 1995 is unavailable.

Relationships Australia NT

Background and services provided

Relationships Australia Northern Territory (RANT) is a community-based organisation managed by a professional board of local members. Formally known as Marriage Guidance Council, the agency is part of a nation-wide organisation - Relationships Australia - and has been operating in Darwin since the early 1970s.

The agency is partially funded by the Federal Attorney General's Department and charges a fee for service, based on a sliding scale relevant to income, to provide funds for the additional operational costs. RANT also receives a small amount of funding from the Northern Territory Government to assist with the operation of the Alice Springs office.

In other states such as Queensland and Victoria, Relationships Australia agencies have been involved in providing specific services for people experiencing problems with gambling via the Breakeven service which has been established in those states. RANT has not targeted gambling clients in such a direct way, but offers counselling to those who are experiencing problems in their relationships. Problems experienced may relate to gambling behaviour, and gambling is listed in RANT's pamphlets as one of the issues covered in counselling sessions.

During 1997 there were two full-time counsellors, one part-time and one sessional counsellor employed by the agency in Darwin and another full-time counsellor employed in Alice Springs, as discussed below. All counsellors are either qualified psychologists or social workers who specialise in relationship counselling.

The services include face to face counselling sessions for couples, individuals or families as well as a freecall telephone counselling service for those clients outside the Darwin or Alice Springs areas. A range of issues that impact on all types of human relationships are covered in the counselling sessions.

Another aspect of the services provided by RANT is community education and awareness and a number of short courses are offered regularly, including a 'Starting Again Group' which is focussed at people who are looking to start a new relationship; 'Fathers After Separation' which looks at issues for fathers who do not live with their children; 'Women in Relationships' and 'Hot Tips for Singles'.

Client presentations

No statistical data has been collected from RANT for this report. There are two reasons for this, the first is that there has been a minimal number of RANT clients identifying gambling as a problem. The second is that the data collection carried out by RANT does not include gambling as a separate presenting issue.

Consultation with the counsellors at RANT revealed that there had been no evident increase in the number of people presenting with gambling related problems in 1996 and 1997 and that gambling was rarely a significant issue for many of their clients.

Somerville Community Services

Background and services provided

Somerville Community Services began in the Northern Territory more than 30 years ago with the establishment of homes by the Uniting Church to care for Aboriginal children. Over the years Somerville has expanded to become a large child and family service agency.

The agency maintains constitutional links with the Uniting Church but is run by an independent and professional board of management. The services provided are not religion-based but guided by Christian beliefs of supporting and helping disadvantaged people.

Somerville receives operational funding from Territory Health Services and some smaller Commonwealth grants for certain projects.

Somerville employs approximately 150 people and the agency has a number of divisions including administration, maintenance, family services, disability services and childcare. However, in 1998 Somerville withdrew from providing childcare services due to cuts in funding from the Federal Government.

Within the family services division there are three family workers based in Darwin and two based in Palmerston. These workers are either qualified psychologists or social workers. In addition there is a financial counsellor who is based in Darwin but also offers services in the Palmerston area.

The family workers offer a free counselling service in Darwin and Palmerston covering issues relating to general family support, grief and loss, family violence and parenting. They also offer group training in assertiveness and communication skills and therapeutic groups for men, women and families.

There is a Somerville office in Katherine which operates a crisis accommodation facility for youth aged between 12 and 24 years as well as providing support, advocacy and referrals to other appropriate agencies.

Client presentations

According to Somerville staff, gambling is not readily identified as a problem by many of their clients and therefore no statistical data has been included in this report. In Somerville's data collection only the primary presenting problem is recorded and this has to be identified by the client.

In 1995, of approximately 6,000 client presentations for general counselling, there were only seven contacts identified as gambling related. This trend has continued throughout 1996 and 1997, with very few clients identifying gambling as a problem.

However, the senior counsellor indicated that there appeared to have been an increase in the number of clients who *were not presenting with gambling as a problem* but who were engaging in gambling behaviour as a means to cope with other difficulties facing them. Therefore these clients are not recorded in the agency's statistics as gambling contacts. However, the counsellor indicated that in many of these cases once other issues are resolved the problem with gambling also disappears.

There has been very few gambling client presentations at Somerville's financial counselling service, however the counsellor suspected that some of his clients do have gambling related problems which they are unwilling to acknowledge for various reasons.

In relation to bankruptcy this counsellor mentioned that under the Bankruptcy Act there are provisions which allow people experiencing problems with gambling who are proceeding through bankruptcy to be charged with an offence because of their gambling. He was not sure of the status of this offence but suggested that this may contribute to some people not disclosing any gambling behaviour.

Centacare

Background and services provided

Centacare Northern Territory is auspiced by the Catholic Diocese of Darwin and is part of Centacare Australia Ltd., a national company with 27 member agencies Australia wide. Centacare was established in Darwin around five years ago.

Centacare is a non-government organisation and although the Bishop is officially the head of the organisation, the running of the organisation is the responsibility of the Director, the Chief Executive Officer and a professional board of management.

Centacare does not receive ongoing operational government funding, but operates most of its services, including general counselling on a user pays basis. However, some of the programs are funded by the Commonwealth and Territory Governments.

Centacare operates a Territory-wide service with three counsellors in Darwin, one in Alice Springs and three in Katherine. Staff in the regional areas also visit more remote Aboriginal communities to provide training workshops and other services.

There are a diverse range of services offered by Centacare in addition to counselling. However, the three main counselling services are:

1. General Counselling: offered to individuals and families on a user pays basis, with a set fee. Counselling is offered Territory-wide and for those outside a regional centre a 1800 freecall number for telephone counselling is provided;
2. Schools Program: school-based counselling for students, their families and teachers dealing with issues of behavioural management. This is requested and funded by the individual school;
3. ACCESS Program: a national employee assistance counselling program funded by employers and free to employees of Catholic agencies;

Centacare does not undertake any advertising for its general counselling program other than the distribution of pamphlets and receives most of its clients via word of mouth and via the ‘Catholic network’.

Client presentations

Data relating to gambling client presentations were provided by Centacare for 1996, 1997 and the first quarter of 1998. These figures revealed very few clients who had identified gambling as an issue.

In 1996 for the three programs listed above, there were no gambling contacts. In 1997 three clients were identified in the ACCESS Program as presenting with either gambling or substance abuse problems. In the data collection for this program, gambling and substance abuse are included in the same category, so it is uncertain if any of these three actually presented with gambling related problems. However, also in 1997 the general counselling service in Katherine identified one client presenting with gambling related problems.

In 1998 to date, there have been no clients who have presented at any of the three services with gambling related issues.

Crisis Line

Background and services provided

Crisis Line has been operating in the Northern Territory for many years. It receives operational funding from Territory Health Services and employs two psychologists in Darwin. To operate its 24 hour freecall telephone counselling service there is a group of between 60-70 volunteer counsellors. This group of people is not necessarily qualified counsellors but complete a ten week (approximately 50 hours) training course provided by Crisis Line in crisis telephone counselling techniques before working at the service.

The service maintains a comprehensive database of services and other agencies in the Northern Territory so that telephone clients can be referred to appropriate services and receive accurate information depending on their needs.

While the telephone counselling is the major part of the service provision, Crisis Line also operates a small face to face counselling service which is free and confidential and provided by the two psychologists.

Client presentations

In its database Crisis Line does not identify gambling as a separate category, but instead includes it in a category called 'addictive behaviours' which includes substance use issues. Therefore no statistical data has been collected from Crisis Line for this report.

However the manager of the service did not believe that there had been a noticeable increase in the number of telephone contacts for the 'addictive behaviours' category. In the 1996/97 financial year of the approximately 1000 telephone contacts, 180 of these were for 'addictive behaviours'. Only a very small number of these 180 clients were believed to have had problems relating to gambling.

Face to face counselling, similarly revealed very few clients presenting with gambling issues and certainly none in 1997.

Employee Assistance Service

Background and services provided

The Employee Assistance Service (EAS) is a community-based organisation which provides Territory-wide counselling and human resource consulting to employees and employers. EAS is managed by a professional board and structurally the service has been through a number of changes over the last 18 months. EAS now employs, in addition to a general manager, managers for its counselling services and consultancy services as well as a critical incident co-ordinator.

EAS receives core funding from the Northern Territory Government, in addition it generates its own income derived from fees for the provision of the human resource consultancy services. In the 1996/97 financial year government funding accounted for just over 40 percent of the service's turnover, compared to more than 90 percent in the 1992/93 financial year (Employee Assistance Service, 1997). This highlights the growth in income from the consultancy services.

In Darwin there are four psychologists and there is one psychologist employed in Alice Springs to provide counselling services. These people also provide services on a regular basis to other regional centres including Katherine, Groote Eylandt, Jabiru and Tennant Creek.

Counselling is free and confidential and available to people who are employed.

The human resource consultancy service operates on a fee for service basis, as mentioned above. There are three consultants in addition to the manager of this service. Employee Assistance Programs are offered to employers as well as human resource management training and organisational development and Alternative Dispute Resolution services.

Client presentations

Gambling is not specifically identified as a presenting problem in the EAS database and therefore no statistical data has been presented in this report. However discussions with the manager of counselling services revealed that gambling was not a significant issue for most clients presenting at EAS and there has been no noticeable increases in this area.

There are a small number of gambling clients which access EAS on Groote Eylandt and these will be discussed in the section relating to the East Arnhem Region.

Salvation Army

The Salvation Army in Darwin provides various support services to people in need, including a counselling service. Consultation with the person who provides the counselling service in Darwin revealed that in 1996/97 there were 24 women who contacted the service in relation to gambling related problems. Towards the end of 1997 there were eight women still attending for counselling in relation to their gambling behaviour.

Despite the Salvation Army's philosophical opposition to gambling the person working with these women took a practical approach to helping the women to control their gambling behaviour rather than abstaining from it. All of the clients were aged more than 40 years, one third of them were from defence force families and none was born in the Northern Territory. For almost all of these clients playing EGMs either at the casino or a licensed club was the type gambling in which they had engaged.

The counsellor has been focussing on other issues in these women's lives which may be contributing to their gambling behaviour. The other factors which have been identified include isolation from a family/support network, loneliness and lack of opportunity to engage in social activities other than gambling.

5.4.2 East Arnhem Region

The East Arnhem Region, which takes in Nhulunbuy and Groote Eylandt, has a limited number of service agencies and none which advertise a gambling intervention service. Very little data was available from agencies which do deliver a service in this region.

Employee Assistance Service

Client presentations

As mentioned previously in this report, the Employee Assistance Service (EAS) which is based in Darwin has psychologists who regularly visit other regional centres including the East Arnhem Region. A psychologist from EAS visits Alyangula fortnightly to provide general counselling to employees of the Groote Eylandt Mining Company (GEMCO).

Although this counsellor believes that there are people on Groote Eylandt who are experiencing difficulties with gambling, these people reluctant to seek professional help. Over the last two years there has been only a couple of people who have presented with gambling related problems.

EAS also provides a service to residents of Nhulunbuy, however this is on a needs basis rather than a regularly scheduled visit. There is no indication that the number of people presenting with gambling related issues has increased.

Living with Alcohol Program

In terms of the services provided by Territory Health Services through the Living With Alcohol Program to the communities of Nhulunbuy and Yirrkala, there has been no evidence of an increase in problems relating to gambling since the introduction of EGMs into the local club.

5.4.3 Katherine Region

There are few counselling services in Katherine and no service agency that specifically deals with gambling related counselling, however the Katherine Alcohol and Drug Association (KADA) has been co-operating with Amity Community Services in relation to the distribution of pamphlets to gambling venues in Katherine and KADA will see people with gambling related issues.

Katherine Alcohol and Drug Association (KADA)

KADA is a community-based organisation, managed by a local committee. The organisation provides counselling and education services to people experiencing alcohol-related problems in Katherine as well as providing outreach services to many surrounding Aboriginal communities.

KADA receives funding from the Living With Alcohol Program and the Alcohol and Other Drugs section of Territory Health Services. The organisation provides counselling and alcohol awareness education programs as well as conducting the Drink Driving Education Program. Other services provided by KADA include anger management, grief management and budgeting skills. Counselling is free and confidential.

KADA's clients are mainly Aboriginal people from Katherine. The outreach worker who makes regular trips to outlying Aboriginal communities as far away as Lajamanu.

Client presentations

There have been very few presentations at KADA by people experiencing difficulties with their gambling over the last two years and there is no indication of an increase in this area. Over a seven month period - December 1997 to June 1998 - there has been one gambling client presentation.

Staff at KADA suggested that people experiencing difficulties in relation to gambling on EGMs may contact Amity Community Services direct as the 1800 number is readily displayed in local gambling venues. It was suggested that for some local people this service may be preferable due to the anonymity it offers.

Katherine Family Link (Centacare)

Katherine Family Link is the Centacare agency in Katherine which employs three counsellors: a general family counsellor, a sexual assault counsellor and a domestic violence counsellor. All three positions are funded by Territory Health Services and the service is free and confidential.

Client presentations

Gambling is almost never an issue identified by clients presenting at Katherine Family Link and there has been no evidence that this trend is changing as a result of the introduction of EGMs in community venues. However, counsellors at the service suggested that due to the advertised expertise of each counsellor people may be reluctant to present at Family Link with gambling issues as they would not think it was able to assist them.

Salvation Army

The Salvation Army in Katherine provides emergency short-term accommodation under the federally funded Supported Accommodation Assistance Program. In addition they are one of two agencies in Katherine which administer Emergency Relief (ER) funds. The other agency is Kalano Aboriginal Corporation.

In relation to gambling the manager of the Salvation Army in Katherine does not take a strong anti-gambling approach to his work because he acknowledges that gambling is a part of many people's lifestyles.

Client presentations

While Kalano provides ER funds mostly to the Aboriginal residents of Katherine, up to 60 percent of the Salvation Army's ER clients are also Aboriginal people.

On average there are 15-20 clients presenting for ER assistance each week and it is rare for any clients to acknowledge that they need assistance because of problems with gambling. This pattern has not changed since the introduction of EGMs in community venues.

5.4.4 Tennant Creek Region

Tennant Creek has a lack of trained professionals who offer counselling and support services. There are a limited number of service agencies and no agency that specifically provides counselling for people experiencing gambling related problems, or which provides gambling intervention in addition to other services.

The agencies which were contacted by researchers for this study all indicated that their service was under-resourced and “stretched to the limit” and two stated that they would not be prepared to add gambling intervention to their current service provision. It appears that other agencies consulted also would be reluctant to take on the provision of a gambling intervention service.

At present all gambling venues have the Amity Community Services freecall 1800 number displayed on posters and information provided by Amity’s staff suggests that Tennant Creek residents are utilising this service, however as revealed elsewhere in this report, statistical information relating to the place of residence of Amity telephone clients is insufficient to allow a reliable indication of the actual numbers of callers from specific regions.

The Employee Assistance Service (EAS) does provide a limited service to Tennant Creek residents via a visiting psychologist from Alice Springs, as mentioned above. Visits are irregular and occur on a needs basis, while some telephone counselling of Tennant Creek clients is undertaken. Awareness of this service is largely through EAS’s Employee Assistance Program which has contracts with various companies in the town. While this service offers general counselling, it is available only to employed people.

