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PRODUCTIVITY COMMISSION

INQUIRY INTO GAMBLING

**MR R. FITZGERALD, Commissioner
MS L. SYLVAN, Commissioner**

TRANSCRIPT OF PROCEEDINGS

AT ADELAIDE ON TUESDAY, 8 DECEMBER 2009, AT 8.59 AM

Continued from 7/12/09 in Melbourne

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MR FITZGERALD: Good morning, everybody. Welcome to the - I was going to say the first day of hearings in Adelaide. It's the only day of hearings in Adelaide, so we won't say that. Welcome to the hearings. This is the third round of hearings; we've had two days in Melbourne and two days in Sydney, so we're doing Adelaide today and then we've got Brisbane and Canberra to go.

The hearings are generally informal in nature, although participants are reminded that, under the Productivity Commission Act, they are required to be truthful in their responses. Transcripts of the hearings will be available on our web site and you are also able to order them free of charge by filling out a form later in the morning.

Participants will just generally be asked to give their name, the organisation they represent, just an opening statement, and then Louise and I will have a conversation about those particular presentations.

The final report for the gambling inquiry will go to the government at the end of February, at which time they will decide a response and the release date of the report. So with that, if we can ask our first participants to give their names, the organisation they represent, and then we'll get started.

MR HORNE (AHA): Thank you, commissioners. My name is Ian Horne. I am the general manager of the Australian Hotels Association (SA Branch). With me is - - -

MR WOHLERT (AHA): Wally Woehlert. I'm the general manager of Gaming Care South Australia.

MR FITZGERALD: Great. Okay, if you could just give us your opening comments.

MR HORNE (AHA): Absolutely. I'm very grateful for the opportunity to present here in Adelaide. We certainly put in a submission to the draft report which was specific to South Australian issues and conditions but certainly complementary, we think, to the national AHA's larger response. So, I guess with a level of self-interest for South Australia, we thought it was important that we made some presentation this morning to identify specifically some unique aspects about the South Australian gambling model which aren't reflected in the east coast experience, particularly some of the unique strategies and programs and initiatives that have been developed, firstly by the industry, by the industry and government, and by the industry, government and the support sector. So we're not intending on commenting on the whole range of recommendations. In fact, we're going to leave that to our national body in Canberra next week, who clearly recognise that that's the opportunity.

What we just want to do: the very short document we've presented for today is focusing very much on the quite unique initiatives that have happened, which we are happy to talk about, and I guess the message we're sending is that not everyone is the same and not one solution fits everything; so I guess it's local responses to local issues.

Wally Woehlert, of course, who has met with the commission before, up until recently was the general manager for Worldsmart, which is running the precommitment trial, and we're happy to talk about that. In September, Wally joined our Gaming Care agency. Gaming Care, which is in our documentation, is a totally industry-funded, separately incorporated body that provides a whole range of support mechanisms and intervention strategies for our hotels and clubs, along with another one called Club Safe, and it's funded by the industry and effectively authorised by the Independent Gaming Authority, and that again is unique in Australia. Would you like me to walk through our points?

MR FITZGERALD: Yes, any key points that you want to make.

MR HORNE (AHA): Sure. I guess the unique nature of the South Australian market - and a bit of background: gaming machines were established in hotels and clubs on 25 July 1994. The characteristics of the model here are that it's a private ownership model; that is, like Queensland and Victoria, hotels and clubs apply for licences and once they are licensed they buy and own their own machines. The odd one out in all of that, as you well know now, of course, is the Victorian arrangement, which has changed into a private base where you have Tatts and Tabcorp.

The maximum number of machines we have in South Australia is 40, whether you are a club or a hotel, and the average take-up of the 580-odd venues is about 20 to 21 machines on average, recognising that about half the industry have more than 30 but half the industry obviously have substantially less than that.

The machine characteristics are also quite different. Even though our machines are based on a national standard, there's a whole range of appendices that mean that the national standard really doesn't apply, that machines that are utilised in South Australia have to run their own gauntlet of approval, and, while they may carry the same names as you see in New South Wales or Queensland, they are quite different because of the specific approval processes.

One thing that is quite unique in our jurisdiction is we're still one-dollar coin operated. We don't have note acceptors, bill acceptors. We have the whole range of denominations but the games are played by single one-dollar coins. We have maximum bets of \$10. We have the multiline, multibet options. A maximum prize

of \$10,000 can be won, but there are also no linked jackpots; there are no jackpots linked between machines in venues and there are no statewide jackpots.

The other interesting characteristics are that since day one in July 1994 every machine has been linked to a central control monitoring system and that's operated by a body called the Independent Gaming Corporation Ltd. It's a limited company, limited by guarantee, which is effectively owned by the club and hotel industry. One of the reasons for that, going back historically, was to ensure that we could provide, for want of a better statement, a lean, mean monitoring machine that was low-cost, highly efficient, with high integrity.

So, while the industry operates the central control system through this separate body, it's totally overseen by the government agency, the Office of Liquor and Gambling Commissioner. Since it's been operating, and with various upgrades, it's always come through with flying colours. The idea was to maximise the efficiency of the sector and I guess, to be honest with you all these years later, it was to ensure that we didn't end up with a Tabcorp or a Tattersalls model, which we think was all about Tattersalls and Tabcorp but nothing about clubs and hotel opportunities.

The IGC, while it's got seven board members, three independents, with a prominent QC, an IT specialist and a prominent accountant, it also is the mechanism that the industry uses to fund a whole range of projects that we do. For example, in South Australia we have the Gamblers Rehabilitation Fund which is administered by the Office of Problem Gambling, and that was an initiative of the industry back in 1994, where, via the IGC process, every machine has to be hooked up to it and therefore they are able to collect moneys.

An initial million dollars per annum was provided by the industry for problem gambling. That progressively increased up to 1.5 million. Then there has been some hypothecation of government taxation through the political process, and just last year we committed an additional half a million dollars specifically to directly assist help agencies to work with the industry as a result of some of the programs we've got.

So now the GRF in this state, just under \$6 million is contributed, of which \$3.85 million comes from hypothecation of gambling tax, but another \$2 million comes from the hotel and club sector. \$100,000 a year is provided by the Adelaide casino and no other gambling code contributes - TAB, horse racing or the lotteries. So it's been an enormously successful process. It's also the major funding source, being industry funded, of the initiatives Gaming Care and Club Safe, which I'll talk to very shortly.

Moving into that whole area of looking at the future of the precommitment and other opportunities, in November 2006 the then state gambling minister established

what was called a Responsible Gambling Working Party, and in our submission is a quote that the minister's expectation at that time was:

That the working party will devise strategies to assist people gambling with electronic gaming machines to precommit to spending limits, including the trial of some new approaches.

Similarly:

The RGWP was established to develop industry measures that support people using electronic gaming machines to set limits on their gambling.

It's made up of the Hotels Association, clubs, casino. We have counselling organisations. In fact, Mark Henley, who I think is presenting to you later on this morning, is a member of that, along with the appropriate unions. And it has worked very well since, which is now three years. The key focus areas for the RGWP have been looking at informed decision-making, supporting education programs, money management, supporting financial information for customers, and player tracking systems, which I'll talk about shortly. I should add that Cheryl Vardon, who I know the commission is familiar with as the CEO of the Australasian Gaming Council, is the chairperson of that, and that's been a good bringing together of government, community and industry players.

We just wanted to highlight to you also a couple of what we think are great initiatives. That is, most recently we the industry, as part of putting the package together of these things called Gaming Care and Club Safe, engaged Paul Delfabbro. Paul, of course, is the co-author of the report identifying problem gamblers in gaming venues, which was done for Gambling Research Australia in 2007. The project that we've undertaken and completed was involved testing in venue the applications of those indicators, as identified in that report.

The findings of this project are to be utilised as our next stage to develop training for venue staff, and such staff development is considered important in terms of what we're trying to do with on-ground support through the Gaming Care, Club Safe initiatives, and we're just in the process now of going to the next stage of - the initial report that Paul provided is based on his survey of venues. How do we then turn those findings into assisting with advanced training for venue staff and venue managers in identifying problem gamblers, traits and behaviours, et cetera?

As I've mentioned, the Responsible Gambling Working Party is a very effective and functioning body. While it has no statutory power, the minister from time to time relies on it for advice and comment, and certainly it's been a major player in supervising the precommitment trial, which I'll invite Wally to talk about a

little bit later.

I'd like to just go back to this thing called Gaming Care and Club Safe. Really their official names - they're early intervention agencies and they were established in 2005 to effectively assist gaming venue operators, licensees and managers in the early identification of and support for patrons who may be at risk or are experiencing difficulties; to facilitate better communication at the coalface between venue staff and venue managers and the local gambling help services, because at the end of the day it's about local initiatives and local relationships; to provide practical assistance to gaming licensees and managers in relation to compliance; and to undertake audits to assist those venues in ensuring that they meet the regulatory expectations of the various codes of practice that are mandatory in this state.

In essence, Gaming Care and therefore Club Safe business is to support the hotel industry, individuals, their management and staff in identifying problem gamblers and to facilitate early access to gambling support services for those gamblers, a la early intervention. The commission has identified in its earlier reports and subsequent speeches that the regulatory model here had some appeal, with the Independent Gaming Authority overseeing the industry; the regulator being the Office of Liquor and Gambling. To that extent the IGA, who have been a driving force in encouraging industry to participate more actively, has been most complimentary in identifying the positive outcomes we've achieved in South Australia. In fact, in 2006 the then presiding member said:

If it were not for the emergence of Gaming Care and Club Safe, the authority would now be recommending further serious machine reductions directed at achieving a 30 per cent reduction in numbers of premises with gaming.

As you're aware, South Australia had a cull of machines in 2005. And there's some detail in that about what the Gaming Care and Club Safe arrangements do. In 2008 the presiding member, Alan Moss, in commenting in his annual report, said:

The codes of practice changes, which the authority is responsible for, are changes whose time has come. One can imagine the likely responses to suggestions, if it had been made in 2001 when the codes of practice provisions were enacted, that the solution to problem gambling would include a team of 10 industry funded staff given unfettered access to gaming premises and venue staff, and independence of operation from the licensee and the industry's peak bodies.

And we certainly believe we've achieved that and are well on the way to further enhancing the service. In fact, the latest annual report of 2009, the presiding member

again commented:

I commend the level of commitment and support from the industry that is given to this protective scheme, and the authority has also been pleased to note the industry's continuing support for the trial of voluntary precommitment schemes, of which there were two in operation at the time of writing.

So we don't shy away from the fact that there are obviously issues with problem gambling, but we think that in South Australia at least there are not only some unique aspects about our model but there have been some quite unique responses to it and done in a highly cooperative manner, and that are certainly, we think, going a long way to assisting those with problems in the community. I want to ask Wally perhaps to just talk about the next section, which is really our contribution to the discussion on precommitment.

I would add, however, that the precommitment trial in this state could only go ahead because the industry chose willingly to participate. We utilised a private sector loyalty scheme through Worldsmart. There are also some others that are going through the process, but that's the one that has almost been completed. We the industry actively encouraged a number of hotels to cooperate, and to that extent it's been a unique experience. It was one where, with some great risk to the industry - perception of risk anyway - the industry was prepared to go down that track. So I might ask Wally to make some comments on the issue of precommitment and the trials.

MR WOHLERT (AHA): Thank you. Just by way of background in terms of the precommitment trial, I know the commission has been out to the Albion to have a look at it, but just in a very broad overview, it was part of the loyalty program and continues to be part of the loyalty program. It's a wide-area loyalty program and therefore the one card operates across all 64 venues and, although we had six venues in the trial and it's those locations where limits could be set, those limits effectively operated at every venue they went to.

One of the key components of that was the ability of staff to interact with patrons at the time various limits were exceeded. One of the limiting features of the system was the technology in South Australia as far as the gaming machines. The protocols in South Australia have not allowed two-way communication and therefore the physical shutting down of the machine when limits are reached couldn't be achieved. So the system utilised its network of the loyalty program being wide area, and then, at a venue level, interacting with a terminal that was either in the machine or at the machine, and when those limits were exceeded a message would appear on the terminal with a beep, a corresponding message would appear in the cashier's

terminal, and that would prompt staff to come out and interact with the patron. Entirely voluntary.

Patrons could in fact opt out of the loyalty program as part of enrolling in that particular system. Not too many of those people did that but it was a functionality that was built into the system. It also has the ability to generate player activity statements and so players could in fact log on and get player activity statements or request those from the venue.

So that trial has effectively been running for almost 12 months, and it's currently being evaluated and the responsible working party is managing that whole process with funding from FaCSIA. That report should be delivered probably early next year. The experience of running the trial obviously has given us, the industry, a reasonable sort of insight into that sort of activity.

One of the things that comes from that and one of the things that underpins the Worldsmart system is in fact that there is a database that runs across all the venues. One of the views that seems to come out of the draft report is the need for players to be tracked in some form and it seems to us, when we look at that, the only effective way of doing that, particularly if you're going to have a device that operates across all machines in all jurisdictions, is there needs to be a central database somewhere. Short of a database that actually manages and processes and records what people are doing, it's almost impossible to track them across a range of venues. If a venue has a loyalty system in place, their card and their system will relate to that particular system. If it's one card across all venues in all systems, then it will almost bring the end of an individual venue being engaged in any player tracking.

With the Worldsmart system, by the way, there is no player tracking at venue level and so, at a venue, a venue cannot tap into the database and analyse an individual player's activity. All that sort of activity occurs at the Worldsmart end and Worldsmart, through this approval process, has been requested by the Liquor Commission not to engage in player tracking. But it highlights, in our view, that if you don't have a player tracking system that in fact is monitoring and trying to implement the sorts of recommendations that have been made, the need for a central system is paramount and, if there is a central system, somebody has to monitor it; the data has to be stored somewhere. If that's on a national basis, that's a fairly elaborate system. As we say in our paper, it's almost akin to an Australia card for gaming.

MS SYLVAN: Yes. We should probably clarify at this point we didn't see this as national. We see the regulation continuing at state level, in part to have variations in harm minimisation elements that can be trialled and so on.

MR WOHLERT (AHA): I guess I'm coming from what the report appears to

say; it talks about a universal system. But even at a state based level, to still have a database that is actually managing everyone in the state across every venue is a significant database. I know the Worldsmart database has about 300,000 cards in it, and that's a significant task and it's not being used for the purpose of analysing every transaction. So if that's the sort of expectation, it would be a significant task.

That brings with it, of course, all those other issues that the report does talk about: about privacy and who maintains it and what information is sourced, who uses the database, what access is given, how people opt in and opt out. So we simply flag that as an issue from an industry perspective, that we will be somewhat concerned about it.

MR FITZGERALD: Thanks very much for that and thanks very much for your speaking notes. Can I just come back to that in a moment but start with - if I can get an understanding of how the Responsible Gambling Code works and the exemptions that are provided to that.

MR WOHLERT (AHA): Sure.

MR FITZGERALD: I notice in the speaking notes on page 5, you've given some detail. As I understand it, if a provider has entered into an intervention agency agreement that's approved, you get exempted from a number of these code provisions. That's correct?

MR WOHLERT (AHA): That's correct.

MR FITZGERALD: Can you explain to me the logic of why an intervention agency agreement would in fact link to the exemptions for things like precommitment functionality or advertising of gambling and that? Where was the logic that said if you entered into an agency agreement you should be exempted from those sorts of things in the code?

MR WOHLERT (AHA): That's the 6A requirement, if I can just focus on that one. What the code actually says is that no venue can conduct any inducements to gamble unless it's part of the loyalty program and that loyalty program must have a precommitment system approved by the minister and also the IGA. There is no approved system right at the moment, and the IGA had previously recommended that there ought to be a statewide precommitment system. The government declined to act on that recommendation in that report and so we finished up with this particular clause.

Our understanding is that the Independent Gaming Authority has indicated that if you are part of an intervention agency, because that is a step in addressing problem

gambling, then if and when that sort of system is being introduced then you would be exempted from it. That's the extent of the report. It doesn't go into any more detail as to why that one was particular exempted.

MR FITZGERALD: And the advertising - - -

MR WOHLERT (AHA): But it's related to inducement.

MR FITZGERALD: Just clarify for me - and I may be wrong. If you have an approved intervention agency agreement, are you exempt from these advertising code clauses as well?

MR WOHLERT (AHA): The 3B clause is signage on the outside of a venue that actually advertises gambling, so if you are part of the intervention agency, then you can continue to have your signage. If you're not part of an agency then it's no external signage.

MR FITZGERALD: What was the logic behind those exemptions being granted?

MR WOHLERT (AHA): Again we understand it's on the basis that if the venue is participating in an intervention agency, therefore the training is involved and the intervention practices are actually occurring, then external signage could continue. It seems to be that the carrot-and-stick approach is that there need to be some measures there, that if you're part of the agency then you get exempted, if you're not then you - - -

MR FITZGERALD: How many of your members - the Australian Hotels Association South Australia membership - actually have intervention agency agreements?

MR WOHLERT (AHA): There are about eight or 10 that are not members, that don't have an agency agreement.

MR FITZGERALD: So out of 500 venues - - -

MR HORNE (AHA): Out of 500.

MR HORNE: There would be eight to 10 that wouldn't have it. So they've chosen to go down that - it's not based on membership. Everyone is eligible to sign up, but there is a process that - and again it has been operating since 1 December, so it's coming to its annual anniversary. We report on a quarterly basis to the IGA, and in fact we just met this week to review the most recent reports.

Clearly there are expectations on the venues. There are obligations on the venues in terms of reporting - reporting interventions, reporting incidences - and they are monitored very closely. At some stage in the future no doubt some people will have their authorised intervention agency agreement removed, which means that those components of the codes will come into effect.

As Wally suggested, clearly the IGA had in mind an incentive to participate in the authorised intervention agencies. As the presiding member spoke about, we have 10 full-time people in South Australia specifically moving within the venues, working with staff to enhance their skills in early intervention and understanding the proper processes of how to intervene, how to, hopefully long term, identify problem gamblers, and, most importantly, have a relationship with the local help agency.

MR WOHLERT (AHA): For those venues that don't have an agreement, those responsibilities are required by the individual venue, to create their own relationships and their own reporting to the Independent Gambling Authority.

MS SYLVAN: Just to clarify, and I want to come back to the identification and intervention issues, but as I understand it if you're fully compliant, which includes a loyalty program with a precommitment functionality - but in fact the precommitment functionality is still being trialled.

MR WOHLERT (AHA): Correct.

MS SYLVAN: So it's only at a very small number of venues at the moment. So those however many it was - 400 and some odd - don't actually have a precommitment facility. It's only the eight or 10 that you've trialled that have it.

MR WOHLERT (AHA): That's right, but the requirement for that particular code, as most of these others, doesn't come into effect until next year and so there's been a lead-in to the phase. So the requirement to have a precommitment functionality on the loyalty program doesn't become operative until May of next year, and likewise the external signage doesn't become operative until next year. So the IGA actually gave an 18-month phase-in period for each of those things.

MS SYLVAN: One of the key elements that you've outlined of the industry engagement and support is that the system must be voluntary. Our initial recommendation in the draft suggests that these systems should be mandatory to be effective. What data do you have, or evidence, that the problem gambler in a voluntary system actually chooses to self-discipline in terms of precommitment? There are two ways you can do this: you can have an opt in, which means, "We opt in," or you can have a machine that basically says, "We're setting a default for you unless you actively opt out."

MR WOHLERT (AHA): Sure.

MS SYLVAN: From a behavioural economic point of view, that has very dramatic differences in a whole variety of areas. Could you just talk to us about whatever data you've got in this regard?

MR WOHLERT (AHA): In terms of the data, the data is pretty scant because, for people who don't participate in the loyalty program, there is no data. Certainly in terms of the Worldsmart capacity, we've got 300,000 people in there who actively use the system. Some of those people may well be high-risk gamblers. The majority of them probably are not. And that would be consistent with the general theme. But from the industry's perspective, the point that was being made - and that's the recommendation that you're referring to there from the Responsible Working Party - was that the significant and speedy replacement of every gaming machine in South Australia would be necessary if this system became compulsory overnight. If it became compulsory over a long lead-in time, depending on the nature of the system, then the issues are different.

MR FITZGERALD: Sure. Can I just clarify that: are you saying that from your point of view there is no objection to having, as Louise indicated, an opt-out system? The question for you is the implementation cost and phase-in.

MR WOHLERT (AHA): That's it.

MR FITZGERALD: In other words, if we took a normal replacement phase for the replacement of machines for the industry, at the end of that normal phase - - -

MR HORNE (AHA): Sorry to interrupt. I'm not sure you can take a normal one, because South Australia doesn't follow the eastern seaboard trends.

MR FITZGERALD: So how long do you keep a machine?

MR HORNE (AHA): Over 50 per cent of our machines are more than five years old.

MR FITZGERALD: So in five years' time, what would you do?

MR HORNE (AHA): In fact, it's getting older, because of the 12,000 machines about 300 are replaced every year at the moment. That's as a result of economic factors locally and legislative factors locally. So what may happen in the club sector in New South Wales or may happen with Tatts doesn't happen here. That's our concern about one-size-fits-all.

MR FITZGERALD: Let's take a replacement cycle of whatever it is. We're not talking about every machine being replaced because that means that it would never happen. But in a normal industry, there is a replacement of your capital, your stock - in this case, the machines. That's been happening since poker machines were developed.

MR HORNE (AHA): Sure.

MR FITZGERALD: So do you have an objection to an opt-out system, as described by Louise, per se; or is it only the way in which it would be phased in?

MR HORNE (AHA): I'm not sure we're in a position to give you an answer on that. I suspect the national AHA will have a position next Tuesday. From my perspective the voluntary - in addition to what Wally said, the voluntary component with that was because this trial has been very much driven by industry in cooperation with health. The only way we're going to get participants is if they're voluntary. We're not at that stage yet. We're a long way away from that stage.

MR FITZGERALD: We're very pleased that you've done the trials. There are two trials, as you know, in Queensland going on, so that's good. And in those trials, it's logical that they could only have been done voluntarily. But moving forward, what's not clear about those trials at the moment is that they have any impact on problem gamblers, because they don't opt in.

MR HORNE (AHA): Sure.

MR FITZGERALD: If that's the case and precommitment is largely a problem or harm minimisation strategy, would not the logic flow that an opt-out system - that is, every machine asks you the question - be the right way to go?

MR HORNE (AHA): Again I'm not sure we can comment on that because the only examples in the world - unless you correct me otherwise - are Nova Scotia and Norway, and Nova Scotia is not even up. It's had trials, but it's not up and running. Norway is still going through an implementation process which you'll hear more about next Tuesday. But I guess what we're saying is, in South Australia the unique nature here is that the industry is prepared to go down this track a step at a time, slowly, slowly. But we're not in a position to go anywhere near, say, the sort of detail that you're asking us to comment on.

MS SYLVAN: Just to finish that off, the transition time that we've proposed for a national standard with state level implementation, effectively - that the machines be able to handle a precommitment mandatory system across the whole of Australia,

even though the specifics are done at state level is about - I think it was 2016 for turn-on, which is a very lengthy transition period. Did you have a comment about that timing in terms of the machine replacement cycle?

MR HORNE (AHA): Again, for the purposes of these discussions, let's assume that that was accepted by all the various jurisdictions. But in the case of South Australia, because we're a much smaller structure, half of our pubs and clubs have got less than 20 machines or thereabouts. We've got a significant number that have got less than 10. From a practical perspective, envisaging what we see potentially developing is that many of those venues just couldn't afford to participate in a full-blown electronic arrangement, networking. And there needs to be a mechanism. How do they cope? Are there other options?

What the Responsible Working Party is trialling is also a manual precommitment because when you've got a country pub or club with five or six or seven machines, it's hardly the Adelaide Casino. For those that can't cope with the expense of going to something like that, is there an exit mechanism for them? That's unique to South Australia because of the structure of our system. We're not like Tasmania which is a small industry but everything is owned by Federal Casinos. We're an owner-operated system. Our concern is that theoretically what might be achievable for big venues and for very professional venues, when half your industry is very much mum-and-dad pubs and small, volunteer-type clubs, that creates a burden for them which we don't know the answer to in the short term.

MR WOHLERT (AHA): And we've still got machines in South Australia that were installed on day one of gaming. Some of those machines are still performing as well as some of the newer machines, so they're a significant fleet here.

MS SYLVAN: Do you have some details of that - age across the sector in South Australia?

MR HORNE (AHA): Absolutely. We can forward that to you.

MR WOHLERT (AHA): But we are still left with the situation that, even if it's an opt-out system, there has got to be a database of some kind that manages that.

MR FITZGERALD: Well, yes and no. There are two ways to approach that. One is the card itself and you don't track the player.

MS SYLVAN: The card or device, yes.

MR FITZGERALD: The card itself gives you access and tracks what the player behaviour is on the card itself.

MR WOHLERT (AHA): But to get that card - - -

MR FITZGERALD: There is a second element, yes. It's clear that what we are suggesting is that you need to provide identification in relation to the obtaining of a card, call it a smart card or whatever it is. Yes, that's true - no different to what you do in many clubs and pubs at the moment in terms of accessing loyalty programs or membership or what have you. The card itself contains the information and it allows or doesn't allow the player to set limits, whatever those are; so there's that aspect to it.

The second aspect, which we're not yet determined on is whether or not we are requiring a third party to actually track the player. You've assumed from our recommendations that we're putting that: we're just still looking at that issue and that's an issue for us. But the primary instrument is some mechanism which allows you to play, allows you to set precommitment levels or to opt out. That's the fundamental part of the scheme. The tracking of a player is a possibility, absolutely; but is it an essential element of it? We're still looking at that.

MR WOHLERT (AHA): Okay. If I could just make a comment there: if you're going to allow, from a conceptual point of view, the need to produce identification, how do you then prevent a player having multiple cards, if it's not the industry itself - - -

MR FITZGERALD: You can't always.

MR WOHLERT (AHA): Can't always?

MR FITZGERALD: You can't always, but that's true of everything. There's no security system that doesn't allow some people to get around it. The question is whether or not most problem gamblers would in fact do that and what would be the safeguards to minimise that. But we're pragmatists. You can't eliminate it. There isn't a system in the world that eliminates that.

MR WOHLERT (AHA): I guess that's the position we've come from, based on what we think the report currently says. If we're talking about trying to avoid identity fraud, trying to eliminate multiple cards, et cetera, then it would seem from an industry perspective that, if you're going to introduce a system that allows that, then the flaws are there exactly the same as they are now. So are we in fact putting into a system, and a structure in place, that's simply going to fail, because people will be able to in fact have multiple cards.

MR FITZGERALD: That assumes the problem gambler operates in a particular

way and we're not sure about that. Most problem gamblers seem to be loyal to the venue that they go to. They move around only a little bit.

MR WOHLERT (AHA): Just a quick response to that, without wanting to get into an argument about it. Based on the loyalty program that I've just been operating, with 300,000 cards, about 40 per cent of the players move around. We actually tracked those across venues. That's a significant movement. So the assumption that the problem gamblers only go to one or two venues I don't think is supported on that data.

MR FITZGERALD: Have you got that evidence available?

MR WOHLERT (AHA): Certainly.

MS SYLVAN: Anything you can draw out of the tracking that you've done would be very interesting in terms of - obviously it's not problem gamblers, because we don't know.

MR WOHLERT (AHA): No. But then I guess the other thing that's available - and I'm sure the Independent Gambling Authority, who operates in South Australia the barring across multiple venues, would also have some details in terms of the scope to which problem gamblers actually ask to be excluded and the range of venues that are involved in that. It may also be of assistance to indicate that some problem gamblers do in fact move around.

MS SYLVAN: Some of the tracking that you have been able to do, what insights have come out of that to date - the fact that people move around quite a bit? I don't know how far they move around, but they might use a number of different venues - probably two or three I suspect. It would be interesting to know that. But what other insights do you have about gambling behaviour, because you've got some really interesting data there?

MR WOHLERT (AHA): Certainly on a group-wide basis, when one looks at the individual reports from the venue - because it provides information as to where customers are coming from - the majority of venues actually experience customers from any one of the other locations. So we've got 64 venues and over a month period most venues would see customers from other venues going to and from.

