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**TRANSCRIPT
OF PROCEEDINGS**

PRODUCTIVITY COMMISSION

INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

**MR G. BANKS, Presiding Commissioner
MR R. FITZGERALD, Associate Commissioner**

TRANSCRIPT OF PROCEEDINGS

AT ADELAIDE ON MONDAY, 7 DECEMBER 1998, AT 9.03 AM

Continued from 30/11/98 in Canberra

MR BANKS: Good morning, ladies and gentlemen. Welcome to the first day of public hearings here in Adelaide for the Productivity Commission's national inquiry into Australia's gambling industries. My name is Gary Banks, I'm chairman of the Productivity Commission, and on my right is Robert Fitzgerald, who is associate commissioner for this inquiry. As you may know, the commission's inquiry started in August. We've already talked to a range of people and organisations and had hearings around most of the country. We remain to have hearings here in Adelaide and then next we proceed to Hobart.

The purpose of the hearings is to give people the opportunity to discuss their views and their submissions on the public record. In that way they can help the commission in its task of understanding the economic and social impacts of the gambling industries and the role of different regulatory approaches. We conduct these hearings as informally as possible, although a transcript is made to provide a record of discussions. There's no formal oath-taking but the commission's act does require participants to be truthful in their remarks.

Transcripts and submissions are all public documents and can be consulted at the hearing rooms, and there are order forms available for people who'd like to purchase them. We also have them available on our Internet site. With those formalities out of the way I'd like to welcome Nick Xenophon, MLC, to the hearings. Perhaps just confirm your name and tell us in what capacity you're here this morning.

MR XENOPHON: My name is Nick Xenophon. I'm a member of the Legislative Council of the South Australian parliament. I was elected in October 1997, standing on a single issue platform for a group called the No Pokies Campaign, which is a group that was formed in March of 1997 with the specific objective of minimising the impact of problem gambling in South Australia, in particular brought about by poker machines, which we see as being the most problematic form of problem gambling.

MR BANKS: Thank you very much for taking the time to come to the hearings. You've also provided a submission, which we've read, and we have some questions on it. We also benefited from talking to you when we visited Adelaide earlier in the year and talked to a range of people. Perhaps we could start by you highlighting the key points that you'd like to make.

MR XENOPHON: If I can just give a brief precis of the submissions I made to the commission in relation to this, firstly I think there's a definitional issue in relation to problem gambling. The gambling industry regularly says 1 to 2 per cent of individuals are problem gamblers. Researchers I've spoken to indicate, and literature indicates, somewhere between 5 to 6 per cent and perhaps higher, depending on the type of gambling. I think that's an issue that ought to be taken into account. Using a very narrow medical model is not an appropriate way of looking at the issue. I think we need to look at it in a societal framework. If an invalid pensioner, for instance, is spending \$20 a week, or losing \$20 a week on the pokies, for instance, that could be

quite significant for that person compared to a high income earner, for instance, so I think it needs to be brought into context.

If, as a result of even relatively moderate gambling losses of 20 or 30 dollars a week it means that a family misses out on some of the basics of life, I think that's something that ought to be taken into account as a problem. I think it becomes a problem for that family and broader. So obviously I think that the whole definition of problem gambling needs to be looked at but I also find it extraordinary - even if you accept the Hotels Association's approach of only 1 to 2 per cent problem gamblers with respect to poker machines, that still would mean in South Australia, for instance, something like 5000 individual whose lives have been significantly affected by that.

I think you'd find in the context, say, of a therapeutic drug, that would be an unacceptable rate of side effects. If it was in the context of a restaurant that was serving meals and 1 to 2 per cent of its patrons regularly became ill as a result of consuming those meals, then I think that restaurant would have to change its practices significantly. Even on the Hotels Association's jaundiced views, I think that's something that in itself is still a disturbing figure when you consider the overall numbers in the community.

In terms of social and economic research, I think there is an appalling lack of research on this issue, that often we need to rely on anecdote rather than on hard facts. I think what we can be certain of is that there is very little research on the impact of the gambling industries, given the enormous extent of the industries - 15 per cent of GDP in terms of turnover. I have a very real concern that the research is not necessarily independent, given the source of funding. I'm aware interstate of reports being prepared and authors of those reports contacting me saying that what they prepared and what was published was quite different, that the reports were in some way sanitised and whitewashed. I think that indicates the political sensitivity of the issues, given that state governments have such a heavy reliance on gambling revenue.

The research that has been done in the United States by Prof Robert Goodman indicates that there are some quite significant negative externalities in terms of gambling revenue gained, and I've referred the commission to Prof Goodman's work on that. I think that we need a social and economic audit on the gambling industry in this country and some fairly comprehensive economic modelling so we can actually establish the true costs of gambling in terms of the negatives, particularly social welfare and costs to the criminal justice system.

Rehabilitation services: I'm best qualified to speak about the rehabilitation services in this state. We have Break Even gambling services here. These services are funded by the Hotels Association and the clubs. They continually say it's a voluntary donation. In fact it's not really a donation, it's a levy on members that comes through the Independent Gaming Corporation which the hotels and clubs own. The structure of the board that administers that fund consists of five members, one, Mr Dale West from the Catholic community services, Centacare, and I think everyone

will say that he's got a very strong social welfare background and as such no-one is questioning his impartiality.

But you also have a member from treasury, two members from the clubs and the Hotels Association, and a member from Family and Community Services. That means essentially that treasury and hotels and clubs have a majority on the committee. That's clearly unacceptable. That's something that needs urgent redress in terms of the independence of those organisations that provide services. As recently as 2 weeks ago I spoke at a conference in Adelaide of the National Association of Gambling Studies about the need for independence, and after that conference, after I spoke, a number of people - not just from South Australia, from other states - approached me and told me how they were effectively bullied by the industry whenever they spoke out vociferously against the industry.

They were hauled into the offices of, for instance, the Hotels Association or they were approached by the Hotels Association and told that they should be very careful of what they say. That clearly is unacceptable, and I'm speaking broadly. It wasn't just South - I was approached by people from other jurisdictions. But I think that's something that's very important, that funding for the rehabilitation services must be completely independent of the industry, otherwise it leaves it open for the industry to bully those that provide services at the front line.

I mentioned issues such as gambling and crime. I've referred the commission to some research carried out on that. That certainly is a growing area of concern and I'm sure that you'll hear from other people today who deal with people that have committed offences as a result of gambling-related fraud, people who previously didn't have any contact with the criminal justice system. In terms of the broader issue of gambling as a consumer issue, it seems that our current state fair trading acts and the Trade Practices Commission didn't quite - when they were drafted essentially in the 1970s with some amendments along the way - since that time haven't been able to adequately cope or aren't being used adequately to cope with the sorts of advertising you see across all gambling codes, and to be fair to the Hotels Association, the most aggressive advertising you see in this state comes from the Lotteries Commission and the TAB.

I think there are some very real issues of putting that advertising in context and having a fairly strong consumer focus. We don't know the odds. Everyone isn't a winner on the TAB although the TAB, I think, tried to justify that by saying that everyone's a winner by having the pleasure of having a punt. I don't know whether that's something that would apply to some poor punter that's just done their pay cheque on race 5, so I think that's the sort of thing that needs to be looked at.

Warnings displayed at gambling venues are an essential part of that and, for instance, the Adelaide Casino still won't provide me with details of which of its machines in a very extensive advertising campaign that's still being shown on Adelaide television - which of its machines pay up to 98 per cent. We're told that they're the hottest pokies in town but we don't know which ones, and they won't tell us. I

suspect that it's only three or four of the six or seven hundred machines they have, and that clearly is a consumer con that ought to be remedied.

Issues such as inducements in terms of the way that the gambling industry targets individuals: I think, from speaking to a number of problem gamblers, those inducements were quite material in accelerating problem gambling problems. The design of the machines: I direct the commission to statements made by Aristocrat gaming machines in February 1992 in the context of a South Australian debate as to whether gaming machines should be allowed, where the marketing and development manager of Aristocrat said that playing on these machines was entertainment, not gambling, and that it would take you a month of Sundays to lose a hundred dollars on these things.

The way the machines are designed now, on an Aristocrat machine you could lose your hundred dollars playing maximum bets. Assuming you're getting an 88 per cent payout rate constantly, which isn't necessarily the case, you could lose that hundred dollars in 10 minutes. So I think we need to look at the design of the machines and the impact on that design by psychologists that deal with the machines. I'm happy to pause at this stage, if you want me to continue on with my paper or whether you wanted to interrupt me.

MR BANKS: I think if you continue at this stage, we'll come back to discuss some of those points.

MR XENOPHON: Sure. I think there's a very real issue in terms of gambling and children and the exposure that children have, and I think it's to gambling products particularly at gaming venues but also generally with keno outlets in newsagents and advertising for gambling products. Dr Durand Jacobs in the United States at the Loma Linda Medical School in California has done a lot of work on this, and in the discussions I've had with him he's very concerned about the level of exposure. I think that it points to some broader societal issues and some attitudinal shifts that I think we ought to look at in terms of gambling in the same way that we've had attitudinal shifts over tobacco in the last 30 years.

There's a vexed issue in South Australia at the moment as to what extent gaming venues, for instance, should be open in terms of children being able to look in and see the lights and hear the sounds. The approach I'm taking in the consultative draft of the gambling industry regulation bill is to seal them off. In the discussions I've had with a number of problem gamblers, they've strongly supported that in that they consider that simply having a physical barrier of the lights and sounds would in some way act to protect children from being exposed to the venues but also mean that there would be a conscious choice for a gambler, or someone who wanted to gamble, going into the gaming venue. That's a vexed issue but I think it deserves further consideration.

One of the curious things about the development of gambling in Australia, and particularly in this state, is the link between alcohol and gambling. I find it curious

that the hotels lobby has managed to succeed in turning most of its hotels in the state into gambling venues when there appears to be a clear link in all the available research on the consumption of alcohol and levels of problem gambling. I think that there are some issues there to be addressed. I know one gambling researcher I spoke to earlier in the year surprised me when she indicated that she thought that a better model would have been to put machines in unlicensed community clubs where there isn't that link between gambling and alcohol but I certainly think that the industry needs to be much more proactive in dealing with that issue.

Whether we look at the Northern Territory model of the reverse onus of proof, which was considered in this state when there was a reform of licensing laws but the hotel industry lobbied against vigorously and was successful a couple of years ago, I think we need to look at that to put a greater onus on venues serving alcohol to people who are gambling, particularly clearly where there is problem gambling involved.

There is the vexed issue of EFTPOS and ATM facilities at gambling venues. In the number of cases I've been involved with before the liquor and gaming commissioner in the Licensing Court it never ceases to - well, I'm not surprised that pubs that didn't have EFTPOS facilities previously, that managed to trade quite successfully without EFTPOS facilities, when they apply for a gaming licence they invariably apply for an EFTPOS facility. I understand the industry says that times have changed but there does appear to be a very high level of coincidence between having a gaming licence and having an EFTPOS facility.

That is one of the common themes I pick up speaking to problem gamblers and to those who deal with problem gamblers and I think that, at the very least, there ought to be some consideration given to restricting funds available for gambling from an EFTPOS facility. That won't restrict people using the EFTPOS facility for food and drink, but I think there is a very real issue there for all gambling venues and the accessibility of cash. Given that cash is the only way that you can play these machines, then I think that that's something that needs to be addressed. I'm concerned about general issues of enforcement of gambling laws in this state. I note that the liquor and gaming commissioner is here, and this is not a criticism of him or his office, but I think a criticism of the way current laws are framed, making it very difficult to launch a prosecution.

I think it is also quite difficult in terms of the available resources. We have a state government that gets \$6 million in gambling revenue each week, more than half of that from gaming machines. There is yet to have been a prosecution in terms of provision of credit, when I know from direct contact with people who have been given credit and from gambling counsellors, that in recent years since the introduction of gaming machines, the provision of credit - which carries a 2-year gaol term - is something that has been quite widespread, and I think that there are some real evidentiary difficulties and structural difficulties in the legislation in terms of enforcing that. I also would encourage the commission to look at economic impact studies, some detailed economic modelling on a regional basis.

For instance, in Port Augusta, which has something like 13,000 people, the poker machine losses alone in that city are equivalent to 20 per cent of households losing an average of \$100 a week. Now, this is in a town that's doing it pretty tough and I commend the commission for, as I understand it, going there this week to have a regional forum there. But there ought to be some detailed economic modelling. My concern is that the state government won't commission any detailed economic modelling, because I don't think it will like what it will find, and maybe it's something that ought to be done at a federal level.

In terms of interactive home gambling, I see this as more of an area of federal jurisdiction with telecommunications and banking powers, but I am particularly concerned with the virtually universal accessibility of digital TV within the next decade. There is going to be an increased potential for interactive home gambling. Something can be done at a state level, although I note that the approach of this state government will be to introduce legislation to regulate Internet and interactive home gambling. I see that as a cop-out. I think that we will see a tidal wave of problem gambling brought about by Internet and interactive home gambling and it's a very real area of concern.

Finally, the whole issue of the political influence of the gambling industry: I've drawn the commission's attention to the law in New Jersey which, as you would obviously know, is the home of the Atlantic City gambling industry, where there is a prohibition of political donations from the gambling industry to politicians, and the preamble to that law talks in terms of protecting the public interest, both in the fact and the appearance of independence of the political process, given the uniquely powerful economic force that is presented by that industry.

In South Australia, we have a hotel industry, for instance, that is privately-owned, that has enormous political muscle. I think it's interesting to note that the former deputy premier, the Honourable Frank Blevins, in the former Labor government, who was instrumental in introducing gaming machines in this state, is now being employed as a - I think he calls himself a "consultant" for the Hotels Association. Now, I'm not suggesting that there is anything improper in that, but I think it just gives you an idea that this industry has a lot of political money, has a lot of money and political muscle and that's a very serious issue. I've spoken to members of parliament in the lower house who have indicated to me that they have been given hints that if they don't toe the line, if they are outspoken on the issue of gambling, they could well find a very extensive campaign being mounted against them at the next election.

That sort of level of political interference is something that concerns me, particularly in South Australia where we don't have mandatory disclosure laws at a state level for campaign funding, so I think that's a very serious issue that ought to be addressed, because if we don't address that, then I think the scope for reform will be quite limited, given the industry's political influence.

MR BANKS: Thank you very much for covering all those issues so quickly and we will come back and talk about a number of them. I guess there's a broader, almost threshold, issue for us and, as you know, we're not making recommendations for any particular jurisdiction, but we're hoping that we'll produce a report that has some principles in it that all jurisdictions can draw on in terms of making good policy in such an area. As a politician, you must be thinking about the policy-making process and how decisions are made in areas that have economic and social costs and benefits. I'd be interested in any view you had on the way policy was made leading up to the roll-out of poker machines in this state and how it could have been better done.

MR XENOPHON: I think we've had our premier and former premier - I mean Mr Olsen and Mr Brown - have both spoken out in parliament last year, in December last year, talking about the ill-considered and ill-conceived nature of the introduction of poker machines in the state. Even members of the Labor Party that I've spoken to, didn't know what they were getting themselves into. The estimates by Mr Blevins, as I think finance minister at the time, were that this industry - that the poker machine losses would be in the vicinity of 35 to 40 million dollars a year, not the 400 million or so a year, or approaching that, that we now have. I think that there needs to be a good look at the lobbying process. I think that there was an unprecedented lobbying process by the industry.

A lot of money was spent by the industry and a lot of resources and energy, and I think that a lot of parliamentarians were conned as to the extent of the industry, and there was a very good PR job done to minimise the impact of the industry. There is a letter from the Hotels Association, which I'm happy to provide to the commission, dated back in 1987, when there was a proposal to simply have poker machines in clubs and not in hotels in this state. The Hotels Association wrote to all members of parliament, saying that introducing them would be a disaster, that it would cause fairly severe impact in terms of the already-stretched leisure dollar and that, under any scenario, crime would increase with the introduction of poker machines, and it endorsed the views of the Willcox inquiry into poker machines in Victoria a number of years earlier, so I think it just shows you what a cynical industry this can be and I think that in terms of the political process, legislators have made a mistake and I hope that WA, for instance, holds out, despite I think a million-dollar campaign by the industry in that state.

So in answer to your question, I think that before policy is made in terms of expanding gambling - and, for that matter, restricting gambling or gambling products - there ought to be a comprehensive social and economic order to look at the consequences and also the economic costs.

MR BANKS: Involving public consultation?

MR XENOPHON: Absolutely. There ought to be public consultation and it ought to be transparent. I think there were a lot of back-room deals done on the issue of poker machines when they were introduced, and I can only direct you to the parliamentary debates at that time, especially in May 1992 in South Australia, which

indicates that this is an issue that wasn't handled at all well and there was a lot of superficiality to the debate and I think an enormous amount of cynicism on the part of the industry in peddling their view that this was just another form of entertainment and that people couldn't lose much money on these machines, even if they tried.

MR BANKS: A related question: we heard quite a bit, especially in Victoria, from local government, saying that to some extent decisions have been made without regard to the local circumstances of communities that they represent. Have you given any thought to how there could be more local input into such decision-making?

MR XENOPHON: I've written to every local council in the state and I've got, so far, a lot of positive feedback. There's a lot of interest in that, and I think that there ought to be some power given to local government where, at least at a local community level, they can regulate things such as trading hours, for instance, the sorts of advertising that you see in venues, whether it's appropriate or not, so it's sensitive to local community needs. But also, at the very least, to have a veto power on the proliferation of any further forms of gambling in a community, not just poker machines, but other forms. For instance, recently in a small Adelaide Hills community near Murray Bridge of Callington, with something like 200 adults in the local community, there was an application to put six poker machines in the only hotel in the area.

There were a number of objections that went to hearing. We were unsuccessful in that hearing, I think, because of the narrow test in the Gaming Machines Act that would block a grant of a licence. That was despite the fact that over 150, or something like three-quarters of the adult population, signed a petition in that area not wanting the machines, so I think that it's important that there is a bit of local democracy in the context of the expansion of gambling opportunities and I think that local communities do feel disempowered by the whole process, and I'm all for some measure of local control, where there can be an ongoing debate within a community on gambling, because it isn't a benign product. It's a product like no other in terms of the potential it has to cause a lot of dislocation in an individual and in a family context.

MR BANKS: Just taking that perhaps one bit further, when you talked about the lobbying power, and I guess that's a subject for all governments to deal with, and how to manage pressure groups and so on and get a good outcome nevertheless, what about at the local level? I mean, would you have confidence that local government would be up to managing those sort of tensions?

MR XENOPHON: I suppose it would give the Hotels Association a lot more to do, having to deal with 70 councils, rather than just 69 legislators at a state parliament level. I think that you would find, obviously, that there would need to be some controls that would apply to both sides in terms of donations, political donations. For instance, I recently moved an amendment to the City of Adelaide Act, which now requires disclosure of electoral donations in the context of the City of Adelaide. I'd like to think that's something that can apply to all councils when there's a local

government review and indeed at a state parliament level, so I think that if you have some very basic controls and there are transparencies, then you would be able to minimise any degree of undue influence of the gambling industry.

MR FITZGERALD: I just want to go back a little bit. You made comments that the former premiers have indicated that perhaps they got it wrong. Senator Grant Chapman produced a letter the other day in the hearings in Canberra from Premier Olsen in relation to that. When the government here is indicating that got it wrong, in what way do you think they actually believe that to be the case? Is it the number of machines, the way in which the venues were done, or is it simply the introduction of EGMs beyond the casino generally?