The lack of resources available in Tennant Creek for the provision of a gambling intervention service should be given careful consideration in the event of establishing of a network of rehabilitative services for people experiencing difficulties with gambling. Consultation with the current local service providers may be useful in providing a suitable response to the situation and ensuring that local residents have adequate access to an appropriate intervention service.

Barkly Region Alcohol and Drug Abuse Advisory Group (BRADAAG)

BRADAAG is a community-based organisation that provides various services to people experiencing alcohol and/or drug related problems. The organisation is funded largely through the Living With Alcohol Program and employs a small number of staff.

BRADAAG manages a 15-bed sobering-up shelter that commenced operation in 1984. In more recent years the organisation has extended the services offered, to include a 14-bed residential alcohol treatment facility, non-residential alcohol and drug counselling and other educational/awareness intervention programs. Clients in the residential treatment program pay a weekly fee which covers the cost of the program and board. BRADAAG also runs the Drink Driver Education Program in Tennant Creek.

A significant number of BRADAAG clients are Aboriginal people. Many clients in the treatment program are referred by the courts and people must complete the program as part of their sentence.

BRADAAG has indicated that due to a lack of resources, they do not wish to offer an additional advertised service for people experiencing problems with gambling.

Client presentations

Over the last two years there have been no clients who have presented at BRADAAG with issues relating to gambling and staff indicated that gambling rarely comes up during counselling sessions with clients who are experiencing alcohol-related problems.

Anyinginyi Congress Alcohol Aftercare

Anyinginyi Congress is an Aboriginal community-based organisation which operates a large number of services, the most substantial of which is a large health clinic. Anyinginyi Congress receives funding from ATSIC and the Commonwealth Department of Health and Family Services and is managed by a board of local Aboriginal people.

One program offered by the organisation is Alcohol Aftercare which essentially provides follow-up support for local people who have been through an alcohol treatment program. The majority of clients are Aboriginal people. This service employs several local Aboriginal people as alcohol counsellors and operates a drop-in centre for clients.

The Alcohol Aftercare staff report very few occasions when gambling is raised as a issue during counselling sessions with clients. This has not changed since the introduction of EGMs in Tennant Creek.

Uniting Church Frontier Services - Tennant/Barkly Community Support Service

The Tennant/Barkly Community Support Service which is operated by the Uniting Church Frontier Services is one of the agencies in Tennant Creek which receives Commonwealth funds to administer as Emergency Relief funds. Anyinginyi Congress operate the other Emergency Relief agency in Tennant Creek.

In addition the service offers emergency accommodation under the Supported Accommodation Assistance Program (SAAP) and employs one worker. The agency's clientele are both Aboriginal and non-Aboriginal.

The service manager indicated that no clients have presented at the agency stating that they are experiencing difficulties with gambling. However the manager believes that in some cases this may be the reality, but clients are reluctant to admit this because they are probably aware that they would not receive assistance.

The current policy at the agency would be to refuse assistance to anyone who reported that they needed food vouchers, etc. because they had lost their money through gambling. Any person presenting with gambling related problems would be referred by Tennant/Barkly Community Support Service to an appropriate agency for counselling.

Mental Health Services, Territory Health Services, Tennant Creek

There are two mental health nurses employed by Territory Health Services to cover Tennant Creek and various other communities across the Barkly Region, which means that the resources are limited.

The service is for people who have one of the major mental illness diagnoses - e.g. manic depression, schizophrenia, etc., however they also see clients for depression, grief/loss and loneliness. The service is not advertised, instead most clients are referred by other health professionals or by word of mouth.

According to the staff a small number of clients have mentioned the issue of gambling, but this has been a minor issue and in many cases a symptom of other problems. Therefore the service has tended to focus on the other mental health problems, rather than the gambling behaviour. Staff at the service do not consider themselves to be expert gambling counsellors.

It is the staff's experience that for clients who have identified gambling behaviour this has been more stressful for people who have low incomes, like pensioners, rather than those who might work at the local mine and have a regular high income to get them out of trouble.

However, it is reported that not a single client has been referred to the service for gambling per se in the last five years.

It was clear that due to a lack of resources the mental health workers are not interested in providing an intervention service for gamblers. It is believed that this would result in a reduction in the quality of the service provided to their core client base.

5.4.5 Alice Springs Region

Alice Springs has a slightly more diverse range of social service agencies than other regional centres outside Darwin. The Drug and Alcohol Services Association of Alice Springs (DASA) has been advertising a gambling intervention service in addition to its alcohol programs.

Drug & Alcohol Services Association (DASA)

DASA is a community-based drug and alcohol counselling service managed by a local committee. The service receives funding from the Living With Alcohol Program and the Alcohol and Other Drug Section of Territory Health Services. In addition to an alcohol and other drug intervention service, DASA also operates the Alice Springs Sobering-up Shelter.

In DASA's alcohol and drug counselling the service utilises the 'Personal Lifestyle Improvement Program' (PLIP) which helps people to understand that they can successfully control behaviours such as drinking, taking other drugs and smoking.

There are few DASA clients who present with gambling related problems and there has been no increase since the introduction of EGMs in hotels and clubs in Alice

Springs, despite the fact that DASA have distributed the Amity Community Services' pamphlets that have the DASA contact details on them. In addition there have been constant advertisements for the gambling intervention service in the local newspaper.

Staff at DASA believe that there is a reluctance on the part of many clients to acknowledge that they are experiencing difficulties with their gambling and this fear of being labelled a 'gambler' is compounded by the fact that Alice Springs is a 'small town' and anonymity is difficult to maintain.

DASA has continued to co-operate with Amity Community Services in relation to the provision of gambling intervention services in Alice Springs.

Gamblers' Support Group

In the second half of 1997 DASA, at the request of two women who were experiencing difficulties with their gambling, established a support group for gamblers. For several weeks they had three to five people attending the weekly sessions but attendances waned and this group ceased. The group was *not* modelled on Gamblers' Anonymous, but instead considered options for controlling gambling behaviour and minimising the problems caused.

The majority of people attending this support group were reportedly women who were experiencing difficulties with gambling on machines at the casino.

In April 1998 DASA again advertised for people interested in attending a similar support group, however this time the group would be extended to include 'significant others' of gamblers as well. A small amount of interest was generated.

Tangentyere Aboriginal Council - Financial Counselling Service

Tangentyere Council receives Commonwealth funds to employ a part-time financial counsellor. However, this person is involved with various other work including consumer affairs issues and income tax returns. The majority of the clients are Aboriginal people.

Most of the clients who attend the financial counselling service have incurred debts at local or community stores as a result of a 'book-up' policy. It is rare for these clients to acknowledge any gambling behaviour which may have contributed to this debt. However, there has been no increase in cases which has coincided with the introduction of EGMs in community venues in Alice Springs.

In early 1998 the financial counsellor was seeing a non-Aboriginal female client who was in her sixties and was experiencing extreme financial difficulties to the point where she was about to be evicted from her house due to unpaid rent. The counsellor was aware that this woman was spending a considerable amount of time at the casino, but when the issue of gambling was raised the woman denied that she was engaging in this behaviour. As a result the counsellor found it difficult to assist with the problems she faced.

Despite the fact that this service at Tangentyere Council is stretched for resources, the financial counsellor has maintained contact with Amity Community Services and Anglicare Financial Counselling in Darwin in relation to the provision of services for people experiencing difficulties with gambling.

Relationships Australia NT - Alice Springs

Relationships Australia NT (RANT), in addition to its main office in Darwin, have an office in Alice Springs which employs one full-time counsellor. Most of the clients are non-Aboriginal and many are referred by other agencies in Alice Springs.

Gambling related problems are not commonly identified by clients at RANT and there continues to be no evidence that there has been any increase since the introduction of EGMs in hotels and clubs.

Employee Assistance Service

The Employee Assistance Service (EAS) operates a general counselling service in Alice Springs which is free and confidential and available to employed people.

Gambling as a presenting problem constitutes a small proportion of the overall clients attending EAS in Alice Springs, which makes it difficult to identify trends in this data. The counsellor at EAS indicated that the type of gambling in which these few clients had been involved was varied.

5.5 Gambling in Aboriginal communities in the Northern Territory

Aboriginal and Torres Strait Islander people represent a significant proportion of the Northern Territory's population. Figures from the 1996 Census estimate that 23.7 percent, or almost one quarter of the Territory's population is indigenous people (ABS, 1997a). This compares to two percent of the total Australian population (ABS, 1997d).

Aboriginal people in the Northern Territory live in a range of settings including urban centres such as Darwin and Alice Springs as well as remote Aboriginal communities on Aboriginal Land.

Due to cultural, social and economic differences which exist between many indigenous and non-indigenous residents of the Northern Territory, it is reasonable to expect that the experience of gambling in its various forms, as well as its social and economic impacts would also be different. It is important to recognise these differences in the way gambling is given meaning and understood by different cultural groups.

In this study we have not attempted to provide an anthropological study of gambling activity within Aboriginal communities throughout the Northern Territory, nor have we done this for the non-Aboriginal population. What we have attempted to do is to gain an idea of the type of gambling behaviour in which some Aboriginal people engage as well as some Aboriginal people's opinions relating to the positive or negative effects which result from such behaviour. Included in these discussions with Aboriginal people was the issue of the introduction of electronic gaming machines (EGMs) into licensed clubs and hotels.

It is important to recognise the limitations of this study, given its broad terms of reference, of which Aboriginal gambling is only one area. Therefore, any conclusions which can be drawn from the following findings must be treated cautiously, as the research undertaken for this section relating to Aboriginal gambling patterns and its social and economic impacts is in no way comprehensive. Rather it provides an indication of the meaning and some consequences of gambling for the Aboriginal people consulted in the time available for this study.

5.5.1 Methodology

While the community telephone surveys conducted by Roy Morgan Research as part of this study provided an indication of the patterns of gambling in the Northern Territory population, Aboriginal people were significantly under-represented in both the 1996 and 1998 surveys as detailed elsewhere in this report. This was largely a product of the methodology as telephone surveys are not considered to be an appropriate or effective way of surveying Aboriginal people primarily due to the fact that fewer Aboriginal households have telephones connected, especially those in remote areas.

In order to gain a picture of the patterns and impacts of gambling on Aboriginal people in the Territory, qualitative data was collected through a number of semi-structured interviews with various Aboriginal people during field trips carried out in the course of this research. Some of these field trips had the sole purpose of gathering information in relation to Aboriginal gambling and others had a more general focus. However during all field trips to regional centres throughout the Territory, peak Aboriginal organisations were contacted and interviews conducted with Aboriginal people in each of the regional centres as well as one remote Aboriginal community.

Initial strategy in 1996

Initially it was the researchers' intention to identify the Aboriginal communities which operated an Aboriginal social club that held a liquor licence and visit a couple of these communities in early 1996. Under the Northern Territory *Gaming Machine Act 1995*, these clubs, as other licensed clubs and hotels throughout the Territory, were eligible to apply for a gaming machine licence to operate EGMs. The aim was to gain an idea of the patterns, perceptions and impacts of gambling in these communities prior to the possible introduction of EGMs and then in 1997 conduct follow up visits to the same communities to ascertain any impacts that may have occurred if the community club had introduced EGMs[27].

All of the Aboriginal licensed social clubs in the Territory are located in Top End communities and a field trip was made to one of these communities in mid 1996. More than 40 people, the majority being Aboriginal, were interviewed during this trip in relation to their ideas about, and experience of gambling (largely card games) in that community.

However, by the second half of 1997, there had been no application received by the Gaming Machine Commission from an Aboriginal licensed club. Therefore a decision was made to shift the focus of this research on Aboriginal gambling to concentrate

[27] However, for most of these nine Aboriginal licensed clubs, eligibility to apply for a gaming licence would require that they also apply to amend their liquor licence. Under the regulations only those premises which are permitted to sell alcohol for off-licence consumption - that is 'take-away' alcohol - are able to apply for a licence to operate gaming machines. Most of these Aboriginal social clubs are *not* licensed to sell take-away alcohol. Due to the contentious nature of alcohol availability in most Aboriginal communities, this requirement may have contributed to the fact that to the end of 1997, no Aboriginal licensed club has submitted an application for a gaming licence to the Gaming Machine Commission, as discussed further here.

more on the regional centres where community EGMs were in operation and to gain an idea of the impact this had had on local Aboriginal people.

Research in 1997

Three additional field trips were carried out during 1997, however each of these covered the five major regional centres in the Territory rather than remote Aboriginal communities, reflecting the shift in focus of the Aboriginal gambling research.

As mentioned above in each case the peak Aboriginal organisations in each region were contacted, including Aboriginal Community Government Councils, Land Councils, Aboriginal Legal Aid Services, Aboriginal Medical Services and other Aboriginal community organisations. Interviews were conducted with Aboriginal and some non-Aboriginal staff and members of these organisations and in some places Aboriginal people not directly involved in such organisations were interviewed also, in relation to their experience of gambling.

In addition to this primary data, a literature search of published material on Aboriginal gambling was carried out to provide some background and establish the type of research which had been conducted in this area.

The results of both the 1996 and 1997 research are presented below.

5.5.2 Patterns of Aboriginal gambling and its impacts in the Northern Territory

Background

As with people of other cultural origins in the Northern Territory, gambling has been part of the social lives of many Aboriginal people for a considerable number of years and certainly since contact with non-indigenous peoples (Berndt & Berndt, 1947; Lynch & Veal, 1996). Card games were of course the most predominant form of gambling among Aboriginal people up until more recent decades. Berndt and Berndt

(1947) document the extent and types of card games being played by Aboriginal people in the Northern Territory during the early 1940s, however there is evidence to suggest that the first card games were introduced by the Macassar traders prior to the European contact with Aboriginal people in north Australia (Berndt & Berndt, 1947).

Card playing continues to be a significant activity in the daily lives of many Aboriginal people throughout the Territory, whether they live in a remote outstation or in Darwin. In economic terms, several studies have identified card games as an important means for many Aboriginal people to redistribute limited resources and to accumulate a relatively large sum of money in order to purchase costly items such as vehicles and white goods which can then be used by an extended family (Altman, 1985; Berndt & Berndt, 1977).

Goodale (1987) also noted that in some cases card games are used to generate funds for the welfare of others, such as at the time of a funeral where airfares for family members may be required. However, the main point argued by Goodale (1987) is that gambling on cards, for women in Tiwi society, is more often viewed by these women as work rather than leisure as it is defined in Western cultures. This highlights the different meanings activities such as gambling can have in different cultures.

The social activity of card playing also is suggested to result in positive social interactions among groups of Aboriginal people and allows a mechanism for cultural/social relationships to be reinforced (Goodale, 1987).

In more recent decades, with the introduction and expansion of commercial forms of gambling such as lotteries, casinos, TAB and most recently EGMs in community venues in the Northern Territory, Aboriginal people have broadened the type of gambling activity in which they engage. Little published research has been carried out in relation to Aboriginal people's experience of these commercial forms of gambling. In 1996, Robin Foote from the Centre of Social Research at the Northern Territory University published a paper which reported on observations of Aboriginal attendance at the casino in Darwin and which claimed that this attendance was increasing especially among Aboriginal women (Foote, 1996).

Types of gambling

As mentioned above, and supported by the research conducted for this study, card games are very much a part of the lives of many Aboriginal people throughout the Northern Territory. Aboriginal people consulted described card games on remote communities and outstations as well as mentioning the regular games in Alice Springs and Darwin.