MR FITZGERALD: Yes, that's right. That's one of the reasons why we've recommended against a venue based precommitment strategy, because we recognise that some do move. The question is to what extent they move and how far they move and all that and, if you've got data that actually shows it, that would be helpful.

MS SYLVAN: So do people tend to use two or three preferred venues?

MR FITZGERALD: People have put to us we should just have venue based precommitment, but the problem with that is it falls over very quickly. But if you've got data that shows how people move around, that would be good. But the point about it is we actually believe that this system should be statewide, absolutely. We believe it should be multi-venue, it should be applicable to all machines. Yes, there would be some tracking, but the question is whether you use tracking to intervene or not, which is your point, and we're still open to suggestions about that.

MS SYLVAN: Can I move to the interventions?

MR FITZGERALD: Yes.

MS SYLVAN: You've done some really interesting work on staff training, on understanding how to identify someone who might be having gambling problems and so on, and then potentially intervening. Can you tell us a little bit more about that? That seems to be something that's coming up as a bit of an issue: number 1, actually understanding, when you are looking at a person whether there is a problem there; and, number 2, it's not so much the conflict for the venue to stop somebody who is spending money, but the staff situation of having to potentially intervene directly with someone who is obviously experiencing a problem.

MR WOHLERT (AHA): Again, by way of very brief background, one of the advantages and what I think is one of the strengths of the system that we have in South Australia at the moment is the collaborative approach between the venues and the agencies specifically. One of the things that Gaming Care and Club Safe have managed to do is to create that relationship between - or at least assist in the creation of a relationship between the agencies and the venue. Part of the training that we do and part of the workshops that we do in fact involves the counselling agencies coming to venues and talking directly to staff.

We've also introduced and used quite frequently the Consumer Voice, and so we have people who have experience in problem gambling coming and actually talking to venue staff. It has created a heightened awareness, in our view, but it's the relationship that underpins it. What is now starting to happen because of the initial training in our view is that, because staff are in fact more alert to the sorts of issues because of their training, they are more inclined to in fact either call Gaming Care or an agency direct and invite them to come and assist.

That is part of the real strength of it, because staff now have the confidence and knowledge that, if they run into a problem, Gaming Care will come and assist and actually do the intervention with them, or the agency will come in. The other thing

that is starting to appear in terms of the data that we collect, there's almost no difference now between the visual sight that staff are seeing and the verbals, and so customers are making comments about it. They're making comments about, "This is the rent money," or, "This is my last \$10," or those sorts of things, and the visual observations - the anger at machines, their frustration; those sorts of things.

So those two are probably the two prominent things - either customer comments or sights that staff members are picking up - that actually triggers the point of intervention. And we think it's because of the work that we're doing and Club Safe is doing with the venue staff that has actually heightened that awareness.

MR FITZGERALD: In terms of some of the interventions or measures that you already have in South Australia - as you say, you are unique in a number of ways - or not unique; different. You've got no bill or note acceptors, for example. Can I just ask about that. Most jurisdictions do have note acceptors. Some don't. The Northern Territory doesn't, you don't, maybe one other doesn't. Has that made any difference to your operational profitability or viability? I mean, given we now have an experiment - we've got some states that have no bill acceptors and some that do - I was just wondering what your association's view is about note acceptors. Are you quite comfortable with the current arrangement?

MR HORNE (AHA): Comfortable to the extent that they're outlawed in legislation and that isn't going to change.

MR FITZGERALD: Yes, that's the reality, but I'm just wondering what your view about it is.

MR HORNE (AHA): There's no point having a view, other than the fact that that's the legislation.

MR FITZGERALD: Very pragmatic.

MR HORNE (AHA): And we wouldn't ask for bill acceptors because there would be no point in doing it. That's part of the process. However, gaming statistics tell us that South Australia sits somewhere in the middle. We're above Tasmania but we're not as high as New South Wales.

MR FITZGERALD: This is on a per machine basis.

MR HORNE (AHA): A per machine basis, yes. And, while there would be enormous economies of scale that could be achieved by note acceptors because you can get rid of coin handling and OH and S, that's just not an option and it's not on our radar and therefore we have no opinion on it. But, as I said, South Australia, as you

well know from the statistics, sits somewhere in the middle to the lower half. We're above Tasmania. We're probably on par with Victoria with some measurements and behind New South Wales.

And, again, it's difficult to do comparisons because the models are so different. In New South Wales you've got venues with hundreds and hundreds and hundreds of machines. In Tasmania it's much more concentrated - smaller, controlled model because of Federal Casinos' involvement. In Victoria hotels and clubs have up to 105, bigger venues and less venues, whereas we're more broadly spread because of the nature of our model.

MR FITZGERALD: In relation to the other mechanisms that you've mentioned here, characteristics that are slightly different in this state from other areas, what is the learning between the jurisdictions in terms of what works and what doesn't work? I mean, given that you've got some relatively small numbers in some venues, does that make it easier or harder for staff to identify people with problems? Does the intimacy actually make it more difficult in a sense because you know people? What have we learnt about the South Australian model vis-a-vis the rest of Australia?

MR WOHLERT (AHA): It's not for me to speak on behalf of the IGA, but certainly in the various hearings the IGA have formed an opinion and have expressed in a number of reports that the bigger the venue the more likely to be the professional response; that is, that, whether it's a 40-machine venue or a 32-machine venue or a series of venues under the same ownership, they're more likely to have in place the sorts of corporate structures and management processes and policies that are able to respond.

The smaller end of the market tends to be - gaming, while it's a part of their business, it's there in the room and they don't necessarily have the management expertise or skills to put in place a lot of things. I'm not saying it was right, but the recommendation from the IGA in 2004 to remove some 3000 machines, of which about 2200 and something have been removed, was at the end of the day, as expressed in our document and as expressed in their reports, was to actually reduce the number of venues.

They took the view that they would rather see less venues with more machines, because from their experience they felt that the larger venues were more likely to have the capacity to put in place the checks and balances and mechanisms that perhaps the smaller ones didn't. From our perspective, we've still got half an industry that's very much at the small mum-and-dad end of the market. So that's what we have to work through in terms of moving down that road.

MR FITZGERALD: Just on that: because we don't have an answer for this and

it's not up to us to decide the number of machines per venue and what have you, is it actually viable to have eight, seven, six machines? Does it actually make any significant difference to the profitability of a hotel with having that small number of machines?

MR HORNE (AHA): I guess all of those venues would say yes it does. Certainly they don't have anywhere near the performance outcomes of the bigger venues who focus, but it's a service that attracts people and while they're there they might buy a meal and they might buy a drink or they might do something else. So those smaller venues, they certainly say they're a very important part of the economic equation. In South Australia, because of the private ownership model, unlike Victoria or Tasmania, where a third party allocated the machines, the concentration of machines is very much based on where the hotels were.

So some of our old historic areas - like Norwood - in the eastern suburbs which have had pubs that have been there since 1836 - and Port Adelaide - there are a lot more pubs per head of population simply because they're old places, so there were a lot more machines went into those areas. There was no third party or overseeing body saying, "We'll put them there, we'll put them there." It was a free market and the market worked itself out.

MR FITZGERALD: Just a more general question: given that you've left some of the issues to be dealt with by the national body, what are the changes you'd like to see in South Australia going forward? I mean, we've got our recommendations and what have you, but have you got an agenda moving forward that you're promoting in terms of the gaming scene in South Australia?

MR HORNE (AHA): We don't want note acceptors. I actually think that we've had such an extraordinary change in our industry in the last four or five years that we're looking for some certainty for the future, and in this jurisdiction - and the other jurisdictions may not agree with me - we suspect there can be some accommodation of technology, precommitment arrangements, but where it's done collaboratively going forward, as opposed to having it imposed, because the nature of business, as I'm sure you appreciate - and the IGA has found this out. When their report came out about imposing a universal precommitment across South Australia it was vigorously opposed by the clubs and hotel industry, but here we are, some four years later, where we've actually got a trial going.

The trial didn't come about because a piece of legislation said, "You will do it." The trial came about because there was a level of cooperation. Those from the welfare sector would say we haven't gone far enough; some on our side would say we've gone too far. But the end result is, we've come up with some strategies in South Australia that most other states haven't even looked at, and are still in denial

about. So I guess our ambition is: we think legislation and prescriptive mandatory recommendation is a pretty big stick, and we think we've got a track record that you can actually achieve more, as uncomfortable as it can be, by working together.

MS SYLVAN: On that, from your precommitment trials - and I realise data is lacking because you can't identify those people who are problematic, but usually people with gambling problems are also spending more. One of the questions in our minds is, of course, if you have successful harm minimisation, successful strategies, you would see actually potentially a decline; at least a more even spending across the range of people. So if you've got anything arising out of that that you can track, that would be very interesting.

I suppose we'd particularly like to know, because you've been innovative and pioneering some aspects of precommitment, the sorts of things that you think would be important to see in a national system, which might come more appropriately from the South Australian association than at national level. You may not want to answer this - it may be up to your national body - but you didn't comment on the ATM issue or the bet limit of a dollar, and I wondered if you had a view.

MR HORNE (AHA): I'd probably need to leave that till next Tuesday, I think. On the ATM and the dollar bet, we would sit comfortable with all the other states on that, so I think rather than steal their thunder - - -

MR FITZGERALD: Can you just explain: what is the current arrangement in South Australia in relation to ATMs?

MR WOHLERT (AHA): No ATMs or EFTPOS devices that allow cash-out in gaming areas, and any device that allows cash-out, whether it's an ATM or an EFTPOS is limited to \$200 per transaction. Our legislation actually also says \$200 per day but that has not been proclaimed because of the inadequacy of the technology.

MS SYLVAN: So an ATM can sit outside of the gaming area but within the venue?

MR WOHLERT (AHA): Within the venue, and that's been in place for a number of years now, that we've had the \$200 limit, and that includes both EFTPOS devices - sorry, and they can only access savings or cheque accounts, no credit.

MR FITZGERALD: And the AHA's South Australian position in relation to the \$200 per day cap, if and when that is proclaimed?

MR HORNE (AHA): We would share the national AHA's position on a whole range of issues, not just that, that there need to be national standards, and we were

part of a survey of the national AHA's submission to the Productivity Commission. So I'm going to opt out and say we'll answer that next Tuesday.

MR FITZGERALD: That's fine.

MS SYLVAN: There's also an issue there which is that there is a distinction between an ATM and an EFTPOS arrangement; one of which involves a human, and one which is much more anonymous. So if there are issues there and a difference in how that should operate, we'd be interested to hear that.

MR WOHLERT (AHA): And our legislation simply refers to it as a cash facility, picking up both of those, so the rules apply equally to them.

MR FITZGERALD: All right. Thanks very much for that. That's really appreciated. We look forward to hearing from your national body in Canberra. In fact, we have a lot of national bodies attending in Canberra. It will be an interesting day. Thanks very much.

MR HORNE (AHA): Thank you.

MR FITZGERALD: We will have a short break.

MR FITZGERALD: We'll just start again. If our next participants could give their names and the organisations they're representing, and then an opening statement.

MS CARRIG (SAHCC): Helen Carrig, chair of the Heads of Churches Gambling Taskforce.

MR HENLEY (SAHCC): Mark Henley, a member of the Heads of Christian Churches Gambling Taskforce. Helen, I should say, represents the Anglican Church and I'm a nominee of the Uniting Church.

MR FITZGERALD: Very ecumenical.

MR HENLEY (SAHCC): And our Catholic brothers apologise, but they would have been here if they could.

MR FITZGERALD: Okay. Over to you.

MS CARRIG (SAHCC): First of all, I would like to thank you for the opportunity to talk with you this morning, and say how much the task force has appreciated the work of the commission and your interim report. I'll hand over to Mark who is going to be our primary presenter and I'll bob in and out.

MR FITZGERALD: Thank you.

MR HENLEY (SAHCC): Thank you very much. We want to structure our comments based on two broad headings. One which we'll touch on very briefly is our view of the highlights of the report and in the second issue we'll talk about a range of concerns that we've got, and that is not to in any way detract from the strength of the report, from our perspective. I also actually want to endorse many of the comments made by the previous speaker Ian Horne about the processes in South Australia. I don't agree with everything Ian said but we've had plenty of healthy robust discussions, as they say in the classics, but the point is that we have a Responsible Gambling Working Party which has brought together industry parties and community church stakeholders, and it has been an effective approach.

We've been able to, I suppose, get away from the glare of TV cameras, media, and even political intrigue and sit down and hammer out the issues, and come to points of agreement on perhaps a bigger range of issues than we might have initially expected. So I would endorse Ian's comments about the value of that process and the fact that it has been particularly helpful.

MS CARRIG (SAHCC): I think it's worth noting that that collaborative approach has been in existence for many years. The Gambling Taskforce and the AHA had a

memorandum of understanding. It's almost a historical document now.

MR HENLEY (SAHCC): 1991 we signed it. From our point of view the highlights of the report and the priorities for action are the section on precommitment. We think the precommitment recommendation is probably the most important recommendation from the whole report. We certainly are very strongly supportive of what we summarise as the \$1 bet limit or \$1 maximum wager per spin, and we certainly agree that hours of operation need to be curtailed. We also support the recourse for egregious behaviour. So there are four quick highlights and take our support for those.

We will come back to precommitment in a moment, but I'll just note that, the concerns that we've got, we've listed under five broad headings, although it's really only one that we want to focus on. Our concerns are about implementation, and we want to talk about that as probably our major area of discussion, and our views are still forming on that, so regard this as iterative rather than final position. Secondly, we'll pick up briefly on online and Internet gambling. Thirdly, we'll touch briefly on, if you like, the carve-up or the relationship between national and state roles and responsibilities. We'll touch briefly on data research, and I couldn't help but finish with a little bit on taxation.

If we can come back to highlights and precommitment, we are strongly supportive, again based on some of the observations I've made as being part of the Responsible Gambling Working Party here and on the trial reference group for all three trials in South Australia, and I'd make a couple of observations.

I'd support the views that Wally Woehlert made earlier about - and to my surprise - the number of venues that regular gamblers are visiting. I was very surprised at the number of venues. Also I think there needs to be understanding, from what I've seen, that the country and city punters behave a bit differently, if you look at mining towns and places like that, and, given the increasing importance of mining in South Australia, that needs to be a consideration. But the venue mix of people that are likely to have been involved with industrial or mining activities in country areas was phenomenal, so we think it's really important that any system is universal and that does mean that all venues are hooked in, because people are moving a whole lot more, frankly, than I would have expected.

MS CARRIG (SAHCC): If I could jump in there. As a gambling counsellor, discussing barring with clients who had identified as having a problem, they were frequently very open that they moved from venue to venue in order to cover the extent of their problem, and some of them commented that they would see the same people at other venues obviously doing the same thing. So if you're embarrassed about the amount of gambling you're doing in one venue, if you're mobile enough

you move to another one where they don't know how much you've done. So people are mobile and they've got a variety of motivations, but it's generally not just one or two venues.

MS SYLVAN: If I can just clarify that. So assuming we have a device, whether it's a card or whatever other piece of technology, which the gambler requires to gamble in a state, you would see it essential that that card, used in different machines - if they've precommitted, let's say, to lose no more than \$200 that day - that they can't switch. In other words, they can't go two miles down the road and gamble away some more.

MS CARRIG (SAHCC): That's right. You mentioned, Robert, about having state limitations. People also travel interstate, and towns on the borders, people move across, so I think there's an argument there for having a national approach rather than a statewide approach.

MR HENLEY (SAHCC): So we certainly underline the universal element of that recommendation. It has to be universal. We would prefer universal to the "all venues nationally", but certainly by state and territory as the absolute sort of minimum breakdown, I suppose. So it cannot be venue based. We also pick up on the defaults issue. It has to be an opt-out system. So whatever the system established - and we believe that there's a range of technologies which can be applied and they are relatively cheap and the technologies can do anything - I mean, anything that we might imagine. We draw that conclusion as well, so we won't talk about the technology side of things.

But we will say it is crucial that it's an opt-out system, so everybody needs to be roped in or covered by the universal system, all gamblers, and then there has to be some process whereby they can quite deliberately opt out, and it can't be an easy opt-out process. We certainly note that default-setting is really important, and we would observe that gamblers are unlikely to want to pick up a number of limits. They're going to want to set a very small number of limits. So we'd be saying, look, maybe two to four limits of maximum bet per session or per day, something of that order, and perhaps a break in play type limit, and we'd be putting the default at something like \$40 session spend limit - that's net, not turnover - and a break in play at something like 40 minutes or 45 minutes.

We believe that there's enough data that we can't see, but there would be enough data to identify session median spend limits, and that would be an appropriate place to be setting a default. So defaults are critical. Most people, it will be a small number with other options for people to add in, and it has to be an opt-out rather than an opt-in system.

MS SYLVAN: One of the issues surrounding this for venues, and I suppose an attraction from their point of view in having such a system, is that it is linked to loyalty points, whether somebody is using two or three venues or however it's working. It's useful for them to try and retain their customers, obviously, whether they're a club or a hotel or casino. I mean, this is what loyalty cards do at the moment, but this would in effect potentially make loyalty programs almost universal across a variety of venues, which has its commercial attractions, but people have pointed out to us that this in a sense almost is a conflicting element - - -

MR HENLEY (SAHCC): Yes.

MS SYLVAN: - - - which is, "The more you spend either gambling, or the higher you set your limits, the more you spend on food and so on, the more attractive it is to be in those venues," and so on. Do you have a comment on that?

MR HENLEY (SAHCC): Obviously in South Australia we've wrestled with that very issue and, as a task force, have landed on the side of: better to go with a precommitment scheme that piggybacks on a loyalty program than not have a precommitment scheme. However, we'd be saying that it will also be important that there is a protocol or something of that nature which deals with the loyalty elements of the program, and that would particularly deal with promotion, encouraging people to gamble, that sort of area. There would have to be, from our point of view, a banning of promotional material, for example, to people that have exceeded a limit or something of that nature.

The other element of precommitment that we think is really essential is what happens when the limit is exceeded, and we would be saying once the limit has been exceeded maybe two or three times, there needs to be some human interaction at the venue level. We note that the Skycity host responsibility coordinator program has been quite effective in having interaction with patrons, and the task force was involved with Skycity in setting up that program a number of years ago, so we have not a vested interest but a close interest in how that program is operated.

We are absolutely convinced from that program, and from some of the work that Gaming Care are starting to do, that the notion of a person being approached in a venue is not anathema. It is quite a responsible thing for venues to be doing, and particularly given a precommitment system in place, given that it's universal, given that a person exceeds limits a couple of times. There can be quite a clear procedural understanding that, okay, when that happens, a person is to be approached by a member of staff.

MS SYLVAN: Is that a preferable way of doing it in terms of the construction of such a precommitment program, or would your preference be that when people put in

a limit for themselves - which is what we're hoping a problem gambler might do when they're lucid and not actually in the zone, as they call it - the alternative to an intervention when they exceed the limit once or twice, or whatever happens, is of course that, since you need a device to play, no device will work.

MR HENLEY (SAHCC): We would obviously prefer both. We would see that there's value in both. However, we certainly believe that an approach by a venue member - - -

MS SYLVAN: In addition.

MR HENLEY (SAHCC): - - - would be crucial.

MS CARRIG (SAHCC): But I would think that is in addition to, rather than your first priority. Once you've done it three times, if your card doesn't work, that's actually a powerful intervention. The follow-through of staff is more variable, as we heard from Ian Horne. The smaller venues are less likely to intervene. So, while I think the personal approach is very important, the automatic cut-out I think is good.

MS SYLVAN: One of the difficulties with some of the precommitment trials that have occurred is that you have a precommitment device, a card or whatever, and once you've hit your limit you pull the card out and you just keep playing.

MR HENLEY (SAHCC): Or the machine goes beep or something like that.

MS SYLVAN: Which is not what we're talking about with the system we're suggesting.

MR HENLEY (SAHCC): Yes, it must be a much more active system. And we're certainly not for a minute suggesting that venue staff have to become gambling help counsellors or anything like that, but it is point of contact, and I think the experience of Skycity and increasingly Gaming Care is that patrons generally respond pretty favourably to an appropriate "How's it going?" type of intervention rather than, "You've got a problem. Let's drag you out." That's not what we're talking about. But we are talking about a human interaction.

MS SYLVAN: Just to be devil's advocate for a moment, there is a conflict of interest on the part of the venue, isn't there? This is their income they're talking about.

MR HENLEY (SAHCC): Look, venues have said many times in many places that they do not want to be taking money from people with gambling problems, and it's about a responsible approach to providing a dangerous product. I think you could

argue the same with other dangerous products too. It's about consumer protection and appropriate behaviour from a venue, so we simply don't buy the argument that venues are just there to make as much money as they possibly can and to hell with the consequences.

Perhaps we'll move on to our concerns. The main one really is we have a really good report with some really good, clear, focused recommendations. The dilemma for us - the concern is that they won't get up. That's to put it fairly bluntly. One of the reasons we're concerned that they won't get up - particularly those that have a national level purview - is first of all that gambling is politically a difficult issue.

Jurisdictional governments tend to see gambling as a no win. Industry is never happy with anything that might be perceived to be taking a cent away from turnover and the naysayers and the chattering classes like us are seen as never satisfied. So we recognise the political dilemma. And there's also, as you've already identified, an income dilemma for venues in particular. However, we are believing that this is a really important set of recommendations and there must be some national action undertaken. As we've said, the dilemma is how.

The major concern we've got, frankly, is the power of Clubs New South Wales. We note an article which I've just come across that was in the Australian on 23 November, and I'll send a copy of this through if you haven't seen it already. I'll just read the first couple of paragraphs:

The nation's biggest poker machine lobby group use political donations to influence government decisions, according to its former chief executive. Former Clubs New South Wales chief executive Mark Fitzgibbon said, "Political donations brought the lobby group government access, which it used to influence policy."

Now, we'll accept that that's an article and we haven't had Mr Fitzgibbon or others expressing an alternate view, but it certainly reflects a view that I would regard as being fairly widely held in certainly the concerned sector, and we believe that there is likely to be some accuracy to this. So we have a situation where the largest provider of poker machines in the country, as I understand it, New South Wales Clubs, has a close relationship with political parties and is able to influence the New South Wales government.

Clearly, if we're looking at national-level action on implementing the recommendations from the report, that needs to happen in a way that manages or recognises the likelihood of the New South Wales government going against what we would regard as sensible and important consumer protection options. So what

we've done - and in the notes we've given you, we've identified three options.

There's perhaps a fourth option which we are starting to play with, but the three options as to how we might proceed, recognising our particular concern about New South Wales: the first one is national legislation. So the national legislature basically puts in place a range of gambling-related legislation to deal with precommitment, to deal with the venue hours, to deal with industry design standards, et cetera, et cetera. We are not constitutional lawyers. We understand that there may be some constitutional issues with that. We understand that some of these areas are perhaps yet to be tested and so we could end up with some High Court challenges and all sorts of exciting legal action. What we're wanting to see are the recommendations implemented and implemented in an expedient manner.

MS CARRIG (SAHCC): And I think it would be reasonable to say here that the state governments have a financial interest in the gambling industries because it is a major source of revenue for state governments. The federal government does not have a financial interest and therefore can take a more disinterested consumer protection line, and therefore we would argue that that's the appropriate - - -

MS SYLVAN: Apart from a preference, what would in your view interest the Commonwealth in taking leadership in this area? Why would they?

MR HENLEY (SAHCC): Recognition that it's an important consumer protection issue, and we would suggest that a majority of the population is concerned about gambling. There's an old survey done some years ago now in South Australia, but about 80 per cent of people surveyed through a marketing company at the behest of the Sunday Mail at that time - about 80 per cent said they wanted less poker machines and they were concerned about levels of gambling.

We would suggest that the levels of concern probably haven't dropped that much. So we suggest that this is an area where the general population would be quite supportive of better consumer protections around gambling. So that provides a political incentive.

MS SYLVAN: Can I ask whether the churches, either from a state base or grouped nationally, intend to pursue that?

MS CARRIG (SAHCC): Well, the churches actually don't have a national structure for our concerns about gambling. Victoria and Tasmania had a task force.

MS SYLVAN: Yes.

MS CARRIG (SAHCC): And South Australia has virtually since 1992, I think, or

1991.

MS SYLVAN: I was really asking whether it was on an agenda of any national body at a church level.

MR HENLEY (SAHCC): Certainly I can speak, wearing a slightly different hat, for Uniting Care, who will be again presenting next week in Canberra, and it's certainly on their agenda. So it's certainly something that - - -

MS CARRIG (SAHCC): So that's in the welfare agency arena. But the churches as churches, we don't have a national - - -

MR HENLEY (SAHCC): We have no archbishop statements or anything of that nature yet. We might work on it. Just secondly in terms of structural options, a ministerial council on gambling certainly has potential to drive reform, and we would note that hasn't been the case to date. We would regard the Ministerial Council on Gambling as having been fairly ineffective, and we ask why. And we understand that there's also a review under way of ministerial councils at the moment in another place, and that's perhaps quite an important area to look at.

We understand that most ministerial councils work on a consensus basis where any party can veto a decision or a proposal that's being put up. However, we've looked at other options, and the Ministerial Council on Energy I would certainly regard as a particularly effective driver of reform. We understand that the Ministerial Council on Energy makes decisions based on an N minus 2 basis, so that N equals just the number of ministers and N minus 2 - if a motion or a decision gets N minus 2 votes then it's passed.

We believe that a Ministerial Council on Gambling operating on that basis, and with some strong leadership preferably from the federal minister, would potentially be a good driver of the sorts of reforms that the commission is proposing. So we would be thinking that there is some genuine opportunity for a Ministerial Council on Gambling to be charged with responsibility for implementing these recommendations, or for at least driving the implementation of them. But there would probably need to be some structural change, and in particular a voting pattern based on N minus 2 we think would be a sensible way to proceed. Again, there are other forces at play there, but we would think that's a fairly sensible way to go.

MS SYLVAN: Just before you leave the issue of the ministerial council, what do you see in terms of government machinery? Where do you see this issue residing at the Commonwealth level? Treasury or - - -

MR HENLEY (SAHCC): We've worked on the basis that it's currently with Jenny

Macklin, with the minister for families and communities. Our preference, frankly, would be that it's probably aligned with Health, which is sort of the New Zealand approach, and we think there's some merit in applying basically a public health approach to gambling. But, you know, there's all manner of nuance with the various portfolios, so there's nothing that's ideal. But Treasury or Health would probably be the two best options from our point of view.

MS CARRIG (SAHCC): With Health a long way ahead, because I think if you put it in Treasury then gambling is seen as just a money matter, and it's not a money matter.

MR HENLEY (SAHCC): The third structural option that we identified is the national authority type approach and we've identified the national Grants Commission as a possible model, even the Murray-Darling Basin Commission, although that certainly has been less effective than - well, from a South Australian point of view, that has been less effective than some other bodies.

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Again, turning to the energy reform process, we note that the process that has been driven by the Ministerial Council on Energy has been to establish two national bodies: a rule-maker and a regulator; the AEMC and the Australian Energy Regulator. We think, for gambling, that model has some real potential, where that takes some of the weight of the importance of the decision about which minister takes leadership or which portfolio takes leadership, provided there is a minister with some willingness to provide leadership, and then a vehicle to do - and a relatively independent vehicle; it could be located in Treasury or Attorney-General or Health, it wouldn't really matter.

If there was an independent vehicle established, like the Australian Energy Marketing Commission, which was basically the gambling rule-maker, that would pick up, under our view, everything from machine design through online gambling, through betting, wagering, lotteries; the lot. So the capacity for a rule-maker - and then a separate - and we would think it's important that there is a separate compliance enforcement body.

MR FITZGERALD: Can I just deal with that. The national energy market and others have been established largely because there is a national market.

MR HENLEY (SAHCC): Yes.