MR XENOPHON: In the context of the remarks made by the premier and the former premier last year - particularly the premier's remarks in Hansard - and I think there was a great degree of community support for what the premier said. The premier's concern was that the EGMs went beyond the casino and beyond community clubs and into hotels and it was a question of accessibility. It seems, in terms of the problem gamblers that I speak to, accessibility seems to be the big factor, and having them in the context of a hotel where people would socialise and with the combination of alcohol, it does seem to be a fairly potent mix. I don't know if that answers your question.

MR FITZGERALD: That's fine. Just taking that point, this issue about accessibility, there is no doubt at all that as we have gone around Australia those in the counselling area, those concerned about problem gambling, indicate that accessibility is a major contributor to the increase in the number of problem gamblers.

MR XENOPHON: Yes.

MR FITZGERALD: The issue is, what is accessibility? Is it the number of machines per head of population or in a region, or is it the number of venues, and this is a very vexed question and I will come to it because it then comes to the notion of regional capping and state capping and so on, so when you talk about accessibility is your concern predominantly with the number of machines or the number of venues at which the machines are located, or is it a combination of both?

MR XENOPHON: It is a combination. In South Australia you can have up to 40 machines - I know the Victorian model is 105 - but, as I understand it from the industry, anything over 30 machines you can have a very attractive gaming venue, you have the atmosphere, the necessary atmosphere that I think the marketing managers of the various gaming machine manufacturers say is conducive to people spending their money. I think if we were restricted well below the 30 machines to say 10 or 15 machines or in that order, you wouldn't get that same milieu that you currently get, but also the machines being so accessible and being so "in your face" so to speak in terms of being seemingly on every street corner in this case - and bear in mind in South Australia we have a higher concentration of hotels with poker machines than, I understand, any other state in the Commonwealth, with something like 60 or

approaching two-thirds of hotels having them - and I am sure the Liquor and Gaming Commission's office can confirm that, so it is the number of venues and it is also the number of machines in each venue because I think you reach a critical threshold of a number of machines where problem gambling seems to be more apparent in a larger venue than in a smaller one.

MR FITZGERALD: As I understand it in South Australia, the number of 40 is more by good luck than good management in the sense that it was actually meant to be a higher figure and then it was changed in the latter stages of the bill going through parliament. Has there been any research done as to whether this 40 figure - and some people have indicated to us that it is the right figure; others have indicated that it is the wrong figure and some would say very differently. Have you got a view about that number? You are saying that it should be less?

MR XENOPHON: I'm saying it should be less in the context of the level of having an atmosphere of a gaming venue. I think that that is something that is conducive to exacerbating problem gambling. I mean, obviously the industry can best comment on that but as I understand it, in terms of what they have told publicans, with anything over 30 machines you can actually build a gaming machine, a mini-casino atmosphere, and that is what the industry - and I think 40 machines is quite comfortable for the industry in this state, and that causes me a degree of discomfort in the context of problem gambling levels.

MR FITZGERALD: Correct me if I am wrong, but your draft bill proposes that in fact there be a reduction in the number of gambling machines - EGMs - over time. Is that correct?

MR XENOPHON: What the bill proposes - in fact, I had the luxury or perhaps the impediment of only making one promise at the last election, and that was to phase out poker machines from hotels over a 5-year period - or after 5 years. Now, obviously that is the most contentious part that the industry has seized on - understandably - but I think that if we were to have a choice in the community - I am not adopting a prohibitionist's approach, but if there was going to be a choice between having gaming machines in - if I had a choice between having them in hotels and clubs in over 513 venues or simply having them in 80 or so clubs, then I would prefer 80 or so clubs where at least the money goes back into the community and I think there is a greater chance of trying to monitor the extent of problem gambling.

MR FITZGERALD: Would that be capped in each of those club venues? In other words, would that be capped at a certain number per venue or would you be leaving in - - -

MR XENOPHON: No. I don't know whether we would want to go down the path of the New South Wales industry where they have, you know, hundreds of machines per venue. I would have thought that there needs to be a balance here between people's choice and also the potential impact of the machines.

MR BANKS: Your preference for clubs over hotels - is it based solely on what is done with the money or do you have any other reasons for that?

MR XENOPHON: A couple of reasons. I suppose my preference is that - I am trying to take a politically pragmatic approach in the sense that it is not only what is done with the money but it is also - my understanding is that given there isn't a direct profit motive for the club managers - they are simply paid a salary by and large - then I think there tends to be a more proactive approach in looking at levels of problem gambling, and the discussions I have had with the club industry - I have been heartened by the fact that there does appear to be a significant body of individuals within the club industry that seem to take a more active approach in looking at problem gamblers, and that is not to say that there aren't a number of hoteliers that do that as well, but I think it is going to be easier for a club manager where if they are simply paid a flat salary, rather than a hotelier, who understandably has a profit motive, where those issues may not be so paramount in their mind.

MR BANKS: There are so many differences from one jurisdiction to the other - I meant to check on the situation with hotels. Are they treated preferentially in terms of state taxes - the clubs, relative to hotels?

MR XENOPHON: Clubs are now treated preferentially to some degree by a small margin in terms of taxes and that was brought in at the time of the last state budget, and I don't feel uncomfortable with that, given that I think clubs make up a fairly small part of the market share. I think they are only making up about 10 per cent of the market share of the industry.

MR BANKS: Okay.

MR FITZGERALD: I just want to talk about capping. As I understand it - and correct me again - the state of South Australia doesn't have an overall cap. If another hotel or another club emerged they could apply for up to - it is automatically granted up to 40.

MR XENOPHON: That's right - well, virtually automatically, subject to the criteria of the Gaming Machines Act, but those criteria - it is very hard for a community to beat that unless there are some extraordinary circumstances. The position now is that the social development committee of the South Australian parliament - of which I was not a member - in its report on gambling recommended a limit of 11,000 machines in the state but, in fact, with current approvals in the state there are currently approvals of 12,000 EGMs - we're well over that - and I think the social development committee recommended only 10,000 - that it be reduced to 10,000 machines gradually.

There is currently a bill before state parliament - a private member's bill - which I introduced to freeze the number of machines. I expect that that may be voted on in the next week or so, or at least early in the new year and, at the very least there ought to be some breathing space and I would have thought that the fact that this commission is looking into this industry would add strength to the reason that we

ought to sort of take stock of which direction we are heading with EGMs in particular.

MR BANKS: On that question of caps per venue or statewide, again that is a very interesting thing for us to compare from one jurisdiction to another and, as you know, every place does it differently.

MR XENOPHON: Yes.

MR BANKS: One of the issues that came up in Victoria, in particular, was the allocation process there - which has some particular features of its own - has resulted in a very high density of machines in the lower socio-economic regions or communities of that state. Are there any issues like that that are of concern to you in South Australia? Has the 40-machine-per-venue cap led to a lesser concentration than we observed in Victoria?

MR XENOPHON: The Hotels Association is quite vociferous saying that it doesn't target lower socio-economic - well, more problematic socio-economic areas. I think, historically, hotels have been in certain areas. We don't seem to have as many hotels at Toorak Gardens and at Springfield in this state than there are down at Port Adelaide and there are a number of societal reasons for that in terms of hotels having a very integral part in the community and being a meeting place over the years, although not so much now since gaming machines have arrived, so I think that rather than looking at where they are located I would rather look at what the impact is on individuals and families, and I think that the available research indicates that it does tend to hit lower income earners harder and that applies I think to all gambling codes but particularly gaming machines, although not exclusively, but I don't think there is any conspiracy on the part of the industry. I just think that the hotels have been concentrated in certain areas and the industry has gone from there in terms of where the machines have been put.

MR BANKS: Thanks for that. You made a suggestion very briefly in your submission, which you didn't mention, I think, in your delivery just before, and that is you said consideration should be given to the establishment of a national gambling impact commission.

MR XENOPHON: Yes.

MR BANKS: Would you like to just elaborate briefly on that?

MR XENOPHON: I think the states can't be trusted to deal with gambling issues. It has become such a cash cow for states, and in fact I think in terms of policy terms I suggest it has turned into a mad cow because it has undermined good public policy. I think what we need to look at, given that states such as South Australia and Victoria are getting one in every eight state tax dollars arising from gambling, there is a very strong vested interest on the part - dependence on the part of the states, too, with gambling revenue, and a national approach is needed in terms of some uniform

national laws - at least some minimum standards - at least in terms of advertising, accessibility and product design of all gambling codes, so I think a national gambling commission which has an oversight role to monitor the industry on a regular basis, that is fearlessly independent, so it can carry out some comprehensive social and economic research without fear or favour, is something that is sorely needed because my concern, when I have seen what happens here in South Australia and other jurisdictions from the information I get from researchers, really raises some serious issues of the independence of that research and I think that if it is removed to a Commonwealth level then I think that can be a very powerful tool for public education and also framing further public policy on this issue.

MR BANKS: I mean, a national approach has some of the advantages you suggest; it has some of the disadvantages though in that in any national body is inevitably going to be further away from where the action is.

MR XENOPHON: Yes.

MR BANKS: Are there other suggestions which you would make at a state level that would sort of enhance the independence of the research or the quality of the decision-making?

MR XENOPHON: In the context of the consultative draft of the bill I have suggested that there be a gambling impact authority established so that it can carry out those research roles. I am concerned that in this state the industry will lobby very hard against that. I don't think the industry or the government would want a fearless level of independent research because I think for a number of politicians that would blow their cover that the gambling is a relatively benign industry and that it has overall benefit, but I think that certainly I will be doing my best to have an independent body established in this state and I think it is axiomatic if you want to progress the issue in terms of public policy debate and have some unbiased research, free from interference from those for and against the industry, then you need to have that level of independence.

MR FITZGERALD: In this state there is no hypothecated levy across gambling to a particular community benefit fund, support fund or what have you. It is a voluntary association - - -

MR XENOPHON: No. If I can just clarify that, there is \$1.5 million that the hotels and clubs industry makes for rehabilitation services and I have already raised my concerns about the independence of those - and they are very high-quality services, I must say. I think that the standard of the counsellors and the work that they do ought to be praised but in terms of - there is also a sporting and recreation fund and a community development fund but they're not there to deal with the problems of gambling. They are there to - I see it as essentially a fund to pork-barrel in a sense, to say, "Look at the wonderful things we do with poker machine revenue," and I have seen recent media reports that various charities and groups have obtained poker machine funding and that's obviously a good PR device by the industry to say, "Look

at all the good things we do," although I think there is some irony in giving funds to charities which have been hit very hard in their fundraising activities since introduction of poker machines.

MR FITZGERALD: In terms of regulation, just taking that - so you see that the rehabilitation fund needs to be restructured and more independent?

MR XENOPHON: Absolutely.

MR FITZGERALD: At the present time there is the office of liquor and gambling - what is it?

MR XENOPHON: He is the liquor and gaming commissioner.

MR FITZGERALD: Have you got a particular view? We have had varying views about whether liquor and gaming or gambling should be linked in the regulation. We have had some states say to us that they should be de-linked, we should have gambling and liquor separate. We have had others that said they should be linked together. Do you have a particular view in terms of regulation and licensing?

MR XENOPHON: I think that the whole role of the structure of the regulatory framework needs to be looked at and I think that the liquor and gaming commissioner is in a difficult position, given the structure of the legislation, particularly in this act the commissioner has got a very proactive role in - and obviously he can speak for himself but, as I understand it, the legislation is framed in terms of allowing for the responsible service of alcohol that inherently involves having good relations with industry and dealing with the industry on an ongoing basis, but I also think that it causes some tension in terms of the regulatory role and the punitive role that the commissioner has and I think that puts the commissioner in a difficult position. There is an inherent tension in the legislative framework and I think that we ought to look at separating gaming from liquor in terms of a legislative approach, and having an independent authority is one way of doing that - to be able to enforce legislative framework and not put the commissioner in a difficult position, given his other important roles with the industry.

MR FITZGERALD: You have made comments in your submission that the enforcement of gambling laws - you were concerned about the lack of prosecutions, particularly in relation to credit and others.

MR XENOPHON: Yes.

MR FITZGERALD: You basically indicated you believe that that is because of a structural weakness in the regulation or some regulatory flaws. Can you just explain that a bit more, please?

MR XENOPHON: Sure. I think it also goes broader than that in that problem gamblers may be reluctant to come forward. Some feel intimidated in terms of raising

this issue, some feel too ashamed, I think. Again that is part of a societal shift that there ought not to be this feeling amongst problem gamblers that they are in some way blameworthy, that there is some stigma attached to it. I think we need to de-stigmatise the whole concept of problem gambling and just put it in the context of a social problem rather than something for people to be ashamed of but I think there are difficulties in that given the link between the rehabilitation services and the industry.

I think it puts rehabilitation counsellors in a difficult position if they are aware of offences under the act. It does put them in a difficult position. I have spoken to people in the Hotels Association, who have told me that their approach - if they are aware of credit betting for instance, and they have got a very strong policy - to be fair to the Hotels Association - against credit betting, but their response is that they ought to be able to deal with the public and deal with that issue on a one-on-one basis.

Now, that may be very good from the Hotels Association's point of view. I think what you really need to put a rocket under the industry is to have a couple of prosecutions where publicans lose their licence for providing credit, given the public policy criteria behind it, that this exacerbates problem gambling. But I also think we need to look at, for instance, Northern Territory liquor laws which have a proactive approach, where there's a reverse onus of proof, and that's something that I don't profess to be an expert on, but I think that it's something we ought to look at, and I'd like to think that South Australia can take that proactive approach in the context of reforms to gambling legislation here.

MR FITZGERALD: But is it correct to say that the committee here, the legislative committee, has recommended against that approach?

MR XENOPHON: The social development committee hasn't recommended very much at all in this state. I think their report, from my point of view and from others, was very disappointing, and I'm not surprised, and it's not a criticism of the members of that committee who are my parliamentary colleagues. You have a situation where you have a very well-resourced Hotels Association that can be there all the time, that can make comprehensive submissions, compared to a welfare and social justice lobby that simply can't compete in terms of resources or can't speak as fearlessly as they ought to be able to because of the system of funding, so I think that there are issues there that ought to be taken into account.

MR BANKS: Just on this question of liquor and gambling, you make the point, extending on from your comment about reversing the onus of proof - you say:

which requires a venue to take a proactive approach in assuring that a player is not under the influence of alcohol to a material extent that could affect the levels of gambling losses.

MR XENOPHON: Yes.

MR BANKS: You mention on the previous page that even two glasses, two standard drinks, can double a person's gambling losses or can lead to the doubling of a player's losses.

MR XENOPHON: Yes.

MR BANKS: Would you concede that this would be an extremely difficult area of a publican to regulate or supervise?

MR XENOPHON: Sure. I think it is difficult, but in terms of the anecdotal material and in speaking to problem gamblers where they are given free alcohol, I think the practice of giving free drinks to regular players is something which isn't difficult to supervise - there's simply a prohibition on it - and I don't think that's unreasonable given the emerging research and the growing body of research that talks about the link between gambling losses and the level of alcohol consumption. That is a real issue, and this is not taking a prohibitionist approach. It's simply taking a responsible service approach, but I query whether the industry would be interested in that, given that the industry makes its cream from problem gamblers.

Julie Smith's analysis for the Australian Institute earlier this year, which no doubt you're familiar with, talks in terms of 200,000 gamblers in Australia, to use neutral terminology, contributing one-third of gambling losses. Now, that's where the industry makes its money - from the problem gamblers - and I don't think the industry is serious about doing anything in a real sense about problem gamblers, other than some cosmetic window dressing, because that's where their big money comes from.

MR FITZGERALD: The industry has indicated to us in all of the hearings we've had of course that that proposition you've just put is not so. They would say to us and they have said clearly that it is not in their interests to have problem gamblers, blah, blah, blah, and therefore there seems to be a real conflict. We will obviously be researching this issue about the small percentage of people contributing a large percentage of gambling dollars. But just on that, the overriding issue is that the industry continues to maintain that this is an entertainment business; for the vast majority it doesn't create problem gambling.

Your approach is to actually say it's not just another entertainment industry, it's not just an industry. It has major impacts. But how do you balance then this dichotomy between what is perceived to be entertainment for the vast majority and significant problems for a small minority? Where does the balance rest in this? As you say, you're not a prohibitionist, and you've got a number of recommendations here about how to make modifications, but where do you think this balance rests?

MR XENOPHON: Well, going to the whole issue of entertainment, I think that's one of the great lies of this industry. I'm not aware of people trying to kill themselves after going to the movies, after seeing *The Sound of Music*. This is an industry that does cause a great degree of community dislocation, and individual and family and societal dislocation. This is not an entertainment industry. If the industry is serious

about that claim, then it ought to agree to the modification of machines so that people can't lose more than 10 or 20 or 30 dollars an hour, rather than the hundreds or thousands of dollars an hour they can lose now with the current design of the machines, and I think we really need to look at the design of the machines and that we ought to start looking at this not as a moral issue - and I've never spoken in those terms about this issue - but let's look at this as a product liability issue.

So I think we need to balance - we need to look at overall community concerns and the cost to the community, and I think once we know what the true costs of gambling are in the community, we can then look at modifying the accessibility of gambling products, but also the design of those products. In the same way, our liberty to drive a motor vehicle is restricted to an extent by having to wear seat belts because it's usually good for us and also because as a community we don't pay as much in terms of health costs, then I think that we ought to look at having some sensible restraints on the industry.

MR FITZGERALD: Your experience in the state of South Australia in terms of the industry being prepared to look at modifications of the venues and machines - what's the overall response from your point of view?

MR XENOPHON: Well, the industry has taken a very aggressive approach. That's their right. I have yet to hear from them as to any part of the bill which they would be interested in dealing with. I think that the industry won't do anything that will affect their bottom line. If we have machines that are modified and that will help reduce the problem gambling rate by say 50 per cent, I don't think the industry will wear it because that will mean that for many venues their revenues could fall by 10, 15, 20 per cent, and I can't see that this industry, which is so tenacious in holding onto its market share and its political influence, will agree to that.

MR BANKS: Okay. I think I've pretty much asked the questions I wanted to ask. There's one on EFTPOS and ATM facilities that you mention there. This, as you can imagine, has come up elsewhere. In Canberra I think it came up in the form that one of the gambling counsellors was concerned that EFTPOS was in some ways more pernicious than ATM facilities because it doesn't provide information on balance of accounts and so on, and people would actually find that they'd withdrawn more than they might otherwise have done. Is that an issue that's come up?

MR XENOPHON: It is an issue, and I think EFTPOS and ATMs are integral to a gaming venue's success nowadays, and I think that we really need to look at the accessibility of that. If I can just reflect briefly on the question of the design of the machines, there is some interesting work being carried out in the Netherlands on this. The fact that there is technology available to modify machines so that they pay out after a certain rate of wins, that rather than getting cash clanging down in the machine you get a piece of paper where you can go to the cashier for that. They're the sorts of things in terms of part of gaming room design that I think can help substantially reduce the problem gambling rate without affecting people's enjoyment of the machines.

MR FITZGERALD: Can I just broaden it very briefly because I know time has run out. Your comments about interactive and Internet home gambling: can I just get a clarification of your position on that? We are looking at what is possible in terms of, you know, how you can control it, if you wish to control it, but how would your approach generally be characterised?

MR XENOPHON: Well, my approach works on the precept that I think it's going to be very difficult with the widespread introduction of the interactive home gambling, particularly with digital television, to prevent a significant increase in problem gambling, particularly in terms of issues of accessibility to children. At least now when people go into a poker machine venue, you've got to be 18, you actually have to walk through a door to get into the venue. You won't have that with the advent of digital TV and interactive home gambling. You will virtually turn people's living rooms into a virtual casino, and I think that we really need to look at that, as to whether we want to increase the levels of problem gambling.