Playing cards for money in a public place is not illegal in the Northern Territory because card games are considered to be a game of skill rather than a game of chance. Police in all the major regional centres who were consulted for this study stated that Aboriginal card games created very few problems for them in terms of public disturbances. Police in Darwin believed that card players in Darwin were some of the 'best behaved' groups of people.

Since 1995 the Darwin City Council (DCC) has had an arrangement with a group of Aboriginal people who regularly play cards at the Vesteys Beach area. Under the DCC by-laws a permit is required for an organised event to be held in a public place within the Council's jurisdiction. The DCC issues the players with a permit for each Dry Season for which the players pay $100 per week. This permit requires that card playing be limited to between 2:00pm and sunset Monday to Friday and that the area be kept in a satisfactory condition, free of litter. Such an arrangement appears to be acceptable to both parties.

In early 1997 there was some media attention given to the move of these card players to a strip of land near the entrance to the Royal Darwin Hospital grounds. Several Letters to the Editor appeared in the *Northern Territory News* largely focussing on the amount of litter created - there were no rubbish bins provided in the area - and the fact that the players were close to a busy road and there appeared to be a risk of accidents occurring. In a news report NT Police Commander Bob Fields reportedly commented that the card players were not creating any disturbances and therefore not a problem for police. He was reported as saying, “It’s very much a social event and we don’t have a problem with it.” (*Northern Territory News,* 12 April 1997). However, within a few weeks the card players had moved back to Vesteys Beach.

In Alice Springs, regular card games involving Aboriginal people are played in a park within the main city area and the Town Council has no objection to this activity as it causes no social disruption.

While card playing appeared to be the most predominant form of gambling in which Aboriginal people engaged, other forms of gambling were also mentioned by Aboriginal people consulted.

In the remote Top End community visited by the researchers for this study, many Aboriginal people talked about their visits to the casino when they were in Darwin and for many this seemed to be a very enjoyable part of being in Darwin. Some people said that they played the gaming machines within the casino, while some of them, more so the men, indicated that they liked to play the table games at the casino as well.

Other Aboriginal people in Darwin commented that the casino was popular for Aboriginal people who liked to gamble and that it was used as a social meeting place for people whose relatives might be visiting from remote communities. A few Aboriginal people commented that they believed that the number of Aboriginal people attending the casino had increased in the last few years.

In Alice Springs too, Aboriginal people reported that the casino was a popular place for some Aboriginal people, especially during the day.

People reported that while some card players did gamble at the casino as well, others only played cards.

In Tennant Creek and to a lesser extent in Alice Springs and Darwin, Aboriginal people believed that the TAB was a popular place for people to gamble, especially for men. The TAB agency in Tennant Creek is located in the main street across the road from one of the main hotels and it is the only TAB outlet in town as none of the hotels or clubs operate a PubTAB facility. It was reported that this agency was regularly frequented by Aboriginal people.

Very few Aboriginal people consulted reported playing EGMs in community venues and those who did usually reported that it was in a hotel. Many of those who enjoyed playing the pokies reported that they preferred to play such machines at the casino rather than in a community venue.

Both Aboriginal and non-Aboriginal people who worked in Aboriginal organisations and were consulted for this study indicated that they had seen little evidence, especially in the regional centres outside Darwin, of Aboriginal people playing EGMs in community venues.

Other people mentioned that bingo was popular among some Aboriginal women, particularly in Alice Springs and Darwin and in Tennant Creek instant bingo tickets brought from the local service station were popular among a small group of people.

Social and economic impacts

The majority of Aboriginal people consulted for this study indicated that card playing was a very positive activity, both socially and economically and rarely created problems within Aboriginal communities. A few Aboriginal people who did not play cards believed that there were some negative consequences of card playing and a few non-Aboriginal people consulted in relation to Aboriginal card playing defined the activity as a ‘problem’.

For the most part, Aboriginal people considered that the social interaction created and maintained by card games was very positive. Many people talked about the length of time that card playing had been an integral part of Aboriginal people lives. The fact that children could be around and take part in the social interaction was also seen as a positive aspect, especially compared to other commercial forms of gambling in venues where children were not allowed.

People consulted in a remote community indicated that the card games were positive in that they gave many people who did not have paid employment an activity to be involved in, something which they enjoyed.

Some non-Aboriginal people who worked for Aboriginal organisations or with Aboriginal people suggested that there were negative consequences from card playing and some of these assumed that there *must* be problems due to the prominence of these games which they had observed - card games among Aboriginal people are a very *visible* form of gambling which may contribute to the views of the non-Aboriginal observers.

Others mentioned that card games contributed to health problems with people sitting for long periods and not eating adequately, or children being tired at school due to late night card games. However, some of these people acknowledged that it was difficult to determine the impact of card playing from other factors including alcohol misuse.

Aboriginal people in all of the regions throughout the Northern Territory indicated that drinking was not a part of the major card games. Most card players spoke strongly about not wanting drinkers to disrupt their card games or join in the games as they would not follow the rules. In one regional centre people reported that the drinkers had their own separate card games and did not play with the sober people.

In terms of the economic effects of card playing most Aboriginal people consulted indicated that these effects were largely positive as well. People spoke about the distributive function of card playing in terms of money within the community or the group of card players. One Aboriginal person from the remote community commented about card games, “that’s the way we keep things going”, while another said “that way we find money”.

Most people indicated that those who lost their money at cards would receive money and/or food from winning relatives and this reciprocal function was part of the card games within the communities.

Another economic function of the card games was that of the accumulation of a large sums of money which were then used to purchase larger items like household goods or vehicles that could be used by a number of people in the community. An Aboriginal woman in Darwin described how card games are used to ‘raise funds’ for certain special events such as weddings or funerals - similar situations were reported by Goodale in her study of gambling among the Tiwi people, as mentioned above (Goodale, 1987).

Only a couple of Aboriginal and non-Aboriginal people indicated that they saw card games as negatively contributing to the financial position of many Aboriginal people due to the card games being a drain on resources. However most viewed the effect to be in reverse - that card games actually increased the resources available to many people.

There were reports of card games where people played for only a few dollars and others where people stated that at some times the stakes could be as high as thousands of dollars and items such as vehicles could be won and lost in games. However these latter games were reported to be the exception rather than the norm.

Commercial forms of gambling were not referred to in such positive terms by most of the people consulted, this was largely due to the fact that the money being lost on these forms of gambling was being taken out of the local community - unlike the situation with card games.

As mentioned above some Aboriginal women, particularly those consulted in Darwin, commented that they enjoyed the social atmosphere of the casino and that this was a chance to catch up with friends and relatives away from the demands of their everyday lives. Those few women who indicated that they played bingo regularly said that it was their 'time-out' when they could spend time together with other women and enjoy themselves.

A few Aboriginal people in Tennant Creek expressed concern about the popularity of the TAB among Aboriginal people, particularly men in the town. This was viewed as a drain on limited resources available to these people, as the losses were going out of the community.

However, several people in Darwin did not view commercial gambling in such a negative light and reported that many 'urban' Aboriginal people who were employed in fairly 'well paid jobs' enjoyed to gamble at both the casino and the TAB and that this did not create difficulties for them. There appeared to be a greater acceptance of the presence of commercial gambling in Darwin as opposed to other places, which may have been due to the length time gambling venues such as the casino had been operating.

Very few people were able to discuss the effects of gambling on EGMs in hotels and clubs, for two main reasons which are interconnected: one was that many people consulted were unaware of the extent to which Aboriginal people were playing machines in these venues and the second was that the issue of community EGMs was not being talked about within a number of Aboriginal communities. However, inasmuch as EGMs were a commercial form of gambling, with losses going out of the local community, they were viewed to be a less positive form of gambling.

One issue which drew strong agreement and reaction from all Aboriginal people consulted across all regions was that EGMs should *not* be introduced to Aboriginal licensed clubs in remote Aboriginal communities. Many people described the potential impact of such a move as 'devastating' for such communities and voiced strong opposition to this suggestion. One Aboriginal man from a remote community commented "if we had poker machines in the club it would ... stop our culture".

Despite the fact that a portion of the revenue from EGMs in a community club would stay with the club, Aboriginal people stated that this type of 'community benefit' would not be translated into food and other necessary items for individual families as the 'revenue' from card games was and as a result there could be some detrimental effects on families and children. Several Aboriginal people talked about their experience of the proceeds from alcohol sales at Aboriginal community clubs and how in many cases there was little evidence of how this money was spent within the community for the community's benefit and questions were raised as to the evenness of such distribution. As a result they were sceptical about the benefits which would flow from EGMs in the clubs.

Gambling intervention services

It is difficult to obtain an indication of the number of Aboriginal people who contact gambling intervention services in relation to difficulties with gambling. Almost all of the Aboriginal people consulted in this study believed that Aboriginal people would be very reluctant to attend a mainstream service agency to seek help with their gambling behaviour. There were two main reasons given for this. The first was that if they were experiencing financial difficulties they would turn to their family members for help, and the second was that most people believed that many Aboriginal people who gambled did not wish to stop or reduce their gambling behaviour and that they managed it themselves.

One Darwin Aboriginal man who talked about his own gambling said that there were some weeks when he thought he had spent too much money and he would have to wait for his next pay to get on top the situation, but he believed most weeks he spent only as much as he could afford, so there was no problem.

Statistics from agencies such as Amity Community Services do not record whether or not a client is Aboriginal. Discussions with the counselling staff revealed that Aboriginal people account for only a small number of the total client presentations at Amity and it is unknown how many of those clients who attended for gambling related difficulties over the last few years have been Aboriginal people.

There was only one woman from a remote community who informed the researchers that she was worried about her card gambling. She said that she had been through a residential alcohol treatment program, not for alcohol use but for her gambling behaviour and reported that this had been unsuccessful. She was not aware of where else she could seek help.

A few Aboriginal people indicated that a culturally appropriate gambling intervention service for Aboriginal people who are concerned about their gambling may be a positive strategy, however they suggested that this service should operate more as an outreach program rather than a service in an office where people could attend for counselling. Others suggested that such a service was not warranted.

5.5.3 Summary

In discussing the gambling patterns of Aboriginal people and more importantly the impacts - both positive and negative - of such behaviour, it is important for non-

Aboriginal observers to recognise the different meanings which different cultural groups bring to gambling. Otherwise there is a danger that non-Aboriginal observers will *define* the associated problems *for* indigenous people which may result in less than desirable outcomes. Before researchers can discuss the social and economic effects of the various forms of gambling on Aboriginal people, there is a need to understand the meanings and experience each group or community brings to that particular activity.

Researchers must not presume that the issues identified by non-Aboriginal gamblers as causing problems will be the same within indigenous cultures.

The limitations on this study have not allowed for a comprehensive study of the patterns of gambling among Aboriginal people, nor a complete understanding of the experience of gambling in the numerous Aboriginal communities throughout the Territory. Therefore, the findings and information presented should be treated cautiously, as they offer only an indicative analysis.

The qualitative data collected suggests that Aboriginal people, like non-Aboriginal people throughout the Territory, engage in a variety of gambling types. However for a number of Aboriginal people from the urban centres and remote communities, the most prominent type of gambling appears to be playing cards.

With the growth of commercial gambling it seems that a number of Aboriginal people also engage in gambling at the casinos and TAB agencies and there is some cross over been people who play cards and those who also gamble at the casino or TAB.

The qualitative data gathered for this study indicates that card playing is viewed by many Aboriginal people as a positive activity both in social and economic terms and as such creates few problems for those who engage in the card playing. Commercial forms of gambling are viewed by some as less positive, largely because they take money out of the local community or extended family network. However, several Aboriginal people in the larger centres of Darwin and Alice Springs indicated that commercial forms of gambling were enjoyed by Aboriginal people and most did not experience difficulties with their gambling behaviour.

While there are Aboriginal people playing EGMs in community venues, particularly it seems in hotels, it is difficult to determine the extent of this and what kind of effects this may be having on these people. It may be too early for these effect to be evident. However, all of the Aboriginal people consulted strongly disagreed with the introduction of EGMs into Aboriginal licensed clubs on Aboriginal communities. Such a move was viewed as having the potential to effect detrimentally the social and economic wellbeing of such communities.

The evidence suggests that Aboriginal people throughout the Northern Territory are not accessing mainstream gambling intervention services, and those consulted suggested that Aboriginal people were more likely to turn to their own families for assistance. While some Aboriginal people who were consulted believed that there may be a need for a culturally appropriate gambling intervention service, others believed that this was not necessary. However, much more extensive research would be required in this area before the appropriateness or otherwise of a gambling intervention service for Aboriginal people could be determined.

5.6 Crime and gambling

Media reports and research on gambling frequently focus on an assumed and sometimes demonstrated relationship between gambling and crime. Community surveys in several states have shown that Australian residents have been concerned about the potential for increased crime associated with the introduction and expansion of gambling. However, the extent of crime committed near or within a gambling venue, or to fund a gambling problem, has been the subject of speculative and authoritative opinion, but is lacking in valid and reliable data.

In addition to whatever increases or decreases there may be in the incidence and rate of street and violent crimes near to gambling venues, there is also a new category of offences created by the legalisation of any form of gambling, such as cheating and fraud within the establishments. Markland (1996) has listed the features of gambling which facilitate a link with crime:

- many large cash transactions, along with small individual transactions and large total amounts;
- undeveloped auditing systems;
- many opportunities for dishonesty in gambling transactions and cash-handling process;
- the anonymity of gamblers;
- gamblers' ignorance of regulations; and
- the operators' information advantage and gamblers' reliance on the operators' honesty.

In summary, the types of crime which often are claimed to be associated with gambling establishments include:

- disorderly conduct, assaults and violence in the premises or adjacent to the venue;
- prostitution (or soliciting);
- theft, either inside the venue or in the venue precinct;
- under-age gambling;
- fraud and cheating inside the gambling venue;
- employee gambling (where this is prohibited, eg. for some casinos); and
- organised crime

This study sought to investigate these issues drawing on several sources of information:

- interviews with community representatives, industry and government agencies;
- review of media reports on gambling-related crimes;
- interviews with police in the main regional centres;
- analysis of NT Police Service crime statistics on community crime (CADS police data), at both Territory and regional levels; and
- analysis of fraud data supplied by the Fraud section.

Table 5.38 presents summary statistics concerning the reported crimes in Darwin for 1993/94 to 1996/97. Police data provides an indication of the crime patterns in one of the major regional population centres, where community gambling venues, TABs and other gambling outlets are concentrated.

- These data show that there has been a gradual increase in some types of crimes in the Territory, but a decline in others. They also show that some types of community crime of occur more frequently than others and that there are regional variations in the patterns of crime. Some of these crimes are more likely to be associated with community venues which have gaming machines - for example, ‘fail to quit licensed premises’, or disorderly behaviour are often alcohol related and thus may be linked to venues with a liquor licence (clubs, hotels, casinos).
- However, it must be stressed that there is no evidence to suggest that any increase or decrease in community crimes in the Northern Territory has been related to gambling.