MR FITZGERALD: It's possible to say that, for example in relation to wagering and racing, there may be the emergence there of a national market in some way, shape or form, but when you look at EGMs, it's not actually a national market in the normal sense. If you were to move to a national regulatory framework you run the

risk of course, don't you, that, for example, the majority of the states and certainly the majority of the machines, for example, have note acceptors and South Australia doesn't or the Territory doesn't. So there's always a risk that you lose the differences that you fought hard for at a state level, and I suppose you've factored that into your considerations.

The second thing is, should the states and territories continue to have a role in relation, for example, to caps; whether they be regional caps or state based caps? Are there areas that notwithstanding your proposition you would still want retained within the purview of the state and territories or is this a wholesale move to a national authority?

MR HENLEY (SAHCC): I think the history of Australian politics shows that a wholesale move to anything at a national level is a slow and laborious process. We would expect, as with electricity and other policy areas as they move to a national basis, there would be state based derogations, and we would expect - and we've said later - that on the issue of note acceptors and other areas, where a better practice protection is in place for a particular jurisdiction then they would be retained ahead of a national standard. Ultimately you'd want a best practice national framework to be in place, but we recognise that that would take some time to achieve.

MR FITZGERALD: Sure.

MR HENLEY (SAHCC): So that's how we would respond to that. We have also noticed, like with the energy market, even though it's a national market there are still a number of areas where states retain certain consumer protections; price caps being an obvious one where most states have retained a regulated price cap. And again, that for us picks up - the analogy of gambling is quite direct there: that we'd be more than happy for states to maintain a price cap. So we would be saying that a state should retain the ability to establish consumer protections, including capping the number of machines, at statewide level and at regional level.

The third model we talk about is the national authority and we think the two independent bodies model has got some real strength in terms of implementation clout: rule-maker and compliance enforcement through a regulator. That's a discussion you had 10 years ago and it continues to be an ongoing one too, but that would certainly be our strong preference.

MR FITZGERALD: We are grateful for your suggestions. There's no question the commission is deeply concerned about the implementation of whatever recommendations it makes and we are deeply concerned to ensure that there is a mechanism by which that can be achieved, given the history in this particular area. So these sorts of models are of interest to us. As you say, there's no perfect model,

but how do you get implementation of any recommendation is a critical issue in this area.

MR HENLEY (SAHCC): Yes, and a fourth option we've just started to play with is just a notion of a stakeholder roundtable. The success for us of the Responsible Gambling Working Party at state level - perhaps there is an option for some sort of a national stakeholders' roundtable forum. Again, it would be more difficult than at state level, notwithstanding my earlier comments about Clubs New South Wales. Perhaps there's some room to look at that sort of a model, and again our thinking at this stage is very skeletal on that approach. We think there may be another option there, but our strong landing at this stage would be a Ministerial Council on Gambling with sort of an N minus 2 decision-making process, and the two national regulators: rule-maker and enforcement compliance.

We'll move along, because I'm probably taking too much time. I'll pick up very quickly on concern number 2, which is the online recommendation that you've made about liberalisation of online gambling in Australia. We could possibly accept this recommendation if the online gambling industry was benign. We, however, do not see the online gambling industry as benign and the moment the removal of the current ban on Internet gambling was in place we are fearful that there would be an explosion in advertising, in promotion, and every person that turned on their computer, including young people, would have gambling advertising in their face. There would be free offers, there would be all sorts of hooks to get people into online gambling, which we believe would be quite destructive. We've had a similar argument in - - -

MS SYLVAN: One could have a liberalisation, as there is in other industries, with some very strict or in fact rolling back advertising requirements, as has happened in tobacco and so on. So it's possible to have a more open market but with very strict controls over an advertising element. Is advertising your main concern?

MS CARRIG (SAHCC): Mark can speak on that bit, but what I would like to say is that online and Internet gambling is a private activity. Other forms of gambling are done in a public arena. There has been a great deal of concern in the community about the exposure of minors to gambling. If you allow the expansion of Internet and online gambling, you've got no protection for minors at all.

MS SYLVAN: Could I challenge that?

MR FITZGERALD: Sure.

MS SYLVAN: At the moment, in fact, there is a lot of gambling offshore because the provision is not permitted in Australia, therefore Australia doesn't regulate. In

terms of the gambling that goes on - and looking at various things - I mean, any minor or adult can access an offshore site. It's not illegal for a consumer to gamble but it's illegal for the provision. The evidence is that certainly a lot of young people - young men in particular - are on poker sites and they're not playing against a house they're playing against other people, often for tiny, tiny stakes, sometimes bigger stakes.

Obviously one can access any site, and it's very difficult at the moment for the consumer to know which site is more safe than another site, other than some brand name recognition. The counter argument, in a sense, is that people can access now; the matter is not territorially restricted. One of the signals to young people and adults is if you have an Australian regulator, saying, "This site is licensed and is required to have these harm minimisations and so on," that that's a very powerful signal and that providers who are legitimate would be extremely concerned to ensure, from the point of view of their legitimacy, that minors were not on their site gambling. So there is the counter view.

MR FITZGERALD: Sure.

MS SYLVAN: That's our issue at the moment, that people are out there and they are on these sites. There's just no way to tell at the moment what is legitimate, because Australian governments don't intervene.

MR HENLEY (SAHCC): Yes, we certainly understand that argument. We would come back to the view though that - we've seen it with poker machines in South Australia. As soon as poker machines were made legal there was a very strong argument put by the industry that this is a respectable, legitimate business now and therefore there's a whole range of other economic activities that come with that; marketing and promotion being one, but alignment with other goods and services, et cetera. So as a task force we've felt that we've had to work incredibly hard to make small gains over - we've been going for over 10 years - and to claw back the harms that were created because the horse bolted.

We hear you saying, "Yep, look, hang on, but we can liberalise online gambling with the lessons learned of the poker machine liberalisation and have the protections in place up-front." We remain somewhat sceptical about the capacity to actually get all of the protections that would be needed in place up-front and then, frankly, sceptical about a fairly elusive industry to comply.

MS SYLVAN: Can I ask a pointed question about that then?

MR HENLEY (SAHCC): Sure.

MS SYLVAN: Do you make a distinction between different types of online gaming and what would your position be in relation to legalised wagering, which does exist?

MR HENLEY (SAHCC): Yes. We have certainly shared our concerns about legalised wagering. In fact, I was about to make the very point that, as a football tragic, I was devastated to go to the footy this year and walk in and there's a 200-metre or thereabouts banner flashing "Bet now, bet now, bet now", because Betfair and various other online wagering bodies have been permitted by the High Court's decision in the WA case to operate in all Australian jurisdictions. They've very quickly aligned with elite sporting bodies, so now most - I think the majority - AFL football clubs, for example, have an online betting partner who they promote as part of their web site.

That's not been in place for long enough to see the dangers but I am very concerned - and the task force is very concerned - about the potential again for young people, going on to look at their sporting icons, getting a "Bet now, sign up now, 50-buck free voucher" type issue. Our concern about online gambling is partly driven by the concern about the behaviour we've already seen with Betfair and the other online wagering agencies. So we would regard online wagering as in the same basket as Internet gambling.

MR FITZGERALD: I think Louise has identified the public policy problem at the moment is that the IGA certainly has not precluded Australians betting on the Internet. The latest figures that we have available are that about \$800 million worth of betting takes place on non-Australian Internet sites currently. That includes both poker and casino games. And that's likely to increase. I think we acknowledge that the IGA and its prohibitions have probably slowed the rate of growth. I think that's true, and I think we're also on the record as saying that, if we were to liberalise Internet gambling, there would be an increase in the number of problem gamblers. We acknowledge that. The question, as Louise says, is whether you can reduce or minimise that sufficiently. But it is a difficulty, because it's not as if we're saying we've got a blank sheet where there's no Internet gambling. We actually have very substantial Internet gambling taking place in Australia on what we can see to be fairly unregulated sites. So, yes, your issues we take on board, but it is the horns of a dilemma.

MR HENLEY (SAHCC): Absolutely.

MR FITZGERALD: Even if we accepted your view that there's an innate harmfulness in Internet gambling - which some people would question, but let's assume that - you still have this very substantial dilemma of encouraging people to use unregulated sites. But participants have indicated to us, including Betfair and

others, that the advertising is an issue. There's no question that if you do in fact liberalise there will be, if the advertising is unregulated, an explosion of proactive advertising for Internet gambling. That is true, and the industry itself acknowledges that.

MS SYLVAN: It would be interesting as well if you would consider whether different forms of online gambling are different. It has been put to us that some games like poker, for example, is really having an operator taking a fee to play and then players are playing against other people and it's more a game of skill - there's obviously an element of luck - as opposed to, for instance, an online gaming machine, and whether there are differences. We haven't really considered whether they should be treated differently, but that has been raised with us.

MR HENLEY (SAHCC): We'll certainly take that question on board. But I think our starting place would be - - -

MS SYLVAN: Yes, I hear that.

MR HENLEY (SAHCC): - - - "all is bad". We do really understand the dilemma about prohibition generally. It is generally relatively poor public policy because there are always going to be people that get through, whatever the prohibition is. But the concern that we've got is certainly the marketing, the legitimacy that not banning provides. So if we look at narcotics, for example, we would take the view that it's better to maintain a ban on narcotics, notwithstanding the fact that they are still in use, but it provides some enforcement and other mechanisms to deal with what would be a relatively smaller uptake than if the product was legalised. But, yes, we understand the very tough policy dilemma. That's why you've got the job.

MR FITZGERALD: Thanks, Mark.

MR HENLEY (SAHCC): We'll touch very briefly on state and national roles because we think implicit in this whole report is a move to a stronger role of national government in regulating and rule-setting. We basically support that move and recognise that there will be a period of transition, but are happy to say that there are a number of national roles online obviously, with telecommunications and a range of other acts being at play there, but even things like national standards on EGMs, ATM limits in venues, which we require national computer programming with, with banks, et cetera. We've already made the point earlier about the need to retain best practice at jurisdictional level where there are national standards. Obviously in South Australia we would be devastated to see note acceptors suddenly appear on the stage, even though there's a \$20 limit, because that is a better move for driving jurisdictions - - -

MR FITZGERALD: Just on that: that has been raised with us in a couple of jurisdictions. Just assume for a moment that precommitment was agreed and there was a national standard. If the states continued to have a role in regulating the industry, they could actually turn off some of those functions; for example, a machine can actually have a note acceptor built into it but it not function. We're conscious that if states are to maintain a regulatory role, they may well want to have all the features, but you can actually have a machine that can be moved across all jurisdictions easily. So we're conscious of that sort of issue, and some jurisdictions of course would be adamant that they would want that right - to be able to not have certain features.

MR HENLEY (SAHCC): Yes, the myth of 1901. Thanks. Very quickly on data and research: we very strongly support the notion of the national body that you've proposed and would welcome New Zealand to be part of that. We actually think that an Australasian body has got real merit, in terms of some good research. We recognise that significant research bodies come out of Australia and New Zealand; that there is actually quite a community there. We also think that there's some real potential on things like online gambling for Australia and New Zealand working together and perhaps developing an Australasian point of view, to start initiating some moves on international protocols through UN agencies or something like that. So there actually is some potential for an Australian and New Zealand alliance through an Australasian gambling body to then start moving to an international perspective, which it will, we suspect. Obviously that's down the track a bit, but we'd certainly want to see that as an option.

MS CARRIG: I think also there is data around but the public doesn't necessarily have access to it. The industry will have access to data that they collect, government has access to data that it collects, but the community doesn't have an automatic right to that data, and we think that is not a good thing.

MR FITZGERALD: You'll notice that we've made some recommendations around the disclosure of data or making the data available.

MR HENLEY (SAHCC): We love those recommendations, and would stress that data needs to be available in a timely manner as well. We'd also want national reporting of data on help service activity, compliance, enforcement - those sorts of areas - as well as the straight sort of economic activity around gambling. So we think there's some real room for further action there. We just make the note that we think that some of the research that has been funded has been pretty esoteric and we'd want a strong driver of research to be policy and program outcome focused. So we make that as a general note.

Very quickly, we'd just finish with a couple of brief notes about taxation which

again I think was part of the terms of reference. There tends to be this sort of general view in the community that governments and jurisdictional governments are hooked to gambling tax. We would take, I suppose, the economic philosophy view that with a dangerous product it's better that taxation revenue goes to government and the broader community than basically being concentrated in the hands of a relatively small group of industry players. So we would say, "Look, higher tax rates are appropriate for gambling activities." However, we recognise the argument that says that gambling is a significant part of own-source revenue for jurisdictional governments - something between 12 and 15 per cent, depending on jurisdiction and your estimates - and we see that that is a significant revenue stream.

We also would note that gambling taxes generally are pretty regressive, so the incidence of gambling taxes is really on lower income households. So we'd be suggesting that there would be value in some modelling of alternate tax revenue sources for state governments for own-source revenue, as we would hope gambling revenue starts to fall as the level of gambling activity is reduced by the implementation of some of these measures.

Of course we recognise that the Henry review is well and truly under way and we wait with bated breath for some of the recommendations there. But we'd be hoping that there would be some interplay between this particular inquiry and what the Henry review might be talking about in terms of modelling for some alternative, perhaps more progressive state tax revenues, particularly to replace gambling tax as it hopefully starts to fall.

A couple of other comments really quickly just to finish off. We meant to mention earlier that on the precommitment stuff we support the target of it being in place for gaming machines by 2016; a universal program. We would think it could then be extended to all gambling by about 2018. So that would bring in wagering, lotteries, et cetera. So we think there's room to expand or to extend precommitment to being across all gambling. I think they're the main points we wanted to make, so thanks for your time.

MR FITZGERALD: Thanks very much. I know we're out of time, but just a couple of questions and Louise might have some. Just in relation to precommitment, if I can just deal with that, there is an issue about very small venues - venues that have, say, less than 10 poker machines. I'm just wondering what's your view about that? We understand that if there is to be a universal precommitment system it is ideal that all machines and all venues be linked into that. But we've heard in a number of places that there are special issues that relate to very small venues.

According to the AHA, which we've just heard, you have a disproportionately high number of venues with very small numbers of machines, largely because you

can't trade them in the same way that you can trade in other states. Do you have a view about how small venues, or venues with a small number of machines, should be handled if there is to be a universal precommitment system? Is there a justification for a slowdown in the implementation rates? Is there a justification for an exemption? We don't have any views on this at the moment, but it has come up in a number of the hearings.

MR HENLEY (SAHCC): Our view would be that we don't think there's an argument there. We'd observe that the industry is pretty good at deferring the inevitable. I mean, we talk about five years ago the state parliament passed a decision to remove 3000 poker machines in South Australia. There are still about 750 to go. We've had real tardiness in that policy decision being implemented. Smoking bans similarly. The industry was very slow in implementing them. So we think that's a delaying strategy rather than a real issue because, frankly, we don't think that the costs of precommitment need to be particularly high. So we think there is a sound argument that a universal scheme means universal.

MS CARRIG (SAHCC): And I would argue that just because a venue is small doesn't mean its responsibility is any less. In terms of the provision of food, small venues don't get dispensations from health regulations. So we would see that there's no justification for them being dealt with any differently around poker machines. If they want the money they take the cost.

MS SYLVAN: I just wanted to get clear: in terms of a universal precommitment system, we have out there for discussion a model whereby the player controls the information on the card, in a sense - what they've done - but doesn't actually necessarily track within a state system. Did you have a view on that? If I understood what you were saying correctly, there would actually be a tracking system in relation to players so that you could identify problem gamblers potentially. Is that correct?

MR HENLEY (SAHCC): What we would be saying is that where a limit is exceeded then a venue would need to intervene.

MS SYLVAN: That's venue based?

MR HENLEY (SAHCC): That's venue based. And that's dealing with a particular patron who is part of a universal precommitment scheme; a limit is exceeded, the venue interacts to see what is going on. We would certainly say that that's what we meant in terms of the venue based activity. We would certainly expect that a participant would get a statement of their gambling expenditure, as you do with any rewards card or anything of that nature. So there would be tracking in that way. But in terms of data reporting, we would see it would be aggregated data that would be reported.

MS SYLVAN: The other thing is we suggest - this is in chapter 16 - that some of the recommendations that are there are almost transitional, in the sense that if a proper precommitment system is put into place, that things like limits on ATM amounts that can be taken out, the dollar bet limits and so on - that those kinds of interventions may be unnecessary if you have an appropriate precommitment system operating. Did you have a view about that alternative?

MR HENLEY (SAHCC): Yes, we're quite supportive of that view. So get really strong consumer protections in place, then there can be some relaxation of measures. But we would be saying that the \$1 bet limit should be introduced in the short term. Similarly, venue hours. We'd be saying, "Look, 10 am to midnight is plenty for venue hours." That should be the national standard set. So some of those things, we're saying, "Look, there's nothing to stop them being implemented very soon," and then, yes, get a precommitment system in place and working and evaluated. Then, sure, we can start removing some of those measures. Quite comfortable about that.

MS CARRIG (SAHCC): If I can just go back to the hours. As a gambling counsellor, my clients were quite clear that if you're gambling after midnight or before 10 o'clock in the morning you're likely to be a problem gambler, and I think there may well be research that would back that up.

MR FITZGERALD: There's certainly some sort of research in evidence that indicates that at certain hours the preponderance of people gambling are likely to have harms or be problem gamblers. There's a question about what the magic hour is and we've been looking at that. So we've certainly recommended an increase in the closing hours. What we've not yet done is actually said what those hours should be, which seems to be more debatable. But your view there would be supported by some other evidence, that a preponderance of people after a certain time are likely to be people - - -

MS CARRIG (SAHCC): Or before a certain time.

MR FITZGERALD: Yes.

MS CARRIG (SAHCC): I think we need to get away from thinking that gambling is a different sort of product and is exciting and needs to be available the whole time. I mean, you can't go to the movies at all hours of the day and night. While you can buy petrol at varying hours, the dangers to the providers of petrol is quite high. So do we need to have 24-hour access to this product? We don't.

MR FITZGERALD: Thank you very much for that.

MR HENLEY (SAHCC): Thank you very much.

MR FITZGERALD: That's excellent. We'll now break and resume at 11 o'clock, I think. That's about 15 minutes.

MR FITZGERALD: We now move to the next participant, Australian Racing Board. If you give your full name, the organisation you represent and then your opening comments and we'll have a discussion.

MR HARDING (ARB): Thank you, commissioner. My name is Andrew Harding. I'm the chief executive of the Australian Racing Board, the national peak body for the thoroughbred code in this country.

MR FITZGERALD: Okay. Over to you.

MR HARDING (ARB): Thank you. I've read the transcript of our first day of proceedings and I understand it's customary to congratulate you on the quality of your report.

MS SYLVAN: Thank you.

MR HARDING (ARB): In this case it's a compliment that's quite genuinely paid to you, as I'm sure it was on the other occasions. I would also like to say to you, and it follows on from the brief chat we just had then, Commissioner Fitzgerald, that we welcome the fact that in the course of an inquiry that - when you first received the reference from the assistant treasurer - didn't at first blush appear to necessarily be concerned with the racing and wagering industries, you have taken the time - a considerable amount of time - to give such good treatment to the issues that confront our sector.

In doing that, we've said in that draft written submission that there are some aspects of the characterisation of the history of the Australian racing and wagering industries that we wouldn't necessarily agree on, but if beauty is in the eye of the beholder then portraiture is certainly in the hands of the artist, and we accept that the characterisation that you've given to the history and current state of the Australian racing and wagering industries is an honest one and, to the extent that we would differ with you on it - say, for example, in terms of whether the current scale of the industry in Australia is too large - we don't believe that's material to the policy formulations that you've arrived at, so we won't go through each of those differences that we might have had.

The first thing that we would like to make substantial comment on is the statement of principle, statement of fundamental policy, that you've articulated in terms of draft finding 13.1, and we agree with that, unsurprisingly, commissioners. The event that's generated for wagering purposes by the racing industry has the look, the feel, the smell of an article of intellectual property, and it's something that should be protected in terms of the capacity to receive a return from those that use that article of intellectual property and, as you've detailed in terms of the economic

principles, it's a public good which, without some form of intervention by government, is incapable, in terms of normal legal constructs and market constructs, able to see that market failure addressed.

There is reference made in the report to the issue of copyright and it may well be that some will observe to you that the issue of copyright, say for example in the UK, is termed on different law, but we would agree with the statement that the commission has made which is that, whilst there may be copyright protections available to the racing industry, the position - until the High Court reaches a decision on the facts that obtain, particularly to racing - until that happens, then the position is inherently uncertain, and in those circumstances we welcome the draft finding of the commission that this is a genuine case of market failure where government intervention to correct that market failure is warranted.

I come to the model that's proposed. I'll go through most of the elements of the model that the draft chapter 13 has articulated, but if I start with this notion of a single price, because it teases out much of what we feel needs to be considered in this area. We're of the view that, as the commission states, race fields has been an attempt - and to a large extent a successful attempt, provided it's held in the courts to be valid - to address this issue of free-riding. We think importantly, amongst its several benefits, it has introduced allocated efficiency into the market, something that hitherto wasn't present.

The position before, in terms of what has been described as the gentlemen's agreement, saw market signals shrouded and muffled. Race fields legislation has changed that, as you observe. The case now is, under race fields legislation, that racing is rewarded according to the market share its racing can attract, rather than the share of the population it has in terms of punters. That being so, we think that the attempt to arrive at, as closely as possible, an approximation of a functioning market, should go the whole hog. If that allocative efficiency mechanism is now enlivened by race fields legislation, then this notion of a single price is, in our view, one that is concerning to us.

If racing within itself can now compete and be rewarded according to the quality of what it offers, then should it not also be able to compete on the basis of price; shouldn't price based competition be allowed? There may be several arguments put in favour of that. For example, within the three codes of racing there are different marginal costs of production. Greyhound racing is much, much cheaper to produce than thoroughbred racing. Why is it not economically sound for greyhound racing, for example, to optimise its position by differentiating itself in the market and taking a different price, a lower price, that it fixes in terms of its charge to wagering operators than, say for example, the thoroughbred code?

Smaller centres of racing that have been cosseted by the gentlemen's agreement, for example Tasmania: in a single-price model how else will they compete if not on price? The capacity to compete on the basis of marketing or innovation is limited but there is that capacity to compete on the basis of price under a multiple seller, multiple price model.

Then there is the phenomenon that we see already in terms of different qualities of racing and different charges; for example, Racing Victoria charging a premium for what is undeniably a top-shelf product, the Victorian Spring Racing Carnival. Under a single-price model all of that is lost.

What are the arguments against a multiple-price model? There is a concern that's expressed in the draft chapter 13 that it could be used for protectionist purposes. We would say in that respect that the Federal Court is considering that matter and it will provide a determination as to whether that is the case, whether this is a real or an abstract concern; whether this legislation can be used for protectionist purposes.

A further concern that might conceivably be raised is that it's just an abstract notion - competition - amongst the different elements of the racing industry, but the fact is that there is a range of pricing already under race fields legislation. For example, in Victoria, the method of pricing is different to the method of pricing in two, at least, of the codes in New South Wales and the three codes in Queensland. And this competition is something that the market will insist upon because, as the commission has observed, in terms of the history of wagering on racing as a component of the gambling industry, it's shrunk, and you've pointed to prices being a factor in that. Well, that's a factor that won't go away. It's that intense rivalry, that intense competition within the market that racing finds itself within, that will ensure that if racing is given the capacity to set its prices, it will do so with that competitive pressure, insisting that it not abuse that market power. It simply won't be capable of abusing that market power.

Finally there's the issue that's raised in the report of administrative convenience. We just don't find the concept of administrative convenience to wagering operators as being a compelling one, in this sense: it certainly isn't something in our view outweighs the evident manifest advantages of price based competition amongst multiple sellers.

MS SYLVAN: Can we just stop on this?

MR HARDING (ARB): Yes, sure.

MS SYLVAN: It's obviously a critical issue to you and to us and I just want to

understand what it is that you're suggesting. When we say a single price, we're suggesting a price set by a national pricing regulator.

MR HARDING (ARB): Yes.

MS SYLVAN: And money flows depending on where the consumer buys, which is the closest approximation to a market. In other words - - -

MR HARDING (ARB): Where or what?

MS SYLVAN: - - - if somebody puts on a higher-quality race that is exciting to punters, however it's advertised or marketed - I mean, all those things would come into the mix of price, which is used economically as a price quality issue, as you know.

MR HARDING (ARB): Sure.

MS SYLVAN: So that's the model that we're suggesting, which to some extent race fields legislation starts to do. But if I understand you correctly, you're suggesting that that not happen; that there not be the punter money flowing directly according to how much a race is bet on, but there's in fact a negotiation in the middle of that by the racing codes, presumably each racing code in each state and territory, so hounds negotiating with the wagering people a fee, the Victorian racing negotiating a fee, and so on, so that there's this whole set of transactions going on depending on what they think they can charge for their product. Do I understand correctly?

MR HARDING (ARB): To a point, but I think I've explained the proposition poorly, given the way that you've put it back to me. What the commission is proposing in terms of single price is only half of what happens in a normal functioning market. You're rewarded according to whether consumers want to buy but, in terms of your capacity to influence their decision on whether to buy or not, you're able to set your price as a factor that influences whether the consumer buys or not. A single-price model denies racing the capacity to do that, because racing is not a homogenous unit. At its very least it comprises three codes of racing.

MR FITZGERALD: Sure.

MR HARDING (ARB): Then - certainly, this is the view the ACCC has taken of racing to this point - within each code, it consists of at least eight competitors. So what we're suggesting is that the notion of intervening to correct market failure is a good one. The notion that the means by which that is done should as much as possible approximate what happens in a normal functioning market is a good one. What we say is that that should go to its furthest extent: it should be a fully

functioning market. Every producer has the capacity to set its price. The market will then determine whether it's the right price or not.

MS SYLVAN: Okay. In terms of producer, who are the producers in this case? I assume we don't mean each owner?

MR HARDING (ARB): No.

MS SYLVAN: How far up are we coming in terms of a collected entity?

MR HARDING (ARB): In terms of the current structure of the industry, the state units, and this is not suggested in the sense of the state borders being significant. Plainly, in terms of what the High Court said, that can no longer hold. But in terms of the organisation of racing - the capacity to organise a program within a state, that uses the horse population to its maximum extent, that sees races produced in a logical progression, that maximises the attractiveness of a racing program for wagering purposes - that organisation happens at a state level. So that, in our view, is the logical place at which to set the price. So the unit that is responsible for organising racing in a way that ensures the best possible integrity outcomes but also maximises the appeal of that product for wagering purposes, which happens currently at a state level - that should be the point at which the price is set.

MR FITZGERALD: In a full-functioning market, however, you would go lower than that, or you could go lower than that potentially. You can go to each race venue.

MR HARDING (ARB): Yes.

MR FITZGERALD: You can go to the STC and the AJC and New South Wales sets differential pricing and what have you.

MR HARDING (ARB): Yes.

MR FITZGERALD: You've chosen, because the administrative arrangements currently exist at state level, that that's the appropriate level. So you've treated each product - the product is a state based racing product.

MR HARDING (ARB): In terms of its organisation but not its administration. It is in terms of its administration, but it's organised in terms of producing a product at a state level.

MR FITZGERALD: We understand that. So you're really saying, "The product that we're talking about here is a state based racing product in relation to

thoroughbred, harness and greyhounds."

MR HARDING (ARB): Yes.

MR FITZGERALD: And we acknowledge that they could be different and are separate. You therefore see the states and the territories competing against each other within that national market and, based on the various costs of production, the price could be different?

MR HARDING (ARB): Yes.

MR FITZGERALD: I can understand why the price might be different between the greyhounds, harness and thoroughbred. I'd need to be convinced that there is a significant differential that needs to evidence itself in a differential price in relation, say, to thoroughbreds. The Internet betting groups, the Internet corporate bookmakers, have questioned that. We've had them at hearings yesterday and previously and they dispute that there is, in fact, a significant difference; and clearly, we would expect that to be the case. But is there evidence that the cost of production between the states is radically different, such that it would warrant differential pricing? Or is it simply the notion that they should have the capacity to set a price, which also is consistent with a truly competitive market? If you want to set a price higher than the production costs, go ahead.

MR HARDING (ARB): It's the latter, commissioner, the latter.