The approach I've suggested, apart from an outright prohibition, is it can be made effective by using banking powers to allow a gambler who has lost in a transaction to avoid the transaction on their credit card, if you accept that credit cards will be used in 99 per cent of cases as the means by which home gambling will be facilitated.

MR FITZGERALD: So you'd have the financial restriction if you can't do it in any other way?

MR XENOPHON: Yes.

MR FITZGERALD: Just related to that, I just want to go back to a comment you made on page 9 of your submission concerning TABs phone bet credit card facility. Can you just explain to me what that is and what's the concern there. There are phone bet accounts, but this is going one step further to a straight-out credit card facility.

MR XENOPHON: Yes, and I know my friends in the Hotels Association say they're not critical of other industries, but when I called the TAB when they introduced this facility earlier this year corporate cannibals, it drew a sharp response from the TAB. But how it works is this: you can now use your credit card when you ring up to make a bet, to draw funds from your credit card - in other words, you're betting on credit, in a sense. There's no requirement of actually having money located in the account. You can transfer credit effectively into your phone bet account, using a number of credit cards. So that's something that I think that both Dale West from Centacare and chair of the Gamblers Rehabilitation Fund committee and also Dr John O'Connor from NCDA at Flinders University have said will lead to increased levels of problem gambling. It's axiomatic.

MR FITZGERALD: The TAB in South Australia is still currently government controlled?

MR XENOPHON: Yes. They need to legislate for that to privatise it.

MR FITZGERALD: And that's not on the agenda at the present time. Was there any reaction from the government in relation to the issues of concern that we're raising?

MR XENOPHON: Well, I've asked questions in parliament on this issue and I've yet to receive a satisfactory response, so I think it's disappointing and I think there doesn't appear to be much of a difference between government and privately owned enterprises. In fact in some respects the Lotteries Commission and the TAB have been worse than the private sector, than the Hotels Association, in their approach to advertising.

MR FITZGERALD: You mentioned things like keno and what have you. As I understand it, South Australia has a fairly liberal regime in relation to keno and the accessibility of keno compared to some of the other jurisdictions. Do you have any particular views about the changing nature and accessibility of keno?

MR XENOPHON: Well, accessibility does worry me. It concerns me that children can have access or can see it's readily accessible in newsagencies and shopping centres and it's a real issue. I think that keno is a problem. We have in this state a woman who is still in prison as a result of an armed robbery to feed a gambling addiction, and keno was the method of gambling that she had a problem with. So I think that's a real issues, and the Lotteries Commission hasn't been proactive, hasn't been terribly socially responsible on this whole issue, and that concerns me, but poker machines in some way are an extension of keno, are a rapid form of entertainment, and with the lights and the sounds seem to be more problematic.

MR BANKS: Thank you very much for that. We appreciate your participation. We'll just break for a moment before the next participant, thanks.

MR BANKS: The next participant today is the Hotels Association of South Australia. Welcome to the hearings. Can I ask you, please, to give your name and your position with the association.

MS McGREGOR: Margo McGregor. I'm the public relations manager for the Australian Hotels Association in South Australia.

MR BANKS: Thanks very much for coming along today. You've provided a submission which I think at this stage is broadly what was presented to the earlier review in 95 - state review. We've looked at that and we've got some questions, but perhaps we could give you an opportunity to summarise the points you want to make to us today.

MS McGREGOR: Given that we've submitted it - and you're quite right, the detailed submission that the association put together for the recent state inquiry - I wanted to focus on maybe a couple of key issues, the principal one being the uniqueness of the South Australian model, the gaming model in hotels and clubs, in comparison to other states, and on the responsible service and harm reduction strategies that have been put in place, largely driven by the South Australian Hotels Association but also incorporated in the clubs of this state as well.

I didn't hear all of the Honourable Nick Xenophon's information to you but some of the points that he talked about, about community benefit and targeting of specific areas - and as I talk through some of the issues of the unique model here I think some of that may have our own perspective in them as well. When they introduced gaming machines into clubs and hotels 4 years ago the association took what we consider to be a very proactive step and right from day one instigated a program which is a complete package called Smartplay. It began with the pledging of voluntary funding, as you would be aware, of \$1.5 million per annum. That funding goes to provide the Break Even gambling counselling services around this state. I think there are now 13 agencies that provide a range and mix of services from financial counselling to intensive therapeutic care to relationship counselling.

Smartplay started with the voluntary funding. It then went on, and what the industry did was we accepted from the outset, when we looked at Prof Mark Dickerson's research from the Australian Institute of Gambling Research, that there would be some difficulties with problem gambling and that as a product, similarly with alcohol, when I wrote the harm reduction strategies for the industry, the Smartplay package, the only thing I could go on to use in Australia was analogous studies and things that had been done in the alcohol area. So no other gambling code anywhere in Australia 4 years ago had tackled at the very pointy end, what do you do as an industry to assist in the harm reduction and harm minimisation issues?

I worked with Prof Mark Dickerson and consulted - all of the drafts of the various pieces of the strategy were provided to the Break Even counsellors to provide

some comment on as well, so there was consultation with them in the development of it. It started with the Smartplay booklet, which is the small silver one. This one is a booklet that basically was deliberately designed to be generally appealing. I think some of the stuff that's developed in this area - your prime objective should be for people to pick it up and have a look at it. If you've got something that is all doom and gloom on the front cover from a marketing perspective, people aren't going to pick it up and read it.

So what this booklet contains is some general information about how machines operate and work, and then the real purpose of having it is the later sections in the book that talk about the outlawing of credit betting, giving people messages about never gambling with borrowed money, and with their gambling expenditure to work out a weekly - you know, gives advice about working out a budget and only spending what can be afforded, etcetera, etcetera. We then go on with a bit of a survey on asking people to ask themselves the question about whether you're a good or a bad gambler, and then provide information about where to go for assistance.

That's available in all venues across the state and free, obviously, to players. The funding of it: it was not an inexpensive document to put together; the whole package is fairly expensive to produce. It was all done also at the cost of the Australian Hotels Association. To complement that we then had to look at - and this was the more difficult one, I think, and actually goes to the nub and is very much at the very pointy end of what needs to happen in venues with problem gamblers. It's the guidelines for provision of responsible gaming for employees and licence holders. I apologise for this being a photocopy. I'm at the moment revamping this into a next reprint with some amended changes.

What this deals with, as you'll see if you go through it - there's a generic industry code of practice that was developed 4 years ago that really talks about the tone of how those services should be delivered. It talks about referencing to Smartplay and to house policies to make sure that staff have to understand who's empowered to make decisions in a venue and what the internal policies are. There's a whole section that provides the information about the provision of credit to bet, and it's very clear about the fines and so forth that will occur if that is breached. There's messages in there as well about if customers can't afford to pay for things, then they shouldn't be playing.

The really difficult part was the question of the boundary between a hospitality worker's role and a counsellor's role. I think this is one of the areas where there is a lot of difficulty on both sides of the fence, if you like. I think sometimes there are unrealistic expectations of industry hospitality service providers in detecting problem gamblers, and then even once that detection may have been - or a hunch about that detection is made, how and when they should intervene. I guess if I can liken it to when you serve somebody alcohol and they're intoxicated - and workers in the hospitality industry deal with this all the time - what you're saying to the person is, "At this moment in time you're drunk, you've had too much to drink. I'm not going to serve you an alcoholic drink but you can have tea or coffee or water or, if you're

really unruly" - you know, ask them to leave or bar them from the premises.

What you're tackling is an issue for that moment in time. If you approach someone and say, "Based on my observation of how much you're playing or how much you're spending," usually without information about the person's economic status or their relationship status - whether they indeed have anybody that they should be at home with that could be damaging their relationship - you're actually tackling them about a whole-of-life issue. What you're saying is, "You've got this fairly whole-of-life problem," and I think that's considerably more difficult, more sensitive and more likely to sort of erupt in people's faces and to make things worse, not better. So it's a much more tricky issue to handle, is my point, than the issue of whether a person is intoxicated and should be no longer served.

Nobody had tackled that 4 years ago when I wrote this stuff for the industry and when we began working through what would be reasonable signs to approach, and when and how to intervene. I think really, apart from the work that's been done in the New South Wales clubs sector with Prof Jan McMillen - there's a pilot study that she's putting together. That still hasn't got down to this kind of detail and I think that it is very, very difficult and sensitive and is a very hard thing to tackle. I think, given that the industry in South Australia tackled this from day one 4 years ago when no-one else had, I'm certainly not saying we're perfect but it's a very, very difficult issue.

There's instructions in here about when and how to refer a patron for assistance to the Break Even agencies. It goes on to talk about seeking credit, which are cheque payments or cash advances, requests to self-bar - what should happen and what piece of the legislation relates to that, and stepping through the process of barring a person. In the upgrade to the new manual I'll actually include - I've written a separate document for our hoteliers, a sort of step by step of when you need to bar someone, how that process should take place. I'll include the barring form in this handbook and the step-by-step process of the barring procedure, whereas it's only covered in more general terms in the document at the moment.

There's obviously some things that will be upgraded in it as well, where it refers to Lifeline and Crisis Care as after-hours referrals. We've recently looked at it through the Gamblers Rehabilitation Fund Committee and it should start - I'm hesitating to say a date but almost any month or week. At the moment it's a pilot 24-hour counselling line. So some of those things will change as well. We're using the same contact number, the counselling line. There's obviously bits in this manual that also refer people to where the Break Even agencies are, who they are, where they are, how you access them, and then some more detail about the barring provisions, and then a summary of the key aspects of the law of the Gaming Machines Act in this state that impact the most significantly on the day-to-day operation of a gaming machine employee.

Just on that, there's a section in there on things like identification badges and so forth. This is part of, I suppose, really more of the uniqueness of the South Australian model but I'll throw it in just here at the moment. Every gaming employee and licence

holder in this state is fingerprinted, police checked and undergoes very stringent probity checks before they're given a licence to be a gaming machine employee. It's all done through the office of the liquor and gaming commissioner.

MR BANKS: I don't believe that occurs in other states, does it?

MS McGREGOR: Certainly the Liquor and Gaming Commission could probably confirm that, but it's my understanding that it's one of the uniquenesses of our model here. Appropriate signage, barring a patron, allowing them to maintain - so that the last section of it goes through the key sections of the act. So that's the manual for employees, so having tackled one for players we then went on to do something for the staff that work with punters and work in venues. There's a third tier to this which again hasn't been done anywhere in Australia, and that's very extensive training. I've developed it and run it and often have co-led it with counsellors from Break Even - invited them in to co-run that with us.

What we tackle in that is through a series of case studies and hands-on type workshop settings where we talk through the whole issue of identifying problem gamblers, what their role is, because hospitality staff do have a level of anxiety, given the extremely negative press that is attached to the issue of gambling of late. They have levels of their own anxiety about "What am I supposed to do? What are people's expectations of me?" I think sometimes they are forgotten in the equation. That training I'm trying to get nationally accredited. We worked out the core competencies and submitted it through the state-based Tourism Training Council here and that was accepted at a national level.

So there's work behind the scenes to get that up and running as well, and has been for some time. I think that training is really critical and it really does, as I say, go to the very difficult and vexed question of "What do you do if you're in a venue and someone, you think, may be gambling excessively?"

The next parts of this: there are stickers which we developed, and again you'll see they're all themed. There's the "Don't Ask for Credit," the credit betting signs. That's to remind both players and staff that credit can't be provided. There are stickers that go on the back of toilet doors and in other area of the hotel, little business cards with the 1800 number to be able to be discreetly picked up by players who may want to pass the card on to a relative or so forth. There's a corporate flier in here that gives you a summary of the whole Smartplay package and the last component of it, which was developed in July this year - I launched it in July with - it's a welfare sector, government and industry endorsed code of practice for advertising and promotion.

One of the Parliamentary Social Development Committee's recommendations was that all gambling codes should submit such an advertising code to the attorney-general by the first sitting date of next year. I'm not aware of any voluntary advertising code being developed by any other code. By and large the advertising that hotels do is very minimal. They use almost no television advertising, some regional

print media advertising, but I think certainly some of the advertising that has caused more concerns would have come from other gambling codes and certainly the Honourable Nick Xenophon referred to that. I think I remember him saying that he thought the hotels and the gaming machines issue wasn't as serious on that level as other gambling codes.

The harm reduction strategy is a really difficult thing to put together. It can certainly be worked on and continue to be improved upon but I think that it's one of the things that the industry here in South Australia, having always been mindful of the fact that you have got problem gambling in the same way that you have people who develop problems associated with alcohol - I guess it's our view that there's two and half times spent more on alcohol in this state than there is on gambling across all codes, and so I guess in time there will be more normalisation of - it will probably take another couple of years, I think, but more normalisation of the treatment of gambling as a leisure form within the community in the same way that we live with alcohol.

Certainly if I pick up the daily newspaper, there are more stories about negative impacts of alcohol on a daily basis, from drink driving through to a whole range of health costs and so forth. I think gambling is an area that we need to probably treat in a similar way that we do with the alcohol arena, and in time it will become more sort of normalised in a sense that you monitor it and keep working with programs within industry.

MR FITZGERALD: Can I just raise a question. One of the issues is that we're very conscious of the detailed work being done in terms of responsible gambling, particularly in South Australia with the materials. Some would say to us whilst that's taking place there is in fact almost an entrapment taken place at the other end. You have the coalescing of a number of factors: (1) is alcohol, sometimes subsidised; (2) you have now the ATMs and the EFTPOS being strategically placed; (3) the nature of the machines themselves; (4) the lack of disclosure of odds and so on. All of those on the one hand actually work in a way which didn't exist previously to increase the level of consumption of gambling. Yet on the other hand you say, "We will have responsible gambling."

One of the things that I'd like to explore is how do you get a balance? At one end you can say, "We'll give the tools to the individual to act responsibly" but on the other end people have said to us, "There is now a very clear pattern with the introduction of EGMs that actually conspires to increase the level of consumption and we're not dealing with that side of it whilst we're prepared to deal with responsible gambling." How do you see this balance?

MS MCGREGOR: I think it's a complex one. I would say that certainly in other codes of gambling there are some of the same conjunctive factors. You've got alcohol consumption certainly in casinos, alcohol consumption at race tracks and so on and so forth. Certainly one of the issues of say intoxicated patrons and betting that is often raised - one of the things I find curious is that when a person picks up a

telephone, for example, to place a bet on the TAB service or in the horseracing area, there's not the same sort of level of pressure or questions asked about, "If the person sounds intoxicated, should I take the bet?" "If the person looks intoxicated at the track, should we stop taking their bets?" I think at times there's a bit of an over-focus on one code rather than looking at all codes of gambling. I think it's something that all codes of gambling have to tackle where you've got those conjunctural factors.

We do have intoxicated server provisions under the Liquor Licensing Act so that if someone is intoxicated at a venue, the advice we give our members is that you certainly should try to persuade them against going into the gaming room or continuing to bet. Certainly you shouldn't be serving them more alcohol because there are issues under the Liquor Licensing Act. I think there's some frameworks in place with those but it's one of those things that people have to work through on the ground. When you deny someone a particular service they want access to on the ground, you have to deal with whatever comes from the set of reactions you get from patrons at the ground level, which is, as I said, very difficult at times for hospitality workers.

If I go to the EFTPOS issue, 2 years ago the government here legislated to have EFTPOS machines removed from gaming rooms themselves and they had to be relocated in another section of the hotel. That's been done. One of the clauses in the Honourable Nick Xenophon's draft consultative bill is the complete removal of EFTPOS machines from hotels altogether. The principal reason that the Hotels Association will oppose the removal of them completely is that 60 per cent of people that go into venues to eat or to drink or to hold a function or to buy carry-off liquor would then be penalised and unable to use EFTPOS facilities for those sorts of services. Our research amongst our members shows that the majority of people actually go into a venue and don't go into the gaming room. There's still a greater majority who go in there to eat, to drink, to hold a function or to purchase carry-off liquor.

MR FITZGERALD: What would the association's view be, if it has one, about - for example, we've heard the limiting of the daily amounts that can be taken from an EFTPOS machines in a gambling venue. Would you have a problem with that? One of the issues I want to broaden out I suppose is the industry has not yet been very clear about where it is prepared to move on venue design and machine design. It is very hard at the moment to actually say how far the industry is prepared to really look at those issues.

MS McGREGOR: When you talk about machine design, you're actually not talking about the retailers. I represent the Hotels Association. They don't design the machines. It's the manufacturers.

MR FITZGERALD: But you obviously influence it as the customer. My point is how far is the Hotels Association prepared to move in terms of venue and machine design features? Is there a constructive way of looking at it? Just in relation to the EGMs, I've heard that before, but you are in fact the customers. You buy the

machines. So therefore the design features, I would have thought, are something industry does need to look at in some way.

MS McGREGOR: Except as a retailer they don't actually have any input into the design of the machine. That's really a conjunction between the customers who come into that retail outlet, what sort of machines they prefer to play, and the manufacturers. I think that it's very difficult for people who are at the retail end to provide you with any information about that. They don't design the machines. Certainly in the design and layout of their gaming rooms, some of the accusations that are sometimes put is that - and I understand that one of the clauses again in the draft consultative bill of Nick Xenophon's is that we have rooms that should have clocks on the walls that denote night and day, am and pm as well as the hour time.

There's been over \$200,000,000 spent in this state upgrading the hotel facilities across the board. Most of the new design and fit-outs are certainly not darkened rooms where people are unable to see light and dark. What most of the current designs are - and if you had a look at a couple of venues in the state - we would be happy to show you some if you'd like to see some while you're here - is that they've got open windows, venetians, natural light and they're very open. They're not closed up and closed off.

MR BANKS: There's enough light to look at your watch.

MS McGREGOR: Enough light to see whatever time of the day it is basically. I think the room layout and design is obviously something at an individual level. It's difficult as an association for me to be able to say the association will adopt a policy on this type of room layout only, because there's a number of conjunctural factors in there as well. There's what the Liquor and Gaming Commissioner sees as the appropriate sort of layout, there's what the individual retailer might want to fit in with the other tone of the premises and what commercially might work.

MR FITZGERALD: I want to explore a little bit further because your association is obviously very influential. We understand, for example, there is a national standards for gaming machines trying to be established, although one or two of the states have refused to participate. I would have thought the Hotels Association would have wanted to contribute to those standards in that sense as a major consumer of the machines - or is that not happening? For example, Australia has, in some people's minds, the most sophisticated machines in the world. In Las Vegas they still have the three-reel single line, pull the handle. We now have multiple lines, multiple credits, second, third and fourth screens now merging. That hasn't happened by accident, but one of the things we don't understand is what drives this. Is it the aristocrats and the other manufacturing companies that are driving it? Is it the consumer? Why are we so different in the world in the way in which we actually practise gambling?

MS McGREGOR: I don't feel sufficiently expert in that area to give you a reasonable answer to that, I don't think. I think that again I would probably suggest

that's a conjunction largely between the manufacturers of machines who employ, not psychologists - I mean some people buy the theory I think that they're ultimate Skinner boxes and the manufacturers employ psychologists to deliberately design the machines as the most addictive form. I think that's a bit conspiracy-theorist, and that to my knowledge the manufacturers employ techo geniuses - you know, they employ number crunchers and statisticians and graphic artists. That some of the things that people find attractive about machines can be whether they've got green goblins or red toads or whatever on the graphics. I mean, there's all sorts of strange and unusual reasons as to why people prefer particular game types and machine types.