Table 5.38: CADS police data Darwin 1993-1997

	Fail to quit licensed premises	Disorderly behaviour	Street offence	Stealing - general	Robbery	Armed hold up	Unlawful entry business/dwelling	Unlawful entry & steal from business/dwelling	Deception	All CADS
Jan-Jun 93	51	53	9	818	18	9	343	975	55	14882
Jul-Dec 93	59	79	17	891	17	2	310	945	58	16231
Jan-Jun 94	71	76	7	1054	18	3	384	1099	65	18419
Jul-Dec 94	71	72	45	1082	23	5	346	1140	65	18447
Jan-Jun 95	52	100	33	1052	25	4	461	1464	56	18240
Jul-Dec 95	68	147	27	1094	34	5	552	1313	68	19792
Jan-Jun 96	68	119	35	1080	37	3	435	1339	77	20379
Jul-Dec 96	109	221	16	1228	41	6	353	1419	94	22745
Jan-Jun 97	108	215	9	1047	28	12	377	1439	101	20770
Jul-Dec 97	99	232	23	1024	40	3	349	1008	88	19627

Source: Northern Territory Police, 1998

More reliable crime data which can be linked to gambling has been compiled and provided by the Fraud Squad of the Northern Territory Police on people who used the proceeds of crime for gambling (Table 5.39). This data records the following:

- Twelve crimes were reported in this category - eight committed by women and four by men
- The median age of offenders was 36 years
- Seven of the crimes were committed against the offender's employer; three against banks or credit unions; and two against acquaintances;
- Casinos were the preferred form of gambling in eight of the cases; gaming machines and draw card machines in clubs, horse and greyhound racing were each involved in one of the cases;
- Five of the offences occurred before 1996; the remaining seven cases occurred after the introduction of community gaming machines to the territory. These trends are not significant;
- Ten of the offences involved stealing; nine involved fraud or deception. It must be noted that some offenders were charged with more than one type of crime;
- Three cases had not been dealt with by the courts at the time of this study; and one case was proven but no conviction recorded. The remaining eight cases resulted in a prison sentence.

Table 5.39 Persons arrested/summonsed by fraud squad who used proceeds of offences for gambling 1993 - 1997

Gender	Age	Amount stolen/ obtained	Relationship to victim	Type of gambling	Date committed	Offences	Sentence received	Date of sentence
Male	36	$1,000	Employer	Horses	1993	Stealing - 2	Proved without proceeding to conviction - GBB	20/12/93
Male	50	$30,000	Employer	Poker machines in club *(draw card machines)*	1994	Stealing - 3	15 mths imprisonment - suspended	27/04/95
Female	27	$18,000	Bank	Casino	1994	Obtain property by deception - 1 Forge & Utter - 21	15 mths imprisonment -suspended on HDO for 12 mths	15/11/95
Male	32	$35,000	Bank	Casino	1994	Forgery - 11 Utter forged document - 11 Valueless cheque - 5 Obtain property by deception - 1	2 yrs 6 mths imprisonment - NPP 4 mths	10/06/97
Female	33	$55,000	Employer	Casino	1994	Stealing - 17 Make false data processing - 3	2 yrs 6 mths imprisonment - NPP 1 yr 3 mths	16/05/97
Female	52	$14,000	Employer	TAB	1996	Stealing - 39 Valueless cheque - 6	1 yr imprisonment - NPP 2 mths	20/11/97
Female	32	$12,000	Acquaintances	Casino	1996	Stealing - 7 Obtain property by deception - 6	6 mths imprisonment - suspended	16/12/96
Female	27	$355,000	Employer	Casino	1996	Stealing - 60 False accounting - 4	3 yrs 6 mths imprisonment - NPP 21 mths	14/08/97
		$19,500	Banks/credit unions	Casino	1994/95	Forgery - 8 Utter forged document - 8	14 mths imprisonment - extend previous NPP to 24 mths	19/02/98
Female	51	$90,000	Co-accused's employer	Casino	1996	Stealing - 12	15 mths imprisonment - NPP 8 mths	14/08/97
Female	22	$18,000	Employer	Casino	1997	Forgery - 16 Utter forged document - 16	9 mths imprisonment - suspended	29/08/97
Male	41	$86,000	Principals	Greyhounds	1994/97	Stealing - 2 Obtain property by deception - 2	NOT YET DEALT WITH	
		$45,000	Partners/clients	Greyhounds	1995/97	Stealing - 17	NOT YET DEALT WITH	
Female	37	$5,500	Association	Club poker machines	1997	Stealing - 15 Forgery - 15 Utter forged document - 15	NOT YET DEALT WITH	

Source: Northern Territory Fraud Squad, May 1998

During the period of this study the Territory media also reported incidents of 'ram-raiding' and theft at gaming venues, and we received a small number of anecdotal reports of people committing crimes to support their gambling.

Information was requested from MGM Grand Darwin and Lasseters casino about incidents of crime on the casino premises, in the casino precinct and related to the casino legislation. MGM Grand Darwin did not reply to this request.

Lasseters Casino provided the following summary:

- crime incidents at the casino are generally of a minor nature (many which can be encapsulated under the Liquor Act) and include:
    - 'fail to quit' : relates to patrons not adhering to a direction, being refused entry or being asked to leave for being intoxicated. This is more likely in the nightclub section of the casino than in the gaming area;
    - break and enter: generally unauthorised entry to a hotel room;
    - minor property theft: generally dispute over ownership of chips or machine credits; and
    - fighting/assault: usually disputes in the carpark or nightclub.
- Lasseters cannot confirm if police made formal arrests, or prosecuted these incidents.
- There were no crimes committed in 1997 under the casino legislation.
- Lasseters employs its own security staff to monitor the entire complex (hotel, casino, food and beverage, grounds). These staff are controlled and empowered by the Liquor Licence enforcement and *Gaming Control Act*, under direction from Lasseters Board and Licence holders.
- The annual cost of security staff is approximately $406,000; surveillance is a further $174,000.
- R&GA inspectors do not incur a direct charge to the casino, but are provided with an onsite office and meals.

In summary, it has not been possible to identify with any certainty the relationship between community crimes and gambling in the Northern Territory. There are several reasons for this:

- Northern Territory Police crime statistics do not normally distinguish between gambling-related crimes and other crimes
- Resources available to this study and the pressures of time did not allow the detailed and time-consuming research which would be required to address all the issues.
- Identification and analysis of crime committed to fund a gambling problem requires a substantial medium to long-term research project in its own right.

5.7 Survey of Business in the Northern Territory

The introduction of EGMs and the growth in gambling overall suggests a redistribution in the direction of household spending. In particular, anecdotal evidence in other Australian states suggests that many retailers have suffered as the popularity of EGMs attracted higher gambling expenditure. Significantly, in 1995 this issue was not identified by the Select Committee on the Effects of Poker Machines in Community Venues (Northern Territory Legislative Assembly, 1995) as a potential problem in the Northern Territory. However during the intervening years, media reports of the direct and indirect impact of EGM gambling on retail and public protests by retailers themselves began to raise serious concerns.

The Victorian Casino and Gaming Authority commissioned a study by the National Institute of Economic and Industry Research (NIEIR: 1997) to investigate the effect on retailers of the introduction of EGMs in Victoria. A key finding of that study was that increased gambling expenditure along with expenditure on other retail goods and services contributed to a significant decline in national savings in the 1990s. Despite little direct evidence of a decline in retail spending from increased gambling activity at a state level, retailers continued to argue that there were adverse local effects in particular areas.

During the course of this study, similar views were being expressed in the media and by local industry associations concerned about the effect of EGMs in the Territory. To investigate this issue, in 1997 we added another research strategy to the project to supplement investigations already in progress. Preliminary review of available data indicated that there was little reliable information on the issue, and that economic statistics compiled at a Territory and national level were not sensitive to regional impacts and trends. A survey questionnaire was developed for administration to local business locations in the main commercial centres throughout the Territory to gather information on their experience and perceptions of gambling.

5.7.1 Methodology

The survey questionnaire was designed to provide information relating to the perceived impact of gambling - whether positive or negative - on businesses in the Northern Territory. It contained nine questions and provided for "tick the box" responses in addition to open-ended questions which allowed respondents to provide more detailed comments. A copy of the questionnaire is contained in Appendices.

Business managers were asked to indicate if gambling had affected their business, either positively or negatively. If an impact was identified, businesses were asked to specify the type of gambling they believed to have been responsible for this impact, identify what these impacts had been and any measures they had taken to manage such impacts.

In addition, business managers were asked if they were aware that gambling had affected their staff, what impact this had had and what, if any, measures they had taken to manage these effects.

Eleven industry sectors were listed on the questionnaire and respondents were asked to indicate the one most suited to their business. These categories largely are those used in Australian Bureau of Statistics publications and are listed below:

- food retailing
- household good retailing
- clothing & soft good retailing
- manufacturing
- department store
- recreational good retailing
- other retailing
- building/construction
- hospitality
- business services
- wholesaling

In addition to providing the post code for the business's location, a small number of other questions were asked in relation to the number of years the business has been operating at the current address, the reason for establishing the business in this location and the number of staff employed by the business on a full-time, part-time and casual basis. Apart from these indicators, no identifiable information was requested from the respondents.

However, business managers were asked to indicate if they were willing to provide evidence of the impact of gambling on their business and were given the option of leaving their contact details to allow for follow up discussion of the issues with the researcher.

Sample and distribution

In total, 488 surveys were distributed to businesses throughout the Northern Territory, between 9 and 11 December 1997 with a cover letter explaining the purpose of the survey. A reply paid envelope was provided and approximately seven days was allowed for businesses to complete the two-page questionnaire. Limited resources available to this study did not allow a follow-up to be carried out for those who had not returned the survey by this date.

For regions other than the Darwin area, a random sample of businesses was drawn from the relevant telephone directories' business listings. The directories used were:

- For Alice Springs & Tennant Creek: *PDC Alice Springs Telephone Directory 1997/98* - Includes Tennant Creek and Ayers Rock.
- For Katherine, Nhulunbuy & Alyangula: *PDC Darwin Telephone Directory 1997/98* - Includes Katherine and Nhulunbuy.
- For Jabiru: Locally compiled telephone directory.

The sample size in each regional locality was:

Alice Springs -	82
Tennant Creek -	40
Katherine -	55
East Arnhem -	18
Jabiru -	16*
(Total	211)

* For the purposes of this study, Jabiru is included in the Darwin Region in any data analysis.

- Alice Springs and Tennant Creek: the sample of businesses was achieved by paging through the relevant directory and recording the first Alice Springs and Tennant Creek business on every second page of the "Business Listings" section. In the case of Tennant Creek, if there was no listing for Tennant Creek on a particular page, the next Tennant Creek listing was identified and the system of selection began again.
- Katherine: the sample was achieved by selecting the first Katherine business listed on every fourth page (or every second double page) from the relevant directory.
- East Arnhem Region (Nhulunbuy & Alyangula) and Jabiru: the samples were achieved by selecting a varied range of businesses from the "white pages" listings

in the case of East Arnhem (entries under Nhulunbuy, Gove, Alyangula & Groote Eylandt), and from the local Jabiru directory.

Once the samples were drawn the businesses were categorised according to the industry sector to which they belonged, using the eleven categories as set out above. This was to ensure that an adequate coverage of all business sectors was achieved. As a result a few minor adjustments were made to a couple of the samples if there were considered to be too many businesses in one sector and not enough in another.

A total of 211 surveys were mailed on 9 and 10 December 1997, to the businesses selected in the regional centres.

- Darwin Region (excluding Jabiru): rather than drawing a sample from the telephone directory, it was decided to focus on seven major shopping/business areas and to hand deliver surveys to individual businesses. The areas chosen and the number delivered to businesses in each area were as follows:

City -	77
Parap -	21
Casuarina -	57
Hibiscus -	14
Karama -	10
Winnellie -	41
Palmerston -	57
(Total	277)

- Two hundred and seventy-seven surveys were delivered in Darwin on 10-11 December 1997.

- This gave a total sample of 488 businesses throughout the Territory which received a questionnaire.

5.7.2 Results of the survey

Profile of responding businesses

- Of the 488 surveys mailed to Territory businesses, 112 or 23 percent of them were completed and returned. This response rate is comparable to that normally achieved for business surveys. However, the low rate of response means that the views expressed and information provided cannot be assumed to be representative of business as a whole. While the survey results give an indication of issues related to gambling in the Territory, more detailed and rigorous research of regional business would be required before firm conclusions can be made.
- Table 5.40 below shows the distribution of responses among the specific regions of the Northern Territory and business sectors. Just over half of the responses were from businesses in the Darwin Region, with Alice Springs businesses representing almost one in five of the responses.
- One in six of the responses were from the 'other retailing' sector. Businesses in this sector include pharmacies, photo processing, jewellers, gift shops, garden supplies, vehicle sales and repairs, as defined by Australian Bureau of Statistics classifications. The other prominent sectors in the responses were hospitality and services (13.4%), clothing and soft good retailing (12.5%) and business services (11.6%) which each represented more than ten percent of the sample (see Table 5.40).

Table 5.40: Business survey responses by region and business sector, 1997

Business sector	Darwin Region	East Arnhem Region	Katherine Region	Tennant Creek Region	Alice Springs Region	Unknown	Total
Food retailing	7	1	0	2	1	0	11 (9.8%)

Department store	2	0	1	0	0	0	3 (2.7%)
Hospitality & services	7	1	1	2	4	0	15 (13.4%)
Household good retailing	5	0	0	2	2	1	10 (8.9%)
Recreational good retailing	5	0	1	0	3	0	9 (8.0%)
Business services	8	0	2	1	2	0	13 (11.6%)
Clothing & soft good retailing	9	0	2	1	2	0	14 (12.5%)
Other retailing	8	0	5	4	0	1	18 (16.1%)
Wholesaling	2	0	0	0	2	0	4 (3.6%)
Manufacturing	3	0	0	0	3	0	6 (5.4%)
Building/ Construction	5	0	1	1	2	0	9 (8.0%)
Total	61 (54.5%)	2 (1.8%)	13 (11.6%)	13 (11.6%)	21 (18.8%)	2 (1.8%)	112 (100.0%)

Source: Survey of Business in the Northern Territory, 1997

Almost 44 percent of the responding businesses had been operating five or less years, as shown in Table 5.41. Only 17 percent of the businesses had been operating for 16 or more years. A larger proportion of the Darwin and Alice Springs businesses had been operating 1-5 years, compared to the other regions.

Table 5.41: Length in years of business operation by region

	Darwin Region	East Arnhem Region	Katherine Region	Tennant Creek Region	Alice Springs Region	Unknown	% Total
1-5 years	27	1	4	5	10	2	43.8%
6-10 years	12	1	5	4	2	0	21.4%
11-15 years	11	0	3	4	2	0	17.9%
16-20 years	5	0	1	0	3	0	8.0%

21-25 years	3	0	0	0	3	0	5.4%
26-30 years	3	0	0	0	0	0	2.7%
31+ years	0	0	0	0	1	0	0.9%
Total	61	2	13	13	21	2	100.0%

Source: Survey of Business in the Northern Territory, 1997

- More than 60 percent of responding business managers indicated that the decision to establish their business in its current location was due to a potential for economic growth in the area. A further 15 percent stated that they were primarily motivated by the lifestyle; almost nine percent stated that it was because they were born in the area. Ninety-two percent of the respondents from Katherine indicated that they had located their business there due to the potential for economic growth; this was the highest proportion of any of the regions.