MR FITZGERALD: I'm not quite sure what you were going to say about a national price-setting agency but is it not possible for a national price-setter to also take into account those issues and set differential prices?

MS SYLVAN: Not necessarily state based.

MR FITZGERALD: Not necessarily state based but basically - you'll come to this in a minute and talk about that - is there a problem with who sets the price, as well as whether the price is the same?

MR HARDING (ARB): In our view, there is. We think that, in terms of trying to approximate a normally functioning market, there is no good reason to move to the model of an independent power, because this is not a sequestered market. Racing is not sequestered or cosseted from competition. As you detail, in excruciating detail, the decline in terms of market share is evident and you ascribe price differences as being a major contributing factor to that. The proposition that I'm making is that that should be taken from both points of view.

In terms of what happens for the future, racing should, like any other producer, have the capacity to determine its own destiny. If it prices itself out of the market, then it has no-one else but itself to blame. But racing doesn't have - I mean, I don't understand what the concern is about saying at, say, a state level, pricing be determined at that level. Is there a concern that there's a market power that's being conferred there that will be abused? Racing has just so much competition that it faces. What relevant market power is it abusing if it has that capacity to price?

MR FITZGERALD: But you would acknowledge that there are market failures in this. The fact that the governments are so much participants in the regulation and support of this industry is unusual.

MR HARDING (ARB): Yes.

MR FITZGERALD: Most industries do not have a hand-in-glove relationship with the government, as this industry does. Wagering, racing and government intervention are all intermeshed - - -

MR HARDING (ARB): Yes.

MR FITZGERALD: - - - in a way that is not normal in markets, so in a sense we've acknowledged that. You acknowledge also that there are issues around intellectual property and the lack of clarity in relation to that.

MR HARDING (ARB): Yes.

MR FITZGERALD: So this is not a normal industry and it's not a normal market, although it has all of the normal elements in it to some degree.

MR HARDING (ARB): Certainly.

MR FITZGERALD: So I suppose when we've looked at this, we've been trying to say, "How do you get a better match between the needs of the consumer through the administrative arrangements that exist for wagering and exist for the actual racing industry?" I suppose we were persuaded to the view that the current arrangements of differential price-setting by different organisations didn't seem to us to be the best way to achieve that; but you've got the counter view to that, obviously.

MS SYLVAN: Yes, and in some sense the fact that it's state based historically isn't an argument for it going forward.

MR HARDING (ARB): No.

MS SYLVAN: There would be, I would think as I look across, not being any kind of expert in any of the codes - but as I look across, for instance, thoroughbred racing in any state, although there are linkages you could also argue that there are real, significant, regional differences and you could see a regional grouping perhaps being the negotiating entity, not a state level. So there's a question of where you go in terms of - - -

MR HARDING (ARB): Plainly.

MS SYLVAN: Apart from the historical base, which happens to have been state and territory.

MR HARDING (ARB): Which really leads me to the next observation that I wanted to make to you, commissioners, and that's this: what you've done here in your draft report is what we failed to do when we first met with you. You, commissioner, posed the question to us, "Well, we see the problem, can see your arguments for addressing that problem. What would you like the solution to look like?" We haven't done that and you've done it and you've made a genuine attempt and there are good, logical reasons in many respects for supporting what you've suggested. But what I would like to say to you is this: we've really come to the \$64 question, "What happens next?" In February-March you produce your final version of chapter 13. What's then done with it?

What's then done with it will be the result of at least three factors. One will be the views of the cast of self-interested actors, and they include the Australian government if it is persuaded that it should become involved in that; the eight state and territory governments; the racing and wagering control bodies; the operators and the consumers. There will also be that question of how to make any change, because what's proposed here involves massive transitional issues. For example, in this state the arrangements that have been entered into, so far as totalisator wagering, have a life of 99 years. I think that's also true in New South Wales in some respects. So there are major issues to be worked through in terms of how to make this or any other model work.

Then there's the question of modelling. Plainly, in the course of an inquiry looking at all of Australia's gambling industries, you haven't had the resources, nor would it have been expected of you, to do the modelling that might be involved in testing what the consequences of this might be. But say for example we look at the issue of tote odds betting or retail exclusivity. You reach educated guesses, and that's appropriate in the course of an inquiry of this nature. But convincing all of those self-interested actors to make the transition to a new model will require modelling that gives them some greater comfort with what the likely consequences and outcomes will be.

So it's our view, for each of those three reasons, that following production of your final report, there will be, in terms of translating what's proposed into a reality, a need for an issue-specific inquiry that involves the people that might actually be involved in implementing it.

MR FITZGERALD: Sure. It is incremental in some senses. I mean, the arrangements that have been entered into with the various TAB operators or totalisator operators around Australia, we understand are long term. Our comment in relation to retail exclusivity is something that can really only be addressed as those arrangements come to an end, given that most governments are not keen to compensate people for changing the contractual terms.

Of course, the rubber hits the road where this really all started in relation to Internet corporate bookmakers and betting exchanges, which does need to be addressed and can be addressed quickly, and of course that's what has been happening. In relation to that more limited area - just putting aside retail exclusivity for the moment - that, it seems to us, could be implemented quite quickly. That's true.

What we've avoided doing is actually setting what the rate should be and it's appropriate that we don't go down that - what we've tried to do is alter the mechanism by which you can determine a rate or rates. That, we think, could occur more quickly if there was common agreement. Of course, if there's no common agreement then the chances of that occurring are much more remote.

MS SYLVAN: It's also the case the longer one thinks about these things - and I take your point that people in transition need time to think about the effects, particularly if it involves potentially a reduction in a particular state level of income.

MR HARDING (ARB): Yes.

MS SYLVAN: While that is going on, of course the court is determining the shape of your industry, which is not necessarily ideal.

MR HARDING (ARB): Yes.

MS SYLVAN: Can I ask what you see as your role in this regard. We've suggested a model of price-setting nationally and so on. You hold all of those codes within you. Do you see a particular role for yourself which is very different than the role, perhaps, as it has been in the past?

MR HARDING (ARB): Look, I think that will be a consequence of events.

MS SYLVAN: Would you see an alternative of yourselves as price-setting?

MR HARDING (ARB): No.

MS SYLVAN: No?

MR HARDING (ARB): No. The commission considered that and, while it had seemingly a superficial appeal, it was only superficial; it passed on to something alternative. No part of what we're proposing here today is informed by any view that this should be more managed by the national control bodies. We are who we are in terms of the - not the administration, that's a fact, but the organisation of the sport. It is organised in terms of the competitions at a regional level or a state level and that's unlikely to change in the near future.

What we say therefore is that we feel there will be a need to look at these issues just within the compass of the racing and wagering industry. What you produce in terms of your final report will be of material benefit to that inquiry and should substantially inform it. You will have addressed many of the issues and it may well be that what you recommend is what comes out at the end of the issue-specific inquiry but there are areas that we feel could be further usefully explored. For example, the one that we've just spent some time on; this question of multiple sellers, multiple prices rather than a single-price model.

Turning back to the recommendations that you've made, you've just touched on, Commissioner Fitzgerald, the issue of the current arrangements for the TABs. It's clean, the notion of replacing existing product fees with a single fee. There are transitional issues that prevent that in the short term, but in the long term the market will achieve that as these arrangements come open for renegotiation. It is self-evident that the parimutuel licence holders would agitate for a rate that is consistent for consistent activity, so if there's for example a gross revenue based fee on bookmakers trading over the Internet and Betfair trading over the Internet and over the telephone, they would want to have the same fee and there will be considerable pressure exerted to achieve that.

Even with that happening, we are of the view that at the point at which retail exclusivity becomes an issue open for real consideration rather than abstract consideration it should be retained - and I'll come to the arguments for doing that in a little while. If it is retained, then that would form the basis for a premium fee on top of the single price.

MR FITZGERALD: Sure.

MR HARDING (ARB): In terms of the distribution, it's enough for me to say that we agree with you that the notion of reward for quality, attractiveness or consumption of what is produced is the lodestar. That's what should inform the system, the model, but the actual distribution is more feasibly carried out at least at the state level for the reasons that you've instanced.

In terms of the process of setting the product fee, if it were done by a regulatory panel or if it were done by for example the state control bodies, it should, as you suggest, be an open and accountable process. There should be checks and balances there to ensure that the power is exercised appropriately and - - -

MR FITZGERALD: Just on that - and again, obviously you're not going to comment on your membership - it's clear to us that that hasn't been the case in some of the state jurisdictions. It is anything but a transparent process at the moment. Despite the fact that they talk to each other they only talk to each other behind closed doors, and if you're not in the room you don't know what's happening until it's announced. So is there general universal agreement by your membership or your board that in fact a more transparent price-setting arrangement is desirable, even if it's at the jurisdictional level?

MR HARDING (ARB): I'm not sure what you mean by the expression "talk to each other".

MR FITZGERALD: Those that have got an interest in the actual setting of the prices, the race clubs themselves and what have you and the governments, but the exclusion of other wagering partners in those discussions. There are no consultation drafts put out, there's no public comment sought, there's no consumer representation actively sought. There's certainly, from the evidence been given to us, no involvement of the Internet wagering groups. In other words, from our point of view, which is for very open processes, these would seem to us to be very closed processes.

MR HARDING (ARB): Sure.

MR FITZGERALD: They may have been appropriate in the past but they seem not to be appropriate into the future.

MR HARDING (ARB): I understand, in light of your elaboration, that you weren't referring to discussions between the different price-setters.

MR FITZGERALD: No.

MR HARDING (ARB): But to put that beyond doubt, it certainly doesn't happen.

MR FITZGERALD: No, just within the jurisdiction - - -

MR HARDING (ARB): But within the jurisdictions - - -

MR FITZGERALD: Although I might say the price is not all that different between most jurisdictions, but that might be just by circumstance or coincidence.

MR HARDING (ARB): I suggest to you that it is. It is, and that's evidenced by the fact that whilst there may be some similarities there are very material differences between some jurisdictions. But within the states, on my understanding there has been direct consultation; but this is something that's evolving. Cardozo's principle is a good one: sunlight is the best disinfectant.

It's rare to find a set of circumstances in which it's an axiom that doesn't hold value and I certainly think that it holds value here. But this is an evolving space, and the courts play a role in this also. To the extent that there are criticisms of the process that has taken place, the courts are now testing the decision-making processes. By evidence that will be available on the public record, it will become apparent the considerations that have been applied. But your point is well made, commissioner.

MS SYLVAN: Can I just stop on one point because it will be an issue for us, and this is the material differences between the jurisdictions, which I think you're saying affect the cost of production quite dramatically, which is why the negotiating power needs to be at state level. Do you have something you can give us in relation to this? On the surface of it, while it may cost a producer a different amount to produce a different program, you can see the differences in the cost of production. Why that manifests at state level as material differences, I don't understand.

MR HARDING (ARB): No, it doesn't. I'm not suggesting that.

MS SYLVAN: Okay.

MR HARDING (ARB): I apologise for not having made it more clear. What I was suggesting is that between codes there are different notional costs of production. As I indicated, greyhound racing is much cheaper to produce than thoroughbred.

MR FITZGERALD: I think we appreciate that.

MR HARDING (ARB): Any decision to price differently that might be undertaken at a state level to a very, very marginal extent would be influenced by cost of production. It would be more a matter of a decision, for example, to compete on the

basis of price or to maximise the value of a product that has an unusual attraction; for example, the Spring Racing Carnival. It's for those reasons that you would see price differences.

The next draft finding that I'd like to take you to is 13.2, which deals with the issue of setting taxes. Unsurprisingly, we support the proposition that destructive tax competition should be avoided by state and territory governments when setting taxes on wagering revenue.

A separate issue is whether the taxes should be uniform, and this is something that state bodies will make more particular submissions on. But if you take South Australia as an example, the government has taken a decision to progressively eliminate the tax. We believe that's a policy decision that's well founded. It's not in the realm of tax based competition, and we wouldn't want to see any notion of harmonised taxes, to see that capacity withdrawn. It may, for example, be a relevant consideration in Victoria in the near future, having regard to the relicensing work that's being done there.

A related issue for us, very much a concomitant issue, is the issue of offshore operators evading tax and racing industry payments. The draft report makes the observation - which at one level is plausible - that the capacity to tax is being reduced, diminished, by the capacity of these non-bricks and mortar businesses to relocate offshore. It has a logic to it, but if one follows it to its logical conclusion, it's a pretty self-defeating proposition, particularly from our point of view in terms of racing industry payments, because there will always be a jurisdiction that is prepared to charge, say, no tax just to gain some local employment, and to not care whether racing industry product fees are being paid. That will always be the case.

So the notion that the way to address that is to fix your price to persuade operators not to go offshore is one that we find difficult to accept. The evidence suggests that it's not something that works. If you look to the UK, the experience there was that operators moved offshore in the late 90s, they were enticed back onshore by substantial reforms to the tax and product fee arrangements, but they've gone back offshore again.

MR FITZGERALD: Why are they moving offshore again?

MR HARDING (ARB): If you look to the annexure 2 to the draft report, they make it plain out of their own mouths that they would rather pay no tax in Gibraltar than pay 15 per cent gross revenue tax in the UK. A Conservative MP in the - - -

MR FITZGERALD: So it's purely tax-driven.

MR HARDING (ARB): Purely tax-driven, but the collateral damage is - and, indeed, the other motivation is - don't pay the 10 per cent of gross revenues. I mean, on any argument, the charge that the British horseracing industry imposes for its product is a very reasonable one - 10 per cent of gross revenues - and yet William Hill and Ladbrokes, so far as their online businesses are concerned, have just decided to take it offshore and not pay anything.

MR FITZGERALD: Could I just clarify that in relation to the UK?

MR HARDING (ARB): Yes.

MR FITZGERALD: I just want to distinguish between taxes and levies. In the UK an operator, no matter where they are located, that takes a bet on a UK race, is it required by UK law to pay a product fee? I presume the answer is yes.

MR HARDING (ARB): Well, they're not paying - - -

MR FITZGERALD: Why can't I, by law, impose a product fee on whoever uses this product? There's a question about how do you collect it?

MR HARDING (ARB): Certainly.

MR FITZGERALD: But legally, whether I'm located in Gibraltar or in New Zealand or in the UK, why is the product fee not a legal liability irrespective of where you are registered?

MR HARDING (ARB): Absolutely.

MR FITZGERALD: That would be the case?

MR HARDING (ARB): You'll receive no argument from me, commissioner. It should be. What we're suggesting, though, is all of the weight shouldn't be put onto the industry in terms of, "Don't allow that to happen. Pitch your price to prevent it from happening." There also needs to be a set of mechanisms to ensure that it is a real liability, not just an illusory one. It's a liability that means something. That's the only proposition that we want to make.

MR FITZGERALD: Yes. I understand what you're talking about.

MS SYLVAN: However, if I can just pursue that, I wasn't quite sure where you were going with your argument.

MR HARDING (ARB): Sure.

MS SYLVAN: In a sense, I think what we've said is you can't discount that the nature of the wagering models has changed.

MR HARDING (ARB): Yes.

MS SYLVAN: There are some firms that will try to avoid their liability; others will pay them. So the suggestion we were making is that you can't really set a fee way up here simply because the dynamic is now moving globally in relation to wagering providers, but that if it's set at a reasonable level, and collectable - which may be a difficulty - it's far more likely that the industry will play the game.

MR HARDING (ARB): We accept without question that in terms of the pricing decision, the stay onshore, go offshore is an issue that the industry just can't be blind to. But when you come to the expression that you used - "set at a reasonable level" - what prism is that looked through, because in terms of what we see happening, major companies - not disreputable, small concerns; William Hill, Ladbrokes, Paddy Power - their announced, their avowed business decision is to go to jurisdictions that will see them evade any industry payment whatsoever. That's the global trend, but you can't pitch your price to match that global trend and have a future. It's just not possible. That's the point that we want to make.

So far as draft finding 13.3 is concerned, dealing with tote odds betting, the matters that we raised in our original submission relating to this issue remain of concern to us, but we accept that the prohibition of this practice is a policy option that's not worth pursuing. So we accept what the commission has said here. We do so on the presumption that there is an effective funding model arrived at that addresses the issue of free-riding.

MR FITZGERALD: Sure.

MR HARDING (ARB): And we do have a concern still about the issue of pool sizes, which we think needs to be borne in mind when one comes to the issue of retail exclusivity. But we accept the position that's been arrived at by the commission.

So far as the offering of inducements to wager through discount prices is concerned, we are opposed to any practice that's likely to contribute to a high incidence of problem gambling. So far as this issue is concerned, we support the commission's draft recommendation that in the first instance the attendant risks for problem gamblers should be assessed and we further agree with you, commissioners, that once that assessment has been carried out, a nationally consistent approach should be taken in respect to this matter.

We come to the issue of retail exclusivity. As I've indicated already, we don't agree with the commission's draft finding that the arguments in favour of renewing exclusivity are not compelling. We are of the view that to frame a policy on this issue in the first instance requires an evidence based approach. Plainly, that wasn't possible in the circumstances of the inquiry to this point, but this is a matter of major import to us and, for a policy decision to be made that's then to be implemented, we believe that there should first be modelling done to see what the impact of retail exclusivity has been.

The commission has pointed to take-out rates. They are an element of price and an element of consumer outcomes, and plainly a highly material one, but there are other considerations that should be given a value in terms of evaluating what the consequences of retail exclusivity have hitherto been for consumers. For example, much of the infrastructure that supports wagering in this country is funded through the TABs as a consequence of their extent of market influence - form guides, the radio broadcasts, the television broadcasts.

It's also relevant to consider, we believe, that the marginal cost of production of the different operators is different, which justifies a different price, to a point. We also would make the point to you that if you look to the future in terms of if retail exclusivity is kept, what will be the outcomes for consumers, then it's material to consider the highly competitive market that TABs operate within. It's not a sequestered, closeted market. Sure, axiomatically, if they have retail exclusivity there's a degree of market influence, but it's within a wider context that sees them fighting fairly vigorously to retain customers; the capacity that technology delivers to new operators to attract the retail based customers; the removal of advertising restrictions, which enables marketing campaigns. All of these things go to ensure that this is a highly competitive market that the TAB is operating within, before one even begins to consider the other offerings that are available in terms of casinos, poker machines, EGMs and the like. So it's a market of intense rivalry.

We also make the observation - and this is something the commission has recognised - that totes of their very nature depend on scale. If you don't have scale then you don't have a pool that will deliver stable dividends and dividends that are attractive to customers.

MS SYLVAN: Why wouldn't the scale actually increase? We're not talking about wholesale exclusivity or the liberalisation of that, so the pool is the pool. We're simply talking about the selling function essentially; the retail end of it. So if you have a whole lot of providers competing, offering different prices in the marketplace and so on, including presumably the TAB with its former monopoly on the retail side, why wouldn't that be as likely to be, as is the case with a competitive market

where people are generating much more interest because they're competing, they're out there advertising - why wouldn't it be a positive outcome for the pool, the wholesale side of the business, if I can call it that, from which you derive a great deal of the funding?

MR HARDING (ARB): Sure. The best answer I can give to that is that I understand your view, and it might well be that would be the result. But whether the result that you've suggested is the more likely outcome, or the outcome that I've suggested, is something that we're not going to resolve by discussion today. The point that we would make is that modelling should be done to determine what the consequences are most likely to be.

MR FITZGERALD: Given that we haven't actually said exclusivity should cease - - -

MR HARDING (ARB): No.

MR FITZGERALD: - - - and we're not recommending that, perhaps what we need to do is to reflect on a method by which these things can be actively reviewed. Just to put it in some context, under the National Competition Policy framework that has led to so much micro-economic reform in Australia, the presumption was against exclusive arrangements generally.

MR HARDING (ARB): Yes.

MR FITZGERALD: And as you know, under those national competition reviews, the onus on the promoters of the existing scheme needed to justify it on the basis of a public benefit test. So these sorts of issues are not uncommon. In fact, Australia has been beset by looking at these issues for a long time. So it may be trying to look at an arrangement that can actually say, "Are these arrangements beneficial in terms of net public benefit?"

The question for me would be whether or not that can be best achieved at a jurisdictional level or whether it is better to have a national review of exclusive arrangements, because one of the things we learnt from the NCP procedures, as successful as that was, was that the state based reviews were of a differential quality, and I was just wondering whether you might think a national review of these arrangements would be beneficial. I'm not suggesting we would recommend that, but is that a way forward, given - you're right - we're not going to agree, and we're not making a recommendation.

MR HARDING (ARB): Look, I'd agree with, commissioner, and in preparing for today I did read the National Competition Council's paper on exclusivity and they

addressed specifically the issue of TAB exclusivity in the light of what you and your commissioners had said in 1999. So I understand the arguments and I think the course that you've suggested is a good one. The other element of this that we believe is important is this notion of cultural goods, which is something you've dealt with most recently in the course of the parallel import restrictions discussion.

MR FITZGERALD: Some of us dealt with.

MS SYLVAN: Some of us are still standing, just.

MR HARDING (ARB): You make the point that exclusivity is a means by which to raise taxes. It's a good means. But then you go on to suggest, well, you could raise a lot of taxes by conferring exclusive rights on certain - - -

MR FITZGERALD: Yes. Look, I don't think we can pursue the matter further, but maybe what we can do is look at, with advice from you and others, what mechanism could be put in place to deal with this issue rather than try to come up with a definitive position, which we don't intend to do. The only point I'd make about exclusive arrangements: the commission's view would be that they sometimes are justifiable and they do serve a purpose.

One of the things, however, I think the NCP reviews showed is that sometimes those purposes change or in fact completely disappear over time, and so what was a reasonable way to establish an industry in the early stages may not be necessarily the way to continue into the future. I think that would be our view on this: is it still appropriate, given all of the changes both in racing and in wagering, that these are the most appropriate ways forward? But I'll make the comment that I made before: we don't anticipate these changing quickly. As you said, they have a legal life well beyond anything we're contemplating, at least in most of the jurisdictions.

MR HARDING (ARB): It would be very difficult to argue with the commonsense of suggesting that something should be examined, and I certainly won't do that. The request for feedback so far as credit betting is concerned: again we reiterate our opposition to any practices that are likely to contribute to a higher incidence of problem gambling. We believe, in terms of consistency, that if credit betting is not to be prohibited then the capacity to offer it should be extended to TABs as a matter of competitive neutrality.

But in terms of determining whether anyone should do it, we still have a residual concern that this is something that needs to be examined. We are of the view that an evaluation of the impact of credit betting on problem gambling should be carried out. We'd nominate a period of two years hence and do it in conjunction with an assessment of the impact of inducements. That's our suggestion so far as

that's concerned. That's as much as I intended to say relating to chapter 13, commissioner. We will in our final submission to you make comments also on the more general issue of the future of the Interactive Gambling Act, but I don't need to take your time on that today.

MR FITZGERALD: You've got a comment there about the Interactive Gambling Act. Can I just ask this question, which you may or may not have a view on. In relation to Internet wagering, be it corporate bookmakers or betting exchanges, how should that area be regulated? I know that your interest is the product, which is the racing industry, but does your organisation have a view as to what is the way forward in terms of the regulation of wagering, particularly Internet wagering?

MR HARDING (ARB): We are of the view - and we made this call in our initial submission - that there should be national arrangements that are obtained in this field. We said in our first submission, and we stand by it, that we think that the capacity of state and territory governments to effectively regulate these areas, if not exhausted, is very tired, and we are of the view that better policy outcomes would be achieved if this were now an area of policy that was dealt with at the Australian government level.

MR FITZGERALD: Can I just ask then - I want to be absolutely clear - is your recommendation there for the Commonwealth to take responsibility for the regulation of Internet wagering, or is it to have a national system in which the states and territories would continue to have some involvement? Have you got a clear view about which way you would go? You could have a national approach but the states and territories remain involved or you can have a Commonwealth control.

MR HARDING (ARB): There are many issues that affect wagering, including tax and those matters, but if I can describe them for the time being as peripheral issues: in terms of the essential regulation of Internet wagering, that should be dealt with in the most clean fashion possible, and that's by the Australian government, not by some sort of compact arrived at between the state and territory governments.

MR FITZGERALD: A couple of other specific questions. In relation to the Northern Territory, as I understand race fields legislation has not been introduced.

MR HARDING (ARB): No.

MR FITZGERALD: In my discussions with the Northern Territory government last week or the week before - I can't remember - they were opposed to introducing that, for the very real reason that they believe that race fields legislation would in fact decimate their racing industry because they would be a net loser. But, again, given that I don't want to put you in a position of looking at every jurisdiction, is there a

case for carving out from race fields legislation or that approach any of the smaller jurisdictions? And I presume, if one were to do that, the only basis would be industry protection, which may or may not be a desirable thing.

MR HARDING (ARB): I must admit it's hard for me at first blush to comprehend the attitude that's been taken by the Northern Territory government because, whether or not it enacts race fields legislation, the effect that it's pointing to is open. I mean, what's in issue here is that - take the Northern Territory as an example. Frankly, there just wouldn't be very much point in enacting race fields legislation because, whilst racing there is a vibrant part of Australian racing and the Australian Racing Board supports it and wants to see it nurtured and continued, in terms of its attractiveness as a betting medium, it has none.

So in terms of a national market, the concept of the Northern Territory government enacting legislation that requires wagering operators to pay it a fee is, frankly, risible. It's difficult for me to comprehend precisely what their position is.

MR FITZGERALD: Okay.

MS SYLVAN: You've assiduously avoided the turnover/gross revenue issue. Obviously you don't want to address it. Will your final submission go to that issue or is that something that you will simply leave to the state racing bodies?

MR HARDING (ARB): The issue, as we've said in the draft document we provided to you, is one that has been closely examined by the commission and we are of the view that in terms of this issue-specific inquiry the decision on the basis for the fees is one that needs to be considered in the context of that. For example, if I go back to the issue of multiple sellers, multiple prices, it might well be that, as we see now, different sellers adopt a different model. We are of the view that that might well be legitimate, but this is something that the further inquiry that we're suggesting really needs to examine further. But we recognise that the commission has looked at all of the arguments. You've left nothing out, but we think there is some scope left for this to be usefully further examined.

MS SYLVAN: Can I just follow up. It's a question that was implied in Commissioner Fitzgerald's question to you. This inquiry that you're proposing, to look at essentially the racing and wagering industries from the point of view of a national perspective as opposed to a state perspective, which is in a sense where we've come to, as we look at it - from the point of view of a national industry - who is going to do this? The Commonwealth has no responsibility in a direct sense for legislation in this area.

MR HARDING (ARB): No.

MS SYLVAN: It is a state jurisdiction. So who do you see as conducting this inquiry?

MR HARDING (ARB): What we would suggest is that if the federal government can be persuaded to do so they should convene this, but it should operate as a council that involves the eight state and territory governments, perhaps in the person of the racing ministers or their officers.

MS SYLVAN: So from the ministerial gambling - - -

MR HARDING (ARB): Well, in each jurisdiction the same person. It should be dealt with by an inquiry that runs according to that model. We think the Productivity Commission has taken this issue so much further than it has been treated in terms of a serious policy discussion in the past 10 years and we seriously welcome that. We think what the commission has done is to very articulately describe what the issue is and to pose almost, if you go back to say the tax summits, an option A in terms of this is a model that has seriously good logic supporting it as being the model to see the racing industry make the transition from the past era to the one that's now upon it. But this inquiry should then look at that option and see whether there are perhaps alternatives to it - for example, the multiple seller, multiple-price option - that would achieve the same or perhaps even better consumer outcomes and then also look to how do we make this a reality in terms of the transitional issues.

MR FITZGERALD: Can I just ask you a general question, and obviously we've been speaking to various participants about this: the emergence of the Internet corporate bookmaking fraternity. Does the industry see this as ultimately a positive or a negative? I know that's a very simplistic question and it's a complex answer, but some participants in the inquiry, whilst they say they welcome Internet corporate bookmakers, everything they say indicates that they don't, but others in fact think that this will be a way of attracting new consumers to the racing product.

I'm just wondering whether you as a group have come to a view as to what the likely net benefit or net effect of the changing landscape in wagering is going to be five or 10 years out, putting aside how you actually set the product fees. Is this seen as a net good or are there genuine concerns about the emergence of this particular form of wagering?