I don't feel personally in a position to be able to answer that question but it's more a conjunction between the market the consumers look for and enjoy and the manufacturers of the product.

MR BANKS: I think we've heard from the manufacturers themselves that they don't indeed employ psychologists but - - -

MS McGREGOR: It's been reported they haven't.

MR BANKS: - - - I guess the process is the one you've described between the player and the maker. People will design their own Skinner box in a sense. They will gravitate towards the one that they enjoy - - -

MS McGREGOR: They like the most.

MR BANKS: - - - and that will be the one that sells and gets replaced. It depends on your view of this activity of course. In a normal marketing sense that would be seen as good marketing responding to your market and your consumer.

MS McGREGOR: In response to the room layout, I think that most of our venue operators work in a very tightly regulated environment anyway with the liquor and gaming commissioner so that the room layouts have to be approved by that office. They all obviously have to have gone through stringent probity checks and so on and so forth. The allegations about the provision of free alcohol to players - I think that happens on a minimal basis. Certainly we have been giving strong messages to our industry that - in fact in the advertising code of practice one of the things that addresses is not to give away alcohol as part of - packaged alcohol as prizes and so forth may be fine but consumption on the premises while they're playing for free with alcohol is probably a practice that will cause them more problems and they should avoid those sorts of practices.

Similarly they had some things like grocery promotions that were happening. There the code of practice deliberately tackled those as well to try and get them not to focus on the staples of life as prizes because that's the area that may be more problematic for problem gamblers - "I'll keep playing because I'll win the groceries." We had an undertaking from a major group to stop those promotions within a 2-month period, so I think we've been chipping away at some of those concerns.

I have regular meetings with the Break Even people either on an individual basis or a group basis and we do hear what's raised and what concerns they have.

As I've said quite regularly at open public conferences and so on, there will always be a number of issues. It's not unlike again the alcohol issue. There's a lot of issues over which the industry and the welfare sector are going to have quite divergent views and somewhere in the middle there's some ground for negotiation and conciliatory approach, I think, which is what we've done with this. The industry could have not tackled this at all because the other gambling codes haven't and we could have waited until something down the track came up but then we would have had 4 years in this stage of none of this work having been done at all.

MR FITZGERALD: Can I just ask a couple of questions on consumer issues just arising from that and the package and the work that you've done. What is the association's view in relation to the disclosure of odds or the disclosure of amounts lost per playing time, which has come up everywhere we've been?

MS McGREGOR: Yes, I don't know. I can't make public statements about policy that don't go through our council and executive and they don't have a formal position on that so I'm a bit reluctant to make any clear statement about that. However, I think that the best people to look for advice for that sort of thing is people like Prof Mark Dickerson at the Australian Institute of Gambling Research. If the display of odds occurs, what you would hope is that, in displaying the odds, you reduce the amount of prevalence of problem gambling.

MR FITZGERALD: The issue is one of consumer issue. It's not one of problem gambling. The industry has indicated to us clearly that they believe it's a form of entertainment and the Registered Clubs Association has indicated to us that people buy time. The only issue is that you actually don't know what time and what's the price of the time. In other words, these talk about the display of payouts rather than odds and it's an unusual consumer product where you're actually not sure of the amount that you're spending over a time. So when you say you buy time, or they say you buy time, you know, entertainment, it's a bit different. So just in terms of consumer information, this has gone a good deal to describe the way in which it operates but do you believe there's another step to be taken in terms of consumer disclosure?

MS McGREGOR: I can't make a formal statement, as I said, without the association having ratified that through our internal processes but it's been raised certainly in the Honourable Nick Xenophon's bill - displaying the odds is something that he has looked at. We're still working through what our formal position is on that.

MR BANKS: Certainly I think when we've talked to council, they've often found that people haven't really appreciated the price they've been paying for this form of entertainment, if we call it that, and therefore they are putting to us quite strongly that information of that kind could be helpful. So some kind of response from the industry side would be useful. That's something you might think about and get back to us on.

MS McGREGOR: Yes, I can certainly take it up with them. As I said before, if you're going to do those sorts of things - because machines are configured to national standards, to have machines say - in this state, for example, if we just dealt with our own issues with Nick Xenophon's bill, you'd have to have all of the machines in the country configured to do that. So that's a manufacturing issue.

MR FITZGERALD: That's why I'm getting back to this notion of a national standard of gaming machines. This is an issue as to whether or not, just in economic terms, the cost of the variations of regulations across Australia - if you simply look at it in pure economic and cost terms, there is a cost, with every state having different regulations, which is an issue, and that's why I asked. I preface that by saying there's a national gaming machine standard trying to be developed.

MR BANKS: Could I just ask a question about the guidelines you have, the Smartplay process and so on. I mean, I think it is commendable that you took that initiative, or the AHA took that initiative quite early on and some of the other states are still grappling, coming to terms, with this, although they're probably all approaching it in different ways. The question of policing often comes up with self-regulation and, indeed, how the association or whatever internal kind of supervision you have responds to complaints about particular venues doing particular things at variance with the code, for example. Can you tell me how you handle that?

MS McGREGOR: Generally, and this is where - I know Nick Xenophon said to you this morning that what we argue is that people should be left alone to resolve that problem themselves, and that is not entirely accurate. I guess what we would say is that if you come from a conciliatory position, it does take longer, but if you want to have a genuine learning process, you need to involve industry in the same way and if you look at what's regarded as best practice in the alcohol area, you need to involve industry and take them with you as a learning process about these sorts of products and what is being delivered. My own view is that if you have a very punitive approach, that doesn't necessarily bring about that level of genuine learning at other levels more subtly.

Certainly, if there are really heinous breaches of any piece of legislation, then the punitive approach may be the only one. We've always said to the Break Even agencies, to the counsellors and to our own venue people that if there's an incident that's occurring that you think should not be occurring, to contact - it's part of my role in the office to act as a conduit between the welfare sector and our members and, as far as we can, to protect client confidentiality, etcetera - then if there's an issue, for example, of the provision of credit in a venue, let me know about that and I'll go straight to the venue owner and let them know that something might be occurring, there are allegations of a practice occurring in their venue, and that they need to go and do some investigation, obviously sensitively, and make sure that it's not occurring, and to take some steps to tighten up procedures in their hotel.

Now, some may interpret that as being a way of wanting to always avoid getting

industry operators into trouble, but I think it's actually not that much of a conspiracy. What it is is a more genuine attempt to say that it's a learning process for everybody, for the players, the venue operators as well, and that where you possibly can - you know, if there are continual breaches of things, then we say to our members, "You can't do X, Y and Z," and ultimately we would have to distance ourselves from one of those issues if they occurred in a really blatant way. But what we try to do is to work with them, to try and get that information and make sure they're providing the services in an appropriate way.

MR BANKS: But it's a relatively informal process through the association, a relatively ad hoc process. Is it mainly a reactive role? You wouldn't be going around in any systematic way and having a look at venues and so on?

MS McGREGOR: There are certainly the Liquor and Gaming Commission's officers. That's their formal kind of role to do that. We have regular meetings with all our members and I'm in and out of venues all the time and I look at whether things are displayed and stickers are on doors and those kinds of things. There are some 500 venues. It's very difficult to actually go around and do that and there are others that - really that's more their role. We rely on our members' regular meetings to continually, I guess if you like, warn them about what are the areas that will be problematic for them, what they need to be mindful of and where they need to make sure their practices are.

MR FITZGERALD: One of the points you've just raised there, and that's because it is true, you have a very large number of venues in this state, and one of the concerns people have raised is the point you make that with such a large number of venues, it is actually difficult for voluntary codes to work. They work well if you've got half a dozen casinos, but it is very difficult - be it for clubs or pubs or anything else - for it to actually work, and that all we're doing is delaying the inevitable of regulation in these areas, particularly around some of the key areas, and that we should actually just get on with the job and do it. Obviously the association has a different view, but given the number of venues that now exist around Australia, in an increasing number of venues, is there not some merit in that argument that codes with those sorts of numbers start to become difficult to enforce for the association?

MS McGREGOR: They may be but, as I said, there are statutory roles of the Liquor and Gaming Commission to actually keep their eye on those practices. I think that it's highly regulated in some ways, in that things like not allowing minors to enter gaming areas, not allowing minors to play, who can hold a licence and who can't. Our model is a blend of - and it might be useful for me to get onto that, given the time. What's unique about the South Australian model - I think that there is this blend of statutory regulation and voluntary regulation, which I think if you get that correct mix is one of the better ways to go. One of the things that separates the model in South Australia from other states is that the machines - you can only have 40 as a maximum number in any venue.

50 per cent of the industry - the average uptake is 21 machines per venue, so

there are a large number of venues that have five, six, 10, 15 machines. You can't have more than 40. The machine placement - and certainly Nick Xenophon touched on this earlier when I was listening to his evidence - the strategic placement of gaming into particular areas - and there are some fact sheets I've given you that deal with some of that spread, there is some treasury research on that. In South Australia it doesn't happen. You have to have an existing hotel licence in order to be able - once you've passed the probity and fit and proper tests - to apply for a gaming licence and have that approved, so you can't put more gaming machines into one particular area if they've already got their maximum number and that's certainly the highest proportion of machines and spend per head in our state - in the Norwood and inner city area, partially arising from the fact that they have a greater number of hotels existing in that area to start with.

MR BANKS: Hasn't there been an increase in investment in hotels?

MS McGREGOR: Investment as in?

MR BANKS: Are there new hotels being developed?

MS McGREGOR: There have been very few, and that information you should more accurately get from the Liquor and Gaming Commission's office, but certainly there have been very few new hotel licences granted in the last 5 years. There would be probably half a dozen, if that. The other thing about the model is you've got a 40 machine maximum. All the commercial risk is taken by the operators, so unlike Victoria and other states, where they're owned a third, a third, a third, the commercial operator takes all the risk, has to pay out all the outcome and the outgoings of running a good venue - because you don't just stick machines in a room and they work well, you know. The successful operators here are the ones who have been successful in hospitality generally, so if you do food and ambience and all of those other things well, then if you go into gaming, the sort of anecdotal look at it is that they've done well there as well, because you actually - you know, it's an overall experience for people going into a venue. The majority of people don't go in just to gamble. They go in to do a whole range of other things.

MR FITZGERALD: I want to explore the area then about where machines should be placed. In South Australia, you have a unique model, where clubs and pubs have an equal entitlement, based a liquor licence. Just explore for me how you think public policy should be framed, if others asked now to have poker machines available in their venues, for example restaurants, or the TAB decided to have poker machines in a betting venue. Some would say it shouldn't be there at all, but just taking that up, why should it be restricted only to clubs and pubs? If there's nothing inherently terrible with the poker machines in a sense, that the industry says that the vast majority play it responsibly, why should we not see an extension of it? Why should there in fact be an almost - not a duopoly, but I mean two privileged groups, the clubs and the pubs? What should guide public policy, if there is a push to extend it, as there is and will be in other states, by other industries, who say now, "The clubs had a privileged position, the hotels have now gained a privileged position, we're

disadvantaged, we need this to secure our viability?"

MS McGREGOR: Obviously you'd get the hotels objecting to the expansion of them in other areas. I guess we would argue principally that a completely deregulated market is similar, again, to alcohol as a product. You'd use the same rationale, I think, that we don't sell alcohol in shoe shops and dress shops and a whole range of other commercial businesses that may want to sell alcohol as a product, and I think that having gambling licences attached to where there is an existing liquor licence, where there are very stringent controls and regulations around the consumption of that product, is one of the compelling reasons to restrict the market.

MR FITZGERALD: Just exploring that, because it is an issue that is arising already, is it only the regulations that make liquor venues the most appropriate? For example, if the TAB wanted to establish poker machines in every TAB outlet, what should stop them? They have regulations about over 18 and so forth. What guides public policy? Because there are people that have said to us, "It doesn't matter where you draw the line, the next industry will push the line further and further and further," so it's only a matter of time and the liquor at the moment is actually really not the most appropriate defining criterion.

MS McGREGOR: I guess what we would argue is that the model in South Australia is fairly unique. What you've got is a sort of in-built brake on the number and size of the machines. There are something like 90,000 operating in New South Wales, where we've got 11,000 here, just over 11,000. That's more than five times the population base, if you look at that sort of comparison. The model here is one that is a good one, we think, because it provides the blend of some restriction in size, some outer limit restriction of how large that gets, and adequate probity. One of the other unique things about the model is the monitoring system. Every machine is hooked up to a central computer monitoring system 24 hours a day. That has been operating flawlessly without a hitch for the last 4 years.

New South Wales have never had, in 40 years of operation, a similar kind of approach. I guess the model that was put together by the various players in South Australia, learnt from some of the things that had happened in other states, and that's why it was put together the way it was in this state - and I guess we would argue that obviously the government has a role in determining the size and degree and extent of gambling markets and they need to look at the overall big picture of where those things are heading in the same way it does with a range of other products like alcohol, and I guess that's a question, I would say, more for government than for the industry.

MR BANKS: Just a related question. Does the association have a view on the number 40, whether it's optimal?

MS McGREGOR: The industry has no interest in increasing that number at this point in time.

MR BANKS: So that's not an issue of any contention within the industry?

MS McGREGOR: That it needs to be larger?

MR BANKS: That the number 40 is restricting some venues.

MS McGREGOR: No. The market, in fact, is levelling and finding its outer limit, and as I said, half the industry have less than 40. Even if you're able to have 40 machines, you're not going to take the commercial risk and stick 40 machines in a hotel where the commercial viability of those machines is not possible, and that's why some venues choose to only put in five or 10 or six or three even. If the hotel has got a smaller turnover and client base to draw on from the whole metropolitan area, you're not going to take that option up. We think, politically, the 40 machine maximum at this point in time is something that's probably a good idea all round.

MR BANKS: Although, I think as Robert said earlier, it was in some ways fortuitous that it came out at 40 rather than the hundred that was originally proposed.

MS McGREGOR: Absolutely.

MR BANKS: Was your association pushing the hundred early on?

MS McGREGOR: I don't know. That was before my time. I'm not aware that they were. I think it was one of those processes of discussion and haggling and that's where it ended up.

MR BANKS: On the Gamblers Rehabilitation Fund, we've heard this morning and other times when we've been in Adelaide that the funding of that is welcome and the use to which it's being put is good, that there isn't sufficient independence in that body. You may have been here this morning when Nick Xenophon made the same point. Would you like to respond to that?

MS McGREGOR: Certainly Mr Xenophon is not the only one who's raised that point. I've had the discussion informally with individuals in the welfare sector about that. I understand at a theoretical level why people argue that funding of those services should come through a different model, preferably through a taxation model. I understand why they argue that. The reality is that the industry provided these funds and is happy to go on doing so. We've just undergone an independent review of the GRF processes which - if you haven't seen a copy of that report, I'd be happy to get one for you. It recommended that, overall, you've got relatively unique blend of cooperation between three sectors, government, industry and the welfare sector and it, in an overall sense, is providing a good mix and range of services and there are a number of things in it, like everything, they think could do with some improvement and that's one of the issues it tackles.

What we would argue I suppose as an industry is that regardless of whether you have funding that comes through a taxation model or whether you have it provided through voluntary funding, the industry doesn't have the numbers on the Gamblers

Rehabilitation Committee to win any debate on sheer numbers of pushing its perspective. One of the curious things that the industry has argued from day one with that committee, knowing full well that we're covering the costs and no-one else - not one dollar comes from the government or from other gambling codes - is that we were saying you need to look at gambling as a generic social issue. Up to a third of the clients that come to the Break Even agencies are from other gambling codes.

Now, they haven't promoted it, they don't put the stickers or any of those 1800 numbers in any of their outlets, so that stream of problem gamblers is coming without even advertising in those areas. We think it should be advertised in those other areas and that if the other codes would at least put the stickers and numbers in their outlets and venues, that would be a useful thing, even though we're covering the costs of that.

MR FITZGERALD: Do you have the view that in fact the other codes should be contributing to a fund?

MS McGREGOR: Absolutely. They absolutely should be contributing, and we've pursued that publicly from day one, as has Dale West, the chair of the Gamblers Rehabilitation Fund.

MR FITZGERALD: And why has that not occurred?

MS McGREGOR: I don't know. It's not a question really for us. I think there's not enough pressure externally, I suppose, and the media don't seem to cover the other gambling codes and inherent problems in the same way they do gaming machines. It's a new product, and so I guess that was likely, but certainly those things keep getting missed.

The point I was making before, whether you have a model that's funded through taxation or through the voluntary funding, as we have here, I think what's critical for all people, regardless of how you personally feel about gambling as a pastime, is that it's critical not to exclude industry from that, so that even if you had the taxation structure as an advisory body as they do in New South Wales and Victoria, the industry is still involved in that process, and I think it would be narrow in thinking to actually suggest that any other model that's proposed should exclude industry.

MR FITZGERALD: The only difficulty we've heard in many of the other jurisdictions has been that where government and/or industry are on the body that funds, the one thing - and it's very clear from the figures - that doesn't occur is major community awareness advertising, in the same way that we deal with problem drinking now, that one of the things that is absent almost nationally is any high level of expenditure on general broad-based awareness of the dangers associated with gambling, and we've heard that even where lotteries commissions are involved it is actually quite difficult to get advertising campaigns approved because everyone is very sensitive - obviously the industries and the governments - about, "Will this damage the amount of consumption of gambling?" So do you have a particular view as to how one should handle that argument?

MS McGREGOR: We would argue there definitely should be community awareness campaigns, and we've supported - we ran one in the state last year, and they're looking at obviously doing another one next year. We're about to launch an advertising campaign about the 24-hour counselling help line number, so there's no opposition from our industry. As I said before, we live with all the issues in the alcohol jurisdiction, so we don't have a problem with that, and we've supported that at the Gamblers Rehabilitation Fund level. Our only other proviso is that whatever advertising is done it should not just focus on one gambling code, it should target all codes, and ideally the others should contribute some funds to that, but in the interim we've been funding all of that, but we've always argued that you should have it.

At the end of the day, I guess what we've argued is that you've got a product that 98 per cent of the community uses without harm, but it does have the potential for some damage, so what you need to do is to put in an adequate community education campaign that tells people about the potential risks. You put in a safety net for people who get into difficulty where they can go - like the Break Even services - after the event for those who are suffering problems, and at the end of the day, after having had those things in place, you then have to allow adults to make up their own minds and allow - we live in a very complex society and there are a number of those things in the community, and I think at best you need to educate them about the dangers, put in a safety net, and regulate the industry without restricting it too much.

MR BANKS: Okay. Perhaps just one other thing that came up this morning to ask you to comment on is the reverse onus of proof idea. Perhaps if I can quote from Mr Xenophon's submission, he talks about:

the need for a compulsory code established as to the service of alcohol at gambling venues, and a consideration of a reversal of onus of proof (similar to the Northern Territory liquor laws) which requires a venue to take a proactive approach in ensuring that a player is not under the influence of alcohol to a material extent that could affect the levels of gambling losses.

Would you like to comment on that? In some ways some of the points you made earlier are relevant to that, but I'd just be interested in any response you have.

MS McGREGOR: The industry's position is that the voluntary codes work and they do take a bit longer, but you need to give them that time in order to have genuine education, and that a level of cooperation is required between all sectors, and that's certainly - I mean, I'm often very heartened by - you know, a number of venue operators will ring me up. I certainly don't agree with the honourable Mr Xenophon's comments earlier that if machines are placed only in clubs as opposed to hotels, that because of what's done with the money and the direct profit motive that you therefore get a more proactive approach with problem gambling from the club sector.