Staff employed

- Generally the responding businesses were more likely to employ full-time staff than part-time staff or casuals, with 59.8 and 63.4 percent of respondents employing no part-time or casual staff, respectively (see Tables 5.43 and 5.44). Most respondents employed a relatively small number of staff overall.
- Of those businesses which did employ full-time staff, 58.0 percent employed between one and five people and only 12.5 percent employed eleven or more full-time staff. Responding retailers in the clothing and soft goods sector were more likely than other respondents to employ only one or two full-time staff.
- Fourteen percent of respondents indicated that they employed no full-time staff, however, it is unclear whether or not the respondent him or herself was excluded from these figures.

Table 5.42: Number of full-time staff employed by business sector

Business sectors	0 staff	1-2 staff	3-5 staff	6-10 staff	11+ staff
Food retailing	3	3	2	1	2
Department store	0	1	0	2	0
Hospitality & services	3	5	4	3	0

Household goods retailing	1	4	1	1	3
Recreational goods retailing	1	5	2	1	0
Business services	1	5	2	2	3
Clothing & soft goods retailing	5	9	0	0	0
Other retailing	2	6	6	1	3
Wholesaling	0	2	1	1	0
Manufacturing	0	1	2	1	2
Building/construction	0	3	1	4	1
All sectors	16	44	21	17	14

Source: Survey of Business in the Northern Territory, 1997

- Only 44 of the responding businesses employed staff on a part-time basis and the majority (70.5%) of these employed only one or two part-time people (Table 5.43). Only 4.5 percent of the businesses employed more than five part-time staff.

Table 5.43: Number of part-time staff employed by business sector*

Business sectors	0 staff	1-2 staff	3-5 staff	6-10 staff	11+ staff
Food retailing	7	1	1	1	1
Department store	1	2	0	0	0
Hospitality & services	8	6	0	0	1
Household good retailing	7	3	0	0	0
Recreational goods retailing	3	4	2	0	0
Business services	9	3	1	0	0
Clothing & soft goods retailing	9	4	0	0	0
Other retailing	10	5	2	1	0
Wholesaling	3	0	1	0	0
Manufacturing	2	2	1	0	1
Building/construction	8	1	0	0	0
All sectors	67	31	8	2	3

* One respondent did not provide a figure for part-time staff.
Source: Survey of Business in the Northern Territory, 1997

- Following the general trend of a small labour force employed by responding businesses, the majority (53.7%) of those 41 businesses which do employ casual staff only employed between one and two casuals. A further 17.1 percent employed eleven or more casual staff and this represented more than one third of the responding food retailers. Although the hospitality and services sector is generally recognised as having a high level of casual employment, it is interesting to note that of the 15 business respondents in the hospitality and services sector, two thirds indicated that they employed no casual staff.

Table 5.44: Number of casual staff employed by business sector*

Business sectors	0 staff	1-2 staff	3-5 staff	6-10 staff	11+ staff
Food retailing	4	0	3	0	4
Department store	2	0	0	0	1
Hospitality & services	10	3	1	0	1
Household good retailing	4	4	2	0	0
Recreational goods retailing	7	1	1	0	0
Business services	9	1	1	1	1
Clothing & soft goods retailing	9	3	0	0	0
Other retailing	13	5	0	0	0
Wholesaling	4	0	0	0	0
Manufacturing	4	1	1	0	0
Building/construction	5	4	0	0	0
All sectors	71	22	9	1	7

* Two respondents did not provide figures for casual staff.
Source: Survey of Business in the Northern Territory, 1997

Impact of gambling on business

- Two thirds of the respondents indicated that gambling had not affected their business at all (Table 5.45).
- Less than one quarter (23.2%) stated that gambling had had an negative impact on their business trade;

- A small proportion of business respondents (3.6 percent) indicated that gambling actually had increased trade.
- Those small number of businesses which indicated that gambling had had a positive impact on their trade included a car rental dealership which picked up trade from the casino as well as during the Darwin Cup Carnival; a pharmacy which had increased trade following the introduction of Tattersalls' products and a clothing store which benefited from Aboriginal card games being played nearby.
- Businesses which stated that gambling had had a negative impact on their trade were distributed among all retail business sectors. Only one of the nine respondents from the building/construction sector stated that gambling had had an negative impact on the business.
- However 92.3 percent of those in the business services sector and 66.7 percent of those in the hospitality and services sector indicated that there had been no effect from gambling. All of the wholesalers and manufacturers who responded indicated that there had been no effect on their business from gambling.

Table 5.45: Impact of gambling on businesses by region

	Darwin Region	East Arnhem Region	Katherine Region	Tennant Creek Region	Alice Springs Region	Unknown	% Total
Positive effect	3	0	0	0	1	0	3.6%
Negative effect	11	1	6	8	0	0	23.2%
No effect	43	1	6	4	18	2	66.1%
Unsure of effect	1	0	0	1	1	0	2.7%
No response	3	0	1	0	1	0	4.5%

Source: Survey of Business in the Northern Territory, 1997

- On a regional basis, a large proportion of responding Alice Springs businesses (85.7%) and Darwin businesses (70.5%) reported no effect of gambling on their trade. It is worth noting that no responding businesses in Alice Springs reported a negative effect from gambling. Interviews with local business owners during the period of this study (1996/97) confirmed this pattern in Alice Springs and Darwin.

- However, this trend was reversed in the Katherine and Tennant Creek regions. Eight (61.5%) of the thirteen responses from Tennant Creek businesses, and 46 percent from Katherine, indicated that gambling had lead to a decrease in trade. While these results must be treated with caution, given the small number of respondents, they were confirmed in interviews with local business owners in Tennant Creek and Katherine throughout the period of this study.
- Of the 26 Territory respondents who indicated that gambling had had a negative effect on their business, 73.1 percent identified EGMs as one of the forms of gambling that was responsible for this impact. Fifty percent identified only EGMs, while the remaining 23.1 percent identified EGMs as well as some other form of gambling, including NT. Again, the small numbers of respondents mean that it is not possible to draw firm conclusions from these findings.

Table 5.46: Type of gambling identified by businesses which report negative impacts of gambling (n=26)

	Darwin Region	East Arnhem Region	Katherine Region	Tennant Creek Region	Alice Springs Region*	% Total
Betting/TAB	1	0	0	0	0	3.8%
EGMs	3	1	3	6	0	50.0%
EGMs & NT Keno	2	0	2	0	0	15.4%
EGMs & other types	1	0	0	1	0	7.7%
Casino gambling	2	0	0	0	0	7.7%
All types	1	0	0	0	0	3.8%
None specified	1	0	1	1	0	11.5%

* No Alice Springs respondents indicated that gambling had negatively affected their business.
Source: Survey of Business in the Northern Territory, 1997

- The types of gambling identified by the businesses generally reflected the variety of gambling available in the specific regions. As a result, respondents in the Darwin Region identified a wide range of gambling types, while those in the Katherine and Tennant Creek regions focussed more on EGMs.
- The majority (84.6%) of those Territory businesses which report they were negatively affected by gambling indicated they had either experienced a decrease

in trade (38.5%) or believed that there was less money to spend in retail as result of increased spending on gambling (46.2%). Other impacts included increased competition from gaming venues (7.7%), increased lay-by defaults (7.7%) and bad debts (3.8%).

- The four Territory businesses which reported that they had been affected positively by gambling, indicated that their trade had increased as a result.
- In the survey business managers were asked to indicate what, if any, measures they had taken to manage the effects of gambling. Forty percent of affected businesses stated that they had taken measures to counter the impact of gambling. These included increased advertising and marketing, reduced staff numbers and altering the mix of products and services offered. For those positively affected, most had been able to accommodate the impact with little change to their business operation.

Impact of gambling on staff

- More than 80 percent of the respondents indicated that they were aware of no staff who had been affected by gambling. Of the 14 respondents who reported that one or more of their staff had been affected by gambling, three were from the Tennant Creek Region. Although the numbers are small, this represented almost one quarter of the respondents from this region.
- Half of those respondents whose staff had been affected by gambling, indicated that the type of gambling involved was solely EGMs. The most commonly identified effect of the gambling related problems experienced by these employees was financial difficulties, followed by family difficulties and stress. In two cases the employer indicated that money had been stolen from the business by staff members affected by gambling.
- Just over one third of the respondents whose staff were affected by gambling indicated that they had taken steps to manage the effects of their staff's gambling related problems. Two respondents indicated that they had dismissed the particular staff member or that the staff member no longer worked for the business. One reported that professional counselling had been sought and another business which

had recently introduced Tattersalls' products indicated that the staff had been trained in the responsible sale of these products.

Additional comments and follow-up contacts

- Just over one quarter of the respondents provided additional comments on the survey questionnaire. Almost all of these comments expressed a negative view of gambling in terms of its economic and social impacts.
- Several respondents in the Darwin Region focussed on the perceived detrimental impact of gambling on the retail sector as a direct competitor for disposable income. There was also concern among some business managers in this region with regards to the perceived negative impact of gambling on quality of life for families, particularly with the introduction of EGMs into venues in the northern suburbs.

A sample of comments from respondents

Don't let pokies into shopping centres! - Darwin business manager

We don't want any more gambling outlets in Katherine until comprehensive survey [is] *done and people/community are made aware of the impacts.* - Katherine business manager

The pub "ain't the place it used to be" as a venue for social chat. - Tennant Creek business manager

They [EGMs] *financially crippled this small town of 3000 people.* - Tennant Creek business manager

Gambling has been in this town a long time eg. casino, horse racing, etc. It's not affecting my business directly but some others very much so and more so interstate. - Alice Springs business manager

- Comments from Katherine business managers included the belief that gambling was becoming too readily available and that this was having a wide range of effects on the community and individuals. As shown in the box above, one respondent suggested that there should be no further expansion of gambling in Katherine until the impacts are considered.
- Similarly Tennant Creek respondents made comments in relation to the expansion of gambling outlets in the town and perceived detrimental impacts this has had on the small and fragile local economy.
- By comparison, business respondents in Alice Springs were less critical of gambling expansion with comments suggesting that gambling has long been a part of the social activities in the town and the fact that it was difficult to identify gambling as a factor that was affecting their trade.
- Only 6.3 percent of Territory business respondents indicated that they would be willing to provide documentary evidence of the effects of gambling on their business. However the majority of these offers were not forthcoming when contact was made by the researcher.
- Thirty-three of the 112 respondents provided their contact details at the end of the survey. However only four of these indicated that they would be willing to provide evidence of the impact of gambling on their business[28]. Follow up phone calls were made in January/February 1998 to most of those respondents who provided their contact details.

[28] In total seven respondents indicated that they would be willing to provide documentary evidence of the impact of gambling, however three of these failed to provide their contact details for follow up by the researcher.

- The Katherine floods of January 1998 resulted in no follow up being conducted with the five businesses in the Katherine Region who supplied their contact details.
- Contact was made with 17 of the respondents in other regions; none of these were willing to provide statistical information relating to any impact of gambling. Eleven of these people did not wish to make any further comments. The remaining six respondents provided a range of comments including personal views about gambling and the perceived impact gambling has had on their businesses.
- One retailer in Darwin commented that the way people determine “value for money” is changing and that gambling is increasingly being seen as a reasonable form of entertainment and leisure. She made the comment that she knows some of her customers would spend $50 at the casino with ease, yet they question paying $50 for a dress. This retailer knew of no forum where she could raise her concerns about the impact of gambling on her business.
- Another Darwin business manager was involved in the Darwin Business Association (DBA) and revealed that the Association had raised its concerns about the impact of gambling with the Minister, Peter Adamson, and requested information relating to the effects on business in Darwin. This respondent claimed the DBA estimates that the introduction of EGMs has lead to $6 million in lost revenue annually, to retailers throughout the Northern Territory. No supporting data was provided to this study.
- A taxi operator in the East Arnhem Region believed that there had been a noticeable decrease in taxi trade since the introduction of cash paying EGMs. He said that a significant amount of his trade from a local club had decreased due to people leaving the venue with no cash on them, claiming they had spent it all on the EGMs. This had an impact on the taxi drivers as they are paid on a commission basis.
- The area of concern for a Tennant Creek business manager was not so much the impact of EGMs on his business but the flow of gaming revenue back into the local community. He was aware of the additional levy placed on the hotel gaming machines, however believed that there should be greater accountability for the

clubs in terms of reporting to the government how they had expended their gaming revenue. He was not convinced that renovations and acquiring assets were the most appropriate use of gaming revenue.

- As a local business person, he is approached regularly for donations to local organisations and groups and wonders how much the local clubs in Tennant Creek are contributing to these groups. He suggested that perhaps each EGM in the clubs could be "allocated" to a certain local sporting or community organisation which would then receive a nominal percentage of the gross profit from that particular machine.

5.7.3 Summary

- While the 112 businesses which responded to the survey are not necessarily representative of all business sectors, the responses are indicative of the opinions and impacts experienced by a range of businesses throughout the Territory.
- Most of the respondents employed a relatively small number of people and several in the Darwin and Alice Springs Regions had been established only in the last one to five years.
- Despite most respondents commenting negatively about the economic and social impacts of gambling, **two thirds of the respondents indicated that gambling had not affected their business and 80 percent claimed that gambling had not affected their staff.**
- A higher proportion of those businesses which reported that they had been affected negatively by gambling were located in the Tennant Creek and Katherine Regions.
- Overall 73 percent of all negatively affected businesses identified EGMs as one of the forms of gambling they believed to be responsible for this adverse impact.

6 Impacts of gambling in the Northern Territory: Analysis of results and discussion

6.1 Introduction

In this section we draw together the issues discussed in previous sections of the report. In view of the lack of comprehensive and consistent data on all aspects of gambling in the Northern Territory, this section concentrates on delivering an initial analysis of the economic and social impacts during 1996 and 1997, drawing on research conducted for the study and other available data. It also presents a discussion of the limitations of the study and suggests areas for future research.

There have been several challenges in addressing the Terms of Reference for this study:

- The existing regulatory environment for Territory gambling is complex. There is an array of sector-specific taxes, entry barriers, social obligations and other government requirements;

- Different forms of gambling are likely to be substitutable from a gambler's point of view, requiring complex and innovative analysis to assess the economic impact of tax, regulatory regimes and other factors noted above;

- Ideally, economic impact analysis should assess the demand and supply effects of, for example, changes in the regulatory environment or increased competition within the sector. This would involve complex economic modelling and significant detailed information which was not available to this study;

- Some useful economic studies of Territory gambling have been conducted recently but are not in the public domain or available to this study. Other useful economic studies have been undertaken for specific industry interests in other states but they need critical independent analysis before they can be used as the basis for Territory impact studies. It is expected that the Productivity Commission will address these issues in its current inquiry into gambling.

Given the lack of appropriate data and a recognised methodology, our approach is largely descriptive. No published literature could be found that could be replicated for Territory conditions or that derived all the specific relationships which shape the Territory's gambling industry. It has not been possible to establish a fully specified economic model based on original research of Territory conditions that apply to gambling. Estimates of gambling output were based on information gleaned from existing Australian and international research. So in one sense, the following summary represents a patchwork which stitches together empirical observations from several different sources.

A feature of this study is that it throws into prominence the lack of knowledge that exists about key economic relationships and processes for Australian gambling. Nonetheless, it also has highlighted some significant economic impacts and factors which make a difference to government revenues, the contribution of gambling to the Territory economy and the distribution of gambling profits for community purposes.