MR HARDING (ARB): I have to be honest with you, commissioner, that the board that I represent is the sum of its parts and there would be some of my directors who would still have genuine concerns about what the future holds so far as the developments that have taken place in the wagering industry. That's a fact. But the board has for some considerable period now, on the public record, advocated a model

that would see a plural market. We some years ago did some work with the Allen's Group and we did it on the premise that - I said it the other day in Sydney at a conference that Commissioner Sylvan also spoke at - in the 50s and the 60s Australia was said to ride on the sheep's back. From the 60s on, the racing economy certainly has ridden on the TAB's back.

In a very real sense that era has gone and the board recognises that and embraces it, but this is now a pluralistic market. We had issues of concern about betting exchanges on integrity grounds. That's no longer our policy position in the light of the further evidence that's come to light in terms of the history as it has played out, but in terms of the entry of new operators that is a good thing.

The Australian wagering market has always been pretty much sui generis in the world. If you go to one extreme, France, Hong Kong, Singapore: totalisator and, in many cases, exclusively totalisator. Go to the other end of the spectrum, the UK: bookmaking and really no tote to speak of; a minnow. Australia has always been in that middle ground. TABs, from the 60s on, were a very big influence, but certainly up until the mid-90s it was an influence that was matched by a very strong on-course bookmaking presence.

So we've always had in this country a market where there was competition and the corporate bookmakers are a further emanation of that, a further aspect of what has always been the Australian model, one that sees vibrant bookmaking and vibrant TABs. Our concern throughout has been that in terms of the new operators they don't free-ride. So long as they don't free-ride, then of course that's in the industry's interests, to have people who are making it their business to make money out of racing and therefore want to see it continue on and make a contribution to it. That's axiomatic.

MR FITZGERALD: Good. Thank you very much. We'll just break for a minute and then have our next participant, if they can come forward.

MR FITZGERALD: If you could introduce yourselves, your full names and the organisation that you represent.

MRS PHILLIPS (FVA): I am Mrs Roslyn Phillips. I am the national research officer of FamilyVoice Australia.

MR D'LIMA (FVA): David Terence d'Lima, South Australian state officer.

MR FITZGERALD: Okay. If you could give us some opening comments and then we'll have a chat.

MR D'LIMA (FVA): Yes, indeed.

MR FITZGERALD: That would be great.

MR D'LIMA (FVA): On behalf of FamilyVoice Australia, thank you very much for the opportunity to appear before the commission's inquiry. I'll just make a few opening remarks and then hand over to my colleague Mrs Phillips.

At FamilyVoice Australia we take a very keen interest in gambling and we've been monitoring developments over the past 20 years or so, which have largely related to the proliferation of poker machine gambling here in South Australia and we particularly concentrate on that in our submissions, as well as online gambling. We've made two written submissions to the inquiry, one in March as part of your development of the draft response and then just a few days ago we made a response to the draft report on 2 December. I'll just take a moment, if I may, to highlight a couple of points we've made in those documents.

We note that the reference given to the commission is to assess the impact that the introduction of harm minimisation measures have on gambling venues. We're concerned with this whole concept of harm minimisation and we regret that the terms of reference have rather presumed that that's the model forward or the way forward. We would certainly encourage the commission not to passively accept the harm minimisation approach. With regard to such things as smoking and illicit drug use and so on in our society, we've learned to say, "Just say no." In other words we've espoused the zero tolerance approach to the problem, and we would very much encourage that in relation to gambling.

In our first recommendation of that document we do commend the commission for its attempts to minimise harm. While we don't particular like that model, we do recognise that anything that will help problem gamblers especially is to be welcomed. So we do commend a number of those provisions.

We also make a recommendation in regard to automatic teller machine access in gambling venues, and I don't think this is something that the commission has looked at, but we strongly urge the commission to recommend the removal of ATM access because that will certainly help to minimise the harm done through gambling. We also make the point that government has a responsibility to operate for the good order of society, for peace and good order, and that we think that the proliferation of gambling has undermined that vocation of government. So we would encourage the commission to make that point strongly also.

We're also concerned that the gambling industry derives so much of its revenue - approximately a third - from the application or the bringing about of significant human misery, so we think that it's a very antisocial industry and again we can't encourage the commission enough to make that point. We also, in our third recommendation, advocate the Poker Machine Harm Reduction Tax (Administration) Bill that's been introduced into the senate by Steve Fielding. We're in favour of the punitive usage of taxation in order to make it less profitable for poker machine owners to continue that industry, so that ultimately it would cease and desist.

It wasn't that long ago in South Australia that we had a zero tolerance approach to poker machine gambling. That wasn't achieved through taxation, that was achieved through simple legislation, but it is possible to achieve that and we would commend that as a long-term goal for our state and for our nation. Then in our 2 December response to the draft report, we make a few comments in relation to some of the harm minimisation measures that have come through by way of recommendation. We're concerned particularly with the maximum \$1200 bet per hour, which has been suggested; that that would incur expected losses of about \$100 an hour. We think those numbers are way too large.

A bet of \$1200 is a very large bet and, if we're going to supply a sort of one-size-fits-all recommendation, it should relate to what is a reasonable level of expected income and affordability of an average gambler, which certainly isn't \$1200 per hour, and the loss of \$100 per hour is effectively half a day's wage for a typical wage earner and many of those gambling would be earning far less than that. We think those numbers are far too high, so we would encourage the commission to revisit those numbers.

There's also a difficulty in relation to the precommitment scheme whereby gamblers would set a maximum limit in advance. People go into gambling venues not expecting to lose, but generally feeling lucky, otherwise they wouldn't be going in. No-one goes in to expect to lose. So to ask people to set a precommitment scheme on the basis of them going in expecting to win, we think is something that the commission might like to revisit, because we think it has problems.

Then our final recommendation on the end of that document, the second one, is that we would strongly encourage the commission to withdraw its draft recommendation in relation to interactive gambling. We don't believe that interactive gambling is inevitable and, seeing as we are really at the opening position of that whole approach to gambling, we think now is a very strong and important time to take a tough line on it.

While I'm making these introductory remarks, I'd also commend to the commission the importance of looking at the way in which gambling is an inherently non-productive usage of money. After all, the commission is constituted in relation to productivity. I think there's a strong philosophical argument that should be made in relation to the way in which gambling undermines entrepreneurial thinking, and that means that in a previous era, when children especially were asked, "How might you achieve financial independence?" or, "How might you achieve wealth?" they would come up with a scheme for inventing something or for starting a business, whereas now, of course, routinely children will say, "That's easy. You just win the lottery or you just hit it big time in the gambling industry."

So we've changed our thinking somewhat and I think that the undermining of the entrepreneurial mind-set is something which the commission may wish to look at, even do some primary research on, to track the change of thinking of young people especially in relation to productivity and wealth creation, because I think this is a rather forgotten element in this whole analysis of the gambling situation - the way in which people's thinking has altered. So with those introductory remarks made, I'll invite Mrs Phillips to make a few comments.

MRS PHILLIPS (FVA): Thank you. I have a sense of deja vu all over again. I appeared before the Productivity Commission 10 years ago at your previous inquiry. Before that I've appeared at inquiries at the state level. I've produced a resource paper on the problem with gambling and, in particular, we have concentrated on poker machines or EGMs because they are specifically designed to be addictive. They're not like betting on the horses and so on. There are some problem gamblers associated with TABs but I gather Wesley Mission did some research in 2005 and they found that, of all the problem gamblers who came to them for help, 98 per cent had a problem with EGMs; only 2 per cent with TAB.

I have recommended in the past that a sure way of solving your problem with EGMs, which as I said are designed by psychologists to reinforce the pleasure centre in the brain so that every time you win, lights flash, you get lovely music and everybody knows you've won and you feel good, and that makes you want to do it again. If you also built into the machines something that every time you didn't win - in other words, you lost - you had a bell tolling, a funereal bell or a siren for an ambulance and a macabre voice says "loser", I think that would solve your problem

overnight. But nobody seems to have taken that one up.

So we've had to make some other suggestions. I do note that in chapter 10 of your very impressive report - congratulations; I feel it has the great potential to strengthen the muscles of Australians, I'm not so sure about the welfare of our forests - it says on page 10.1:

Had there been full knowledge at the time about the harmful effects of substantially increasing accessibility to gaming machines in the 1990s, a different model of liberalisation may have been seen as appropriate.

May I say there was full knowledge in the 1990s of the harmful effects of substantially increasing accessibility to gaming machines. We saw this in South Australia. The MPs knew. They knew the evidence from everywhere else that had had poker machines more widely available. They only needed to look over the border in New South Wales for a start. In fact, in this state the final vote in the upper house was greatly contested. The bill was passed at 4 am in the morning, after one MP, who had wanted to vote against it, was browbeaten in his own language of Italian to vote for it because, I believe, of the substantial financial pressure from vested interests.

Now, I think it was Mark Henley who earlier today referred to that problem. We have seen ourselves the impact of the financial pressure applied by vested interests in gaming machines to governments. They don't just give money to political parties. They make sure they give money to both sides of the governments because they never know who's going to win the election, but they also influence the preselection of MPs who will be sympathetic to their views. We saw this happen in one safe seat for a particular party, where the frontrunner had publicly made the mistake of indicating very strong opposition to poker machines, and when the time came for the actual vote it was found that the branch had been stacked with people whose membership had been paid for by people with interests close to poker machines. So that is the sort of thing that is happening and it's why I guess politically it's been so hard to achieve even minimal harm minimisation ideas.

I think it was again Mark Henley who said earlier this morning that our premier Mike Rann passed legislation to cut the number of poker machines in South Australia by 3000. Years later, we still haven't got those full 3000 removed. One chapter of your impressive report - - -

MR FITZGERALD: Sorry. Could I just ask, Mrs Phillips: do you know what the actual reduction has been?

MRS PHILLIPS (FVA): I think it was Mark who said there are still 750 to go.

MR FITZGERALD: I see.

MRS PHILLIPS (FVA): So we're three-quarters there. But we're still not there. Of course, as you note in the draft report, putting a cap or removing the machines really hasn't been effective in reducing problem gambling. That's what we've said in our submission; that most of these harm minimisation measures, laudable as they appear to be, haven't really stopped the problem because problem gambling, particularly with EGMs, is a bit like drug addiction, and drug addicts are not rational. Even for rational people, you don't always see rational behaviour.

In chapter 6 you talk about programs in schools, which again seems very laudable: teaching children the very minute chance of winning in all these different forms of gambling. In a former life, I was a maths and science teacher and I taught a class at year 12 level and I taught them probability. One of the questions they had to work out was - and this was in the 80s - "What is your chance of winning lotto?" So we did the sums and I thought, "This is a marvellous teachable moment," and we worked out the answer and it was one in four million, and I said to them, "So which of you will now still buy a lotto ticket every week?" Almost every hand went up and I was devastated. I thought, we've proved it beyond doubt that you've got donkey's chance of winning and they said, "But someone's got to win. Might be me." I said, "You've worked out it could hardly ever be you," but that didn't worry them.

And I think it's the same if you go into a poker machine venue. You find these little stickers and they say "Gamble responsibly", and who's going to say to themselves, "Well, I don't gamble responsibly"? This is not going to affect the problem. But, as with heroin, we had heroin deaths rising and rising in the 1990s. They tried all sorts of harm minimisation measures - they had an injecting room in Kings Cross to do it safely, to stop the deaths and so on - but subsequent inquiries have found the only thing that really made a difference and caused an enormous drop in harmful heroin use was the lack of availability of heroin, and that is why we believe the only real way to address the harm from this particularly addictive form of gambling - that is, EGMs, and this doesn't apply to the other forms which we're really not so concerned about - is to phase them out. That's where we think Senator Fielding's bill - what's its name?

MS SYLVAN: Poker Machine Harm Reduction Tax (Administration) Bill 2008.

MRS PHILLIPS (FVA): That's right. We believe that's delightfully simple and elegant in its approach. You tax the owners and the next year you tax them some more, and you keep taxing them and eventually the problem will disappear. I think that's the main point I wanted to make by way of introduction.

MR FITZGERALD: Thank you very much. I want to ask you specifically about Internet gambling, if I might, in a moment. But let's just stick with EGMs for a moment. You're correct that we've identified that in our view - and we weren't consulted at the time of the introduction of the poker machines into South Australia or anywhere else, might I add - we certainly believe that we would or should have done it differently. I don't think there's any question about that. You're absolutely right: the terms of reference presume that in fact poker machines will continue and then our task is to look at harm minimisation. So we're never going to be able to, I think, meet your aspirations of the ban on poker machines, either by taxation or other means, in this inquiry, and you appreciate that as well.

But given that that is not possible in this inquiry, are there measures that, short of effectively banning this product, the EGMs, are likely to have a way of reducing the level of problems associated with gambling that you've experienced either in South Australia or that you've observed elsewhere that from a public policy point of view are in fact worth pursuing? Your aim is to see the elimination of EGMs, and I understand that position. With the exception of WA, that is not a likely outcome, so are there measures that you look at and you think, "We think this has a reasonable chance of success" - well short of what you want, I understand that, but may have a greater chance of success?

MR D'LIMA (FVA): There are many things that could be done. You could shut down a poker machine venue, or the whole lot of poker machine venues, in certain hours, particularly overnight. You can remove machines. You can have a different regime, as Mrs Phillips has indicated, in relation to warnings that machines could give, as well as reward. Those possibilities are as wide open as the imagination really. There's certainly no political will. There was a bill introduced here in South Australia by the Honourable Iain Evans this year in order to shut down poker machine venues for three hours out of 24; he was doing his best, but there was no political will to support that.

That, if I may say so, is part of the problem of the introduction of harm minimisation and if I can just refer you to those opening remarks in the question and take you back to one of the terms of reference - "That the commission must assess the impact of the introduction of harm minimisation measures" - and it would be fully within the commission's competency to say, "Well, part of that impact will be a further entrenching of the culture." So we would encourage you to take that line. While it's important to make all these, if you could similarly recommend to the Commonwealth that there will be serious philosophical and sociological implications to the adoption of harm minimisation, though it's better than nothing, you can at least put on the record your view, if it is your view, that the concerns we've raised are not going to be met by harm minimisation but rather that there could be a further shift, a further entrenching.

I was at the local seven-day supermarket last night at 10 o'clock, buying a few last-minute goodies for my children, and there again we see the gambling. So while Mrs Phillips has had one maths lesson to speak of the harm of lottery gambling, my children and myself and everyone else going regularly into our supermarkets and newsagents are powerfully being reinforced because of the cultural shift. That is what is at stake if we adopt the harm minimisation approach, so I would encourage the commission to sound that warning as part of its recommendations to government.

MS SYLVAN: In terms of the zero tolerance that you're recommending, if I can just clarify: this seems to be directed at EGMs solely. Is that correct?

MR D'LIMA (FVA): And Internet gambling

MS SYLVAN: And Internet gambling in general.

MR D'LIMA (FVA): Yes.

MS SYLVAN: And any game. This equation is always a cost-benefit one of course, and if I can play devil's advocate, though the problems for those people who are having difficulty with their gambling are undoubtedly severe - and we've outlined the extent of money that appears to come from problem gamblers, the range, the midpoint at some 40 per cent of expenditure potentially for the vast numbers of people who have a go at the lotto or spend 20 bucks in the EGM - and if we do that on a prevalence basis - and of course we've argued that there are problems with prevalence as your measure, but nevertheless it turns out to be a very, very small proportion of the population.

Some 90-plus, 99 per cent of people, some people argue, can manage electronic gaming machines as simply a recreational activity and, whatever we might think about the intellectual or other benefits of it - you know, some people would say that the opera is not worth spending public money on, or individual money. In a sense we've avoided that, as it isn't our job to determine what people choose to spend their money on if there are no harms. So, in that kind of setting, where there really is a lot of recreational, non-harmful use, the society doesn't generally go for a prohibition in terms of the costs.

MR D'LIMA (FVA): Society may have reflected differently had it understood the consequences of poker machine gambling and, as I say, we're right on the edge of Internet gambling as well and sounding the warning. I suspect that most people who are out there in the general population would agree that, although there is a social cost to those who would manage their finances prudently, they would be prepared to set aside their own satisfaction in the common good. So I think we've rather lost

sight of the common good in this process.

MRS PHILLIPS (FVA): There have been several surveys on whether people think pokies should be phased out, and a considerable majority still think that they should be phased out; in other words, they're backing Senator Fielding's bill. There are lots of other ways you can entertain yourself other than going to pokies and there were, in this state, before 1994. Even in Western Australia, if you desperately want to go and play a pokie, you can go to the casino, but they're not widely available. I really don't see that argument. Yes, I agree that funding the opera is a controversial issue, but the opera doesn't cause harm in the way that pokies do.

MR FITZGERALD: Can I deal with Internet gambling. I understand your view that you would prefer not to see Internet gaming. Nevertheless, we have this and we are on the horns of a dilemma, and that is that at the moment, as you're aware, under the former government, the Howard government, we prohibited Australian operators from providing Internet gaming services to Australian citizens.

Notwithstanding that, we have about \$800 million worth of Internet gambling going on on casino games and poker with non-Australian sites. So some might say it was successful in slowing the rate of Internet gambling, but it certainly didn't stop Australians doing that, and this is now a dilemma. The dilemma is - particularly with younger people playing the Internet - they will access overseas sites, because we now know that. The question for us is whether or not we should seek to allow Australian companies to operate it but also put in place as many harm minimisation and consumer protection measures as possible.

MRS PHILLIPS (FVA): Heard it all before.

MR FITZGERALD: I know, but in this case it's a real one, because in 1999, as you know - and I was on that inquiry - we weren't fully aware of the extent of Internet gambling. We are much more aware of it now. So we've got this dilemma. Do you allow people to go onto unregulated sites or do you try to bring that back and get them onto a potentially slightly safer site, if your view is you can have a safer site?

MRS PHILLIPS (FVA): It's a good argument, but it doesn't hold water. The same argument was used back in the 90s about South Australia: that people were using good South Australian money to go over the border to Wentworth or Tooleybuc, and we wanted this money to stay in South Australia, "so let's legalise it here and we'll regulate it". Famous last words.

It's also a problem in terms of other sites. Pornography: we ban child pornography web sites here. So what do people do? They go offshore. Now, there

is a solution, and I admit it's controversial, because some of the Internet nerds don't like any form of censorship of the Internet, but it's the basic principle of: you've got to weigh up the harms of different courses of action. It is possible for the Commonwealth, using its power to regulate the Internet, to insist the ISPs ban these offshore sites. I suggest that that is one way you could recommend.

MR FITZGERALD: We did in fact look at that in 1999 and I must say that the advice to us then, and currently is: "If you wish to do that, it is unlikely to be successful." We looked at one of those options back there. As you know, America has used another technique and that is to use the financial system to try to - - -

MRS PHILLIPS (FVA): Which is another possibility, and I think that is worthy of looking at more closely. I know people say it's very hard to control the Internet, but we're getting better at it all the time, and just because something didn't work 10 years ago doesn't mean it won't work in the future and shouldn't be investigated.

MR D'LIMA (FVA): Indeed, and there are many who don't gamble at all, and they do so based on a particular philosophy or world view. That is undermined when governments smile upon any new form of gambling, and that is the price to be paid if you go down that track, so that's the danger that we are flagging. It would be perhaps worth the commission looking at why many people don't gamble and for governments to take a proactive way of encouraging the community not to gamble, to realise that gambling is inherently a way to lose money and is contrary to entrepreneurial thinking. So there are other ways as well, but the moment that government regulates a new form of gambling, it then completely undermines any attempt to try to encourage people away from such activities.

MRS PHILLIPS (FVA): Because regulation really means legitimising, and anything that causes problems and you say, "Well, we'll legalise it so we can regulate it," nowhere has this worked. Look at prostitution, for example. In many of the European countries, they have decided regulation is the way to go. The Netherlands recently realised that it had done a most harmful thing and is now trying to wind back on that process. Sweden went in the opposite direction and not only kept its laws against running a brothel and laws against pimping but it introduced a new law about buying sexual services. In other words, it really went much further down the zero tolerance track, and it is now the only country in Europe which has not seen a great increase in trafficking in women and boys and so on. So I really feel that to go down the regulation path legitimises what you're regulating and increases the problem in the end.

MS SYLVAN: How do you address - we had a gentleman yesterday appearing in Melbourne who's an avid poker player. A whole lot of the Internet provision is poker playing and many of the sites simply play. They're not betting anything. They're

having a game internationally with some good players, and then there's betting as well, and either way the site is simply the intermediary, taking a fee for people who want to be on that site.

MRS PHILLIPS (FVA): It's quite different from the EGM sort of principles.

MS SYLVAN: In a sense that's what I'm about to come to, because you indicated the whole of Internet gambling should be prohibited, so if we take poker as an example, in a sense, because you wouldn't be blocking sites which are playing - I mean, there's an interesting technical difficulty about blocking it if they're actually betting a couple of dollars on a game as opposed to playing.

MRS PHILLIPS (FVA): Yes. I would distinguish between that and the online casinos.

MR FITZGERALD: In fact, others have indicated that to us as well - that you should treat the different products differently - and there's some logic in doing that. The only problem is, it goes to, I suppose, the fundamental point about it. We've already got Internet wagering. We do have Internet poker playing, although I don't think on Australian sites. That culture issue: again taking your point that obviously you want to see a reduction in gambling, the culture is already so strong. There is the availability of gaming forms, even in a relatively benign form - and lotteries are relatively benign. The approach then with Internet gaming is that in a sense you have to deal with that reality. You actually have to say, "Well, look, that culture is in place. How do we reduce the harms associated with that?" and, in a sense, I wonder whether blocking it from the Australian provision is in fact the right way to go. I understand that once you regulate, in your terms, you legitimise it. The truth of the matter is that it already exists in a very palpable form.

MR D'LIMA (FVA): Yes, it exists, but that's no reason for us not to consider trying to wind it back. When Wilberforce was trying to stamp out slavery he was told that it would destroy the economy and it was impossible. He didn't accept any of those arguments and we're a better place. It took him 50 years. So this may take some time in relation to gambling, but it could well be the case that things will get a lot worse with regard to gambling and I think it's incumbent upon us at this point to do everything we can in order to warn government that an inherently damaging process - which is what poker machine gambling is, and Internet gambling - ought to be resisted.

MR FITZGERALD: Thanks for that. Thanks for your presentation. Thanks for your endurance - 10 years on, and a lot - - -

MR D'LIMA (FVA): And more, yes.

MR FITZGERALD: I have to say that we've had many participants that had presented back in 1999 on both sides, but I can assure you I'm not doing another inquiry after this one on gambling. Thank you.

MR FITZGERALD: We might start with our next participant. Michael, if you can give your full name and position, that would be great.

MR O'CONNELL (CVR): Michael O'Connell, Commissioner for Victims Rights, South Australia.

MR FITZGERALD: Great. Over to you.

MR O'CONNELL (CVR): Thank you. If I could open by first acknowledging what I believe is a comprehensive report. I'm pleased that the Productivity Commission has on this occasion, and previous occasions, shown such interest in gambling as a broad social problem, and for the record I would like to acknowledge that I found the report both interesting, despite it's length, but also provocative and thoughtful. The reason I'm here as commissioner is to represent the interests of victims of crime that is gambling related, but also to hasten to point out that, as a victimologist, the notion of who is a victim is often unclear.

Indeed in victimology, as a social science, there is a clear acceptance that victims can be people who suffer effects that are both self-inflicted, which is often called auto-victimisation, and that would cover some of the people who we understand to be problem gamblers themselves, and the more commonsense or usual understanding of a victim, that being the person who is affected by the crime that is committed by someone who may be a problem gambler, who has committed crime because of their gambling problem.

I hasten to point out that I firmly believe that not all problem gamblers commit crime to support their gambling, and indeed the research shows that only a relatively small proportion of people who are problem gamblers, in its broadest context, and prolific problem gamblers, in its narrow context, actually resort to committing crime to support their habit. But when they do, that crime can have significant effects. Those effects can be understood in terms of the broad costs, such as to an organisation where an employee has defrauded the organisation, as well as having intangible-type costs, such as the psychological costs of the effect of gambling-related crime on victims whose property is stolen, whose livelihood is impacted negatively because of losses that have been incurred. It's often beyond their own control.

I want to add at this point that I, as the commissioner, also accept that the family of those people who are problem gamblers, or people whose lives are impacted negatively by gambling, are indeed within the ambit of who may be construed to be a victim. So therefore the impact of a gambler's criminal activity on his or her family or friends is something that concerns me as the commissioner. According to the South Australia Victims of Crime Act a victim is any person who

suffers harm as a result of an offence, except the actual offender. So we have a very broad understanding within the principles that govern the way people should be treated.

One of the areas that interests me particularly is the nexus between crime prevention and victimisation prevention, and this can be understood, like the term "victim", in different ways. Indeed, the idea of crime prevention can often be divided into two very broad categories. One is social intervention including such things as early intervention, instilling the right social values, fostering appropriate self-esteem, helping people attain positive outcomes in education - those types of things - as well as dealing with their health needs. The other type of crime prevention is situational where you look at altering the circumstances within which the crime happens by looking, for example, at the environment itself.

It seems to me in the discussion on trying to deal with the relationship between gambling and crime that the nexus between crime prevention and victimisation prevention has not been adequately explored and, where it has been explored, there are some deficiencies in terms of what we learn from the crime prevention literature and how gambling is conducted. I focus, in particular, my attention on the way that gambling is conducted within licensed premises, using pokie machines or however one wants to describe them.

We know, for example, from the literature on situational crime prevention that human beings respond to environmental cues and that if you want to alter a person's behaviour then you find ways of affecting or changing those environment cues. For example, if a home looks vulnerable and susceptible to a break-in, one of the things you can do is target-harden that by installing some form of security. What amazes me is that we don't seem to have learned some of those lessons when it comes, as I said, to licensed premises and the provision of gaming facilities within them. For instance, the very cues that I believe - or, rather, it seems to me - entice people to gamble are the very sorts of cues that could be addressed in trying to prevent both gambling at its extreme but also, hopefully as a flow-on benefit, gambling-related crime.

The things that I have in mind are the lack of lighting, the use of sound - whether it be the spilling out of coins onto trays that suggests that people are winning, and winning well, the use of music - and other matters to entice people, and the provision of free food, coffee and the likes. All of these things are things which entice or encourage people to behave in a particular manner and, if we want to alter the way that people behave, we need to start thinking about the environment and how we use the environment to modify people's behaviour.

At the other end of the continuum are those people who as gamblers do commit

crime and, in terms of trying to reduce both their ongoing offending and also their self-victimisation, I feel that there's a need to look at the literature on problem-solving courts and therapeutic jurisprudence. Indeed, I think there is some merit in what we've learned from drugs courts and like courts to explore the need for having mandatory treatment regimes for people who have been found guilty of gambling-related crime. If we are serious about addressing the nexus between crime prevention and victimisation prevention, then it's my submission that we should not overlook what we have learned in the broad field of both those areas, and indeed what we've learned about the positive outcomes that can be attained in trying to reduce offending, reduce its impact on both the individuals who perpetrate crime because of their gambling dependency and also those people, family, friends and other unknown people who are affected by that crime.

I made some of these points in my written submission. I chose today to come and reiterate those and, on behalf of the people on whom gambling-related crime impacts, to remind you that those intangible costs are very real costs that need to be addressed and need to be considered in the total equation of the impact that gambling is having on our society today. Thank you.

MR FITZGERALD: Good. Thanks, Michael. Just taking your analysis a little bit further, in what ways do you think the current environments need to be modified, particularly in relation to poker machines, to deal with the issue; firstly, with the problem gambler as victim? Let us deal with that at this stage. What are the sorts of changes you would like to see in the gambling environment?