I think in our state I would argue that's not true, and there's a lot of operators that ring me up and say, "Look, I'm worried about this person. What do you think I

should do?" My own background is in counselling and family therapy, and I step them through a range of suggestions, but they usually surprisingly have a really good handle on that. These are people who are also used to dealing with difficult individuals. I mean, hospitality staff have to tolerate a whole range of things, of angry customers. Some of them have had knives and guns pulled on them over the years with different experiences, thankfully they're rare, but they're in the business of dealing with people and I think some of them do that surprisingly well, given the vexed nature of the public focus and media focus on gambling and, as I said, the much more complex difficulties that arise at a venue level in dealing with problem gamblers as there are in dealing with problem drinkers.

MR FITZGERALD: Just one other question: in the fact sheets you've given us, and there's a submission also related to this, the Retail Traders Association of South Australia, which have made a submission to us - and one of your fact sheets deals with this - is the adverse impact that the increased level of gambling has had on general retail trade, and that seems to be a particular issue in South Australia and one or two other jurisdictions, less so in others. Your view on that is that at best it's been minimal, but can you just respond to it because in this state we've heard a great deal of comment on our private visits about the impact - particularly in regional communities - about the extension of gambling.

MS McGREGOR: I suspect you've mostly been hearing from the small retailers and the Small Retailers Association. Certainly that's the public information when I look at media myself that I hear from. The then head of the Retail Traders Association, which was part of the evidence provided last year to the Social Development Committee, where we got those figures from - I think if you looked at one of the Victorian studies as well that was done on the impact on the retail sector is that there's some commonality there in that the retail sector itself is going through enormous dynamic change. You haven't got the likes of the very large retail chains making any noise at all about gambling impacting on their profits.

I think there's a number of complex issues conjuncting at the same time, with strip shopping and small boutique shopping being overtaken, if you like, by large retail shopping complexes, the one-stop shop, people going to the one area and having everything under one roof, and I think a lot of those dynamic changes in the retail sector - certainly here about the same time that gaming machines were introduced - we had the service stations with 24-hour shopping facilities installed in them for the first time, and so people who would probably normally visit a small shop on the way home, or the corner deli, are in fact purchasing a whole range of products from those when they go to get petrol, so the retail sector itself, that with direct marketing, catalogue purchasing and so forth, and purchasing on the Internet - there's been a number of very complex issues that have impacted on the retail sector, and I think - certainly not gambling, but specifically poker machines in this state was seized upon as an easy answer to some of those changing patterns, and whilst there's been an impact we would argue again it's been minimal rather than the degree to which it's been publicly - - -

MR FITZGERALD: Has the association, or other bodies in South Australia, done any studies to determine where the gambling dollar has actually come from? There's a Victorian study which has questionable findings about where it comes from in terms of savings and so on. Has South Australia conducted any studies at all to show the pattern of spending and where it's coming from?

MS McGREGOR: We've said publicly that they should have an economic impact study. That hasn't been done in the state yet, other than some research that was done preliminarily I think by the Adelaide University, but to my knowledge - and I could be wrong - there hasn't been in the same way.

MR FITZGERALD: Similarly, your press clippings that you've put in the submission deal with the issue about charities being adversely affected by the increase in gambling. Do you have a view on that?

MS McGREGOR: Some charities would argue that, but then others don't. Again if you look at the area of giving and fundraising and so forth, that's been a very changed thing. We accepted that for some charities that relied heavily on ticket bingo sales that may have had some impact, but for some of the others the charities I guess also had to - as some of the larger charities have done - diversify and look at different ways of fundraising and more event-focused and probably more innovative ways of coaxing the public to make donations, and I know that's a very difficult area, but again I suppose the industry has argued that what your local pub gives to charities in a year is staggering. Hotels fund more sporting groups of all ages - non-professional as well as men and women in all sorts of different areas of sport, and everything from the local Flying Doctor to the Royal Society for the Blind - I mean, they have made substantial donations to charities, historically, and with gaming that's increased.

There's one particular newsletter in there, the Hotel Care Newsletter, I've given you. There are substantial donations given to various charity groups through Hotel Care, and we set that up 2 years ago, so there's been over \$1.2 million in the last 18 months given to a range of charities from the Hotel Care fund.

MR FITZGERALD: Okay. My very final point relates to a point that Gary raised earlier today, about the role of local governments. Does your association have a view about the appropriate role of local governments in determining any extension to gambling facilities?

MS McGREGOR: I guess the association sees that at a state government level. The Office of the Liquor and Gaming Commissioner does a very good job of monitoring those applications, and that's where that jurisdiction ought to lie. Local government agencies are informed as part of the process of applying for licences, and they're certainly involved in the building, construction and so forth aspects of hotels and gaming. But I guess our position is that we argue that that role is adequately covered at a state government level and that that's where it should remain, otherwise you could get some sort of skewing of rationale and it would be harder to necessarily find consistent rationale when you've got dozens and dozens of different organisations

making those decisions rather than those approvals coming through a centralised agency, in which the local government bodies still have input.

MR BANKS: Would they have an indirect role - I think you were hinting where a venue had to be increased in size to accommodate the 40 machines?

MS McGREGOR: Absolutely.

MR BANKS: Then local planning arrangements would apply.

MS McGREGOR: Yes.

MR BANKS: But I assume that the councils' jurisdiction there would be pretty much confined to planning issues as such, rather than anything to do with the impact that the machines might have one way or the other. is that right?

MS McGREGOR: Yes.

MR BANKS: All right. Thank you very much for that. We appreciate at least one member of the industry appearing here in Adelaide to give the industry's point of view.

MS McGREGOR: Yes, it's a shame the others aren't.

MR BANKS: Thank you. We'll break for a moment now.

MR BANKS: Our next participant today is Anglicare South Australia. Welcome to the hearings. Could I ask you please to give your names and your positions.

MR MENSES: I am Gerard Menses. I am the chief executive of Anglicare.

MS KALDIS: My name is Pam Kaldis. I am a social worker working on the Break Even program with Anglicare.

MS WIGHTMAN: I am Margaret. I am a member of the Winning Women, a group of problem gamblers under Anglicare.

REVEREND FORGIE: My name is Neil Forgie. I am chaplain with Anglicare South Australia and also chair of the Break Even network in South Australia.

MR BANKS: Thank you for coming in force along here today. You have provided a submission and we will have quite a few questions for you but we will give you the opportunity first to outline a few points that you want to make.

MR MENSES: Thank you. I will go first and will be mercifully brief; Pam and then Margaret, and Neil is just going to make a few remarks but, really, we are here just to answer questions. I think what I would really just like to do is to emphasise one point in our submission, which is the last part of the material we gave you on Friday, and that is just to highlight our anxiety about a perceived conflict of interest that state governments have in the control of gaming and we very much welcome this inquiry as a more independent approach to looking at the issues.

We are not accusing governments of conspiracy or making any statements like that but we just highlight the fact that the government in this state is not putting money into gambling rehabilitation; that is in fact coming from the Hotels Association, who we congratulate for doing that. Any impetus on our part to expand the money going into rehabilitation from the TAB or horse racing is not supported by government. It is very difficult for us to have broker discussion; we have a good relationship with the Hotels Association but, as Margo pointed out, there are times when we just simply do disagree, but there's no government forum perhaps to facilitate further discussion around these issues.

The gambling rehabilitation network, the Break Even network, has been gathering lots of statistics. These have been centrally stored by the Department of Human Services. It is very difficult for us to get access to those statistics; we can't get the statistics out; we're told that there are problems with the information technology. The recent report on the network has got very heavy caveats in relation to the statistical analysis contained within it. We are trying to come up with hard data; we are finding it very difficult to get cooperation in that.

There was sufficient community outrage in South Australia for an independent

to be elected to parliament on a "no pokies" platform. It was a great distress to me to see him being blocked in participating in the parliamentary inquiry into gaming. He wasn't even given a seat on that. We have found it very difficult to get community education campaigns up with the funding we get and, in fact, we find a lack of understanding of the difference between advertising and community education. There has certainly been an advertising campaign about the Break Even network and a number to contact, but we can't broaden it out into actually community awareness and education about the issues around gaming.

Economic impact studies - very hard to get established. We have put forward recommendations previously in the Fair Game report and others to at least try and create some arm's length monitoring of this by government, even if we have a minister outside of treasury responsible for looking at the issues, so we are feeling fairly frustrated; we're feeling that proper dialogue and proper discussion is simply being stymied because there is this huge addiction to gambling by government, as we call it - 12 per cent of this state's revenue. I have personally questioned the premier, who has indicated that there can be no change in the government's dependence on gaming until there is significant taxation reform. We are now going through a process of significant taxation reform and certainly gaming is hidden away there but it is not high on this government's agenda in that discussion, and that is of concern. I just want to emphasise that perceived conflict of interest.

MR BANKS: Thank you.

MS KALDIS: What I am actually going to discuss over the next few minutes, initially beginning with a brief description of our program, Break Even, within Anglicare does and what they're made up of, and then looking at client profiles and making some interpretation of that data. I will then introduce Winning Women's support group and pass over to Margaret. In terms of Anglicare's Break Even program, it is made up of two full-time social workers and one part-time financial counsellor and it is responsible for the catchment area in the northern suburbs of Adelaide, inclusive of areas Salisbury, Elizabeth, Gawler and out in the Barossa Valley, up to Clare.

We actually operate from sites in all of those places on different days of the week. Our counselling is broken up into two streams, financial counselling and therapeutic counselling, and is available to anyone who has their own gambling problem or is affected by anyone else's problem with gambling. A weekly women's group is also offered from the Salisbury site and telephone counselling is available, too, for people who may not wish to actually access our sites. In terms of community education, we produce and distribute a newsletter twice a year and we offer information sessions to local community groups and agencies in our area; we make available display material for special events, like carers' week or seniors' week and put that material in shopping centres and, finally, we produce information packages which are generally sent out to people who perhaps are at the initial stages of trying to identify whether or not they have a problem and how far it is - and who may not wish to actually access our services yet.

As you may not be familiar with the northern suburbs of Adelaide I will just briefly talk a little bit about that also and refer to it, using the ABS 1996 census statistics. There is a high proportion of public housing in that area, particularly in Elizabeth, and there are high proportions of single parents, high unemployment rates and particularly for people between the ages of 15 and 24 - that's actually 40 per cent unemployed for people in those ages. There is a high rate of low income earners and there also appears to be pockets of people from non-English-speaking backgrounds, inclusive of older migrants from Greece and Italy and new arrivals from Cambodia and Vietnam. There is also a significant Aboriginal population when compared to the rest of the metropolitan area of Adelaide.

In terms of who we actually see at Break Even, what I will actually do is refer to the hand-out which I passed on earlier. The data here is representative of the last 2 years from November 1996 to November 1998 of our program and we saw just over 900 people in that period of time, 70 per cent of whom actually reported having their own gambling program and 30 per cent as being family members or significant others affected by someone else's gambling problem. 62 per cent of that group are women - which is actually slightly less than what we reported in Fair Game, a report we did for the social development committee last year; that reported 66 per cent and was based on the first 17 months of Break Even's operation, so this is related to the last 2 years.

42 per cent of our client group have dependents; 41 per cent are in a relationship, having a partner, and there appears to be high numbers of separated and divorced people in our client group when compared to the general population in our catchment area. The unemployment rate of people accessing is 52 per cent and 74 per cent of our client group actually report having a problem with electronic gaming machines, leaving the rest having other forms of problems and, of those, 14 per cent actually report having a problem in excess of 5 years, so the majority are clearly 5 years and less, which would reflect the introduction of gaming machines in this state.

MR BANKS: That is 14 per cent of all the people you see - - -

MS KALDIS: Who access our program.

MR BANKS: - - - have a problem - yes.

MS KALDIS: Report having a problem in excess of 5 years.

MR BANKS: Yes, okay.

MS KALDIS: Just flicking over the page there, the graph I am presenting here is related to the forms of gambling problem presenting and again I guess it is just really highlighting the blue area being that of electronic gaming machines, 73.09 per cent - so 74. Racing codes being the next most significant followed by casino at

5.4 per cent; keno, bingo tickets and lottery products, which is 2.2 per cent, and that tends to be lottery products as opposed to lotto, although we have seen a couple of problems with X-lotto.

Just moving to the next graph which I have for you: this graph - the data is taken from June of this year until November of this year, so the last 6 months, so it is very current, and the green line actually refers to women presenting each month at our service and then men. So I guess just commenting on this: clearly there are a lot more women accessing as being affected by a gambling problem, averaging 10 a month; men averaging four a month coming to our program as significant others and, admittedly, most of those men would probably access by phone contact more so than actually appearing and receiving counselling. It is quite a plateau; it doesn't really peak and trough all that much.

MR BANKS: So women are disproportionately represented?

MS KALDIS: Certainly, as "significant others", yes. Again I guess we can again make some guesses as to why that is in terms of women perhaps being more likely to actually access the counselling services than what men possibly would be. Flicking over yet again, this graph actually refers to people presenting at our agency over that same 6-month period; women again being the green line on top and men the orange line and, again, other than June, it actually peaks and troughs pretty much in the same areas from month to month and there is less of - the average presenting each month is 17 for women and 12 for men, so there is less of a gap when compared to "significant others" presenting.

Again I guess the other thing I wanted to say about what this graph actually represents is that the sample size, adding both people with gambling problems and those with significant others, over this last 6-month period totals 263 people. Again I will just refer back to the Fair Game report that I believe the inquiry has - - -

MR BANKS: Yes.

MS KALDIS: That actually referred to the first 17 months and it referred to a sample size of 325 people, so I guess what I'm saying is that in the initial stages, the first 17 months, only 62 more people were seen than in our last 6-month period, so I guess what I am trying to say is that there is certainly an increased demand for our services and I think that the Gambling Rehabilitation Funds Evaluation report is reflective of that also.

Finally, I will just refer to the last graph that represents the duration of gambling problems when presenting at Anglicare South Australia, so basically when people first access our program part of the assessment is asking questions around how long their gambling problem has actually been a problem for them and what this indicates it that most people report that it has been a problem for between 1 to 2 years; then the next most significant, 2 to 5 years and 6 to 12 years, so in terms of interpreting this I guess what it is illustrating is that generally people either aren't identifying that they are

having a problem early or simply just aren't accessing our program in the early stages. They are actually waiting for it to perhaps escalate and certainly what we're actually seeing in our offices is the more extreme or problem gaming further down the continuum where perhaps had we actually been involved at an earlier stage we could have prevented things like eviction or bankruptcy or family breakdown.

Again, it is hard to tell. I guess, again consistent with the first graph, I believe that this is actually indicating that - it is reflective of the fact that gaming machines were introduced in this state just over 4 years ago, given again that most people are reporting that it has been a problem for 5 years or less. That is all I would really like to say about the graphs but, just finishing on client profiles. Our data also suggests that we are seeing approximately 20 per cent of people who report to have at least one parent born in a non-English-speaking background. When we actually delve a little bit further into our data we find that in terms of people having a language barrier, or other barriers related to being non-English-speaking background, that has come down quite a bit; that we actually aren't seeing a lot of people who have significant language barriers in our program. Again I don't think that is reflective of the fact that they're not experiencing problems. I just think that they are for very reasonable reasons not accessing our program, so I think, yes, certainly a lot more research could be conducted into what is going on for people from those cultural backgrounds.

What I might do is actually leave the next section, which was to comment on the common themes that we actually hear in our counselling sessions for perhaps question time because I am aware that you have actually been from state to state and probably have heard a lot of the same kinds of things, so I will leave that until question time and jump straight over to, I guess, talking about Winning Woman, the support group, which is quite unique to the Anglicare Break Even program. We actually introduced Winning Women as a response to the high numbers of women that were accessing our program

Basically what it is is an alternative to the 12-step programs that are generally in place and is based on a mutual aid/support model of group work where basically women meet on a weekly basis in a safe and comfortable environment where they can speak about their experiences with gambling, set goals around whether they're going to choose to abstain from gambling or try and control it, do some problem solving amongst the group, and it's a group-centred kind of interaction. From time to time as facilitator I'll actually bring some structure to the group and we may comment on media articles or focus on issues that come up in groups, like depression, anxiety, things that the women often report to have experienced.

MR FITZGERALD: So it's not simply a Gamblers Anonymous for women-type approach?

MS KALDIS: Absolutely not, no. It's an alternative to 12 Steps. We don't in any shape, way or form relate to the 12-step programs. In terms of just giving you a bit of background on the group, it's been in operation for approximately 18 months now and in that time over 30 women have actually participated in the group and there is a core

of approximately 10 women who participate from week to week. The women are mostly 50 years of age and older, making up 80 per cent, and the majority are not employed. Many of them are actually carers and many have substantial health problems of their own. What I might just do now is actually pass it over to Margaret, who is a member of that group, to make some more personal comments.

MR FITZGERALD: Thank you.

MS WIGHTMAN: I only got notice of this last week and I wasn't too sure of the format that it would take. However, I felt that I had to come and front up so that you could ask whatever questions you had to ask of people who actually have the problem with gambling. I don't have a problem with gambling per se, only with poker machines, and it's only been in the last 2½ years since I've been involved with clinical depression and low self-esteem, through various other factors in my life, nothing to do with the gambling factor.

The gambling in the pubs: on every corner you go to, you can pop in. You've got a place where women can actually go, whereas before you didn't go. I'm not a drinker by the way. I don't go to the pubs and drink. You have a safe haven that you can go to, there are plenty of other women around, you sit and nobody is having a great conversation with you, you don't need to participate socially, and you can sit and play the machine as long as you've got money.

At one time we had to front up and slide the card through the machine with some of the staff members, which of course gave you a bit of a curb because you had to front up to somebody and you weren't going to go back and get some more when they knew you'd already had 200 out. The EFTPOS machine of course at one time had a limit of \$500 and now has a limit of \$1000. I have put \$1000 through the machines regularly. I've taken my whole pay and it's gone through the machines. Nothing else has been met.

I'm not unusual in that. This is what actually happens. You have a problem gambler when the gambler has got absolutely no ability to look at their life responsibilities or to move away from those machines. The whole thing is, you will go in and you will have a certain amount of money. You'll say, "I'm only going to spend so much." You put that money in. You've lost it. "Oh, another \$20. It's due to turn any tick. I'll get out the money I needed for my shopping and I'll get out the \$20 to put through." The whole shopping money is gone then. Back to the machine again. "I need it because it's got to turn sometime." That's how your process goes. It doesn't go in your sensible, logical lifestyle that you have when you're outside of the clubs. Like I say, this is only for problem gamblers. That's how it works for me and a number of others.

It happens to people who - in Winning Women we identified with a group of 10 just the other week that every one of us has suffered from depression, low self-esteem, sort of despair. The fact that you do this type of thing actually puts you into a worse state. You've got the feeling of total failure and degradation. You can't

tell your family. You can't discuss the problem with anybody. Every single one of those 10 women had seriously considered suicide. Now, that to me is horrendous, it's absolutely horrendous. I am not laying the blame in any particular way, shape or form onto any party. I'm just saying that facility is there which causes that outcome in our society.