6.2 Economic impacts

As observed earlier, there is very limited reliable data available, particularly at the regional level to assist identification of the economic impacts of EGMs and other forms of gambling in the Territory over the last two years. Our analysis is based upon:

- primary data collected by means of three surveys - surveys of community gaming venues 1997 and 1998, a survey of Northern Territory business and community telephone surveys in 1996 and 1998
- data provided by the Racing and Gaming Authority of the Territory

- information obtained by the way of consultation with venue managers and proprietors, and with key regional bodies and the individuals
- other sources of data are Australian Bureau of Statistics, Northern Territory Treasury and the Tasmanian Gaming Commission, which provides gross turnover and expenditure data until the 1996/97 financial year on forms of gaming and wagering in all States and Territories.

Using both quantitative and qualitative data previously discussed in other sections of the report, this section analyses the overall trends and patterns of gambling in the Northern Territory under four main impacts:

- the predicted economic impacts of community gaming machines (EGMs);
- output impacts on the Northern Territory economy;
- employment; and
- taxation

6.2.1 Predicted economic impacts of EGMs

The Select Committee on Effects of Poker Machines in Community Venues (Northern Territory Legislative Assembly, 1995) predicted a number of economic and social impacts associated with the introduction of community electronic gaming machines (EGMs), as follows:

- *On the basis of an anticipated annual player loss on poker machines of $16.5 million over the existing gaming machines [AADs] and allowing for 20 percent substitution from other forms of gambling ... it seems reasonable to expect that the proportion of Household Disposable Income (HDI) devoted to gambling will reach and stabilise at about three percent by 1996/97.*
- *government revenues [from EGMs] will reach approximately $5 million per annum on the basis of a 25 percent player loss.*

- *The cost of machine ownership and maintenance will be about $1.6 million per annum, resulting in a net government revenue flow of about $3.4 million per annum, subject to administrative costs.*
- *The Community Benefit Levy will produce a further $1 million, the great majority of which will be spent in the Northern Territory.*
- *The replacement of the non-cash gaming machines by Poker Machines in clubs will cause total machine proceeds for clubs to rise by over $5 million to $8million per annum…those clubs will benefit from increased membership as the facilities and services, improved as a result of the expenditure of these moneys, create attraction in the surrounding community.*
- *The proceeds of Poker Machines in hotel venues in the Northern Territory will rise by a little over $1 million in total when all machines are in place. Whilst these venues will lose some custom to clubs, it is likely that Poker Machines will be a drawcard for those hotels with locational advantages and marketing skills, improving returns in other departments.*

This study has shown that some of these predictions have been achieved; others are less certain, either because it is too soon for trends to be identified or because further information and research are required.

- Annual expenditure on community electronic gaming machines (EGMs) has been less than originally predicted, primarily because of delays with machine installations into venues. However, as predicted, the new gaming machines have proven to be much more popular with Territorians than the superceded cashless AADs, and the level of expenditure continues to increase steadily.

- Assisted by other changes to gambling (the introduction of sports betting and on-course telephone betting, improved racecourse facilities, new casino machines and marketing) the Territory has achieved the prediction that Household Disposable Income (HDI) would reach three percent and stabilise. However, as noted earlier in this report, per capita expenditure figures for the Northern Territory are distorted by the inclusion of spending by tourists and international gamblers. New data collection techniques are important to identify the extent to which Territory gambling revenues are derived from local residents or from interstate and overseas gamblers.

- It also is important to identify the source of gambling expenditure to examine if it is entirely from substitution of one from of gambling for another, or diversion of expenditure from non-gambling activities, or complementary spending in which new gambling markets are created.

- Given that the installation of gaming machines was slower than anticipated, the tax return from community gaming machines to the Territory Government has fallen slightly short of predictions. However, current trends suggest that tax collection will continue to increase as the proposed target of 680 machines is achieved.

- Notwithstanding the fact that the Northern Territory has the highest gaming machine tax of any Australian state, under the current leasing arrangements for gaming machines substantial the government requires substantial revenues for its regulatory functions. The costs of administration, machine purchase and maintenance are estimated by R&GA at over $5000 per machine per annum, a significant drain on government income and resources.

- Several club and hotel managers and industry representatives interviewed for this study strongly criticised the current leasing and tax arrangements, 'inconsistent' policies between different forms of gambling, and the role of the R&GA.

- The Community Benefit Fund has not yet achieved the predicted annual target of $1 million, partly due to initial delays with machine installations. Total revenue for the Fund in 1995/96 was $86,889, and $641,771 in 1996/97 - a two year total of

$728,660. Small grants (with total value of $172,000) have been made from the Fund to several charitable agencies and community services throughout the Territory. The Fund was frozen in February 1998 pending review of objectives and procedures.

- Clubs and hotels both appear to have benefited from the introduction of EGMs, with increased machine profits above those achieved with the old cashless machines. A significant proportion of clubs have increased their membership and undertaken (or plan to undertake) improvements to facilities. However, it proved difficult for this study to collect reliable and comparable information on community contributions made by gaming venues. This was largely due to the fact that most venues did not maintain adequate records that could be easily retrieved or detailed records on monetary and 'in kind' contributions.

- Although this study has not been able to provide comprehensive and accurate information about venue improvements, the capacity for clubs to deliver benefits both to their members and the local community undoubtedly has improved materially sine 1995. Further research and more accurate reporting by clubs are needed to examine the extent to which the proceeds of gaming machines are in fact used to 'improve neighbourhood recreational amenity', as the Government's policy intended.

- Hotels, too, have benefited from the new community gaming machines despite the restrictions on machine numbers and the additional community benefit levy applied to their gaming revenues. Machine profits have increased above previous levels without the burden of machine ownership costs. As with clubs, the effect of gaming on other hotel activities and on community services and facilities requires further investigation. The large majority of Territory hotels are privately owned by hotel chains, not local residents, and there is considerable potential for hotel profits to be directed out of the local community to benefit the shareholders of the parent company.

- Future studies (or preferably, regular social audits conducted by R&GA) should compare the community contributions of hotel gaming with the community benefits generated by clubs, particularly in view of the request by the NT branch of the AHA for private ownership of machines and tax parity with clubs.

- Notwithstanding the request by industry representatives for additional machines in hotels, there seems to be little demand in the Territory for large numbers of gaming machines in community venues.

- It is too early to reach any firm conclusions about the potential for cannibalisation between community venues at a local level, or between different forms of gambling at a more general Territory level. However, preliminary findings from this study suggest that the impacts are mixed. While casinos do not appear to have been adversely affected by community gaming machines at least in the short term, interviews and surveys indicate that sales of charitable gaming (raffles, bingo) have suffered since the end of 1995. Some substitution seems to have occurred at expense of commitments to charitable organisations, with likely social consequences.

- It was anticipated that the gaming machine profits in the two casinos would decline by 10 percent as a result of competition from the community gaming machines. This calculation informed a 22 percent rebate on casino taxes which was intended to offset depression of the casino market. However, neither of the Territory casinos have experienced significant change in the rate of growth in gaming machine expenditures during 1996-1997. This appears to have been partly due to the slower than expected installation of machines in community venues. It also could reflect the success of the casinos' own marketing campaigns and the popularity of new gaming machines introduced to counteract competition from clubs and hotels.

- Although it is too early to suggest any sustained changes in gambling patterns, the introduction of EGMs to clubs and hotels appears to have generated a new market of patrons who do not regularly gamble at the casinos or racecourse. Such an effect would be expected in communities which do not have ready access to casino gambling or bookmakers; but it also seems to have occurred in Darwin and Alice Springs. Rather than a substitution effect in which gamblers transfer their spending from casinos to clubs and hotels, the two forms of gambling appear to be complementary - that is, a new market segment has been created.

- At this early stage of EGM operations it would be premature to confidently claim that community gaming has diverted expenditure from non-gambling activities. A business survey and interviews conducted for this study found no evidence that there has been a decline in patronage of restaurants and cafés in the vicinity of larger clubs, for example. However, this may change as clubs become more established and complete planned improvements to their facilities and catering.

6.2.2 Effects of gambling on the NT economy

It is easy to conclude that the net economic balance might not be changed very much at all …rather there will be a significant benefit to the economy (Northern Territory Legislative Assembly, 1995).

The 1995 Select Committee predicted an additional direct expenditure from EGMs of $16 million per annum; induced expenditure would lift this economic impact to $46 million. The Committee also predicted that a conservative estimate of net impact of EGMs for GSP would be $20 million per annum. The annual cost of EGM benefits was predicted at $3.59 million per annum, with a benefit:cost ratio of 5:5. That is, the Committee predicted that for every gambling dollar an additional $5.50 would be added to the value of the product of the NT economy.

- In the Committee's report, as in many other gambling studies, the key influences of the contribution to GSP reflect unstated assumptions rather than relationships derived from empirical economic analysis. A key implication of this is that the contribution to GSP of gambling may have been overestimated by the Territory's Select Committee (Northern Territory Legislative Assembly, 1995), for example, by looking at the positive changes and missing some of the important negative effects. For instance, the existence of community gaming machines may divert people from activities that produce a greater GSP contribution. On the other hand, gambling may divert people and spending from other forms of entertainment, as community surveys for this study show. These issues could not be explored fully in our study.

- Nor does the historical nature of the Select Committee's analysis capture the effects of future change in some parts of the gambling industry, such as Internet and interactive home gaming. The predictions are 'snapshots' and therefore tend to understate the anticipated impacts of any sector of the industry that is growing rapidly.

- Following this, it is also likely that the long-term fiscal contribution (and distribution of gambling profits for community purposes) has been understated.

Gambling undoubtedly has direct, indirect and induced impacts on the Territory economy.

- Direct impacts arise because of the immediate requirement such as turnover or output obtained in the gambling activities, the employment of people to operate gambling venues, the net income accruing to its operators.

- Indirect impacts results from the increased production of goods and services necessary to maintain and operate the gambling activities. It includes venue services, gambling machines, betting facilities, etc. Each of these inputs in turn has indirect impacts, such as construction, electronics, transport, labour, etc.

- Induced impacts are the increased economic activity caused by increased spending resulting from the extra income earned directly and indirectly as a result of gambling. The induced demand for goods creates further jobs and income in a flow-on effect.

- Conventional multiplier analysis decrees that for every dollar spent initially in an economy there are flow-on impacts into other sectors of the economy, both in production and consumption. The sum of these flow-on effects is the multiplier impact. This multiplier impact will vary in each industry sector depending on the degree of the sector's interrelationship with other sectors of the economy.

- At the state and Territory level, expenditure multipliers are lower than those at a national level, since some of the flow-on effects will be felt in other states.

- However, the Australian Bureau of Statistics acknowledges that there are no reliable multipliers available for the gambling industry which will allow the calculation or estimation of these flow-on effects to the regional economy (ABS, 1995). In the latest ABS statistics, gambling is now part of the 'sport, gambling and recreation' sector on an Australian basis; other states still include gambling in the broader entertainment and recreation sector with a sectoral multiplier of 2.5.

- However, we consider that the output multipliers for the gambling sub-sector itself are likely to be lower than the sectoral average, particularly for lotteries, gaming machines and sportsbetting.

- An extensive literature search of Australian, New Zealand and United States gambling studies revealed that a wide range of different multipliers have been used to estimate the economic impacts of gambling, often without adequate statement of underlying assumptions and formulas. While multipliers for the major industry sectors in Australia lie in the 1.3-2.1 range, most gambling studies base their calculations on a variety of multipliers ranging from 2.1 to 4.

- Hence the economic impacts of the gambling can only be generalised from previous studies and *estimations*, and thus may not provide an accurate picture of the *actual* impacts.

- Using one such estimation with multipliers of 2.45 percent, for example, the overall impact of gambling on the Northern Territory (in terms of value added output) is estimated to be approximately $8,765 million in 1996/97. A significant and growing share of that impact is undoubtedly due to increased expenditures on sportsbetting.

- This sectoral share of 2.45 percent compares with other sectors of the Northern Territory economy (ABS, Australian National Accounts, State Accounts, 1996/97, Product No. 5220.0.40.001):

accommodation, cafes and restaurants	2.5%
communications	3.0%
mining	2.22%

- Based on this multiplier, per capita output of Northern Territory racing and gaming in 1996/97 is calculated at $201.82 and $604.10 respectively.

- The economic output also was calculated for the sub-sectors of Territory gambling. Per capita TAB expenditure was estimated to generate $298.06.

- The economic output impact of per capita expenditure with bookmakers in 1996/97 was calculated to be $195.75.

- The multiplier impact for on-course per capita expenditure was estimated at $45.

- However, it must be stressed that such calculations require validation by detailed and rigorous analysis of actual economic processes and relationships, a task beyond the resources and scope of this study.

- Several other economists were consulted for this study; each applies different multipliers in their calculations, inevitably with different results. Consequently this study has been cautious in the application of statistical constructs and conventional multipliers.

- Moreover, gambling is now a widely diversified industry, with structures in some sectors similar in many respects to agricultural production (e.g. racing); other sectors (casino table games) may have more in common with the hospitality industry; and other gambling activities may have greater similarity to high technology industries such as computing and telecommunications (sportsbetting and Internet gambling). Each will have different types of impact on the Territory economy as a whole, and the various regional economies.

For this study, given the absence of an appropriate economic model, economic output of the gambling industry is measured by expenditure data, that is, the gross turnover less prizes and payouts. Expenditure represents player losses or amounts lost by players.

- Gambling expenditure in the Northern Territory has increased sharply since 1994/95 ($70.25 million) to $99.429 million in 1995/96 and $100.349 million in 1996/97, a significant growth of 29 percent during that period (Tasmanian Gaming Commission, 1998). This is largely due to the increased expenditure impacts of community gaming machines and sportsbetting.

- Overall gambling turnover in the Territory increased by 3.28 percent in 1996/97. This increase was not evenly experienced, however. While racing turnover rose by 16.44 percent, gaming turnover declined by 1.19 percent. The largest decrease in turnover occurred with pools (down 25%) and casinos (down 21.46% on the previous year). Gaming machines turnover increased by 140.79 percent in the first year of community gaming machine operations.

- In 1996/97 the direct expenditure on gambling represents 3.27 percent of Household Disposable Income (HDI) in the Northern Territory, slightly down from 3.36 percent in 1995/96. The earlier caution that these data include spending from interstate, international and tourist gamblers must be kept in mind.

- Rather than a substitution effect of 20 percent, as predicted by the Select Committee in 1995, it appears that the introduction of community gaming machines has been part of a more general expansion of gambling activity and expenditure. Some forms of gambling have lost market share (eg. charitable gaming) but others have experienced rapid growth. Sportsbetting grew at the rate of 80 percent in 1996-1997.

- Notwithstanding the revenue and expenditure impacts of community gaming machines in the Northern Territory, they have not had the same profound economic impact as in some other states. Per capita expenditure on Territory gaming machines ($123 in 1996/97) is lower than in any Australian State except Tasmania (Western Australia does not have gaming machines outside the casino). By comparison, per capita gaming machine expenditure in NSW is $536; in Victoria it is $425.

- The relatively modest numbers, slower than expected installation and widespread distribution of community gaming machines have had a diffused and gradual impact on the Territory economy, both at aggregate and local levels.