MR O'CONNELL (CVR): I'd like to see increased lighting, so that the places are far better illuminated. I'd like some consideration being given, in environmental design, to ensuring that people who smoke don't have to access the smoking area by travelling through gambling areas within licensed premises. I'd like some consideration to be given to the sorts of foods and things which are offered to entice people to utilise those facilities, and it also interests me the amount of noise that is used in terms of trying to reward people, so if someone, for example, on a one-cent machine wins 50 cents, then some of the machines have gold coins that float around in the air, loud music that is played and other bits and pieces, which in effect is sending a very positive message but at the same time it is a significant reward that is disproportionate to what the person has actually acquired but it does in fact appeal to some human instinct to respond by continuing to gamble.

MR FITZGERALD: One of the things that's always been contentious in this area has been who becomes a problem gambler and whether there's a particular profile of that person or persons. I was wondering whether or not you have a particular view about that: who is most likely to become a problem gambler, or who is more likely? What characteristics, I suppose, are likely to lead to somebody not only becoming a

problem gambler but also engaging in criminal activity to, in simple terms, feed that habit that they've acquired?

MR O'CONNELL (CVR): My experience is limited largely to the contact that I've had with victims of crime. That has suggested to me that there is no unique profile of a problem gambler. Indeed, there were some quite high profile cases here in South Australia, one of which involved a major transporting magnate and an employee of his which essentially was someone who was in a very well-to-do position of power within an organisation. I've had similar stories reported involving financial institutions.

On the other hand, I have dealt with recently a family of some three generations who had invested through a small, private broker. We're unsure yet whether his offending is related directly to gambling but, notwithstanding that, the impact that it has had on those people in what was actually an intimate relationship between friends - and in neither of those circumstances was the offender someone who would fit what I perceive to be the stereotypical view of a problem gambler. I'd suggest that stereotypical view is incorrect - that is, some low-socioeconomic person coming from an undeveloped or not well developed, disadvantaged part of the state. I think that that is too narrow a concept of who it might be. Indeed, it could be your very neighbour without you knowing until it is often too late.

MR FITZGERALD: That's true. There isn't a stereotype, although some people believe there may be some characteristics that lead a person to be more susceptible to problem gambling.

MR O'CONNELL (CVR): Can I just add, before you leave that: it did remind me that some of the literature dealing with in particular Aboriginal remote communities, which are a highly disadvantaged community of which gambling is but one social problem; there is some research to show a connection between threatened and actual violence perpetrated by those people. So I wouldn't want, in terms of the answer that I gave you, to disregard the fact that - - -

MR FITZGERALD: No, sure. That's right. Can I just ask you, in relation to statistics, do you have many statistics for South Australia as to the level of crime associated with gambling? In the notes we've got here, it shows that about 1.3 per cent of cases in South Australia's District and Supreme Courts might be gambling related and there's another figure we've got, about 4 per cent of Magistrates Courts; but I'm not quite sure whether these figures came from your own submission or elsewhere. But do we have reasonable data in South Australia as to what we could call gambling-related crime?

MR O'CONNELL (CVR): The Office of Crime Statistics and Research produced

a report dated 2003 by Marshall and Marshall, which was the only report I immediately could find through an Internet search. And the figures that you have cited come from that particular report.

MR FITZGERALD: Right.

MR O'CONNELL (CVR): I think they - the Australasian Centre for Policing Research and the Australian Institute of Criminology - have consistently made the observation that there's a paucity of sound research on the relationship and, more particularly, what that relationship might mean. For example, in the literature on drugs and crime, we know that there's a connection between drugs and crime. We also know there's a connection between crime and drugs, and for many people the interrelationships are so complex it's hard to distil what is the actual effect.

MR FITZGERALD: Yes.

MR O'CONNELL (CVR): Within the broad range of what gambling might entail, I'd suggest that we'd find a very similar sort of problem in trying to distil exactly what the relationship is between the two.

MS SYLVAN: I wondered the same thing on the statistics, and presumably the evidence just is not there as to whether these figures were comparable with other jurisdictions. South Australia has limited access, to some extent and in comparison to some states, but far more substantive access to gambling than - - -

MR O'CONNELL (CVR): Yes, the Australian Institute of Criminology's report that was prepared by Sakurai and Smith of 2003 attempts to consolidate some of the research at that point in time. The Australasian Centre for Policing Research report of a couple of years earlier makes the very observation that there is a paucity of information available and partly that's because the systems that we have set up to record crime data very rarely deal with motivational factors, so we often have to rely on things such as court statements or submissions that are made, and then to what extent that accurately reflects what was the primary motivation in the crime is contentious.

Can I add that I did find quite interesting a PowerPoint presentation by Matthew Stevens that was funded by the Community Development Fund, looking at gambling-related problems in the Northern Territory. That's actually cited on several web sites as well as the entire PowerPoint being available. That's where I gained some of the points that I make about the relationship between Aboriginal communities and gambling.

MS SYLVAN: I don't know if you have, but in the event that you have, we've

recommended a statutory course of action for behaviour by providers which is egregious in relation to a gambler who is known to have problems. Have you thought about the interplay between that and the victims of crime restitution arrangements and could you maybe give us some ideas about that?

MR O'CONNELL (CVR): In the United States, there's quite a well-developed series of volumes of case law on the right of victims to use civil law to sue third parties for the purpose of restitution as you call it; monetary compensation I presume is what you're referring to. Here in South Australia that's been an area of law that, in my view, is underdeveloped and indeed most often the discussion around the area of suing third parties has been primarily in the context of industrial-type situations or in matters involving parents and their responsibility to young offenders.

I actually, as a victim person, would prefer that monetary penalties that were imposed, whether it be on the direct offender or a third party, be used primarily for the purpose of providing restitution to the people who are affected. I say that for two reasons. One of them is that surveys that have been conducted of victims in terms of what they see as a reasonable punishment for a crime committed against them often say the sentences handed down by courts are very lenient but, when they are actually asked to elaborate on what they would see as a more meaningful or appropriate penalty, compensation and community based treatment or rehabilitation are seen as two primary responses that tend to be understated or underutilised by the courts. So I would see that as being legitimate from the eyes of the victim.

From the public at large it has two benefits. One is that, although most victim compensation schemes in the world don't compensate for property loss, they often compensate for the psychological, emotional trauma that a victim suffers, and to the best of my knowledge there isn't a victim compensation scheme anywhere in Australia that is self-funded from money or levies acquired from offenders, so therefore the costs of running those schemes is borne by the taxpayer at large.

So you would have a benefit to the direct victim in terms of receiving some restitution from the actual offender or a person who contributed to the offending, either directly or indirectly, and you also would then have a broader easing of the burden on the public at large in terms of having to support or recompense victims for those psychological and emotional traumas that they endure.

MR FITZGERALD: Is there any evidence around the world or any practice around the world where we've tried different ways of treating or dealing with, through the judicial system, gamblers that have actually participated in criminal activity? Are there models? We've got the various courts now dealing with drug and alcohol-affected accused and what have you, but are there examples of ways in which we could better deal with both the victims and the gambler in our judicial

system?

MR O'CONNELL (CVR): The concept of therapeutic jurisprudence, which is often practised by problem-solving courts - there is a gambling court that has been piloted in the United States and the preliminary material that I've read on that is quite positive. That's built around the same concept that drug courts and other related courts operate, and that's basically to say that the courtroom and treatment are appropriate to be affiliated or run in conjunction, if you are really interested in trying to reduce recidivism or repeat offending.

I'm an advocate for the fact that there are some people who will not respond well to voluntary treatment and so I am a supporter of drug courts to the extent that they make treatment mandatory. My experience with the Drug Court here - and I sit on the steering committee for the Drug Court in South Australia - is that, despite the small number of people who complete the program, when one considers that in its broad economic cost rather than immediate financial cost to victims, it more than adequately pays for itself. So I'd be a strong advocate for adopting something along those lines.

From a victim perspective, one of the shortcomings of therapeutic jurisprudence is that there has been a tendency to focus almost exclusively on the perpetrator or the offender's needs, and so therefore victims, for instance, with some of the treatment courts, have to wait some 12 or more months whilst the treatment is administered before they get a chance to participate, such as making their victim impact statements. Those shortcomings could be overcome if greater attention was paid to victims' needs.

Presently there is a discussion within international arenas about how you can meld together the concept of restorative justice, which recognises victims and offenders having an equal role in the proceedings, and what we've learnt from therapeutic jurisprudence in terms of how it deals with the offending behaviour. I think that those lessons would be beneficial for dealing with those serious gamblers who engage in crime. But I do also want to reiterate the point that I made that I do accept that not all serious gamblers turn to offending to support their habit.

MR FITZGERALD: That's true. Just exploring this notion of drawing from both the therapeutic and restorative justice areas, is there a model? You've mentioned this therapeutic court in the US, but is there a model that actually does what you've suggested, where you can actually draw together these various streams into a coherent model?

MR O'CONNELL (CVR): Not that I'm aware. I think that's partly a by-product of the way that academic discourse is conducted; that is, you have proponents of

restorative justice and you have proponents of therapeutic justice. You have proponents who are victim advocates who look at both and highlight the benefits and deficiencies from a victim perspective. South Australia currently has a Thinker in Residence, a Judge Peggy Hora retired, who has recently returned to the United States, and one of the questions that I've put to her for when she returns is the very role that victims should play within a therapeutic jurisprudence model, taking into account what we know about restorative justice.

I hasten to point out, because I don't want to mislead people, that restorative justice, while it has some benefits in terms of procedural justice for both victims and offenders - and there is some literature to suggest that it can be beneficial in terms of reducing reoffending - most of the literature talks about satisfaction, it doesn't necessarily talk about healing or closure from a victim perspective. So I wouldn't want to suggest that it's a way of trying to heal the wounds that have been perpetrated on the victim. And in some of the situations, particularly where the gambling has impacted upon an immediate family, you may not want to rebuild that family again. But I think the literature is so strongly weighted in terms of it being positive for many reasons that we shouldn't ignore it.

MS SYLVAN: How long has the gambling court in the US been operating? I'm not quite sure which jurisdiction it is: I assume one of the state jurisdictions.

MR O'CONNELL (CVR): I think it's New York. I think the judge's name who oversees it is Farrell. I could provide some information out of session if that would be all right.

MS SYLVAN: Yes, sure.

MR O'CONNELL (CVR): But my attention was drawn to it for several reasons. One is my interest in therapeutic and restorative justice, but the other was that the Crime Prevention Council of Australia actually had the senior judge of that court visiting Australia in recent times and presenting quite positively on what had been achieved in terms of the model that it had adopted. So there are some references to that material on the crime prevention web site as well.

MR FITZGERALD: What would be the argument that you would need to use to convince state or Commonwealth governments that going down this path was an appropriate way? One of the things that seems to be coming through in a lot of the court cases, not just criminal but civil as well, is a very strong view that the gambler has made a set of decisions that has led to their particular circumstance, and there's just been a court case decided today which I think echoes that again. There seems to be, when you get to gambling, a very strong sense that the courts see the gambler as having made a whole range of very inappropriate decisions.

Over time that may change, but that's also reflected, I suspect, in some jurisdictions who have a view that, whilst there's no doubt harm associated with gambling, when push comes to shove there's a very strong view that, well, in some sense it's the gambler's own fault. Now, our report deals with that and rejects to some degree that notion, but nevertheless it does seem to be an undercurrent, both at a political level and even a judicial level.

MR O'CONNELL (CVR): Yes.

MR FITZGERALD: So if you were going to move in any of these directions what would you need to be arguing? What would be the successful point you would have to get up in order to bring this change about?

MR O'CONNELL (CVR): My opening observation is that the law is a blunt instrument to deal largely with broad social problems, and so the law in a criminal context is actually about levels or measures of responsibility and blameworthiness. Aims of sentencing are predominantly around just deserts, denouncing particular behaviour, trying to deter people from reoffending. Maybe the key issue is that what is omitted or not included in the regime of sentencing objectives is actually to reduce recidivism or to reduce repeat offending.

If we were to be honest about the broad costs of our criminal justice system and the broad costs of crime, then we would want to reduce those costs quite significantly. But the aims of our criminal justice system are not really geared towards that as a measurable outcome. So at least at a policy level I would want to see reduction of crime or recidivism included as one of the aims of sentencing. That would then allow the courts to use interventions such as treatment for that purpose, whereas at the moment it's difficult to convince politician and public at large that treatment is a good way of dealing with it. Retribution or deterrence don't seem to sit comfortably alongside one another.

The other issue is that I have actually found through my experiences that engaging victims in the process is both educative and also informative. We've had several cases in South Australia where, under the act that I operate under, I can make some submissions during sentencing, appearing at an Aboriginal sentencing hearing, for example, or making comment on the effect or impact of crime. I have actually been warmed and moved by the compassion that some victims have shown, once they've had an opportunity to look at the circumstances of the offender, to listen to the complete submissions that are made on behalf of that person. Yet our system is geared towards excluding those very people who then the media and others latch onto in their moments of anger. I think there is some benefit in engaging victims in a more meaningful way in criminal proceedings; that would help as well.

MR FITZGERALD: Thank you very much for that. That's very insightful and we appreciate that. Thanks very much for putting in your written submission. That's great.

MR O'CONNELL (CVR): Thank you very much.

MR FITZGERALD: We'll just take a short break.

MR FITZGERALD: If we could resume and if you could give your name and the organisation that you represent and then we'll proceed from there.

MS PINKERTON (DC): My name is Sue Pinkerton. I'm the president of Duty of Care, which is a national not-for-profit consumer protection, education and support association, representing people harmed by gaming machines.

MR FITZGERALD: Great. If you can give your opening comments, that would be terrific, and then we can have a discussion. We have a submission from you as well.

MS PINKERTON (DC): Yes, you do. We wish to address today the aspects of the design of a precommitment system with regard specifically to the viability of using one-off small denomination cash cards for occasional gamblers; the capacity to configure machines to play in a low-intensity safe mode; requirements that might apply to players who opt out of precommitment; measures to avoid identity fraud; appropriate transition to a precommitment system. We also wish to touch lightly on the penalties or disciplines that gambling regulators could impose on venues for breaches of mandatory harm minimisation measures; the practicability of exempting casinos from the draft recommendation 9.1; the period of shutdown that would best target problem gambling; views regarding the jackpot on gaming machine play; and we have a few comments just to clarify some of the earlier discussions from the Australian Hotels Association and SA Heads of Churches.

Duty of Care does not support the use of one-off small denomination cash cards for occasional gamblers. Even with the minimal identification requirements, we believe problem gamblers who have reached their precommitment limit will then go on to purchase those cards and there will be very little to stop them. As we've already heard, gamblers do tend to move venues, and problem gamblers in particular we would suggest move to multiple venues in the course of an evening, either to avoid detection as a problem gambler or to try their luck in a different venue.

We believe that the minimum ID requirement cash card would encourage the establishment of a black market as well in cash cards, through some people purchasing them and then onselling. So we would prefer that certain games on some machines in each venue have configurations that do not require consumers to have a precommitment card. We are talking about one-cent machines perhaps with only a maximum of three to five lines and a maximum possible bet of 10 cents. So those machines would have a spin speed, say, of five seconds and they would be very slow; rather than have a separate card, have these machines where you don't need a card for them because they're quite safe.

With regard to the capacity to configure machines to play in a low-intensity

safe mode, that more or less follows on from what we were saying. We believe that that would be possible. We already have machines, certainly in South Australia and in other jurisdictions, where there are five, six, seven games on each machine, so you would just have one of those games configured to a low-intensity one, no precommitment required on that because it would be a lot safer. If you wanted to go into the higher-intensity games, you would have to have a precommitment card and, if you wanted open slather, you would need to have a precommitment session limit and do so at least 48 hours in advance of when you're actually playing. So if I wanted to go and play on a \$1 machine and have a \$10 bet limit, then I would have to set that up and say, "I want to do that on Friday next week," and for that session I would allow myself \$200, which would help perhaps for interstate and overseas visitors - overseas visitors, in particular, who are coming in; who are just here on a tourist thing. They could have a card that they would be able to use with a high limit and use high-intensity machines.

In our ideal world, all machines would still be required to have card readers and to have a viable card inserted in them in order to activate and gamble on any machine. However, as we say, the low-intensity machines - the games on the machines would be an acceptable solution, we believe. While any high-intensity game is in use by a gambler, the card must remain in the machine of course, and once the card has been removed that game becomes no longer available to anybody unless they put their card in.

With regard to the requirements that might apply to players who opt out of precommitment, Duty of Care recommend that, as long as everybody has got a card - and it's by no means certain that they will yet - those who choose to opt out of precommitment should be offered and required to actively refuse that at least once per day. So if I'm gambling today, I have to say, "No, I don't want to precommit today." I can then move to a different venue. I don't have to opt out again, but if I come in tomorrow, I will need to opt out. So if you have set a precommitment limit, even one, then you don't need to be offered additional limits. If not all game users are going to be required to have a card, then they should only be allowed to operate the low-intensity machines.

With regard to avoiding identity fraud, Duty of Care support the idea of a national statewide precommitment card, registration and monitoring system similar to that used in the Nova Scotia smartcard trials. The Australian version would entail each gambler's thumbprint being converted to a mathematical algorithm and added and combined with their date of birth, their Medicare number, maybe a driver's licence, to produce a unique identification number for that person. If they then attempt to purchase another card, those same numbers would come up with the same unique number and would identify them as applying for a second card or perhaps having been already previously barred from playing.

We would also prefer that each customer's photo appear on any card. How that would work, if you were using a USB port of course, is a bit different, but it is very easy. When I went to register at uni for a student ID, within 10 minutes I was in, had my details logged and my photo taken and the card produced. It doesn't take very long, it is a very simple system, and once the photo is on of course then the venue can come around and check. Then you can't get the system where I will take you in, put my card in using my thumbprint, and then walk off and go and do something else while you gamble on my card, because somebody is going to come around, pull that card out and go, "That's not you."

The random ID checks could be required at the venues - to go around and check that the person that's playing the card is the actual person who's using it - and that could be carried out randomly on a three times a day kind of basis. We know that the industry is not going to be happy about the use of thumbprints, but we do not believe that it is necessary for actual identification details - a person's name, address - to be stored on the system at all once the unique identification number has been generated. So unless I decide to bar myself, I would have a card, it would be my unique number, the system would have my unique number plus my photo appearing on the card, and really that would get around most of it. I don't think you're going to entirely stop card-sharing but you'll get around most of it that way.

I know that the industry is not going to be happy with the thumbprint thing because they're going to go, "This is a privacy issue and we might be able to trace it back," but we would just like to point out that nightclub venues in Brisbane's Fortitude Valley have recently opted to install a system where patrons are required to register their thumbprint before being admitted to a nightclub. It's a voluntary system that they've introduced; it's not something that has been prescribed. Strangely enough, privacy issues have not been raised; and there's a copy of the article on that for your reading.

Requiring each person wishing to enter a gaming room to have their thumbprint scanned for checking against a list of barred or banned customers would certainly have much the same effect. It would prevent identity fraud because the only people who can get into the room are people who have got their thumbprint registered, but that would only work where a perimeter control system was implemented, which is also another option. If you have a perimeter control where you have to log in to get into the room, that prevents the idea of having to have a card to register on each machine, and it may actually be an option - just an insight there - for small venues with only five machines, where they have an active perimeter control on those machines. So it's only one card reader, one login for customers rather than on each machine, which may affect the profits of venues that are only earning a couple of hundred dollars a year from each machine.

With regard to the transition to a precommitment system, we would like to see the whole system in place by 2013 in fact. We believe that that would probably be possible if the legislation goes through in the next six months. But, then again, we dream. Given that that's probably not going to happen, we would like to see perhaps a system whereby all the venues must be connected to the central monitoring system by a set date, from say end of 2012 or 13; that one-third of the machines in each venue must be precommitment capable and operational by the end of 2014, two-thirds by 2015 and by 2016 all machines to be done.

Our biggest concern with that is that, as the Australian Hotels Association said in theirs, "We've got it all set up to go but we don't have to put it online until next year." So guess what? They're not going to. What will happen if you set the date at 2016, nothing will get switched on until 2016, so if there's a prescribed mandatory time by which they have to set some of the machines in their venue then that will make it a bit easier for all concerned.

The Australian Hotels Association were talking about identifying problem gamblers from loyalty card data and, Louise, you said that that's not possible. Actually it is possible. It has been done in Saskatchewan in the casinos there. They actually use loyalty card data, player card data, to identify problem gamblers and they can do so with a 99 per cent level of accuracy.

MS SYLVAN: Is this simply identifying high spenders and then homing in on which of those are a problem gambler?

MS PINKERTON (DC): Apparently not. Apparently it correlates very - - -

MS SYLVAN: Time correlations?

MS PINKERTON (DC): Number of sessions, the frequency of them, the length of them, the betting - - -

MS SYLVAN: Intensity of play.

MS PINKERTON (DC): - - - intensity of play, and that correlates with the observed behaviours and with self-reported problem gambling screens. If the Australian Hotels Association think that they can't do it, they actually can - if they choose to, but they kind of choose not to. So they would actually know of that. If they had the algorithm for working out who the problem gamblers were, they could tell you that probably most of the 40 per cent of multiple-venue users are problem gamblers. That's what we would know, being former gamblers ourselves.

With respect to the penalties or disciplines that gambling regulators can impose on venues for breaches of mandatory harm minimisation measures, we would like to include either a temporary or a permanent loss of a gaming machine operator's licence to be part of that; where a breach is a minor breach or a one-off, then perhaps a temporary suspension of services so you can't operate your machines for two weeks - you're going to lose two weeks' worth of pay; and a permanent loss where multiple offences and major breaches have occurred.

We believe that fines should be part of it as well, that they are an appropriate option, but the fines need to be at least one year's pay, one year's profit from the gaming machines in that venue. If you conduct a major breach of a mandatory harm minimisation measure then the penalties need to be severe; they need to be commensurate with the amount of profits. To do a \$20,000 fine for a venue that's making a million dollars a year in profits from gaming machines is a slap on the wrist with a wet bus ticket. It has no effect. For venues that can show that one of their staff members has acted in breach of protocol and that the venue owner is not responsible, that they have the procedures in place, and that the staff did, that needs to become an excuse, I suppose, for the venue not losing their licence.

To avoid the issue of governments benefiting from the legal action associated with breaches, we would recommend that 50 per cent of the fine value should be paid to problem gambling help services in the state in which the problems occur and 50 per cent to non-government regulators; the independent regulator or rule-making authority.

With regard to the exemption of casinos from draft recommendation 9.1, we actually don't have an issue with that. We're quite happy for casinos to be exempt from having ATMs in their high roller room, for the use of their international visitors and high rollers, but we would make the stipulation that the criteria for gaining access to the high roller room cannot change. It must be that you can prove that you can afford these losses.

The period of shutdown: we sent in earlier the VLT time change report with the period of shutdown that would best target problem gambling and that quite clearly shows that after midnight most weeknights and before 11 am on any day problem gamblers make up a significant proportion of people in a gaming room. Friday and Saturday nights of course are a little bit different. After midnight problem gamblers make up less proportion of the customers.

We recommend that all gaming machines in all hotels and clubs cease operating at midnight on Sunday night, Monday, Tuesday, Wednesday nights, and 2 am Friday mornings, Saturday mornings and Sunday mornings. Give the extra time for people who go out once a week and party; perhaps go out for dinner. Casino

opening hours may be allowed to differ from that but we do not accept a 24-hour opening time for casinos. However, their high roller rooms can stay open 24 hours if that's suitable. As with closing times, opening hours should be standardised across the state - at least across the state and probably across the country - so that no machines operate in any venue before 10 am. That is not to say that the venue can't open for breakfast at 7.00 but that the machines should not be allowed to be operated before 10.00.

The commission sought views on whether changes to jackpots are warranted. We don't believe that jackpots are warranted. We know of too many instances where our members have become quite problematic gamblers after having won a sizeable jackpot on a linked machine the first or second time they've played one and many, many, many instances where our members have spent their last dollar chasing their losses on machines that have a stand-alone jackpot. This machine pays out between 50 and 100, the jackpot is currently at 95 and you will see a problem gambler sitting there for hours on end and spending two, three hundred dollars to win that 95. So we would encourage research to be conducted into the effect of jackpots on gambling behaviour, but until that research is conducted we would like to see them stopped.

We certainly support the involvement of New Zealand in the proposed centre for gambling policy research and evaluation and, as with the churches, we believe that there's a lot to be learned from New Zealand. I have personally had a lot of dealings with the New Zealand researchers and their help services and have spoken at conferences over there and spoken about their legislation, and their regulations are brilliant. They are far more community based than they are here and that is, of course, another option where they have a sinking lid policy at community level. The local councils have to have a gambling policy. They have to state whether there is a cap or not and any increase in the cap is dealt with at the local council level and most councils in New Zealand actually have a sinking lid. So if a machine breaks down, if it's taken out of service, then it can't be replaced. So you gradually come down, reduce the number of machines in the venues. I really do like that.

The South Australian Heads of Churches discussed approaching gamblers who exceed their limits two to three times. If you have a card that stops you from playing once you have reached your limit - if I set a limit of \$100 and I actually get to that limit, I have no more cash available, and I do that on a regular basis, five or six times a month or five or six times in succession, then perhaps the person should be approached. We really don't like the idea that you can have a card in the machine and when you reach your limit they say, "You've reached your limit," and you go, "Do you want to continue?", "Yes," which is what has been trialled here in South Australia. That's doing absolutely nothing.

With online liberalisation, we disagree with it. Sorry, guys. We think that

most people actually make a distinction between wagering on a real event like a horserace or a dog race and betting on a virtual event, even a virtual horserace, a virtual roulette wheel, on an online casino. An online casino is what most people perceive to be online gambling: betting in a virtual poker room where the dealer is the computer. There is a big difference, because you cannot predict with any degree of certainty which horse is going to win in a virtual horserace. Today it will win, it might win 10 times in a row and then not win at all, whereas in a real horserace you can see the development of the horse and when it is genuinely in races that it can win.

We believe that most people won't gamble illegally and if you legalise online virtual casinos and access to them, then people will go there and they will get caught up and there will be disaster. You think about the UK. They liberalised their gambling laws and they've already had a massive increase in the number of people seeking help for their gambling. Liberalisation does not necessarily equate to regulation. And that's about all that I've got to start with.

MR FITZGERALD: Thank you very much.

MS SYLVAN: If I can just clarify one aspect. In a sense your position is a harm minimisation position. It's not a "no pokies" position.

MS PINKERTON (DC): Harm prevention or harm elimination.

MS SYLVAN: Okay.

MS PINKERTON (DC): Harm minimisation is a bit like saying, "It's not that bad a problem. It's only 1 per cent of the population."

MS SYLVAN: But the model that you put, which is quite interesting - and I think I would call it harm minimisation - is that if people reach their limit, let's say, playing a more intense machine, they can continue to gamble but on a machine where their losses would be reduced.

MS PINKERTON (DC): Significantly reduced, yes. I mean a much slower machine, and the problem gambler who has just spent \$100 that they could ill afford probably won't go to those machines because it will not give them the amount of feedback, the reward, that they're seeking. They're not going to get their money back from it. What will happen is that you will get a lot of new people. First-time gamblers will bet on those machines quite regularly and they will find them probably to be enough.

For the industry there is an advantage in that, if that works and the number of

problem gamblers over time drops because they eventually run out of money and quit and you're not creating new ones to replace them, then the industry can then start increasing their market reach. At the moment between 20 and 30 per cent of adults gamble on poker machines once a year or more and maybe they could increase it to 50 because they can honestly say, "This is a safe product for people to use."

MS SYLVAN: An alternative which we've canvassed - and I don't think anyone has commented on it yet - an alternative to reducing the intensity of how much can be lost is to actually do a safety net, which is possible to do with the software, potentially anyway, so that someone who has lost a certain amount of money, essentially the payout starts to increase dramatically. That's the essence of my question, which is: are we trying to deal with behaviour or the losses? So a machine that pays back much, much more money so that there is literally a safety - it's like a car seatbelt in a sense, within a machine, and it just pays a lot more money back to a gambler who's playing at very high intensity and putting more and more money in?

MS PINKERTON (DC): I think there's a bit of a different way we define "high intensity". I'm talking "high intensity" means I can bet a high amount and bet that very rapidly. So I can do \$10 per button push every 2.3 seconds.