I know an awful lot of people in the club. I only go to one club, which by the way has got no windows. It's all closed in and you can sit there quite happily. You've no idea whether the shops are open or shut or whatever. The staff are really pleasant and it's a nice place to be. I have no problems with that at all. I still gamble. I went in on Saturday. I had made a pact I wasn't going anywhere near. I went in on Saturday and I spent \$60 when I only had 10 when I went in. The machine was there, so I could go and get it. I had my card with me unfortunately. I mean, one of the things I've got to do with myself is not take my card, but I had to go and do other things, you see, so I needed my card. It went. The other things didn't get done.

I find it very difficult. I don't find it a great pleasure to admit these types of things, but I'm finding that this has got to be addressed somewhere by people who can address the issue because society out there is suffering. The number of people who actually go to Anglicare - I had one day put through my whole pay. It was a Saturday afternoon. I was desperate, I didn't know what to do. I actually looked in the phone book and I got on to an answering service. Pam got back to me first thing on Monday morning. That Saturday afternoon I was at the desperation stage, but luckily I made the phone call, which actually stopped my thinking, you know.

There are more people in there who would never dream of going to Anglicare. They see what they're doing as a fun thing, but if they could only win. If they could only win, it would make up their money deficiencies. They will not go to Care because they don't see it as a problem. You know, they don't see it as a problem with gambling, they see it as a problem with losing, which is an entirely different psychological standpoint. So we actually have a very big problem out there that in my opinion is going to grow.

Somebody's grandson the other day said, "Oh, Grandma, that sounds like fun." The pokie was winning. You know, they can hear the sounds. "Oh, that sounds like fun." We're bringing up a generation of children who are fully computer-literate. They're into the computer games, they're into all the electronic games and everything else, and you've got a 10-year-old that will sit and say that that sounds like fun. What are they going to do? It's a terrific thing, it's a very fun venue. It's costing you a dollar a pull in most cases.

When I started playing the pokies I played five-liners. The five-liners have been taken out. I think there's about three or four left in the venue I play, whereas that used to be the general rule and there were about five or six of the nine-liners. Everything is now nine-liners where you can bet up to 90 credits. Now, you've got to start translating that back into dollars. People don't realise they're paying \$4.50 a pull. That's one press of the button. You know, you sit there and press a button. You're

not caring that it's \$4.50. You've got 2000 credits there. You can afford to bet it, you see, and that's the way the thinking goes.

So I suppose what I'm here to say is from a personal perspective how it's actually affecting people, and the problems that we see there. It's a big enticement, it's a big trap, but it's a nice comfortable place to be. It's lovely, you know. Anything you want to ask, I'm quite happy to answer.

MR FITZGERALD: Thank you. I think it's very good of you to participate, and we will have some questions to ask you about some of the things that others have been telling us are strategies for reducing some of the downsides with these machines. Thank you. I'll perhaps ask you now to - - -

REVEREND FORGIE: Yes, very briefly, just to highlight and bring together a few of the issues and concerns which we have put to you this morning, both from an Anglicare perspective and also part of the concerns from the Break Even network, of which I am chair.

I think Margaret has very much highlighted for us the need for community education and community awareness programs, which we haven't yet been able to address in this state. We have had at the Break Even network a couple of subgroups which have worked on youth and gambling and also on the judicial system, and again trying to link the connection between problem gambling as a health issue. The subcommittee on youth and gambling see very much the need for a community awareness program, especially as we begin to talk about home gambling and Internet gambling and the availability of that for many young people under the age of 18.

Certainly there is an important need for awareness to be raised amongst the judicial system, and that has implications for magistrates on sentencing and also on parole orders. Certainly needs to be an awareness raised amongst prison officers and all those who work in the judicial system and as yet we have not in this state been able to do anything about that. The health issue I think is certainly an interesting one and Margaret certainly raised some issues around that. In terms of community education and awareness for school curricula and tertiary studies, I also think that we need to do some work in those areas, which has not yet been addressed. I think the community education awareness issue is one which is an urgent issue which needs to be addressed throughout Australia.

We also think that all gambling codes need to contribute money towards the rehabilitation of problem gamblers. Taking one of Gerard's points about the conflict of interest by our state government, the recent report The Evaluation of the Gamblers Rehabilitation Fund, of which I assume you have a copy - if not, I will certainly give you one - does have an alternative model, and they talk about a discretionary trust and an independent board to run the Gambling Rehabilitation Fund in South Australia. They have five interesting points as to why they see that an independent board would be an advantage.

The fourth issue which I would want to bring to you is the need for adequate research on all aspects of gambling. Margo alluded to some of that in her evidence this morning. They're the main areas which we see need to be addressed and are of concern to us.

MR FITZGERALD: Thank you. Well, it's hard to know where to begin. I think you've covered a lot of issues. Perhaps one might be almost where we left off before, and that was in discussing to what extent machine design and venue arrangements can help either with problem gamblers or people who are perhaps in danger of getting into that end. I think we've got a number of perspectives here that might provide some information on that: for example, things like should the odds be conveyed in a way that's meaningful to people, to give them an understanding of what their spend rate is likely to be over time; should there be breaks in machines; where should EFTPOS facilities be located and things like that. You have some things here, I know, but I'm just interested in your reactions to that.

On the question of machine design, the industry would say to us that those sort of features would probably get in the way of the fun of the machine. If you had breaks from time to time or too much information being conveyed about how much is being spent and so on, that could be actually reducing the entertainment value of these machines. Anyway, I'll ask you to comment on that.

MR MENSES: Well, if I do a general comment, but I'll quickly pass to the experts. In Fair Game, the report we've given you, our main tenet there was that we questioned whether in fact people were able to exercise genuine informed consent when playing the machines, and we felt that the surroundings, the structure, etcetera, militated against that, in particular the fast hit rate. You have a 3-day cooling-off period if you're buying a house, for example, because it's a major expense. Here, once there's a win, straightaway there's not even a stop to let the person have some space to consider what's going on. So we think the design issues are important to try and create greater informed consent. The machines are becoming more complex, so I don't see the argument against a little bit more information coming out of those machines in terms of adding to the entertainment and to the fun.

MS KALDIS: Just expanding on the informed consent point there, it's quite common for me to hear in our counselling rooms people having erroneous thinking around how the machines actually work and what they do, examples of that being people actually going to venues at particular times of the day, expecting that they would be full at that time because the lunchtime crowd had finished, or perhaps altering their play patterns from high to low betting on lines and credits, thinking that that would actually confuse the machine in some way or make it think that another player was on it, so that wins would come out. It's actually quite common, beliefs like that that come out, so again I think that more information about how the machines actually work needs to get out there by community education or signs in venues, that people need to be informed about that.

MS WIGHTMAN: One of the things that I find is the noise, the winning noise. If

I'm sitting there losing, it doesn't matter. Other people round about me are winning, so I'm going to win. You know, you get that noise and it really gees you up. You can be outside the venue, you will still hear that noise. To anybody - and don't forget, I'm talking from the basis of having a problem, I do have a problem with it. I hear that noise and, hey, you know, I forgot. That's literally how it gets you. It's almost like it's click the trigger and away we go. I've sat there and put through \$300 without having anything big but somebody else is winning, so mine's going to go any tick. It really is going to turn. I can't leave it now because if I leave it now somebody else is going to come along and take the winnings that I'm entitled to.

MR BANKS: But do you know that each time you push the button it's an independent event. It has nothing to do with how many times - - -

MS WIGHTMAN: Exactly.

MR BANKS: You know that intellectually - - -

MS WIGHTMAN: I don't know that, no. I mean as far as I'm concerned, my information about pokies is that they pay out a certain percentage, which is a fairly high percentage, back to the player, so therefore it's got to turn sometime. That's my only information on it. The owner will win so much, but my chances of winning are very high, so therefore it's got to turn round for me, you know. If I've put in \$300, well, it's got to be the next click or the next one, or the next 20 will do it. You start thinking of \$20 as nothing, \$50 as nothing. That will give you a 10-minute session.

If you're on a losing session \$50 will give you about 10 minutes. That's on low betting, that's not on high betting. That's only betting, say, in terms of nine credits, which is what you need to cover basically the full screen. \$50 will do you 10 minutes. If you win, of course, you can play for longer. I've been in there 4 or 5 hours and it hasn't always been spending my own money. I've had wins of three, four, six hundred dollars.

So the whole thing is the sounds round about you, the availability, the not converting the credits back into money signs in your head. You will do it; you say, "A thousand, that's 50 bucks. Well, I'll play it down to 800." If it said to you \$50, you'd be more inclined to press the button and collect and say, "I've got \$50 there." If again you didn't press the button and collect the money and every time you got \$50 it printed out the ticket which you had to go and collect and cleared all your credits - you then have to go and physically take that to the cash - this is one of the things that came out of Winning Women. You then physically had to take it to the cash point and get \$50 back. If you want to break that into coin you've got to take it back and break it into coin. Do you know what I mean? - which puts blocks on your because you sort of think, "Well, I've got \$50. Okay, I'll spend 10," but you don't cash in the 50 for \$50 worth of - I only play \$10 at a time.

This is my way of sort of convincing myself I don't play much, you know. It doesn't work because the reality is you just play it, play it and play it and play it. But

also, for every \$10 I spend I get two points. Two points adds up on my card to getting prizes over the time. I've got 80 points, I've got another \$10. So if I'm sitting there at \$70 I might as well put through some more and get some more points up, and then I've got another \$10 out that I can play and maybe win.

MR BANKS: Would information about how much you've been spending either on a particular night or over a period of time be helpful to you or would you not want to know that?

MS WIGHTMAN: It probably would be helpful in a way. It probably would shock my socks. It would probably shock me. Whether it would make any difference to me I have no idea. I think it probably would because I do do it in little bits, and little bits, and little bits, you know, and little bits over an hour or so adds up to a heck of a lot. I keep trying to con myself that I don't have a problem.

MR FITZGERALD: You made an expression which was interesting. You said people often say, "Not a problem with gambling, only a problem with losing." Just explore that a little bit further for us if you could, Margaret.

MS WIGHTMAN: I have a friend of mine - you make quite a few pals in the pokies - and she will go in with \$50 and she doesn't reckon she's got a problem with gambling. She's a pensioner, and the \$50 will be gone and she hasn't won. She will go and take some out of a machine. They've got some money behind them that's sort of been life savings. She'll go and get some out of the machine and she'll play that and then she'll go away and had a terrible time - she had lost. She'll be back up the next day, doing the same thing.

When I talked about, "I've got to do something about this. This is just ridiculous. I can't handle this fact that I cannot control myself" - you know what I mean? I'm a person who's usually very much in control of myself. I don't succumb very easily, and I sort of said, "Look, I really have got to do something about this problem because I really now have got to admit I have a problem with gambling," and she sort of says, "Oh, I don't have a problem with gambling. I just have a problem that I don't win often enough." The logic of that escaped me but it was her logic and it was her perspective, you know, so who am I to question it?

But that was how she saw it. It's only because she doesn't win often enough that she has a problem, but it's not a problem that she can do anything about because you can't make the machines pay out more. It's totally illogical. It's the way people work in their minds.

MR BANKS: So in a sense would you say that people who are in this group with whom you've talked and so on would actually think that the normal situation would be to win rather than that the normal situation would be to lose?

MS WIGHTMAN: I think anyone who plays the pokies on a regular basis - and I've heard all the statistics and quite frankly I think statistics can be manipulated to

mean anything. Most of the people that I know in the poker machines on a regular basis have a problem with gambling in one form or another. Some would be greater and lesser than others. The hope is that you win but you play to play, and that's the funny thing about it. It doesn't matter. A lot of people don't need to go out winning, as long as they've won enough money to keep them going for another half-hour, to keep them playing, to keep playing.

MR BANKS: So if the industry says, for example, that people go there partly for social reasons, and you said you make quite a few pals and so on, but partly simply just to buy time at the machine, that's an enjoyable experience, and they allocate a certain amount of money and they're quite happy with that - - -

MS WIGHTMAN: I would ask anybody to go into a pokie venue and look around at people sitting playing the machines and see the joy and pleasure on their face, and I'll tell you something, it doesn't exist. To me, something which is a happy experience or an entertaining experience or a good time causes you pleasure and there are signs that human beings can sort of put out to show that. I find an awful lot of people in there are sitting frozen.

Now, you say I've made pals. I don't call them friends for the simple damn reason we've never been able to spend enough time getting in depth as far as a one-to-one basis but we do share the problem - we do share the fact that we play the pokies. "Are you winning?" That's the gist of the conversation. "Oh, and so-and-so round there won this and that, and they've got this, that, the next thing." That is the gist of your conversation. That's why I used the word "pals", you know, because it's just people who have the same thing as yourself. But there is very little amusement or entertainment value there, believe me, from one who plays them. I don't know why the hell I play them. If I knew I wouldn't have a problem.

MR BANKS: Thank you.

MR FITZGERALD: If I can just go back to the beginning, Gerard, you've mentioned - you might just want to elaborate that it's very hard to get information from the government. You've indicated particularly there's data stored by the Department of - it is Human Services or Health? I'm not sure which one.

MR MENSES: They're all one and the same now.

MR FITZGERALD: And you made reference to a number of other things which would lead us to believe the government was not keen for certain information and dialogue to take place. Can you give us some understanding as to why you think that is the case?

MR MENSES: I don't want to sort of read into it that the government is not keen. I just want to say that we perceive a conflict of interest and then we get all these experiences that back up our perception that there is a reluctance to talk or reluctance to move. We recognise this state in particular has got a very small revenue base and it

is taking great measures remove debt or look at other financial ways out of the situation. Here is an enormous input of funds and I think it would not be human, in a sense, not to be seduced by that and to be a bit reluctant to give up that cash flow in the absence of another alternative.

MR FITZGERALD: But in one of the states we've actually heard where information has been withheld for 18 months or 2 years after studies have actually been completed. Are we talking about that sort of pattern here or is it much less so than that?

MR MENSES: It's taken us 3 years to get access to the statistics and then it was only through this gambling rehab report, and that report itself had great difficulty getting to the statistics. The answer we keep getting back is, "Oh, the information technology is not together, the department's not together." All of these are very plausible explanations, given the state of management at the moment, but it's just the consistency of these explanations in relation to other issues that makes you sort of sit up and say, "Why is this the case?"

MR BANKS: Was there anything particularly damning about the statistics when they did arrive which showed South Australia, for example, to be different in important respects to other places where statistics are available?

MR MENSES: I think one of the key issues in South Australia has been the belief that we've got a fairly fast take-up rate and the problem is probably plateauing out. Overseas studies indicate that it takes a full 5 years before you get the full impact of poker machines in particular, or gambling problems. We've only been four and a bit years in this state. With our reasonably high levels of low income and high unemployment rates, it was argued that we might in fact experience a faster pick-up rate and plateau earlier. I think the statistics are indicating that we've yet to plateau. The problem is still growing, and I think those statistics are uncomfortable and don't wish to come out.

MR BANKS: Still on the statistics if I could, you talk about a participation profile and you've provided us some statistics here which will be useful, but I think you're saying that this is a - I'm not sure whether this is the subset of the total that's affected by the individual disclosure point?

MR MENSES: That's correct. It's a subset of the total. This is coming directly from our programs and we've also been very careful to put the geographic context of those statistics to you because they are, in a sense, statistics within statistics, if you like.

MR BANKS: But this does cover, though, the totality of the people who've been to you or only those who've given consent for individual data to be made available?

MS KALDIS: It's actually broken up. The first page refers to all the people who have actually accessed our program.

MR BANKS: That's very general information.

MS KALDIS: It is, yes, and then the sample sizes actually come down as the information gets more specific.

MR BANKS: I see.

MS KALDIS: Because again, in terms of how we collect data, how we actually put it into the computer, there's limits to what we can actually put in there and we must get informed consent for that to go into the database, so the sample size does come down.

MR FITZGERALD: Linked to the collection of data and research and that, the rehabilitation fund - we've heard comment this morning about its structure. You've made a comment that you believe all forms of gambling providers should in fact contribute to some fund. Can you just talk to me about the structure of the fund. Do you have a particular model in terms of the fund itself or other types of funds that you'd like to see?

REVEREND FORGIE: I'm of the opinion that perhaps there should be a discretionary trust, that it should have a certain degree of independence. That would then certainly remove the minister from the scene and also perhaps would remove any perceived conflict of interest. There is a model which is talked about in the report and I think it's worth exploring. I think we would all agree that the present gambling rehabilitation fund model doesn't work very well and that we would like to see some change in that.

MR FITZGERALD: When you say the board - I recall that you said a board with a discretionary trust. Have you got a particular view of the nature of the board? Does the board, for example, include industry providers or not in it?

REVEREND FORGIE: Yes. I think there would need to be people on the board with particular expertise who would be valuable for that. I have no blueprint except to say that I think it really should be explored.

MR FITZGERALD: Can I just broaden this out a little bit. In terms of research, do you see that that sort of fund would actually undertaken both research and funding of rehabilitative services? It would do the lot?

REVEREND FORGIE: I think it would certainly take responsibility for that.

MR FITZGERALD: An issue that arises and is quite extraordinary is the lack of social and economic impact studies that have been done in relation to gambling, certainly prior to decisions being made in most states. Do you have a view as to where and who should oversight those? You may not have a view on that but an issue has arisen that, one, there are very few of them ever done, secondly there is a

need for them, but who should be the parties that are responsible for undertaking those in the state of South Australia?

MR MENSES: I think that's where we're struggling to get some independence into it to make sure that there's some accurate data. If you set up purely a clearly independent body with a trust, that may be an appropriate point, but our dilemma is where we can get, if you like, disinterested research into the issue. We would have our experience, and the anecdotal evidence we have is that the economic impact is large. We talk to lots of small business people who are struggling, etcetera, but it's very difficult to pool that together to get then a justifiable statement and we, as a sector, don't have the resources to do that, and again, we would probably not be seen as a disinterested researcher in that activity either.

MR FITZGERALD: Sure.

MR MENSES: So I think we have to accept a perceived conflict of interest in relation to ourselves as well.

MR FITZGERALD: We've asked this of the participants this morning, but again we'd ask it. The role of local governments: do you have a particular view as to the role that local governments in this state should play in terms of either the impact statements and/or the approval of an expansion of gambling activity within their jurisdiction?

MR MENSES: I'm not sure that local governments necessarily have the resources, either, to adequately assess the impacts. I think the Productivity Commission's activity here is vital. Frankly, I think that in a sense you are the most independent body so far to have a look at the exercise. I think that the Hotels Association might actually be quite anxious about local government, because I think it would be harder for them to make, again, objective and reasoned planning decisions in relation to the spread of gaming machines, the location of gaming machines and the like. It's the same as you have in liquor licensing at the moment. You get a small group opposing, but then that might be the basis of in fact communities being able to take responsibility for the type of community in which they wish to live, because currently the communities are saying, "We don't want poker machines here, but we actually don't have control over saying no to the poker machines here," so that would be a major argument for local government having a bigger say.

MR FITZGERALD: Just related to that, accessibility and the issue of machines: given that South Australia has gone down this model of a cap of 40 per hotel and club, do you have a particular view as to where should policy go for the future? Have you got a stance that you will live with that, that it should reduce? Because most of your submission is about making modifications in venue design, the funds and so on, but do you have an overall view as to where gambling policy should go in this state?

MR MENSES: We do. I suppose we're trying to be pragmatic and say we are pessimistic that we would see the removal of machines over time, but we would

support the removal of machines over time. We would certainly like to limit the numbers of machines and the location of machines. We think the ease of access and their current location actually exacerbates problems in South Australia. We actually also believe it exacerbates the economic impact, because a lot of that money actually leaves the community. We'd much prefer to see them in venues such as clubs, where that money at least goes back to the community, but that doesn't do anything to address the problem gamblers. It doesn't minimise their problem. It might minimise some of the economic impacts, but the root of the problem that we see is in fact the machines themselves, and we certainly want to see their numbers limited, their accessibility limited and a greater informed consent in terms of how they are designed, constructed and played.