- The restructuring of the racing industry and the geographical concentration of major racing and betting activities in Darwin, and to a lesser extent Alice Springs, is directing racing related activities towards the two urban centres with an corresponding decline in economic activities and benefits in other regions.

- The decision by MGM Grand Darwin to withdraw from the international junket market has altered the balance of trade of that casino (and thus the Territory economy) to rely predominantly on local patronage and expenditure. Previously an estimated ten percent of Darwin casinos' income had been derived from international gamblers. Rather than bringing export earnings to the Territory, MGM Grand is now in direct competition with Darwin's clubs and hotels for the local market.

- This trend is being offset by a rapid increase in gambling income which is derived from interstate and overseas gamblers who utilise the Territory's three sportsbetting agencies. Internet and interactive gambling offer high economic returns for relatively little capital outlay (unlike casinos and racetracks).

6.2.3 Employment

It would be reasonable to assume that the direct employment in clubs in the Northern Territory will rise by about 170, of whom 110 would be part-time, producing equivalent of over 100 full-time jobs (Northern Territory Legislative Assembly, 1995).

The ABS has compiled the most comprehensive data on employment in Australian gambling industries (ABS, 1996d. See Section 3 for a summary of this information).

Total employment in 1994/95 in the various gambling industries was estimated at 32,062. However, this data does not include people employed in jobs which have a main classification but who work in areas where gambling related activity forms a part of the job; so this derived figure is an underestimate. Nor is the data adequately analysed at a regional level.

There are two conventional approaches to produce estimates of employment generated by the gambling sector:

1. *A top-down approach*: Using multiplier output estimates as discussed above, employment generation factors provided by the ABS (FTEs per million dollars of expenditure) can calculate *estimates* of direct employment and total employment (using flow-on impacts). This approach suffers from the same methodological limitations as the use of estimates to measure economic output.

2. *A bottom-up approach*: a more rigorous approach to estimating direct employment can be undertaken by direct consultation with the main stakeholders and employers in the sector and using their own estimates of employment. Direct gambling related employment includes such categories as bookmakers, TAB employees, newsagency staff (where lottery products are sold), casino dealers, gaming managers, machine manufacturers, etc. While this approach obtains greater precision for direct employment, there is a risk that certain information or areas of employment generation will be left out.

Ideally independent use of both approaches would allow a cross-check on each other. However in the absence of reliable multipliers for the gambling industries, and with an emphasis on *actual* impacts, this study has relied on the bottom-up approach. However, the potential for data gaps and inaccuracies mean that the findings of this study must be viewed as preliminary only.

It has not been possible to identify with any accuracy the full employment benefits of gambling in the Territory, i.e. the jobs generated both directly and indirectly by the gambling industries. Not only are there substantial variations in the extent and character of employment with different forms of gambling, few gambling venues or operators could provide the study with robust data about the number of full and part-time employees who work for them directly.

- The most reliable information was provided by the two casinos. Territory casinos create similar types of jobs to other Australian casinos (see Section 3.5.3 and Section 4.2), although the seasonal decrease in casino and hotel patronage during the summer months has meant that Territory casinos appear to have a marginally higher proportion of casual and part-time employees than the 1994/95 figure for Australian casinos overall. In response to increased competition from community gaming venues and casinos in other states, Territory casinos reassessed staff levels and organisational labour needs, with reductions in some job categories and increases in others. The general trend during 1996 and 1997 was for the Territory casinos to reduce staff levels. This trend also might have occurred in other states since 1994/95, but more recent data is not yet available.

- As in the casino industry generally, staff turnover in both Territory casinos is high even by hospitality industry standards. There were no significant industrial disputes in the gambling industries reported during the two years of the study.

- The survey data obtained from community gaming venues (Section 5.1.3) suggest that the introduction of gaming machines has had two initial impacts on employment: the additional activity and income earned by clubs and hotels have enabled some existing part-time jobs to be converted to full time work; and additional employment opportunities have been created. Over 40 percent of venues reported an increase in the number of full-time employees; one third reported that staff worked longer hours. However, a significant proportion of clubs and hotels reported no change to the number of full-time staff or to staff hours. It must be stressed that these data are indicative rather than definitive. Responses to our survey varied considerably, mainly in regard to the exact level of staffing. Larger clubs may have dedicated gaming staff but smaller clubs and hotels use staff for a range of duties including gaming. This issue requires more comprehensive and rigorous data collection and analysis before any firm claims can be made about the direct and indirect employment impacts of community gaming machines in clubs and hotels. Other employment generated by the club sector, for example, includes technical services, regulatory staff, construction works (refurbishment, venue expansion funded by gaming).

- The most definitive estimates of Australian racing employment was published in 1992 and contained separate studies for all States and Territories (ACIL, 1992). This study has accepted the ACIL study as a benchmark measure of employment in Territory racing, although further research and adjustments are necessary to reflect changes in the industry. The NTTAB and racing industry in 1992 claimed to employ 500 full time and part time staff, estimated to contribute 200 full time equivalent (FTE) positions. This estimation ranked racing as a larger employer than about half the industries in the Northern Territory. As the NT Government is currently conducting separate studies of the racing sector, no attempt has been made to verify or update these figures as part of this study.

- NT lotteries are involved with non-continuous transactions and thus have little reason to gather employment statistics except for productivity purposes. As the data for Australia's gambling industries show (Section 3) lotteries do not generate significant employment. The Territory Lottery Company is not a large employer, with a total workforce in 1996/97 of 13 staff, nine of whom are full time. No employment data is available for Tattersalls lotteries. Lotteries operate mainly through retail outlets which sell other products as well as lottery tickets. Most agencies sell or process tickets on a casual basis; and the number of transactions varies from agency to agency. Other people who may be dependent on lotteries are equipment manufacturers, printers of tickets, advertising agencies, the media and government regulatory officials.

- The number of staff employed by casinos and clubs on keno duties is unknown. Keno operations vary greatly in size. In small clubs, keno duties often are delegated to bar staff; casinos may train full time keno staff.

- Gambling also generates public sector employment in the Racing and Gaming Authority, the Racing Commission and Gaming Commission. In 1997/98 35 people were employed by the R&GA, including the Director. These staff cover a wide range of skills and occupations including auditing, policy development, technical support, statistics, and management. To some extent the increased staffing needs created by the administration of community gaming machines have been alleviated by the withdrawal of the on-site inspectorate from MGM Darwin Casino and their redeployment as gaming inspectors with a broader role in the community. Other government employment related indirectly to gambling occurs with the NT Police Service but lack of data precludes analysis.

6.2.4 Retail impacts

In the Northern Territory as in other states, there have been repeated claims in the media that gambling, particularly casinos and gaming machines in clubs and hotels, is impacting negatively on the retail sector with people diverting household spending from retail outlets to gambling. The only systematic analysis of the impacts of Australian gambling on retail has been conducted for the Victorian Casino and Gaming Authority (Victorian Casino and Gaming Authority, 1997). This included analysis of the trends in retail spending in the Northern Territory. It was resolved that this analysis need not be duplicated in this study, but ABS retail data for 1996/97 were examined to assess changes in the industry. Additional information was obtained specifically for this study by a mail out survey of retailers in the main commercial centres throughout the Territory and periodic interviews with business managers over the two years of the study (see Section 5 of this report).

The conclusions drawn from these inquiries include:

- due to the Territory's relatively small population, household expenditure and income figures are 'somewhat volatile' from year to year (Victorian Casino and Gaming Authority, 1997:33);

- the NT retail sector appears not to have been adversely affected by the introduction of community gaming machines. Since 1991/92 retail's share of total private expenditure has risen by approximately two percent while gambling has achieved just over three percent of Household Disposable Income (HDI);

- in terms of private consumption expenditure to household income, the retail sector 'has not lost ground in the proportion of income outlaid on retail goods between 1989/90 and 1995/96, rising from 42 percent to 43 percent. However the 43 percent share is a significant drop from recent years where the figure climbed to 50 percent in 1992/93 and 1994/95' (NIEIR, 1997:33). It must be noted that the NIEIR study did not establish a demonstrable causal relationship between the changing pattern of private consumption and gambling. Other factors and externalities may also have affected this trend.

- The share of expenditure on services to household income rose substantially between 1989/90 to 1995/96 'mainly on the heals [sic] of strong share gains in expenditure on communications equipment (3%), meals and accommodation (0.8%), education (0.5%) and dwelling rent (1.4%)' (Victorian Casino and Gaming Authority, 1997:33). This trend appears to have continued, and may have been affected by the machine purchases and hospitality components associated with club and hotel gaming.

- Per capita expenditure on retail goods as well as per capita expenditure on gambling both have increased by approximately 8 percent since 1989/90. Again, the earlier caution about the ‘export’ component contained within the Territory’s expenditure figures must be borne in mind.

- The VCGA study argued that ‘the large net flux of tourism expenditure coupled with a relatively small population size lead to volatility and misrepresentation of the territory’s true savings ratio; therefore, an analysis of the change in savings is not worthwhile’ (NIEIR, 1997:33);

- The survey of Territory businesses conducted for this study largely confirmed the findings of the NIEIR (1997) report. Two thirds of respondents indicated that gambling had not affected their business at all. A small proportion of business respondents indicated that gambling had actually increased trade.

- Less than one quarter (23.2%) stated that gambling has had a negative impact on their business trade. These respondents were distributed among all retail sectors, but a significant number of them were located in Katherine and Tennant Creek. None of these businesses accepted the invitation to provide evidence to the study to illustrate these impacts.

- The majority of businesses which reported adverse trade impacts from gambling nominated EGMs as partly or wholly responsible for this impact.

- More than 80 percent of business respondents indicated that they were unaware of staff who had been affected by gambling. Again, EGMs were cited as a factor

where problems had occurred.

- These trends also were identified in consultations and interviews with retailers, although there was a greater tendency for interviewees to be critical of the overall expansion of gambling.

- The study found little evidence that gambling has a positive or negative impact on tourism in the Territory. However, the potential for gambling to add to tourism activity has diminished since MGM Grand Darwin's decision to phase out junket operations in 1995. Previously an estimated 10 percent of Darwin casinos' income had been derived from international gamblers. Rather than bringing export earnings to the Territory, MGM Grand is now in direct competition with Darwin's clubs and hotels for the local market.

6.3 Taxation

Gambling also produces substantial tax revenue for governments.

- In 1996/97 gambling in the Northern Territory generated $24.809 million in government revenue, much of which was recycled back into the economy further assisting economic activity. This was a 78 percent increase on gambling revenues for 1994/95 ($13.899 million). In the case of wagering, a significant proportion of this revenue is directed to specifically assist the racing industry, with consequent flow-on effects for employment and other activities. Further analysis is required of revenue and tax impacts and the flow-on benefits in terms of government infrastructure and services.

- Community gaming machines have made the most significant contribution to increased government revenues, generating $7.437 million in 1996/97. The rate of growth in gaming machine revenue has been far greater than any other form of gambling, up from $.341 million in 1994/95 and $1.606 million in 1995/96.

- However, lotteries are the major source of gambling revenue for the Territory government, generating $11.568 million revenue in 1995/96, up from $9.444 million in 1994/95 and $11.164 in 1996/97.

- The Community Benefit Fund, established to collect and distribute a proportion of hotel gaming machines taxes for community benefit, has not achieved its objectives during 1996 and 1997, as mentioned above. By December 1997 only a small proportion ($172,000) of the payable revenue collected for the Fund has been distributed, prompting public criticism.

6.4 Social impacts

The Select Committee on Effects of Poker Machines in Community Venues (Northern Territory Legislative Assembly, 1995:46) suggested that *'poker machine gaming …provided the venue is properly managed, creates in itself little social impact'*.

Other predictions of the Committee included:

- *up to five percent of the adult population may play EGMs once a week or more often;*
- *some substitution at expense of commitments to charitable organisations, such as a decrease in donations to charities and income of non-profit organisations. This could have a flowthrough effect for government or cause some hardship in the community;*
- *a modest decline in patronage of restaurants and cafés in the vicinity of larger clubs, with possible social consequences;*
- *a positive gain if charities have access to a special levy;*
- *competition will prompt clubs and other leisure operators to improve their services;*
- *social benefit through enhanced government resources;*
- *better community facilities and neighbourhoods;*

- *an extra capacity for larger clubs to support local charities, sporting groups, welfare services;*
- *up to 15 percent of regular players may incur significant negative consequences, possibly within 2-3 years of the extension of EGMs beyond the casinos (ie. 1998-1999). At that point the number of problem gamblers will have risen to approximately 2000, with a 3:1 ratio of men to women.*
- *three percent of problem gamblers will seek help in a twelve month period. Thus Territory services would anticipate 36 clients per annum, rising to 60 after the settling in of EGMs. The services established (Amity & Crisis Line) also would be expected to receive about 160 calls per annum.*

Drawing on the findings of studies undertaken in other Australian states and overseas, this study sought to investigate these and other potential social impacts of gambling in the Northern Territory. Our research has not focussed specifically on EGMs, although we inevitably took account of the impacts of community gaming machines in clubs and hotels as the most recently introduced significant form of legalised gambling. However, the study also investigated as far as possible the social impacts of all forms of gambling on the Territory community.

In summary, our study has confirmed the Select Committee's predictive comment that effective policies can manage the introduction of new forms of gambling and minimise many of the adverse impacts which have been experienced in other states. The NT Government's gaming machine policies have been guided by two fundamental principles: the necessity for harm minimisation (e.g. by restricting the numbers of gaming machines both at a Territory level and in each venue) and the maximisation of community benefit (e.g. by permitting community based clubs to have more machines and a more favourable tax rate than privately owned hotels). In combination, these policies have avoided the dramatic expansion of EGMs which have occurred in southern states with associated disruptions to economic activity, social behaviour and community expectations.

Even so, this study has identified some impacts particular to the Northern Territory which warrant attention.

6.4.1 Social impacts of gambling on the local community, services and facilities

There has been a significant expansion in both the number of gambling venues in the Territory in 1996/97 and the activities and facilities they provide. This study conducted two surveys (1996, 1997) of all clubs and hotels with gaming machines to seek information on the impact of gaming on community venue operations, activities and various aspects of venue trade (see Section 5).

- The majority of clubs and hotels have expanded their range of activities and services since community gaming machines were installed. Gaming machines are seen by a majority of venues as a major contributor to venue profits and thus as providing capacity for current and future development and improvement of facilities.

- The major changes to club activities and facilities since the introduction of gaming machines include:

    - Increased membership (83% of responding venues)
    - The majority of clubs and hotels indicated that they either had building projects underway in 1997 or planned for commencement within twelve months.
    - 50 percent reported an increase in expenditure on live entertainment in their facilities between 1996 and 1998.
    - However, gaming machines were reported to have had only minor impact on bar trade, restaurant and bistro activities.

- A significant percentage of clubs and hotels failed to respond to survey questions about their financial contributions to the community, although a large majority indicated that they made various ‘in kind’ contributions to local organisations.

- The racing industry has continued the expansion and improvement program which began in 1994/95, with improved modern betting facilities at Fannie Bay (Darwin) and Pioneer Park (Alice Springs) attracting increased patronage with resulting increased turnover.

- MGM Grand Casino Darwin invested in a major refurbishment and upgrade of the casino-hotel complex in 1995 which achieved increased patronage in 1996/97 and improved community amenities. Lasseters Casino has a program of facility improvement and expansion planned for 1998.