MS SYLVAN: But what matters is what they lose from the point of view of someone who has got a problem with gambling, not the intensity as such of their play.

MS PINKERTON (DC): Yes, but Paul Delfabbro did some research some time ago and found that gamblers respond more readily and will repeat behaviours more readily where they get small frequent wins. So if you've got a high return to player, what you actually get is small frequent wins. So you'll get \$5 back, you know, every third push, which is fine, but in that three pushes you could have spent 50 bucks. If you were getting \$5 on a regular basis, they prefer that, but the money then goes back in. The churn is much higher on high-RTP machines than they are on low ones. If you bet on an 85 per cent return machine and you only get one win every half hour, it might be a \$700 win. You can bet your bottom dollar they'll pull it out and they may not put all of it back in, whereas if you win \$10 every so often it's like, "Yeah, I'll keep going." Your churn is much higher on your machines that pay out large amounts less frequently, so equally your losses would be higher on the frequent small-win machines.

MS SYLVAN: Actually what I was saying is you could arrange it not to be so. That's just a software program function.

MS PINKERTON (DC): Yes. But of course the customer doesn't know which machine is which.

MS SYLVAN: No. But if you're on a card, you're playing in a sense.

MS PINKERTON (DC): So the card actually - - -

MS SYLVAN: There are a number of ways of coming at harm minimisation and what I'm trying to ascertain is: the issue here for you, as I understand it, isn't actually the gambling or the intensity of the gambling, it's essentially the losses at the end of the day.

MS PINKERTON (DC): Yes.

MS SYLVAN: Which is what causes the harm. So whatever the mechanism is, whether it's only low-intensity machines available or that the return increases progressively to 100 per cent effectively, in theory, it's to minimise the losses which is the point.

MS PINKERTON (DC): Yes.

MR FITZGERALD: In relation to the intervention of venues, one of the issues even with precommitment or what have you is that when you reach this magical limit and a machine stops play, as you say, at the moment a message comes up and says, "Do you want to continue to play?" and neither we nor you think that's a good idea. But there is an issue about to what extent venues should be required to intervene at a point. In other words, does a light go off and a venue operator come across and say, "Have you got a problem, mate?"

There don't seem to be any clear views about what should be the obligation of the venue operator to intervene when limits, for example, have been reached. Some say it's the essential feature, that if you don't have that intervention nothing much happens. Others are much more equivocal about whether there should be any intervention or not.

MS PINKERTON (DC): I'm of two minds with it. I've only ever had one person come into a venue and try to drag me out. I was spotted going in by the daughter of a friend and she rang her mother, who came up and got me, and I was livid, absolutely livid, with the person who did it, and she had my best interests at heart.

MR FITZGERALD: Sure.

MS PINKERTON (DC): So I'm not sure that any approach is going to be well received, and I then wonder how the venue staff, an 18- or 19-year-old girl who is working behind the bar, is going to approach a truckie who has reached his limit and

say, "It's about time to go home." This is where, if the card stops you from playing, then you don't really have too much of an issue. Equally, there is a space for perhaps the help services, as they do in Holland, where you're approached at home by the help services and they say, "I just noticed you've been to the casino a lot lately. Are you okay? Is there any problem? Do you need anything from us?" Perhaps that would be a better way to go. Certainly I'm sure that the venues would much prefer that to the other.

MR FITZGERALD: Can I just also deal with this issue about problem gamblers, or those that are at risk of that, moving around, and you've made that point in relation to the way in which the card system operates. One of the things that's been at the heart of harm minimisation strategies has been this notion of break in play. Universally people talk about trying to create breaks in play. Break in play with the smoking bans - you know, you had to go outside. The break in play here: you don't have note acceptors, you've got to go to the cashier or whatever it is to get coins, and so a break in play.

What I don't quite understand is that if the break in play is so important - and I accept that it is - why is it that when somebody moves from one venue to another physically, there isn't a very substantial break in play? So the notion of the problem gambler on a night going to multiple venues is a bit incongruous with the notion that what you've got to do is actually create opportunities for reflection. And people with ATMs - you know, they want them moved further away because you've got to go out to them and all those sorts of things. So just explain to me, for who does the break in play work and for who doesn't it work, because they don't seem to be - - -

MS PINKERTON (DC): I can see your point and it's not something that I had thought about actually. But, yes, I know that once I was gambling in South Australia I would go to any one of about five different venues, and if I wasn't winning at one I would go to the next one, while I still had money. So at that point I wasn't attempting to stop; I was actually attempting to continue but to maximise my chances of winning. And it was amazing how often you'd go from one venue where you just couldn't get a win no matter what you did and you'd go to another one and you would. Perhaps that was my false perception, but it certainly seemed to happen that way, and so it reinforced the behaviour that if you weren't winning somewhere then you'd go to somewhere else.

MR FITZGERALD: You move around.

MS PINKERTON (DC): But at that point it wasn't a case of chasing my losses either, because if I went to another venue I actually had money still, but it just wasn't winning enough. So the break in play becomes important for people who are - and certainly with ATMs - having to get more money out. If I go out for tea I take the

amount of money I need to pay for tea. I don't then get halfway through the meal and go, "Oh, well, I'm going to have some more, so I'm going to have to go to the ATM and grab some more money out." It's not like I go to the movies and I get halfway through the movie and go, "I want to keep watching this movie. I'm going to have to go to the ATM to get some more."

So the actual choice to go to an ATM, you are thinking - well, certainly I was thinking as I would go there, "Perhaps I should leave it there. Perhaps I won't go there. Perhaps I'll go home." But it was always just around the corner, and the ATMs in most venues in South Australia are located - guess where? - right in the entrance to the pub. So you can't not know where they are and what they are.

I found one of the biggest things that would stop me was the human contact. If I had to go up and note-change multiple times, "I'll have a hundred, another hundred, another hundred, another hundred," I was always thinking, "They know. They know how much I've lost. They know how much I've spent," so going up to the machine rather than having the note changer was always a good thing. And a lot of venues in South Australia recently have closed off their note changers at midnight, even though they're open till 3.00, and I'm finding that a very positive move of the industry, because it forces people to go to the teller to have human contact.

MS SYLVAN: The human contact seems to be quite important from a number of people, and it is an issue in relation to the ATMs being moved further and further away from being visible within the venue.

MS PINKERTON (DC): In some ways you're better off having the ATM right next to where the teller is.

MS SYLVAN: So people can see.

MS PINKERTON (DC): So there's a chance that someone will actually spot you. Although there has been research done in South Australia which shows that the gaming rooms are left unattended by staff because they're working the bar elsewhere for quite long periods of time, so nobody will notice.

MS SYLVAN: But not so much precisely where they're located but that they're located in a highly visible location to other people.

MS PINKERTON (DC): Yes, highly visible or a long distance away. You know, make it 500 metres from the gaming room so that you've got time to walk there and walk back, or even get in your car and go there and back, because that will give you a break where you think, "Maybe I should just - by the time I get back to that machine it's going to have gone." That is another thing. The break in play is

important because, "I've put \$500 into that machine. I want my \$500 back," and problem gamblers do think, "If I've put it all in, it's got to pay out big soon." So the break becomes important, because by the time I get back to that machine somebody else may have got on and got my money.

MR FITZGERALD: I must say the ATMs is a very vexing issue at the moment, because everyone has a different strategy on ATMs and with access to cash in general.

MS PINKERTON (DC): And of course it's still possible for a hotel to pay the deli down the road to have an ATM.

MR FITZGERALD: Sure.

MS PINKERTON (DC): "We'll put out the money first up and you can take the profits," because it will benefit them. So it's a catch-22. As long as it's not \$200 per transaction.

MR FITZGERALD: But just this visibility issue. Talk to me if you can about small venues. And, again, we've raised it earlier today. South Australia has a disproportionately large number of very small venues.

MS PINKERTON (DC): Yes.

MR FITZGERALD: You know, with less than 10 machines, compared to some of the other states and territories. The theory would be that in fact if you're in a small venue with a small number of machines your behaviour, your characteristics are more likely to be observed.

MS PINKERTON (DC): Yes.

MR FITZGERALD: And in one sense people with problem gambling might be less likely to play in those venues because they are observed, whereas in a bank of 50 machines you might be observed but you're much more likely to be anonymous.

MS PINKERTON (DC): Yes.

MR FITZGERALD: But maybe that's complete bunkum and it doesn't make any difference whether there are five machines or 50.

MS PINKERTON (DC): I was very uncomfortable in a venue with five machines, very uncomfortable, because very often I was the only person in there - whether I was actively observed or not - and usually there was only one person in the bar and

they were in the bar; and the gaming room in the small venues tends to be off to the side so that it's not directly observable. But I still felt very uncomfortable in there as the only person. I didn't want people to know whether I was winning; I didn't want people to know that I wasn't winning. So I just avoided them.

Having said that, there are some venues that I have heard of in South Australia that only have a small number of machines but have a very good income from those machines, and they would have a lot more machines if they could. In particular, I'm thinking of one on the outskirts of the city where there's an abattoir close by and they make, I believe, \$75,000 per week from their five machines because they have a high proportion of Asian workers who are over here without their families, and what do they do on a Friday night? They go down to the pub and they put it through the pokies.

So, yes, just because it's a small venue doesn't mean to say it's got a small turnover or a small profit margin, so you'd need to look not just at the number of machines but how much money those machines make. Equally, there's a soccer club up near where I live in Salisbury and they're only open for about three hours in an evening, so their turnover from their machines is very small. But their costs associated with operating those machines are also very small, so it's like, "Why would I bother selling it off for 50,000? I might actually make more than that in one year."

MR FITZGERALD: Thank you very much for that. Thanks very much for your submission; much appreciated. We might now take a five-minute break.

MR FITZGERALD: If we could resume and if you could give your full names and the organisation you represent, and then some opening comments.

MS HAMER (RASA): Sure. Thanks very much. I'm Jen Hamer. I'm the outgoing senior manager of primary health and education at Relationships Australia in South Australia.

MS HAMBLEDON (RASA): I'm Rosemary Hambledon and I'm the manager of the gambling help service for Relationships Australia.

MR FITZGERALD: Okay. Over to you.

MS HAMER (RASA): Thank you very much. We wanted to just make some fairly simple points, particularly in relation to chapter 5 around service delivery and, first of all, just to let you know that we very much support the draft report in its entirety and in its wholeness. We are very pleased that it appears to be looking at problem gambling as a public health issue, as a multiple range of strategies at various levels of intervention; particularly that there is a good understanding of not just the need to perhaps address problem gambling behaviour but also social exclusion, which is a context within which problem gambling behaviour can occur and we see a lot of the broader issues that are environmental, like contextual to problem gambling. So we're very pleased to see that in the report.

Particularly in relation to recommendations 5.1 and 5.2 is what we are talking to today. I know you've had a submission from us in more detail, but we wanted to use this time to focus on that aspect of it. Firstly, public awareness campaigns: we're in support of public awareness campaigns because they do create a supportive environment for gambling help programs to then operate within, so creating an understanding in the wider community of gambling as a hazardous activity that requires mindful engagement, and we would support the idea that concrete information is provided in those public campaigns in a way that friends and family can identify problem behaviours and perhaps intervene on a personal level. I note that previously we were talking about personal contact as a key issue in helping people interrupt their gambling behaviour, problem gambling patterns, and so if in the broader context friends and family can actually get some tips on how to open the topic, maybe approach a friend, a loved one, then we would be in support of that sort of campaign.

The issue of focusing on financial losses we think is an effective target, it's an effective message for public campaigns, but it's not the only message and, in particular, what we're interested in is the wider public understanding that problem gambling not only may lead to financial loss - and I know some of the campaigns have talked about, "Think about what you're gambling with. Think about what

you're risking; perhaps losing your family, perhaps losing your house, perhaps losing your friends," but not just losing friends and family: we're interested in people understanding that you may harm your friends and family by being stuck in a cycle of problem gambling behaviour.

In our submission we cited some research that has spoken about harm to children in households where there is a problem gambler, particularly neglect; not so much abuse but neglectful sort of behaviours towards children. So we'd like to see harm to family have a bit of a profile in public campaigns.

On the issue of a problem gambling screening test for health and community services - not the gambling help services - to use, we really think that's a positive strategy. We'd love to see that happen. We have noted a lot, a very high level, of suicidal thoughts, suicide ideation and suicide attempts amongst our gambling help clients and so we'd particularly like to see gambling behaviour questions and assessment questions integrated into suicide risk assessment and mental health assessment tools. That might take quite a lot of clinical investigation, but we'd like to see that happen. That includes questions about financial difficulties, because we think a lot is not being picked up in these other health and welfare agencies around gambling.

We're interested in seeing similar sort of tools somehow used with financial institutions, so that lenders, banks, Cash Converters type places actually can be brought into that risk screening environment so they're actually noticing when people have financial problems. Is anybody asking a question about gambling? Is anybody bringing that into the conversation? We're not sure how that would look or how difficult it might be to engage banks and other places in that, but we'd like to have a look at that. We think that those are the places where you might see financial difficulties.

MS SYLVAN: Just to stop on that for a minute because it's an interesting idea: there might be a quite different spectrum of responses to that.

MS HAMBLEDON (RASA): I can imagine there would be.

MS SYLVAN: Depending on the provider you're looking at.

MS HAMER (RASA): Absolutely.

MS HAMBLEDON (RASA): I'm thinking of a client that I've had conversations with in the last week who's maxed out five credit cards and he's a pensioner. One wonders how that continues to occur, because it happens quite a lot, where we see people who are in serious financial difficulty and they've not actually been in a good

financial position to start with. I can cite another example where a person had access to finance and credit cards, where they might have cited their home, the home that they jointly own with their partner, as collateral on those credit cards but the partner doesn't know about the access to money on that. So there are some interesting questions that get raised around that issue for us.

MS HAMER (RASA): We'd also like to say that screening tools of themselves, obviously people need training on how to use them, but quite often people will assess and then do nothing. You actually need to know what to do once you've noticed that a person also is indicating perhaps some problem behaviours. So some follow-through and training on follow-through and referral and support, that kind of thing, would need to go along with screening tools that get written. We support self-help approaches very much. We've seen the research on that - you know, self-help kits, perhaps financial literacy tools and bibliotherapy, those styles of self-help.

MR FITZGERALD: Can you just tell me what bibliotherapy is?

MS HAMER (RASA): Yes. Reading.

MS HAMBLEDON (RASA): Reading.

MS HAMER (RASA): Access to good books. Yes. We actually have a resource centre that has a community library with a lot of texts. It's very popular, and people often will come to the resource centre to find out about an issue that they think might be relevant to them, whereas they wouldn't go into an organisation to ask for counselling but they would go and read a book about it. And they're not necessarily going to get that sort of direct personal advice we can give them in - like, Angus and Robertson would - you know, a high street bookshop. They've got a bookshop and a library where we are that actually will spend time talking through it - "My daughter has just been diagnosed with anorexia. What do I do about it?" You know, "Okay, there are these agencies, there's this issues, there's these books. You can borrow, you can buy." You know, it's that type of thing. And people do use those very effectively.

So it's twofold. The self-help approaches I think can be very good in their own right but they are also a very good layer of actually engaging people in further types of more intensive support and help, if that's required, so we would support that. Particularly we'd like to see more materials developed for partners and friends of people who are problem gambling, so that again it's like what we said at the beginning - they can actually be given some help on what to do - because quite often it's the partners and friends who are worrying, who we would see in our help services. So we see a lot of non-gamblers in our help services who are friends and

family, who want to do something, and we can support them through counselling and gradually engage the problem gambler, but I think again this other layer of books, self-help kits, those types of things, would also be helpful in that area.

MS HAMBLEDON (RASA): I think in that it's actually about having friends and family engage with the gambler where they are, where a gambler is actually at the point of not acknowledging that they have a problem and not necessarily being willing to do anything about their problem, but maybe there can be some information provided to people as to how best to assist that person to move forward in that journey towards change, which could be a fairly useful thing to have.

MS SYLVAN: Is there much use of online tools? I mean there are a variety of things available - - -

MS HAMER (RASA): That's true.

MS SYLVAN: - - - not necessarily consistent, but sometimes in a sense that's increasingly where people search first - - -

MS HAMER (RASA): Yes, that's true.

MS SYLVAN: - - - if they go online to find problem gambling sites that give advice and so on.

MS HAMER (RASA): Yes.

MS SYLVAN: Is there much development of that in Australia? There seems to be a bit but there doesn't seem to be a concerted forum.

MS HAMER (RASA): No. There's a little bit of it, and I think - I mean, we've been very interested in that because we're interested in virtual counselling as well and all those sorts of strategies with a whole organisation - - -.

MS SYLVAN: There are some individuals out there who don't want to reveal themselves.

MS HAMER (RASA): Yes, that's right. But I believe - I'm sure state government can explain a bit more about this. There is a government response in that respect and in terms of our gambling help services, therefore we are not funded to have a look at that because state government is doing it. We anticipate that becoming a much, much bigger field and we are starting to prepare ourselves across our services for more online stuff.

MS SYLVAN: I'm thinking about it particularly from the point of view of self-harm.

MS HAMER (RASA): Absolutely. Definitely.

MS SYLVAN: That's where you see (indistinct) developing.

MS HAMER (RASA): Yes. I would just intuitively suggest that, yes, that will come.

MS HAMBLEDON (RASA): There is on the government web site information for friends and families around - - -

MS HAMER (RASA): There's information about it. I don't know how much it's used though.

MS HAMBLEDON (RASA): Yes. Whether it's actually - - -

MS SYLVAN: There's no interactivity as far as I can see.

MS HAMBLEDON (RASA): And I think I'm probably looking more at providing, you know, really quite in-depth information about the problem for somebody coming from that point of view that's actually trying to help somebody who is not interested at this point in being helped. Do you know what I mean? It's travelling that journey, I think, which is actually quite hard for families in their help attempts.

MS HAMER (RASA): I'd really like to see more of that, yes, for sure. Okay. So cognitive behaviour therapy: there's a comment at this stage in the chapter about cognitive behavioural therapy and we would certainly support that it's an effective treatment option for some people, probably in the short term. I'm not sure if the research is really quite equivocal on whether its long-term benefits are sustainable.

We do support that approach but what we noticed IS that we do a huge amount of work of what we've called wraparound sort of support that assists that therapy to be effective and without that wraparound support, which is counselling and casework and in some cases peer support as well, then a number of people don't get through the sort of quite formalised treatment program, which is CBT. We haven't yet seen that visible in the evidence, about the success of CBT, so we'd quite like to have a look at that, and note those sorts of activities are actually critical to its success in many cases. Anything to add to that?

MS HAMBLEDON (RASA): I think there'd be lots of counsellors working in gambling help services who make use of CBT approaches and the kind of particular

approach we're talking about is stand-alone quite structured treatment that's using CBT, that is also supported in its work through the other counselling services because it provides those additional supports. That's all. It's a simple point.

MR FITZGERALD: You might just be able to give some guidance. There has been a mixed picture as to whether or not there's been a decline in people accessing counselling services, and you may have seen the report. In some jurisdictions it looks as if the number of people accessing counselling services is actually declining, which is curious to us; we would have expected it to go the other way.

The second thing is this whole issue about what attracts people with gambling problems to a service. For example, in Sydney the other day we had the Exodus Foundation, who were very clear that if they call anything a gambling-related service they don't get anyone; they're talking about men in this case. They've got these men's groups and they said 90 per cent of the people in the men's group have all got gambling problems. So it's two conundrums. What's the situation in South Australia? Are you seeing a rise or decline in terms of people accessing your services? Second, do you have a view about how you attract people to these particular services or support programs?

MS HAMER (RASA): It's a very varied answer, I'm afraid. We've had a very erratic sort of attendance in counselling because I think we've had a fairly unstable funding environment for a little while, while it's been restructured, so it's a bit hard to know if there's a general trend. We're certainly seeing an increase ourselves right now because we're stabilising, so we're seeing an increase in requests for counselling ourselves in RASA.

I would agree though that the labelling of gambling is very problematic for many, many people. It is a complete turn-off for people who are worried but don't want to necessarily call themselves a problem gambler, don't want to be seen attending a service. So that's certainly a major issue, I would say, which is why we are advocating for community development, community engagement strategies, integrated services; you know, no door closed kind of approach.

We're fortunate enough to have a range of family support, multicultural, hepatitis service - a whole lot of other things. We've got children's contact centres, and we see problem gamblers coming through all of those doors, and then as soon as you call it gambling it does become problematic for many people.

MS HAMBLEDON (RASA): I think you get a range of responses to that. For distressed or concerned family members to have a service which is labelled gambling help, is the place to go, because that's where they can get help and advice quite up-front and there's no messing around with that. Certainly for people who are

gambling and gambling secretly, having a gambling help service - having any kind of help service can actually be a worry just because the major concern is confidentiality, and people will go to enormous lengths to feel reassured that their situation is actually going to be private and - - -

MS SYLVAN: There seems to be an issue about what we would class as at risk, and that's a difficult definition, I know, and people who don't want to be put in a box of being problem gamblers and to access a gambling service by definition. They're not at the stage of understanding they have a problem even if they don't want to admit it, but they're just at that point beyond this side of crossing the line. That seems to be particularly difficult if you call it problem gambling services to get their attention.

MS HAMBLEDON (RASA): Yes, and if their idea about gamblers is that, you know, if you're a gambler you're a loser, then if the only people that would go to a gambling help service are people who are losers, I mean, there's lots of - - -

MS HAMER (RASA): It's not an unfamiliar issue with all kinds of counselling as well though. Anybody going to see a counsellor, sometimes it feels that there's something wrong.

MR FITZGERALD: But it does seem particularly problematic with gambling.

MS HAMER (RASA): I'd agree with that.

MR FITZGERALD: That the labelling or non-labelling seems to be an unclear area. That's okay. All right. You've got comments on recommendation 5.

MS HAMBLEDON (RASA): Sure.

MS HAMER (RASA): Could I just quickly say while we're on that, that also we have a multicultural program. There are a lot of things, as well as gambling help. The evidence or the feedback we get from clients of that is that actually they want to carry on gambling. So they're not coming to a gambling help program but they're losing a hell of a lot of money and they're having a lot or rows. So they need help with how to resolve their family conflict and what to do about the fact that they're losing a lot of money. So they're not ever going to come to a gambling help program because actually they don't see gambling as the problem.

MR FITZGERALD: As the problem.

MS HAMER (RASA): There are other issued that they bring to us. We are lucky that we can see them in a range of different places and gradually maybe get them into

gambling help.

MR FITZGERALD: Good.

MS HAMER (RASA): As an RTO we deliver professional training to the gambling help sector. We're in agreement that a minimum standard of training for problem gambling counsellors would be a good way to increase not only the standard but also the status of problem gambling counselling as a profession. We're very concerned that that's not dominated by psychological methodologies necessarily in counselling, as that could tend to further medicalise the sector which we're already concerned about; a sort of individualised pathology sort of approach to problem gambling.

We're very much in support of nationally recognised competencies which are in existence now - problem gambling competencies being used as perhaps a way to accredit problem gambling counsellors, and you may be familiar with the family dispute resolution process that the attorney-generals brought in last year, I think it was, or the year before. We actually played a major role in training FDR practitioners nationally in six competencies that they were then requiring for all family dispute resolution practitioners to be accredited. That was a major shift in that industry, in that field. But we actually think it's a really good model of accreditation. It's vocationally focused. So we're not talking about more degrees or more theoretical learning. We're talking about vocational competencies.

We're wondering whether the national problem gambling competencies - I think there are three of them - plus a couple of financial counselling competencies, would be the good cluster to actually require of people. It needs a bit more examination obviously, but we very much endorse that kind of approach. The sort of add-on issue to that is that we do think there's a problem of recruitment and retention in the problem gambling counselling field, partly because NGOs have such poor status in terms of awards and pay levels compared with government. So that causes us a certain amount of headaches and, again, accreditation might actually assist some of the salary and the sort of status issues that relate to that.

We'd like to see financial counselling get a bit more of a guernsey in relation to problem gambling counselling. This is a definitely contested and debatable issue. We don't necessarily have a fixed position on this, but we're interested in looking at how the two integrate rather than having completely isolated sort of silos for the two different things.

MS SYLVAN: Is that because the two silos go hand in hand?

MS HAMER (RASA): I believe so. We may even disagree on that.

MS SYLVAN: Well, when you're talking about gambling problems you're talking about financial problems usually.

MS HAMBLEDON (RASA): Absolutely, yes. A person in the counselling room that is talking about a problem gambling issue, not always but often there will be financial issues that they're experiencing, and to be able to do something with those as part of the help process is really valuable. Rather than refer them out, you'll be able to be functional in the room.

MS HAMER (RASA): I think there's tended to be a separation. We're just interested in having a look. We're on the early stages ourselves of having a look at how better to integrate that. Our gambling help counsellors are all trained in financial counselling, have the diploma of financial counselling - nearly all, not quite yet - and so we're looking at how that works. There are links between the sectors. Yes, absolutely great. We'd like to see more of that. We just make the point that often that requires departmental leadership. It's not just about practitioners collaborating with each other.

This is not just in gambling but in many, many areas. There are barriers that you cannot address operationally - housing has to talk to health, has to talk to corrections, before certain things can be done. So we'd like to see, at a state government level, that the interdepartmental links take a leadership role in how everybody on the ground can work together.

Finally, in terms of the recommendations, we agree that funding mechanisms should be based on greater contributions from pokies basically. We also wanted to make the point that gambling help is not expensive, especially in the context of the amount of money that is made from problem gamblers, in particular, who are the people putting the most money into the machines, so we would hope that there would be a real increase in funding for harm minimisation and treatment and support programs.

One final comment, which is outside of the recommendations but obviously you've got it in front of you: we noted that there seemed very little in the report about Aboriginal and culturally diverse communities, and there is a lot of research, as well as our own practice wisdom around help-seeking being very different for Aboriginal and culturally diverse communities. We have a lot of comments to make about that, about things we've found useful or not useful in terms of our own strategies generally for engaging Aboriginal and CALD communities.

Part of the problem that we see currently in gambling help in South Australia is that it is a very individualised medicalised response: get the gambler out of the

venue, which is actually very important and it is needed, but more than that is needed, especially to engage more marginalised communities on some of these issues. So we'd like to have a broader debate and some discussion about what are those diverse strategies that we could bring into play.

MR FITZGERALD: We'd be very pleased. If you've got it in the submission, that's terrific; if not, we'd like some guidance on this. We've met with a number of Aboriginal groups and we acknowledge that this particular report is much lighter-on in terms of dealing with those issues. The 1999 one went into a much greater detail about that. But one of the struggles we're having is actually what is the right public policy response to it.

MS HAMER (RASA): Yes.

MR FITZGERALD: The second part of that is that, in relation to Indigenous communities, a large part of the problem is non-regulated card based gambling.

MS HAMER (RASA): True.

MR FITZGERALD: And so trying to get a handle on how do you deal with the unregulated issue of gambling is one issue. You're more concerned about the consequences of any form of gambling, be it regulated or unregulated, but we very much welcome any thoughts you have about strategies, particularly in relation to Indigenous communities. So it's not that we have a lack of regard or interest in it; I think we're just struggling, to be honest.

MS HAMER (RASA): You can't actually just transpose this into Aboriginal communities, but we have spent many years working with culturally diverse communities on a model of practice for them in multiple communities in relation to multiple issues that we've written up and researched.

MR FITZGERALD: Sure.

MS HAMER (RASA): Our Aboriginal workers, advisers and also communities, we're working with now, have said to us they're looking at that model and going, "That's what we want." So the feedback we're getting is - I'll send it to you.

MR FITZGERALD: Great.

MS HAMER (RASA): But it's multiple levels really of strategies.

MR FITZGERALD: We'd welcome that because we would like to do more in the final report.

MS HAMER (RASA): Okay.