MR BANKS: One of the points that you give some attention in your submission - particularly the earlier paper, the Fair Game paper - is this question of barring of people from facilities. That is still an issue for you and you think that it's not being adequately organised?

MS KALDIS: It's not something that as a program we use very frequently and that is generally because in terms of treating problem gambling, restricting people's access or getting the controls coming from the outside does little to actually resolve the problem for them in the long term. But, having said that, we certainly feel it's important to have the facility there and the people can actually self-bar themselves, if that's what they decide. Often in the short term, it's important for that to happen, particularly where there are family members involved or the potential loss of assets is coming up and people feel as though they cannot control themselves. Just to expand on that, currently we haven't had great experience with people actually barring themselves.

Clients frequently report attempting to do so and not doing it very successfully and being told often incorrect information from people they approach within venues about how they need to go about doing that. Luckily enough, what tends to happen then is that those clients choose to not go back to those venues, because they're actually offended or just too embarrassed to go back, after being humiliated often by people who work in venues.

MR FITZGERALD: Just clarifying that, are you saying that when they seek to be self-excluded, that's the problem that occurs at that point?

MS KALDIS: Yes. Often they're - met with people who don't know - and again, I'm not sure that it's people within gaming rooms themselves, because my understanding is that there is training available and that people who work in the gaming venues should have information about barring. But many clients actually report being told to go to the local police stations, for example, to go get their photo taken and to get barred there. What are other examples? They don't do that and people need to justify and prove why it is they want to bar themselves from venues and sometimes are told that, "Well, if we bar you from here, you're just going to go down the road and spend money elsewhere." I think that's reflected in Fair Game,

that that is still coming through, and we feed that through the network in terms of getting that to the AHA.

MR FITZGERALD: Margaret, have the women in your group had much experience?

MS WIGHTMAN: Yes. There's none of us have done it, for the simple reason there's a shame factor in that, your having to admit to people in your local area that, "Hey, I have a problem with gambling, I can't control myself." It's not something that we readily do. Not only that, it proves to yourself that you can't cope and one thing you're trying to strive for is, "Hey, I can overcome this." But one of the problems is, too, if you're by yourself and the staff adhere to that, you've got tiny tellers. Tiny tellers - you just go and put your note in a wee machine and it gives you a whole cupful of money, so there's no point in barring yourself.

What's the point in putting the shame thing in front with the staff, when you can go behind the poker machines and go to the tiny teller and get the money out to play them, because the only point that could effectively stop you is when they actually came to giving you the coins to play and you can get the coins back in the tiny teller anyway. So to me, it's not - I have not come across anyone who's actually barred themselves. I have not met, either playing in the venues or through Winning Women - I have not met anyone who has barred themselves. I did discuss thinking about it, but the thought put me off and I thought, "No, I've got to actually come to terms with this," so it's not really a step I found is a valid one - or viable.

MR BANKS: We talked earlier to the AHA about their code and what they've done, the pamphlets they've put out and so on, and they indicated that you would sometimes go to them if you detect instances of credit betting and that sort of thing. What's your general perception about the extent to which the hotels are meeting the spirit, if not always the letter, of the kind of information that we've got here, in terms of Smartplay and advertising and promotion and generally the guidelines for responsible provision of gaming?

MS WIGHTMAN: They've certainly got them in the venues I play in.

MS KALDIS: Again, I don't have the numbers here, but there is a percentage of people who certainly access our program via picking up cards or seeing information about Break Even in venues, so they certainly are out there. To what extent - again Margo would be in a better position to actually comment on that. We don't have the time to go and actually look at that stuff, but we are getting people coming through. In terms of credit betting and people's experiences, again, I must say that it's not something we see very often. I think in the 3 years that I've been involved with the program, perhaps twice it's been alluded to by clients and, even then, they were very reluctant to give too much detail about how, when, where.

MR FITZGERALD: Are you getting any experience at all in relation to what we would call inappropriate lending activities to people, particularly around the casinos

and what have you? It may not be a problem here.

MS KALDIS: No, not that I have come across in the last 3 years.

MR MENSES: I think with the AHA material, the thing we'd say is it needs to be in the context of a broader community education. In the absence of a broader community education, I think the impact of that material can only ever be limited and I think most of that material has got a very - and expectedly - a positive spin and a promotional activity of the association itself, which is what you would expect. But having said that, I think that we appreciate that they are making efforts.

REVEREND FORGIE: I suppose the other issue is that it's only in the AHA venues, that the information literature doesn't appear anywhere else in other gaming venues.

MR FITZGERALD: Let's talk about some of the other gaming venues. We tend to concentrate a great deal on EGMs and hotels and clubs because they represent in your statistics 75 to 80 per cent presenting, but do you have views in relation to the conduct of advertising and/or practices of the TAB, Lotteries in this state?

REVEREND FORGIE: Certainly from Break Even, we have some very real concerns about advertising and we do see that there needs to be some regulation put on advertising. Certainly from the casino 12 months ago there was - and Margaret was talking about the winning jingle that came across, that was used on one of their television advertisements, and I think I'm right in saying that some clients spoke about that and the incredible impact it had on them in their own living rooms, hearing that noise coming through the television set.

MS KALDIS: Yes, acting as almost a cue.

MR FITZGERALD: Would you support the view - and we hear this quite a bit - that the Lotteries advertising in different states and the TAB are actually the most aggressive of gambling advertising? I think that's been said a few times here, but some would say, "Well, that doesn't matter, because they're not a large percentage of problem gamblers." Others have said to us, "It's all part of conditioning that's taking place and that one should be equally concerned." Do you have a particular view about that?

MR MENSES: It is an opinion rather than a fact, that I would suggest that they are indeed the more aggressive advertisers, because they try to win back a market. I mean, when the poker machines first came into South Australia, the impact on the Lotteries Commission was quite large in terms of usage, so yes, they happen to be much more aggressive in advertising to win back their players and I think we should therefore look at that. If we ignore that, I think we ignore it at our peril. Equally, the Internet gaming is an area that needs to be looked at very closely as well.

The use of language in that advertising is always very interesting, it's always an

"investment" that you make in the Lotteries and it is very much fantasia that we are being presented with, lots of comments about how much I've won and what goes on, so I think we need to look generally at the whole issue of advertising codes in the gaming area. Now, we concentrate on the poker machines, because we do see them as different and we see them as more insidious, but that's not to say that we don't have problems with the other codes.

MS KALDIS: Can I just add to that by again referring to Fair Game and the section on the feminisation of gambling. Again, this is an opinion, but it appears that the TAB and Lotteries - their promotional material and advertising appears to be targeting women more so than it ever did and I think that's part of trying to win back market share and catch a sector of our community that the electronic gaming machines or hotels very successfully attracted to their venues. Examples of that include women in TAB advertisements winning races running down the streets, again Lotteries doing the same thing. The casino also print promotional material focusing on women who are having a great time, looking wonderful and being very successful. So, yes, I just wanted to raise that also.

MR FITZGERALD: Just in a general sense, the models that are used to assist people with problem gambling - there has been some contention between whether or not one is looking at a behavioural model or, alternatively, one should be looking at a medically-based model. We had some submissions in Melbourne from the New Zealand Compulsive Gambling Society, which was very critical of Australia's approach, in the sense of moving down to a behavioural model and paying little regard to the medical model. I was just wondering whether you have any views about that generally, although that's an area where there's contention and I understand that. The second thing is, are there sufficient services in this state to deal with particularly pathological gamblers and what have you, and where are the gaps that you see emerging or existing?

MS KALDIS: I'll start with the second question first in terms of pathological gambling. The Flinders Medical Centre has within its anxiety disorders unit a Break Even program that in my understanding is quite a small under-resourced program, but that is the only one in South Australia that deals with the very extreme - and when I say "extreme" I guess I'm associating that with medical problems also, clinical depression, etcetera. The first question in terms of models, treatment, methods used - here in South Australia certainly problem gambling is the common term referred to and most of the agencies that provide services here are very client-centred and, as such, will work with what the clients present with, so not necessarily actually following a medical model or a behavioural one but working with what the client appears to be presenting in terms of what will work for them.

MR MENSES: Anglicare ultimately believes in the responsibility of each individual and we're working for solutions. As an agency I suppose we are not pro-medical models. We've removed it from our aged care facilities, we've removed it from all our facilities as an organisation seeking to promote independence. So there's as much philosophy but there's also a professional bent from the psychological background

training that I and most of the staff come from. In relation to gaming issues I think that I would see more of a behavioural bent than a medical bent. However, there are risk factors. There's an interplay with these things and I think the answer lies not with one or the other but you certainly have to look at both areas. But certainly we have a predisposition.

In relation to the gaps in services, it's another example of where we try to apply commercial tendering to welfare services. What we had in this state was a tendering process to provide these services, the political expediency overruled and so the eight major children each got a prize and each got an area, but I don't that actually serves the consumer well. We provide services in the north but we are a noted church organisation. Some might people might feel embarrassment about coming to us. It's hard for them to access other services. I think we need to have a choice to encourage people coming forward. This is an area where it's very difficult for people to come forward and say, "I have an issue," and so I believe we need to be working harder to make it easier.

MR BANKS: Just on the question of various approaches to this and so on, do you have any views about the extent to which there should be more systematic assessment of gambling counselling and its effects and to what extent is there assessment in your case. Do you do follow-ups or whatever or surveys?

MS KALDIS: Part of what is used here in South Australia are three assessment tools or three scales really that are used pre and post-intervention. What we are finding however is that while we certainly use those at the early stages, many of our clients actually don't terminate on an agreed-upon time, so that we actually find it quite difficult to put into place the post-tests. So as such it's hard for us to actually assess whether our intervention was successful and, if not, why not, and all those things.

MR MENSES: It's very difficult to resource that and I believe a systematic and systemic approach is required.

MR FITZGERALD: So many people have said to us that because we've gone down the behavioural model, we've allowed, particularly Departments of Health and so on, to escape their funding responsibilities in some senses. Because we in the sector may say, "Well, it's not part of the medical model," we've actually allowed funding to be reduced or non-existent in some areas. Do you have a particular view on that?

MR MENSES: I certainly believe that the Health Department hasn't a responsibility. I mean it comes into the whole mental health area where we see a large percentage of our clients have got mental health diagnosis and they're over-represented in a range of our services and we are in a sense providing mental health services in an indirect way and it's unrecognised and unfunded. To simplify the analysis and to say it's because we don't have a medical model approach that we let the Health Department off the hook is an interesting one, but I think the answer is not sufficient in itself and would

do an injustice in fact to how a lot of health professionals would actually see their industry as having a more holistic approach as well.

But certainly I believe that the Health Department has been let off the hook. In South Australia where Health and Family and Community Services become one department, we've yet to see any sort of more holistic or integrated approach. I think they're still sorting themselves out there and the sorting out might not happen in my time.

MS WIGHTMAN: Also the mental health area has been severely slashed in South Australia. It's in an awful state. It's grossly inadequate to cover the areas that it's got to cover at the present time without sort of dealing with basic depression and that type of thing. It really is badly under-resourced.

MR FITZGERALD: Just a final question. We've heard in most of the counselling services that a significant percentage of people fronting the agencies acknowledge that they've been involved in some form of criminal activity - stealing from families, friends and so on and so forth. Do you keep statistics that monitor that fact?

MS KALDIS: I'm just thinking of our database - no, we don't, although again just anecdotally certainly family and friends are those who by far are perpetrated against more than employees or people who are not known to the person with the gambling problem.

MR MENSES: It's interesting that Anglicare with a staff of 650 - looking to Priscilla for confirmation - .05 per cent of gambling problems emerge in some of our staff - 2 per cent, yes. So in an organisation that is promoting awareness about gambling, we certainly have staff that have demonstrated petty crime against the employer and gambling has been the issue.

MR FITZGERALD: Neil, you referred to the need for prison officers and others to be educated. Can you explain just the rationale behind that?

REVEREND FORGIE: I think for the Break Even agencies who do work in gaols, and there's two of them, they would certainly say that gambling continues in gaol. I think we would all know that. Yet up until now we have done no real work in that area and it's really an awareness community education program of having people in that facility to enable some therapy to take place.

MR FITZGERALD: Are you aware of whether the Corrective Services authorities here collect data on convicted criminals in relation to whether they've had gambling as an associated cause? New South Wales have just started to collect that data as from 1 July and I am just wondering in South Australia whether you collect any of those figures.

REVEREND FORGIE: I am just going to have a quick look at Vin - no.

MR FITZGERALD: All right, thank you.

MR BANKS: Thank you very much for spending the time with us. We are going to break now and resume at 2.15.

(Luncheon adjournment)

MR BANKS: Our next participant today is Mr Terry Coughlin. Welcome to the hearings.

MR COUGHLIN: Thank you.

MR BANKS: Thank you for coming along and for providing a very brief submission to us, which I'd be quite happy for you to go through if you like, and then we can talk a bit about some of your experience.

MR COUGHLIN: Thank you. Ladies and gentlemen, I am 61 years of age, a diabetic and retired from work. I have been married 33 years and have two grown-up sons who are both working. My wife and I share the household bills. On 8 August 1974 I had my last cigarette and only partake in passive smoking when I can't avoid it. As I diabetic I am limited to one glass of red wine a day.

My gambling on racehorses is a healthy interest which spurs me on to live a full life. I receive doubles charts from bookmakers in Sydney and Melbourne and I delight in snapping up the early odds about my selections in the major races of the year. I can take a double with an investment of \$10 and can watch the shrinking of the odds as race day approaches. It is very interesting and entertaining.

If I decide to back a horse in a particular race the minimum investment by telephone - this is interstate, Melbourne or Sydney - is \$200. This is way outside my budget and causes me to wait until the day of the race when I can invest at the local TAB. The odds available early in the piece can be four times those available on race day and I invariably feel cheated by the restrictions on my activities. I would suggest that \$25 would be a reasonable figure for a minimum investment.

Another cause of concern is that I can invest by telephone until 5 pm with bookmakers, while the TAB over here at the auditorium at the Adelaide railway station remains open until 10 pm, where I bet. So working out my selections on a cold winter's night means I must wait until the next morning to have my bet or bets. I only invest what I can afford to lose and my family budget does not suffer from my gambling. I much prefer the fixed odds available from bookmakers to the lottery available at the TAB. Thank you.

MR BANKS: Good. Thank you very much. We haven't had a lot of actual punters coming along to the hearing, so it's good to be able to talk to somebody and obviously somebody who gets a lot of pleasure from it, and we've had a lot of people coming telling us about the problems, I suppose, with it. You've obviously had a long-standing interest in the horses and from what you're saying in your submission you tend to be a pretty good judge of horse flesh because you tend to get fixed odds that are much better when you get them than by the time they turn up at the TAB closer to when the horses run the race. Is that right?

MR COUGHLIN: I have a policy which is bet what you can afford to lose, and

sometimes I have a good day. I was telling Bronwyn earlier, on Stradbroke Handicap day - that's a big sprint race in Brisbane that was held in June - I backed the winner, Toledo, who comes from South Australia, trained by Russell Campbell who now trains in Melbourne but he came from Adelaide - and it won. And I took it and Monopolise, an elderly horse, in the quinella, and it cost me a dollar, and they ran first and second, which is a quinella, and it paid \$102.70, so I collected that.

And I said to my Asian mate over at the International food hall, "What do you like for the third horse in a trifecta?" - which means you have to get first, second and third in the right order - and he said, "Blazing Steel" and I said, "Right." So I took the three of them and boxed them, so it didn't matter which way they finished, as long as they filled the placings I collected; and it cost me \$3 and it paid 777. So I had a marvellous day that day. But I've had a lousy Spring. But as I said, I bet what I can afford to lose but I've had some shocking luck this Spring. Basically you have runs of ins and outs and that's one of those things.

MR FITZGERALD: We've had people - just in relation to the TAB, how do you find that generally in terms of the service?

MR COUGHLIN: I went into the TAB auditorium the other day. Now, that's one of the major ones in Adelaide - - -

MR FITZGERALD: Yes.

MR COUGHLIN: - - - and for the whole day - they've got about eight TV screens up, each showing a different meeting, and they were down. They had the horses' names up and the dividends were zero, zero, zero, zero, zero, zero for win and place. The service is bloody shocking and I don't reckon it's the staff behind the counter's fault. I reckon the computer operators leave a lot to be desired, and that's what I think.

MR FITZGERALD: When you're betting on the TAB you actually take your price, or your odds are those that are fixed at the time of the particular race?

MR COUGHLIN: No way, no way. There's no fixed odds on the TAB.

MR FITZGERALD: No, that's what I'm saying. They actually wait until the race starts and takes that point. Some people have indicated that, you know, we should change that system, we should allowed fixed-price betting and what have you.

MR COUGHLIN: I couldn't agree more.

MR FITZGERALD: But how would that actually work? Would that be done through the TAB or through telephone placements with the bookmakers on course? Can you do telephone bookmaking here?

MR COUGHLIN: No. Yes.

MR FITZGERALD: You can?

MR COUGHLIN: Yes. I worked for nearly 20 years as a bookmaker's clerk and I'm not rapt at the courage of the bookmakers in Adelaide and so I bet interstate.

MR FITZGERALD: I see.

MR COUGHLIN: There's more of them and it's a better service, and that's my opinion. But the TAB could offer fixed-odds betting but it would need separate machines to handle that side of the betting and other machines to do what they do now to fluctuating odds.

MR FITZGERALD: Right.

MR COUGHLIN: As you might understand, punters in the TAB auditoriums and the hotels, 85 per cent of them I've been told by the supervisor at the TAB put their money on in the last 3 minutes.

MR FITZGERALD: Yes.

MR COUGHLIN: So your odds are nowhere near accurate when you're working out what you want to back. And one of the maxims in betting is that you back the shorteners. Well, how can you? You don't know until 3 minutes to go and you've got to be Mandrake to work it out.

MR FITZGERALD: Somebody was saying - and you can correct me if I'm wrong - that the television broadcasting of races - are they actually allowed to broadcast the market odds at that stage?

MR COUGHLIN: Not in South Australia, not the bookmakers' odds.

MR FITZGERALD: Right. What difference would that make if you could - if they could actually televise the odds betting?

MR COUGHLIN: The bookmakers have - when I worked there, on a busy day - which is what I liked, the big races - you work right through for the 35, 40 minutes between races.

MR FITZGERALD: Yes.

MR COUGHLIN: You work taking bets all the time. Obviously if you are seeing the odds on the bookmaker's board for that 35 or 40 minutes you're going to have a far better idea of the fluctuations than you get at the TAB.

MR FITZGERALD: Yes. But how would that change the way in which you bet?

If you were actually able to see the televised odds movement at the racecourse how would that change your betting style?

MR COUGHLIN: I take multiples, as I illustrated with my example, and they're not available with bookmakers. But if I could see those fluctuations I would know what horses to back and I could be in the TAB and invest on those multiples with more certainty.

MR FITZGERALD: Right.

MR COUGHLIN: That's how it would affect me.

MR FITZGERALD: What do you understand to be the reasons why they won't allow the broadcasting of field place betting - the market, in other words?

MR COUGHLIN: I don't know.

MR FITZGERALD: Somebody was saying that it's to stop the - - -

MR COUGHLIN: SP.

MR FITZGERALD: - - - SP bookmaking..