6.4.2 Socio-economic profile of gamblers and non-gamblers

The study conducted two community surveys of Territory residents (1996, 1998) to identify the way people spend their leisure time and money, and the impact of new forms of gambling on other leisure activities (see Section 5).

- Only a very small number in both surveys had not engaged in any form of gambling in the previous twelve months (5.2% in 1996; 8% in 1998) - ie. 94.8 percent and 92 percent respectively did gamble.

- Males and females were equally represented in both groups, although the proportion of male non-gamblers was slightly higher in 1998.

- Young males and (in 1998) young women are more likely to gamble at casino games; women aged 35-49 years were less likely to play draw card or gaming machines.

- Men are more likely to bet at the TAB, buy lotto tickets and play NT Keno.

- People who play gaming machines are more likely to also engage in a wide range of leisure activities (restaurants, discos). People who do not play gaming machines are less likely to gamble on other forms.

- There were some variations between income, occupation, and education groups but these were not significant indicators of people's gambling preferences. Nor was country of birth or cultural identity except for some Asian groups who are less likely to play gaming machines.

- There were few significant differences between various social groups and their gambling patterns.

6.4.3 Community perceptions of the impacts of gambling

Surveys were conducted in March 1996 and March 1998 to examine the public's perceptions in relation EGMs in hotels and licensed clubs.

- A small majority of respondents in both surveys believed that EGMs should have been introduced into Territory hotels and clubs, suggesting that there is general (but not strongly positive) public support for the policy within the community.

- However, approximately half of the respondents considered that the Northern Territory Government is encouraging 'too much' gambling, however there is no way to determine to what extent the media and especially reports of the situation in other states have influenced these views. Despite this, it does indicate that sections of the Territory community continue to have negative perceptions about the role of Government in this area.

- Furthermore, almost two thirds of respondents in both surveys do *not* believe that the introduction of EGMs will benefit the community and more than one third of respondents in the 1998 survey indicated that there were *no benefits.*

- There were strong responses in relation to problem gambling and the need for careful control and monitoring of the EGMs which again reflects the general concerns in the community about the potential social and economic consequences of gambling development. However, a large majority of respondents in both surveys indicated that their gambling behaviour and that of their family members had not caused problems.

- Most gaming venue operators indicated that they knew of few, if any, patrons who had experienced problems with their gambling. A small number of venue operators in Tennant Creek and Katherine expressed concerns in relation to the potential impact of the gaming machines on the local community.

6.4.4 Problem gambling and support services

The study also conducted interviews and surveys of service agencies in all the regions of the Territory to monitor the incidence of problem gambling over the two year period and the responses and capacities of the agencies to satisfy client demand.

- A variety of support services are established in the Northern Territory to provide assistance and counselling for people with gambling problems, their families and 'significant others'. In the Darwin Region, Amity Community Services has expanded its gambling intervention service over the last two and a half years and continues to be the only service in the region which actively promotes a gambling intervention service.

- The Financial Counselling Service at Anglicare also has provided assistance to people experiencing financial problems as a result of their gambling behaviour. Other service agencies in the Darwin area are aware of the gambling intervention services provided by both Amity and Anglicare and refer clients to these agencies if necessary.

- There are few counselling services in Katherine and no service agency that specifically deals with gambling related counselling, however the Katherine Alcohol and Drug Association (KADA) has been cooperating with Amity Community Services in relation to the distribution of pamphlets to gambling venues in Katherine and KADA will see people with gambling related issues.

- Tennant Creek Region has a lack of trained professionals who offer counselling and support services. There are a limited number of service agencies and no agency that specifically provides counselling for people experiencing gambling related problems, or which provides gambling intervention in addition to other services.

- Alice Springs has a slightly more diverse range of social service agencies than other regional centres outside Darwin.

- Counsellors believed that there was reluctance on the part of several people to acknowledge difficulties relating to gambling for fear of the stigma associated with being labelled a ‘gambler’. This belief contributed to the concern which several counsellors expressed that there were people in the community who were experiencing difficulties with gambling but were not accessing help.

- Statistical data was provided by both Amity Community Services and Anglicare Financial Counselling and interviews were conducted with professional staff in all service agencies.

- The most systematic client data was available from Amity. Gambling as a presenting issue has increased from one percent of all new client presentations in 1992/93 to 16 percent of all new client presentations in 1997/78. To a certain degree this can be attributed to the broadening of Amity's services; alcohol as a presenting issue for new clients has fallen from more than 80 percent of all new presentations in 1992/93 to around one third in 1997/98.

- New client presentations for gambling related problems have risen from a total of 17 new clients in 1994/95 to 41 new clients in 1995/96; this period includes the first six months of the operation of EGMs in community venues. In 1996/97 gambling presentations increased by 39 percent to a total of 57 presentations, and in 1997/98 there were 82 new gambling client presentations, double the number of gambling client presentations in 1995/96.

- The most striking feature in this data is the significant increase in total 'follow up' interventions in the 1997/98 period: a more than twofold increase on the previous year, largely associated with a growth in the area of lifeskills training sessions.

6.4.5 Impacts of gambling on Aboriginal communities and other social groups

The limitations on this study have not allowed for a comprehensive study of the patterns of gambling among Aboriginal people, nor a complete understanding of the experience of gambling in the numerous Aboriginal communities throughout the Territory. Therefore, the findings and information presented should be treated cautiously, as they offer only an indicative analysis.

- The qualitative data collected for the study suggests that Aboriginal people, like non-Aboriginal people throughout the Territory, engage in a variety of gambling activities. However for a number of Aboriginal people from urban areas and remote communities, the most prominent type of gambling appears to be playing cards.

- With the growth of commercial gambling it seems that a significant number of Aboriginal people who play cards also engage in gambling at the casinos and TAB agencies.

- The qualitative data gathered for this study indicates that card playing is viewed by many Aboriginal people as a positive activity both in social and economic terms and as such creates few problems for those who engage in the card playing.

- Commercial forms of gambling are viewed as less positive, largely because they take money out of the local community or extended family network. However, several Aboriginal people in the larger centres of Darwin and Alice Springs indicated that commercial forms of gambling were enjoyed by Aboriginal people and that most did not experience difficulties with their gambling behaviour.

- While Aboriginal people play gaming machines in community venues, notably in hotels rather than clubs, it is difficult to determine the extent of this activity and what kind of effects this may be having on individual, their families or the community.

- To the end of 1997 no licensed Aboriginal community club had applied for a licence to operate community gaming machines. However, all of the Aboriginal people consulted strongly disagreed with the introduction of gaming machines into Aboriginal licensed clubs on Aboriginal communities. Such a move was viewed as having the potential to effect detrimentally the social and economic wellbeing of such communities.

- The evidence suggests that Aboriginal people throughout the Northern Territory are not accessing mainstream gambling intervention services, and those consulted suggested that Aboriginal people were more likely to turn to their own families for assistance. While some Aboriginal people who were consulted believed that there may be a need for a culturally appropriate gambling intervention service, others believed that this was not necessary. However, much more extensive research would be required in this area before the appropriateness or otherwise of a gambling intervention service for Aboriginal people could be determined.

6.4.6 The impact of gambling on fundraising by charitable organisations

Regular consultations and two mail surveys of charities and non-profit organisations were conducted throughout the period of the study to ascertain the impact of changes in the gambling industry on the ability of charitable organisations to raise funds. The surveys were conducted in March 1997 and March 1998 with a sample of 30 organisations throughout the NT (see Section 5).

- While the surveys of charities and non-profit organisations cannot claim to be representative of all charitable organisations in the Northern Territory, the surveys do provide an indication of the changes over time perceived and experienced by the responding organisations in relation to the expansion of gambling.

- The surveys revealed that a minority of respondents perceived that the changes in the Territory's gambling market, with the introduction of community gaming machines, have had a negative affect on fundraising activities of those organisations. The proportion of those who have experienced negative impacts is larger in the 1998 survey compared to the 1997 survey. However the small number of respondents in both surveys preclude any strong conclusions.

- The majority of respondents in both surveys indicated that they perceived no effects, although several voiced concern over the *potential* for a negative impact, especially in the 1996 survey, but commented that this would be difficult for them to document accurately.

- A substantial majority of respondents in both surveys indicated that they undertook fundraising which involved gambling activities, mainly raffles and lotteries, as a major source of income. In this regard several respondents raised concerns about the increased competitiveness for fundraising market as a result of gambling expansion.

- Those organisations conducted raffles and lotteries to raise funds found it increasingly difficult to find outlets willing to sell their tickets. The major reason for this was that these smaller organisations could not offer a commission to compete with the commission provided by the Territorian Lottery.

- Several respondents revealed that the amount of time and human resources required to raise the same amount of funds had increased in recent years, however they could not provide evidence to show that the expansion of the gambling industry was responsible for this.

- The surveys also revealed that very few organisations had received financial or 'in kind' support from a gaming venue in 1996/97. On the contrary, some charities had lost the income they previously had received from a local hotel when the draw card machines had been replaced by gaming machines.

- This trend was confirmed by many venues themselves in a separate survey which indicated that sales of charitable gambling (bingo tickets, raffles) in clubs and hotels had declined since the introduction of community gaming machines.

- It also appears that any such losses had not been compensated for through the Community Benefit Fund (CBF), with only one of the responding charitable organisations in the 1998 survey (and none in the 1996 survey) reporting that they had received a grant from the CBF. At the time of the 1998 survey, two years after the Fund was established, one quarter of the respondents indicated that they were not aware of the Fund.

- It was particularly evident in the 1998 survey data that responding organisations were confused, concerned and angered by the operation, or lack of operation of the CBF.

6.4.7 Patterns of crime and policing patterns

- Official crime statistics in the Northern Territory do not record information which assists identification and analysis of the impacts of gambling on crime.

- However reliable data were provided by the Fraud Squad of the Northern Territory Police on twelve people who were convicted for using the proceeds of crime for gambling. Casino gambling was involved in eight of the cases; gaming machines and draw card machines in clubs, and horse and greyhound racing were each involved in the other cases. The amounts involved ranged from $1000-$375,000.

- During the period of this study the Territory media also reported incidents of 'ram-raiding' and theft at gaming venues, and we received a small number of anecdotal reports of people committing crimes to support their gambling.

- However, it has not been possible to identify with any certainty the relationship between community crimes and gambling in the Northern Territory.

- Very few operators reported that there had been security problems or crime at their venue following the introduction of the EGMs, although several clubs had increased their security measures when the machines were installed.

6.5 Other (non-gambling) influences which may affect outcomes or changes

In the process of identifying the major changes in gambling in the Northern Territory and the causes of those changes over the period 1996/97, we undertook regular consultations with venue operators and key informants in every region. These qualitative data supplement the quantitative data supplied by operators who completed the two venue surveys conducted in 1997 and 1998, the results of which are discussed above.

Generally most venue operators were pleased with the overall performance of the EGMs in their venues, even if they were performing below the Northern Territory average, with some commenting that performance had exceeded expectations.

However, several issues and concerns were raised by a significant number of venues about tensions between the R&GA and venues. Relations were strained at times, notably in the early establishment stage. R&GA had to rapidly administer directives as certain issues arose and the venue operators often could not understand the logic or rationale behind R&GA directives. The principal concerns expressed to this study were:

- The flow of information and communication by R&GA to the venues was ineffective and did nothing to improve relations between them and many of the venues.

- Most venue operators were unclear as to the defined roles of the R&GA in relation to the Gaming Machine Commission.

- Inconsistent policies for the different forms of gambling in relation to EFTPOS (in the initial stages) and with regard to advertising (a) as regards to the definition of the type of advertising which is permitted under the regulations, and (b) relating to the advertising of different forms of gambling. A common complaint was that the different rules which applied to the TAB, NT Keno and casinos gave them a market advantage and were unfair, eg:

    - restrictions on advertising of EGMs in community venues while the casino had no such restrictions and continue to run 'inducement' advertising, particularly MGM Darwin Casino;
    - no apparent restrictions on NT Keno advertising - eg. neon NT Keno signs outside all community venues are inconsistent with the policy for EGMs.
    - the TAB's promotion campaign to target young people.

- The majority of venue operators were satisfied with the maintenance and servicing of EGMs, and many agreed that this service had improved over time. However all venues located in the East Arnhem and Tennant Creek regions maintained that they were experiencing costly and inconvenient delays in the repair of EGMs

- Poor performing EGMs: Several venue operators, particularly club managers, expressed frustration at the fact that despite numerous requests to the R&GA to replace poor performing machines had not received adequate. In cases where there had been a response from R&GA the venue operators were less than satisfied. In smaller venues the problem of poor performing EGMs seemed to be exacerbated by the fact that there was a limited number of EGMs from which patrons could choose. Several club managers considered that this was yet one more advantage which the casinos had over them.

- Operation of EGMs in hotel venues: Numerous hotel operators raised objections to perceived inequities related to the restricted number of EGMs allowed in hotels and the additional tax on hotel EGMs, compared to licensed clubs. Most hotel operators believed that the limit of a maximum of six EGMs in hotels should be increased to allow them to compete with the facilities and services offered by the licensed clubs. A small number also opposed the extra 'community benefit' levy which was placed on EGMs in hotels.

- Licensing of gaming managers: Concerns about licensing requirements were expressed mainly by small clubs with few staff. The cost to the club of continually licensing and training new staff as gaming managers was considerable, particularly where staff turnover was high. Access to training for gaming managers was a particular concern for venues in the East Arnhem Region. A small number of operators believed that the licensing procedures for gaming managers were too intrusive and unrealistic in some aspects and should be reviewed.

6.6 Summary and recommendations for future research

In summary, the balance of evidence before this study suggests that the introduction of community based gaming machines and the general conduct of gambling in the Northern Territory has not produced the significant adverse social and economic impacts which have been reported in some other Australian states. However, while it was too soon to identify any definitive trends, there does appear to be evidence of important distributional effects both among businesses and within the community. There also are different operating conditions for various forms of gambling which affect the impacts they have in the economy and for specific social groups. Consequently such an aggregate result may mask variations in effects on particular social groups and in regions. These issues require further, targeted research to inform ameliorative policies which address emerging problems identified in this study.

There are key information gaps which need to be filled if more rigorous impact analysis of Northern Territory gambling is to be undertaken, including:

- Better and more timely descriptive information about the financial and community activities of all Territory gambling enterprises is an essential part of any research. To achieve this requires firm and consistent guidelines about the publicised reporting of gambling enterprises.

- There needs to be an extensive economic study to measure the determinants of supply and demand, calculates key price and cross elasticities, examines the full implications of tax regimes, and provides a better understanding of the productive function of the gambling industries.

- Better information about gambling participation by various social groups, as well as providers, is required in order to identify the groups most 'at risk' of gambling problems, the need by specific communities for support services, and issues of tax equity.

- In the last two years there has been growing recognition of the complexity of the Australian gambling industry and difficulties achieving reliable and valid analysis of its contribution to the economy and its impacts. This issue has been acknowledged as a priority issue of the Productivity Commission's inquiry into gambling.

In a broad sense these general findings are not inconsistent with the predictions of the Select Committee (Northern Territory Legislative Assembly, 1995) that the introduction of 'poker machines' (and gambling in general) would have both positive and negative effects, but that on balance the negative impacts could be managed and minimised.

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