MR FITZGERALD: Can I just go back to an issue: you said it's not expensive. One of the things that's come through is the view by most jurisdictions - I'm not necessarily saying South Australia - that in fact per client, that is per problem gambling client, gambling counselling and treatment services are in fact amongst the most expensive of all the human service support programs. I understand there are all the issues around, "Well, how do you count?" and obviously it's not just the problem gambler; it's the family and all those sorts of things. But there is a very strong view by governments that they're not unwilling to put money in but they're actually not sure that they're getting good value for the money they are putting in and, relative to other programs, they think it is fairly expensive. I must say the initial numbers show that it's certainly up the higher end of that. So I just wonder whether you have any comments about that.

MS HAMER (RASA): My first thought is that when we're helping one problem gambler we're usually helping five or six other people and engaging with a number of other people who are getting affected by that. So it is about counting: who you're counting and how you count. We're not necessarily registering all those people in the intervention.

MS HAMBLEDON (RASA): I would need to have figures in front of me, but my recollection, even reading the maths that you had in the report, was that the amount of funding allocated to gambling help services - like, in South Australia we've got it with the GRF fund, plus the contribution of government, but I think nationally there's a figure that you quote which is really something like - it wouldn't be 1 per cent of the national revenue and tax revenue raised through gambling. So, in terms of the amount of money that's dedicated to gambling help services, it's a very small amount of money.

MR FITZGERALD: Yes. There are two figures. One is the actual amount that one spends. The other issue, and the one that's more perplexing, is about the cost per treatment or whatever, however you define this. We simply don't have enough data, but it does seem to be an issue, and it's one that I don't think we've got much insight into.

MS HAMBLEDON (RASA): I certainly think, as you say in your report, that there needs to be more concentrated attention on: how do we do this better? How do we improve the help services that we provide? How do we actually engage clients more broadly across the community? There are certainly a lot of people who have problems, who aren't accessing help at all. Whether they need to or not, how do we know? But they're not.

MS HAMER (RASA): I think you've got a couple of issues. You've got, "How are we collecting the data?" which is inconsistent and doesn't actually capture a range of people that do get reached, I think, through the interventions. The second thing is that you have a team of trained counsellors trying to attract people to come to gambling help, when gambling help is such a stigmatised area, as we mentioned before. So you may have people sometimes in very quiet times, because the engagement strategies are not necessarily being counted or they're not actually effective enough, if that makes sense. I think we've got a couple of issues in there: how we collect the data, and really the fact that people don't want to come to something called "gambling". We have to change the breadth of the way that we engage people, away from just this individualised sort of approach.

MR FITZGERALD: The other thing that somebody put to us the other day was that there seems to be a real reluctance by counsellors and treatment specialists to use group based approaches, and again they were specifically referring to men's groups. They were saying that one of the great weaknesses is that for this particular group of men they have found the most effective way is actually in sort of group sessions which deal with a range of issues, but they were saying that very few other people will embrace that; it's all one-on-one and personalised stuff. Again, our report is not going to in any way go into those sorts of issues, but it was a curious comment and, when I thought about it, most of the groups we've spoken to are individual counselling places.

MS HAMER (RASA): In my experience there are a lot of people, again, whose concern is privacy, and being in a group is a very uncomfortable thing to be doing if you are gambling in any seriously problematic way that's harmful to others, harmful to your family and they don't know about it.

MS HAMBLEDON (RASA): You have to call it something else. At the moment our service agreements are quite particular. The money has to be spent on gambling, so if we do something that's completely - that's called something else, which we know will be more effective, and so we gather people in from our other programs and try and filter them through - but you don't do as well if you have a thing called a "problem gambling group". So that is part of it. Certainly we have groups for people who come to us, in gambling help. We run groups. Actually, the best-attended ones are the ones in the prison. They work really well, don't they?

MS HAMER (RASA): They do.

MR FITZGERALD: There may be several reasons for that. That's a whole different topic. I think we touched on gamblers in gaol in the 1999 report. Thank you very much for that. Louise, you've got a couple of others?

MS SYLVAN: Yes. I actually wanted to take you to chapter 6, if I might. I think what you've had to say on chapter 5 was extremely useful and we'll look forward to the more detailed input.

MS HAMER (RASA): Sure.

MS SYLVAN: One of the issues in chapter 6 that we deal with is the school based programs and we raise a very cautionary - - -

MS HAMER (RASA): Yes, we noted that.

MS SYLVAN: And I just wondered whether you have had a chance to think about that and whether you had a view.

MS HAMER (RASA): We don't deliver - well, we used to deliver some education programs into schools just as an awareness-raising sort of process and engagement. We were just very interested to see the comment about recent research that's a bit equivocal about whether it's actually harmful. I don't really feel qualified to comment. I'm a bit concerned about that.

MS HAMBLEDON (RASA): We've gone into schools on maybe three or four occasions during the year, into year 11 classes, where we've been invited by the health teacher or something to come and talk about gambling because in their classes they're studying a range of topics of interest that may have health impacts to young people, and we've been remarkably well received. They're very interested in it; they're very engaged. They ask lots of very intelligent questions. We invariably take a consumer with us, somebody who's actually been through a problem gambling experience, and our experience is that young people are benefiting from it. That's the tangible experience that we have in the room. Whether there's an adverse effect that follows that kind of exposure is a problem.

MS SYLVAN: Yes. Bringing someone who's had gambling problems along to talk about that is very different than trying to teach people about probabilities and how a machine might work.

MS HAMBLEDON (RASA): Oh, I see, yes. All right. Then obviously we're doing something different from what you're talking about.

MR FITZGERALD: We are equivocal about school based educational awareness programs because the evidence is not clear and if there is a risk, especially, as Louise says, by doing it through this sort of almost mathematical approach, then you end up with mixed messages but, more perversely, you may actually encourage it. We're

very cautious in the report, but the caution also leads us not to actually recommend an increase in funding in that area until such time as we can understand more fully what's occurring. But it certainly is equivocal; the research is very equivocal. But I think again it depends on the nature of the program, and yours is quite a different sort of program than what we have seen being introduced elsewhere. Any other questions? Look, thank you very much for that, much appreciated, and anything on the Indigenous or CALD stuff would be great.

MS HAMER (RASA): Yes, I'll send something through.

MR FITZGERALD: If you could give your full names and the organisation you represent and then some opening comments, that would be terrific.

MR CANNON (SACOSS): I'm Richard Cannon. I'm senior policy and research analyst from SACOSS.

MR McCABE (SACOSS): And Michael McCabe. I'm executive director of programs at Nunkuwarrin Yunti, the Aboriginal health service here in Adelaide.

MR FITZGERALD: Terrific. Over to you.

MR CANNON (SACOSS): I'll just start off with a brief introduction and then I'll send you over to Michael to finish the presentation. The South Australian Council of Social Service thanks you for this opportunity, to begin with. As the peak non-government representative body for health and community in South Australia, SACOSS believes in justice, opportunity and shared wealth for all South Australians. We have a strong membership base of individuals and organisations from a broad range of areas in the social services arena. Our major activities cover analysis of social policy and advocacy on behalf of vulnerable and disadvantaged South Australians, independent information and commentary, and health and community services sector development.

Advocacy on issues related to gambling harm in South Australia is a priority for SACOSS due to the potentially adverse social and financial impact of the products and services delivered by the industry on low-income consumers and vulnerable and disadvantaged households. In light of current and future concerns, SACOSS has recently convened a gambling policy and advocacy group, what we call a PAG, to assist SACOSS in responding to these important issues. The PAGs operate as advisory groups to the SACOSS policy council, which is the body responsible for determining SACOSS policy positions. As such, the PAGs forward recommendations and advice on current and emerging matters to policy council, guided by the SACOSS blueprint for the eradication of poverty. The SACOSS gambling PAG has been instrumental in developing the forthcoming response to the draft recommendations and in developing this presentation today. You should receive that soon.

The tone of our presentation is that further significant policy and program reform is required to address the unacceptable toll that gambling generates. SACOSS asserts that the NGO health and community services sector continues to experience significant service demand as a consequence of problems directly related to gambling-related harm. This demand is far in excess of problem gambling funding and program responses currently being provided through taxation revenue received by people experiencing problem gambling.

SACOSS agrees that the ultimate goal of gambling policy is to improve the wellbeing of the Australian community. The consumer protection perspective is also strongly agreed with. Ensuring that gambling industry operations are consistent with general community standards and expectations for consumer safety and community wellbeing is a worthy and realistic goal.

Finally, SACOSS strongly agrees with the sentiment that a public health approach to gambling offers the best way forward to ameliorate the largely unintended but nevertheless significant social and personal costs associated with gambling in Australia and the formal adoption of such a policy response would ensure that our formal efforts are brought in line with other progressive jurisdictions in the international community. I'll pass you on to Michael.

MR McCABE (SACOSS): Just initially I'd like to acknowledge that we are meeting on Kurna country as well; that's the local Aboriginal community here in Adelaide. I obviously pay my respects to the Kurna people.

My presentation really is about unpacking a little bit about the opportunities through a public health model and, within this particular presentation, paralleling significant benefits the community has derived from road safety initiatives - I actually don't have a background in road safety, but putting this together, it's very similar; you can see a lot of parallels - certainly commenting on the precommitment concepts that the commission has put forward and looking at mandatory breaks and then really looking at the pay-off that prevention really does have. That might address some of those other issues you mentioned earlier about cost benefit of investing in gambling-related services.

Basically public health theory and practice has been able to effectively intervene in a range of areas where there's a complex interplay between people, their environment and the social and biological agents that result in increased morbidity and mortality. Generally speaking, public health practice is regarded as the collective efforts of the community through government, industry and citizens to promote the capacities of individuals and groups to strengthen resistance to agents noted to be detrimental to health and wellbeing.

It's possible to draw strong parallels between the public health approach used to promote road safety with the opportunities for a public health approach to gambling policy. There's ample evidence of the success in road safety efforts over the past 20 years, reducing from, back in the 80s, 23 deaths per 100,000 down to about seven now per 100,000 people. This has not occurred by solely focusing on the hoon driver but by concentrated multidimensional efforts by a range of sectors in society including road traffic engineers, regulatory bodies responsible for designing

road rules, law enforcement bodies, driver education testing and licensing bodies and ultimately drivers themselves. Again this presentation would suggest that it needs a range of parties involved.

Similarly, appropriate responses to problem gambling cannot be addressed by solely focusing on the problem gambler. However, it is felt that this is where much of the majority of attention is still placed. The more holistic and integrated approach with the strong emphasis on prevention and consumer protection advocated by the Productivity Commission is certainly welcomed.

What is predicted to be a problem is the assessment that the current regime of the policy and program approaches responding to gambling-related harm is in some areas where road safety was back in the 1970s. It is hoped that the outcomes of the Productivity Commission process will result in catapulting this area of public policy and practice into contemporary times and hope it doesn't take 30 years to achieve the same sorts of outcomes that road safety has.

In terms of precommitment, you can see a strong parallel there with seatbelts. I think that was said a bit earlier. Basically, while their use is now obvious and now almost unquestionable today in road safety policy and practice, the mandatory use of seatbelts was not common practice until the early 1970s in Australia. Four years after their introduction, in Victoria at least, there was a 40 per cent reduction in deaths and injuries and a 27 per cent decrease in spinal injuries, just from that simple intervention. So this regulation has obviously made a significant contribution to reducing the carnage associated with vehicle accidents.

An effective precommitment system should similarly enable strong protection to consumers of gambling. To this end such a system should be mandatory and be designed to achieve the necessary restraint to prevent significant harm to the user. SACOSS advocates that the model should be an opt-out system such as occurs with the wearing of seatbelts, and ideally precommitment options would be integrated into the design of the gambling environment, in the same manner that seatbelts are integrated into motor vehicle design. SACOSS agrees with the sentiments of the report that a system should be easily understood by patrons, should encourage use without a sense of compulsion and be supportive of better consumer awareness and control of expenditure.

It is predicted that such a recommendation will generate a reasonable degree of resistance, as occurred in the recommendations for seatbelts when they were first being introduced. At this time there were some calls of protest and argument that this was an unnecessary intrusion of personal liberties on responsible road users and would be an unreasonable cost on manufacturers. However, in current times motor vehicle manufacturers now seek to differentiate their products by emphasising the

various safety features of cars and this emphasis in policy has generated significant innovation and supported industry development. Drivers also demand appropriate safety features and most would not contemplate purchasing or using a vehicle that was not fitted with a seatbelt. It is envisaged that the introduction of precommitment features in the gambling area will similarly provide significant value to the industry and consumer groups over time.

In terms of mandatory breaks, the promotion of road safety - there's an accepted, graduated approach to regulation linked to the harm that a vehicle could cause and it places additional restrictions on persons wanting to operate these classes of vehicles, such as trucks, buses and other heavy vehicles. The commission makes an important point that certain classes of gambling disproportionately contribute to gambling harm. Similar to the need for drivers of heavy vehicles to have mandated breaks, SACOSS recommends a consistent time period of mandatory breaks for gambling of this class. It is clear that products such as electric gaming machines generate disproportionate harms to users and the broader community and, as a consequence, would be classified as a format warranting increased regulation and restriction.

Heavy vehicles also have speed regulators placed in them to prevent overzealous drivers posing an unacceptable risk to other road users. The recommendation to set betting limits can be linked to this accepted practice. In terms of the appropriate level, the recommended threshold of \$1 per spin is regarded as appropriate, given a six-second cycle would enable expenditure of \$10 a minute, so potentially \$600 an hour should be adequate for most.

Similarly, it is also common practice to set appropriate speed limits for roads to reduce risk to drivers, other road users and the broader community. The current policy regime for some gambling products can, in some instances, be compared to allowing racing tracks in pedestrian areas. Similar to road systems that can tolerate greater speed, there are different thresholds of community capacity to tolerate gambling activity. Unfortunately, entertainment precincts that cater for tourism and other recreational activities contrasted with suburbs populated by families that have experienced patterns of intergenerational unemployment, entrenched patterns of social disadvantage and social problems are treated as though they were the same in gambling policy, apart from some rare cases such as the Nundroo roadhouse that was prevented from a licence due to the assessed negative impact on the local Aboriginal communities.

SACOSS advocates for an appropriate classification of regions with varied tolerance levels of gambling activity, similar to the setting of speed limits. Obviously, those regions and localities better able to tolerate more intense gambling activity would be allowed a greater degree of tolerance to those localities heavily

populated by disadvantaged populations. Coupled with this idea is the co-consideration of classes of gambling products that are known to be more harmful than others.

This model would require significant adjustment to industry policy as current licensing arrangements do not consider the social landscape of community capacity in any significant manner. This approach can be compared to the national Black Spots initiative, which overtly targeted areas identified as having high rates of road injury and fatality. The noted net value gained from this investment was approximately \$800 million, which represented a \$4 return on every dollar invested. The ability to identify such areas in relation to problem gambling through existing datasets is thought to be a realistic goal by an appropriate resource body such as the national centre for gambling policy and research advocated by the report.

In terms of the prevention pay-off, there is ample evidence in a range of public health measures that society gains significant net value for money invested in upstream measures to prevent rather than solely treat disease. National efforts to reduce bloodborne viruses such as HIV and hepatitis C virus through investment in preventative activities demonstrate enormous social and economic savings; again, estimated to be in the order of \$1.3 billion in healthcare costs to the community, solely just through needle and syringe programs. This program alone has reduced approximately 32,000 new cases of HIV and almost 100,000 new cases of hepatitis C virus infections between 2000 and 2009. Again, this is a return of about \$4 for every \$1 spent.

Specific investment in prevention and community based capacity building activities is strongly recommended by SACOSS, particularly for vulnerable and marginalised populations such as Aboriginal people and people of culturally and linguistically diverse backgrounds. Again, as stated earlier, it's too common for the policy and program focus to be directed towards the hoon driver or the pathological gambler rather than the broader community.

People have the right to be participants in the design, development and delivery of programs that aim to address problems such as gambling at the community level. Having had personal experience of working with marginalised communities in exploring and progressing projects aimed at addressing gambling as a social health issue, it is clear that communities are more receptive to this approach than solely focusing on downstream counselling services.

As is evident in a range of other significant public health areas, the commitment to ongoing investment, the ability to engage a range of sectors and promote an integrated approach aimed at reaching various population groups experiencing different risk profiles is also critical. SACOSS would argue that the

community sector has a very important role to play in both the design and delivery of these programs, and past efforts at building partnerships between industry groups and the community sector and government is in need of continued emphasis in policy and practice.

In terms of stronger transparency, a good understanding of customer behaviour is common in businesses that aim to better meet the needs of patrons and modify business practices to maximise profitability. SACOSS strongly recommends that existing datasets and industry research concerning customer behaviour that industry uses be made more transparent by the requirement to communicate to regulatory bodies the existence of such datasets and evidence informing customer behaviour specific to gambling. Notwithstanding that some of this data will be sensitive at the business level and that such data needs to be appropriately managed to prevent disclosure to competitors, there is no compelling reason why regulators should not be made aware of all industry research that has been conducted and the alignment of focus to the progress of harm minimisation as a primary consideration.

In conclusion, the state government taxation quandary, which I'm sure you would have heard of before: based on the figures published in the report, state governments are gaining significant incomes from problem gambling, with up to 40 per cent of total gaming machine revenue being sourced from problem gamblers, as well as additional income through moderate-risk gamblers. Given the significance of the level of state taxation sourced through gambling revenue, it is not unreasonable to question the incentive that state governments have to reduce expenditure from this source of income. Without such an incentive the task of radically addressing problem gambling could seem to be an uphill battle.

So any influence that the Productivity Commission can have in putting this issue further onto the agenda of the taxation reform by the Henry review or other mechanisms is strongly recommended. That's it in a nutshell.

MR FITZGERALD: Thanks very much. Thanks, Michael and Richard. Louise, do you want to start?

MS SYLVAN: Yes. I'm going to come to the issue that you raised about different communities having different profiles, if I can put it that way, in relation to what gambling activity is permitted in them. How do you see that working exactly? Just to give an example from Victoria, before a pub is allowed to have a set of gaming machines put into it, the local council must agree and the community must agree that there's a process by which that is actually assessed in terms of community opinion. You might be familiar, if you've looked at the transcripts of evidence that we have, of a community that has taken a decision of the gambling regulator through to the courts to prevent gaming machines being put into one of their communities. So I'm

just wondering how you see that operating?

MR McCABE (SACOSS): There's an issue obviously about industry and development going further, as it currently is, and then there's a broader issue about undoing a lot of very poor public policy that occurred certainly in South Australia 20 years ago when the first gaming machines were considered to be introduced into this state. Obviously there was very little consideration to the fact that there was significant venue coverage in areas that have - and South Australia is known, in terms of mainland Australia, to be an area that does struggle a lot with poverty and other social problems.

So whether it's an issue of what happens going forward or whether it's really an issue going right back and looking at how is the industry structured - again, what is the tolerance of local communities to absorb the sorts of revenue streams demanded by industry to be sustainable as well? Obviously you need revenue to keep all your return on investment models going and this sort of thing. I would assume, if the government was fair dinkum about trying to deal with this problem, it would mean some radical reform to the existing landscape of the way gambling is delivered in this state.

MR FITZGERALD: The way in which the South Australian government has tried to do that, I suppose, has been these universal caps that are in place - the restrictions to small numbers of machines in certain types of venues and what have you. You obviously want to go much further than that, where the community actually has a very direct say in what is available in their own communities.

MR McCABE (SACOSS): No. I'd suggest that there could be some appropriate modelling of looking at community capacity to sustain that sort of level of expenditure. I mean, there's obviously the fact that there's the official economy and how that contributes to the money they have in their pocket to put through gaming machines. But we do know that this industry, in areas where there is significant poverty, has led to growth in prostitution and growth in other non-mainstream parts of the economy as such, and big questions could be raised then about duty of care that government has about how you structure a particular industry like this.

MR FITZGERALD: What role do local authorities or councils have in South Australia in terms of listening to the community and being able to shape the nature of the gambling product that's offered to those communities? I notice you referred to that particular success recently.

MR McCABE (SACOSS): Nundroo, yes.

MR FITZGERALD: And I'm aware of that. But just generally in South Australia

do local authorities have much capacity to be able to determine the gaming product that's offered to their communities, or not really?

MR McCABE (SACOSS): Occasionally you'll hear of a bit of community protest; on a greenfields site, for example, where they might be wanting to install new machines and the like. But I get a sense where we're sitting at the minute in South Australia very much is, some time ago there was a recognition from government that too many gaming machines were regarded anyway as being available in the community, so there was a clawback approach. However, I understand that that clawback approach stalled some time ago because there weren't the right incentives in the marketplace as such for people to release those licences.

MR FITZGERALD: Just in relation to your analogy to road safety - and it's an appropriate analogy in some degree to look at some of these issues. But the public health model itself - we in our report have drawn from the consumer protection area the public health model and, to a more limited degree, the medical approaches and tried to come up with an amalgam of measures, and I think you support a number of those measures. But when you talk about public health, a lot of that goes to public awareness campaigns, a lot of it goes to general education of communities and what have you.

I suppose the question for the gambling product is: are those strategies truly a cost-effective way of addressing this issue? A small percentage of people gamble on a regular basis and we know, as you rightly say, that a smaller percentage of those are problem gamblers but they represent a significant part of the income that is derived, particularly from poker machines. But there is an issue about this broader public health approach in this particular area and how successful it would be anyway, so it's not just a numbers game. But do you really believe that a broad based public health approach is going to deliver the outcomes that you seek, or are you better to take a targeted approach; that is, those that are actually gambling, those that are entering the venues? You know, it's very venue-specific, or site-specific if it's Internet gambling. They're not mutually exclusive, but where you target your energy and your effort I suppose is an issue for us.

MR McCABE (SACOSS): I think it would come down to good segmentation. As you say, a person who is actively engaged in gambling behaviour that's problematic, they're saturated with information about where gambling help services are. In South Australia, every gaming machine has to have the helpline number on it; there's mandatory posting of warnings and that sort of thing; occasionally there's a media campaign. But, again, it tends to be very focused on the out-of-control gambler. The second wave of the campaign was a little bit more progressive in terms that it pushed the benefits of actually doing counselling, but it still was very focused on the problem gambler.

The at-risk gambler, the younger people, young people entering into that for the first time, people who are going to - the baby boomers, if they've got anything left after the global financial crisis - come into lump sum money, having a lot more time on their hands, a lot of these things really require very targeted, very well thought-out approaches, and they can be delivered by a host of different organisations. It's about putting this stuff on the agenda and making it relevant to people. Ultimately, it begs the question - and I might be a bit utopian - if you had a society that was much fairer, much more concerned about each other and there weren't the levels of poverty and entrenched social disadvantage, would we have the levels of problem gambling that we do? That's the question.

MR FITZGERALD: Yes. It's an interesting question. I'm not quite sure of the answer to it. It's certainly true that many problem gamblers come from marginalised or disadvantaged backgrounds, but not all, and it's a much broader group of people that are affected. But the concentration does seem to be amongst certain groups. But that leads directly to these issues - and you would have heard Relationships Australia talk about it - around Indigenous communities and, given South Australia's high percentage of Indigenous peoples as part of their population group, do you have any guidance for us in this area?

As you would have heard me say, we've had representations from different Indigenous groups, largely concerned, I might say, about the unregulated card activity in their local, regional and remote communities. But we also heard concerns about just generally Indigenous people that are gambling on poker machines and how do you get them to access support and intervention services.

MR McCABE (SACOSS): Yes. Nunkuwarrin Yunti for a number of years was active in providing gambling help services here in South Australia. We haven't been doing that for a number of years now, for a few reasons. Our approach very much was based on a community social health model. We employed two full-time employees that had statewide coverage at that time - I understand there's a little bit more investment in the sector now for Aboriginal communities, and I actually at one point used to work in that role many, many years ago. I found that you needed to be out in communities, you needed to be engaging with the local people and having conversations, running workshops around gambling. We did statewide art projects, we did statewide projects with youth writing songs and getting the young kids to write lyrics and then record lyrics about gambling and the impacts it was actually having on them as children, for example. Certainly there were some people that were interested in engaging at an individual level around their specific gambling-related problems.

I don't know if you're aware, with a lot of Aboriginal business it's sort of more

of a holistic approach: where it fits with racism; I think social exclusion was talked about a little bit earlier; where it sits with people's prospects for any sort of decent life going forward. The alienation that people feel is part of the big issue as well, and very much the constant stream of competing priorities that the community has, around deaths; we have three funeral notices up a week generally at work in terms of the trauma in the community.

So it's how you get in with gambling and knowing the timing of the community as well, and it's a very diverse community. Even here in South Australia, if you go onto the Yorke Peninsula or into the Murraylands, or if you go up north of Port Augusta or over to Port Lincoln or Ceduna, you've got different communities. So how you then engage at the local level I think is the key and, given gambling is only one of a range of issues, I think it's more about good health promotion, a workforce that can actually be given a little bit of money to go off and do things that are meaningful.

But it's really important as well that Aboriginal people are evaluating the benefit as well, because we found that, while well intentioned, government generally doesn't really understand or get the Aboriginal world view very well. It's very much about trying to save Aboriginal people from themselves; it's a completely different perspective.

MS SYLVAN: I'm wondering how appropriate the road analogy is in relation to where gambling products like EGMs should be placed, which I think is what you mean by considering the social landscape.

MR McCABE (SACOSS): That was more about speed limits.

MS SYLVAN: Okay.

MR McCABE (SACOSS): As in, on some roads you can drive at 110 kilometres an hour, no problems.

MS SYLVAN: So this is the \$1 maximum bet limits and so on; the nature of the gambling machine in certain areas.

MR McCABE (SACOSS): Obviously certain electronic gaming machines, as you note in your report, disproportionately contribute to problem gambling, so where you place gaming machines in a community is obviously going to have a big impact on who's affected. If you've got it in an area that's frequented by tourists - and it's funny, some of the commentary in submissions and even the report about - how do you say it? - maybe we should have different standards for overseas visitors. I think we should be pushing forward a public policy that says, "We really care about

everybody, irrespective of where they come from." Everyone deserves to be treated the same way in terms of harm minimisation and safety when it comes to gambling behaviour. We don't want to send them home broke to the same sorts of problems, wherever they come from. That's just my own personal view on that.

MR FITZGERALD: That's a tricky one, and you understand the competing arguments around that particular issue, with high rollers and overseas visitors and what have you.

MS SYLVAN: In terms of the precommitment recommendations that we made, which you supported, do you think that there are issues about different communities', to use your term, "social landscapes" and how effective that will be in different settings?

MR McCABE (SACOSS): If what's proposed is you don't have an option - "If you want to play this product, this is how you do it" - and you have to consciously make some decision about what you set that limit at, people will fall into line, I would assume.

MS SYLVAN: So that's self-discipline.

MR McCABE (SACOSS): Well, they would fall in line in terms of, "If you want to access the product, this is how you're going to need to access the product." How that would actually occur in terms of how we'd operationalise that model I think is going to be the big question. We have a lot of people come to us for health services. They don't have ID and Medicare cards and dates of births and all those other things, so if you want to have a punt, are you going to be able to if you're an Aboriginal person or if you're a socially marginalised person but you want to spend 10 bucks on a gaming machine because you enjoy it? I don't know. It's going to be a bit of a question for some people.

MR FITZGERALD: Michael, one of the suggestions that came up this afternoon from Duty of Care is, they were suggesting that we should have very low-intensity machines available, which is one of our possibilities, rather than having a sort of low-denomination card; in other words, you can just go in and play those half a dozen machines that are very low intensity. But, yes, we're looking at all those sorts of issues: how do you allow people to play, especially the occasional player?

MR McCABE (SACOSS): Exactly, yes.

MR FITZGERALD: Yes. No, that's true. Okay. Thanks very much for that. That's terrific. And you also put a submission in, I think, prior to our draft. I'm pretty sure.

MR CANNON (SACOSS): Yes, we did.

MR FITZGERALD: Yes, so thanks. You're not putting another submission in or - - -

MR McCABE (SACOSS): We will be, won't we?

MR CANNON (SACOSS): I think we have.

MR FITZGERALD: You have provided it? Okay, good. Thank you very much for that. That concludes the formal presentations. We'll now stand adjourned until we regather in Brisbane and Canberra next week.

AT 4.22 PM THE INQUIRY WAS ADJOURNED UNTIL
MONDAY, 14 DECEMBER 2009