MR COUGHLIN: Yes. That's the rumour, yes. I don't think they'll ever stop them, to be honest with you.

MR FITZGERALD: Yes.

MR BANKS: Because we've heard that the SP bookmaking has almost gone out of business. But you think they're still pretty significant players?

MR COUGHLIN: There's one lives in the next street to me.

MR BANKS: Right, okay. So it still happens.

MR COUGHLIN: Yes.

MR BANKS: You were saying about - you had a concern about the phone betting, that the threshold minimum investment by telephone is \$200 as you said. Could you just explain to us what - that's for interstate, or what does that refer to?

MR COUGHLIN: That is pertinent to Melbourne and Sydney, but it's over \$100 in Adelaide, I'm pretty sure, for betting on the phone with the bookmakers in Adelaide.

MR BANKS: Right.

MR COUGHLIN: I've never done it so I can't vouch for it, you know, but I'm pretty sure it is.

MR BANKS: Okay. I mean, presumably there's a reason for that in the sense of covering the costs of that medium. Have you heard of any reasons why that limit has been set the way it has?

MR COUGHLIN: The only reason I can think of - I haven't heard of one - is to deter the average punter losing his money, because you have to establish credit with the bookmaker before you have the bet, so money is no problem. If you've got the money there he'll take your bet. If you haven't he won't take your bet.

MR BANKS: Right.

MR COUGHLIN: So that's the only - - -

MR FITZGERALD: Just when you're establishing credit with the bookmakers, what do you mean by that, that you've got to establish that you have the money somewhere or other? He's got to be able to verify it?

MR COUGHLIN: No, you send it - - -

MR FITZGERALD: Or you actually send it to him in the beginning?

MR COUGHLIN: I send him a cheque, but other people use credit cards.

MR FITZGERALD: So bookmakers can use credit cards, whereas in other forms of gambling we heard this morning you can't use credit cards.

MR COUGHLIN: I assume they could use credit cards.

MR FITZGERALD: Right.

MR COUGHLIN: I think they can. I'm pretty sure that Michael Eskander in Melbourne does.

MR FITZGERALD: Right. We've also had some people talk to us about the quality of races generally. Have you got a particular view about the changing nature of the actual product, that is, the racing product in Australia? The view goes that because they're now wanting more and more quantity of races, more and more racing product, there's actually been a trade-off and the quality of the actual races being run has diminished. Have you got a view on that?

MR COUGHLIN: Yes, I have. That is true in South Australia, I would say, but in Melbourne, where the big races - the Melbourne Cup is worth more than \$2,000,000 and the big 2-year-old races are worth more than a million dollars. The Caulfield

Cup, the winner walked away with 800-odd thousand - - -

MR FITZGERALD: Yes.

MR COUGHLIN: - - - and that means that good horses will partake in those. And there's a triple crown in the early part of next year - January, February, March from memory - in Melbourne for 3-year-olds, and there was a horse which won well in Sydney called Dignity Dancer was to come down to Melbourne to run in it. But the AJC in Sydney said, "Right, we don't want this to happen. We want to draw the crowds to our meeting." So they put - their triple crown, they increased the stake money. So there's going to be two big triple crowns at once in Australia. It's going to be marvellous for betting and the people will go to the races and I think it's a big fillip for the industry.

MR FITZGERALD: What about the non-special races, you know, the ordinary race-day meetings that generally - have you got a view about the quality of those races?

MR COUGHLIN: In Melbourne you get 37,000 prize money for one ordinary race. In Adelaide it's somewhere between 10 and 20 thousand I think, which is half. So when you get a horse that wins well in Adelaide the first thing you do is take him to Melbourne.

MR FITZGERALD: To bring him up to speed, yes.

MR COUGHLIN: Yes, to win the extra money. And they bring them over from New Zealand for the Melbourne Cup. They bring them from overseas for the Melbourne Cup.

MR FITZGERALD: Right.

MR COUGHLIN: And it costs them 80,000 to bring a horse from overseas to Melbourne for the cup.

MR FITZGERALD: And the race industry generally, what's it like in Adelaide? How do you describe it now? Is it good, bad, getting better?

MR COUGHLIN: It suffered from the introduction of pokies.

MR FITZGERALD: In what way?

MR COUGHLIN: People don't flock to the TABs like they used to.

MR FITZGERALD: Right.

MR COUGHLIN: But I suspect that with the telephone betting there's still quite a

bit of activity goes on. I'm not sure. I understand that the bookmakers' numbers in South Australia have been decimated. So that might answer your question.

MR FITZGERALD: Because of the pokies basically, do you reckon?

MR COUGHLIN: Partly the pokies and also - we spoke earlier about the courage of bookmakers in Adelaide. They don't provide the odds that you can get interstate.

MR FITZGERALD: Right, and the - - -

MR COUGHLIN: The TAB - pardon me - provides a wonderful service. You can go and watch it on telly and you get a marvellous view. It's better because you can see the whole race close up. It's better than if you're on course.

MR FITZGERALD: And here you're able to back on the races throughout Australia through your TAB here, aren't you? It's a complete nationwide betting service?

MR COUGHLIN: Yes and no. Yes and no. There are exceptions. There's some races in country New South Wales that I occasionally get a phone call on and I have to bet in New South Wales. It's not on the TAB in Adelaide. It's not - they don't field on it..

MR FITZGERALD: And the actual racecourses - some people have talked to us about maybe the introduction of poker machines and that into the racecourses and all that sort of stuff. Do you have a view on that at all?

MR COUGHLIN: I think it would be - you'd do one thing or the other if you used your brains. You'd either bet on the horses or on the pokies. You can't accommodate the mental concentration necessary to do both.

MR FITZGERALD: Sure. Well, one doesn't require much concentration. It just requires a lot of pressing of buttons. But the other one I think might be a bit different.

MR COUGHLIN: Fair enough.

MR FITZGERALD: Still, that's true.

MR BANKS: One of the things we've heard is that to some extent problem gambling is becoming more of a problem these days because of the technology and because of the poker machines, whereas people have said to us that racing has been less of a problem because there's more thought, more planning, more thinking about it, and then, you know, you wait for race day and so there's a natural period, a natural break if you like, in gambling. But others have told us also that there's now much more racing going on than ever before and you're starting to get the same kind of person involved, who wouldn't be giving it much thought, be almost doing it by numbers. But have you had any experience that would suggest that that's the case?

MR COUGHLIN: It's more than 10 years since I worked on course and in those days we called them victims of the punt, and they're your classic pokies victims of today. People went to the races and they just ran out of money.

MR BANKS: Right.

MR COUGHLIN: They couldn't help themselves. And it's my opinion that those people, no matter what sort of gambling they attended, would do that anyway. But I think there was a problem, say, 15, 20 years ago, because that was the only form of gambling, that people did lose all their money at the races and the trots. But there was action in the newspapers and on the telly and on the radio saying, "People, be wary and look after your family," and all this sort of thing, and it was reduced to a certain degree, and then the pokies came in and it started all again.

MR BANKS: All right. Thank you very much for that. We really appreciate your participating in the process.

MR COUGHLIN: Thanks for helping me.

MR BANKS: Okay, thank you. Just break for a moment, please, before our next participant.

MR BANKS: Our next participant today is the Australian Family Party. Welcome to the hearings. Could I ask you, please, to give your name and your position.

MR JOHNSTONE: Yes, my name is Rodney Johnstone. I'm the state president of the Australian Family Party and also national secretary-treasurer - appearing in that capacity.

MR BANKS: Thank you very much for that. We've received a very brief outline of some of the points you want to make, and perhaps the best way to proceed is to get you to elaborate a little bit.

MR JOHNSTONE: Yes, I will. Mr President, Mr Chairman, and Mr Deputy Chairman, I want to say the Australian Family Party is delighted to be a part of this inquiry, and this is approximately the eighth inquiry that the Australian Family Party has - not my Australian Family Party, but I particularly have participated in over a number of years. I'm particularly pleased to see Robert Fitzgerald on the other side of the table. I've been very impressed with his contribution to these types of inquiries, but I've never had him on the other side of me, so he would be much more knowing what we're going through, and so I look forward to his contribution to this inquiry.

I want to thank Bronwyn Fisher, who is just down the road there. She's been very supportive and very helpful to participants in this inquiry. I want that to be acknowledged. She's been very helpful and courteous to us and I would like that to be acknowledged on public record. She didn't expect that, but I wanted to make sure that her efforts are recognised by the Productivity Commission.

MR BANKS: We'll recognise it - she'll be asking for a promotion next.

MS FISHER: A raise would be nice.

MR JOHNSTONE: The Australian Family Party was formed in September 1997 prior to the state election and since then has gained registration in Queensland, Victoria, South Australia and we've just obtained registration federally, so we're quite excited by that. The Australian Family Party is committed to ensuring that as much as possible we look at this issue on a common ground issue. As you would know, we don't have a biased perspective - rather from the gamblers or from the industry - so as a political party, which I think we're the only one of two parties that have put a submission in - we can look at this a bit more productively and a bit more with interest.

I want to apologise for the brief submission we sent to you, but we've been very busy on local issues and we just didn't have time to do a full submission that we would have liked to have. I understand that Australia Post also delayed our written submission, which was very brief, with a news article that we attached about the effect of the United States of America. I just wanted to know whether that has arrived or it

hasn't. Bronwyn is acknowledging that it has. We'd like that to be taken into consideration, as we say.

MR BANKS: Yes, good.

MR JOHNSTONE: Mr Chairman, I want to start by saying firstly that I am involved in a lot of issues, one of which is the death penalty in America, because I'm totally opposed to the death penalty and as such I'm international president of the International Coalition to Abolish the Death Penalty, which is an organisation right around the world which looks at the death penalty issues. I have worked on approximately 90 cases involving people about to be executed, and who have been executed - and I understand someone who has been working in the prisons is about to give evidence to this inquiry - but from that I can say that I don't know of one person that's been executed for being addicted to gambling. It's all mainly been through drug abuse or alcohol abuse, and so my research and my experience is that gambling hasn't been one of the reasons why a young person has been executed. I just wanted to put that on the record. It might be of interest.

I'm currently helping 60 other people who have got to different stages of their appeals and in analysing their case histories gambling hasn't been one of the things that have contributed to their downfall. I don't know how relevant it is in this state or in other states, but certainly it has been through that. I am a law student myself - I'm now going as a second-year law student - and that's one of the interests that I've had in it.

Gambling is a word that is obviously well known throughout the world, the state and the country. In the news article that I enclosed with our submission you would have seen the impact that had on California, particularly in Las Vegas, and how it's taken very much. We've all heard in the media of the human interest stories that have been given regarding the impact that gambling has. Gambling has been very much part of the problem with regards to marriage breakdown, business destruction and to different other societies' difficulties. Or that's the excuse that's used to get out of a variety of problems. It is good to have in our state Mr Nick Xenophon, who has been very effective in this area.

We are very concerned that with the sell-off of private utilities, not only in this state, but in your state, from Melbourne, and Robert's from New South Wales, we are wondering whether the selling of all these utilities will mean that greater revenue will be expected from gambling, whether there'll be (indistinct) on that, so we're raising concerns but it's more so of - we've got ETSA, and as you would know that's been quite a big issue here. If that goes where will the loss of revenue that came from that go? So will that mean also that the state will have to look at more avenues of gambling in which to make up for that loss of revenue?

We've increased unemployment and I want to say that it's my understanding that South Australia, in particular the area which I live in, which is the Port Adelaide-Enfield Council - has got a very high poverty rate and it's obvious that this is

what's impacting. Our deputy state president would have liked to have been here, but he's presently away, but he has had the dubious honour of both his family breakdown occurring and also due to the fact that he was very addicted to poker machines. As I was compiling this submission I asked him what was the thing that that he felt attracted to in gambling, and he said he wanted to be financially free, which is what the reason he said - because he wanted to be released from all his debts and problems. I believe that is generally what people are trying to do when they participate in the regular day-to-day gambling, whether it be the hotels, licensed clubs or also the Adelaide Casino.

I believe you would have gone to see the Adelaide Casino, you would have had to, it's only across the road. So hopefully you would have seen what is occurring. I must say - I don't know about you two gentlemen - but I've only had a little dabble on the pokie machines, but it didn't get me very far and it certainly didn't give me the thousands of dollars that the advertisements have made out that we would get. I was quite disappointed. I only got about, what, \$5, and yet the advertisements say - make it out that we're all going to get, what, thousands of dollars.

I don't generally - I just wanted to have a go on it and see what it was like. But I think high glossy advertisements and the high provoking advertisements and saying to people that you're going to win lots of money certainly encouraged more people to perhaps gamble when they should have - so the Australian Family Party, whilst recognising - although I did read in someone's submissions that the Australian federal government does have some constitutional ability to do things, even though it's not a federal matter, so we're suggesting like in the smoking advertisements that were taken off the media, that there either be - one of the two things in existing advertisements - that there be warning messages on all advertisements that originate in TV, radio and newspapers - warning people about the effects of gambling. It's on cigarette packs. I don't smoke myself, but I understand that is - or better still, advertisements are banned completely from our screens and our radio.

I believe if that was done the attraction to gambling might be very much limited to people who want to gamble, and thereby would make it much easier for them to ignore it. If it's regularly on your TV programs at teatime or when you're having tea or family time, and even children's programs that we've noted - it is obvious that people are getting excited and attracted. So there should be some limitation on when the advertisements are shown. I don't like to watch the Today program from the United States when you have all sorts of interesting advertisements, but I think we've got to have limitation on when these advertisements should be shown, and they should not be shown during perhaps the children's hour and also the family viewing time, because that's when more people would be around. I think these issues need to be looked at.

On reading your issues paper - and I'm raising issues I didn't put in my submission but that's because I needed more time to prepare it and I'm sure Robert understands and yourself. You don't often have time to look at these issues as you can. But you would obviously be aware of parlour games, or where you pay \$2000, I

think it is, and you expect to get some money back - \$16,000. They're not legal or illegal, but they're based on if you buy a seat or half a seat, you go to the captain's seat and - are you familiar with type of games?

MR BANKS: No.

MR JOHNSTONE: I was trying to get the names of them, but they've been very much - it's like a rocket or like you're on a seat here and people pay \$2000 and you move up to the next level, which is co-pilot, and then you go up the next level which is captain. I had the interesting - went along to see what it was like, but that's gambling as well. My understanding is that they're neither legal nor illegal in this country, and in fact they've been trying to get some convictions. I'm just trying to think of another name that they've been publicly in our media, but as I understand it people are losing lots of money in that, but they're not controlled by the Gambling Act or by any other facility. As we're looking at all issues of gambling I think that's an issue that you need to be looking at, because I know lots of people are doing it, who are losing - who may or may not have lost money and it's based on the same thing; they're wanting to get money back and get \$16,000 back in return. I think that's something which you could also look at.

I want to look at the issue of local governments because I think that's an interesting point of view from the perspective of gambling and the availability of it throughout the area. With the current trend of local governments taking more responsibility for their areas I think it's something which we need to look at. In my case the Port Adelaide-Enfield Council has approved applications, or have not objected to applications which involve poker machines for clubs or property which they own. This has been despite more various vigorous opposition to such things. So in other words our opposition is ignored.

Also under the Development Act of 1993 I understand only those adjoining to the property can object to such things. So I think - I don't know what the other problem is in other states, but I think with local government being so grassroots I think you've got to look at whether - what role they should have in the - about the availability of local councils to give consent or to agree pokie machines being made available in the area. Due to the lack of time I haven't looked at what is a solution, but I think that it's something which you people, and the ever-thoughtful Robert and Gary Banks could look at very well.

Hotels - I want to look at that because it is a submission that's been made to this inquiry, and I think that generally speaking it was a very fruitful and very helpful one. I've read that submission but I don't agree with everything they've said. I want to suggest that there be some kind of legislation requirement - now, some people say code of conduct, but as you'd know, as a law student I've learnt that code of conduct - they've got no enforcement in legal proceedings, so you can't do anything about them to - if something happens you can't really enforce that position in a court of law. So I think any code of - or anything that might be standardised across the nation of this country, I think you'd need to have an act of parliament because that way you've got

some redress if things go wrong in a code of conduct or code of ethics you wouldn't have that - such thing.

So I would like to see such things as advertising, employment standards, access to gambling machines by minors which I understand is occurring quite frequently in this state and other states, rights of people in using these poker machines, and warning signs or such other of the perhaps impact of playing these games could have on people. I've been made aware of many young people who were unemployed, that the CES - well, the CES has gone now, thanks to this government, but I know that many other unemployed people have been forced to take positions in gambling rooms, which is against their principles and policies, and I think that is something that needs to be looked at, that people should have the right to refuse to participate or to work in gambling industries when it's against their ability. I should say that with the current trend to try and legalise prostitution, will we get to the stage where people who are unemployed will have to be forced to work in those areas due to the fact that it's workable? So I'm just making that as a point.

As I said, it is no good trying to, through a code of conduct, get these issues and other issues that will come up because of the fact where legal and enforcement area it can't be acted upon. I also want to highlight the fact that a lot of bands have spoken to me - they used to go on the Wednesday or Thursday or whatever night and play their gig - whatever so. With poker machines this has also meant the demise of their ability to earn money. I don't know if either of you have ever been in a band before. I haven't, but a lot of my friends have, and they've said to me that the loss of that revenue, the loss of that income has been quite detrimental to their area.

The final point I want to make is the charities and I know, Robert, from your extensive interests, you would be aware that gambling has caused a lot of the charities in this state and other states to lose a lot of the income they would have got from charity doorknocks, or whatever, due to the fact that poker machines and other forms of gambling have become more readily available. I understand the previous speaker to me spoke on horseracing. Perhaps the reason why it hasn't been so much on that area is of course gambling through electronic means or on pokies is more instant and you can get money quicker than having to wait for a horse race to complete its run and hopefully get some money there. So I don't know what you're going to suggest. Maybe the debate now coming with the GST which we're all about to be involved in - maybe we could perhaps make it that a small percentage of that money should go to charities as compensation for loss of revenue due to gambling. That could be some way that you could do that.

I've also read the Aboriginal submission that was made to this inquiry. I'm a member of a number of Aboriginal groups as an associate member. They would also say that gambling has been quite detrimental in their area too. So, Mr Chairman and Mr Deputy Chairman, I thank you for your time, for giving me the ability to speak to you on this issue. This is a very big issue that is having an affect on our nation and it's something that we need to address. I think far too long our governments have got away with allowing things to occur. They let the cat out of the bag and then they

can't control it. It's unfortunate that our government is relying on income through gambling and perhaps that won't be the end of it. We need to be looking at ways in which we can stop gambling affecting our area. I call upon the Productivity Commission to make sure that our governments hear our views and our concerns and thereby ensuring that our nation does not go down the gurgler through gambling profits and gambling difficulties. I thank the commission for their time.

MR BANKS: Good, thank you very much for that. We might just ask you a couple of questions, if we can.

MR JOHNSTONE: Anything. Yes, go ahead.

MR BANKS: You mentioned a number of things that are central to the inquiry. One in particular you talked about advertising being an issue and you talked about advertising during children's time. Could you tell us what the situation is, as you understand it, and whether the advertising has been directed at some particular mode of gambling. Has it been particularly the Lotteries or TAB?

MR JOHNSTONE: We've found between 4.00 and 6.00 in this state particularly, which is mainly the children's hour, and more so just after when Sesame Street finishes even though it's on the ABC, but we found they advertise, in the gimmicks and the push to make gambling so objective - it's being shown in the children's time. We believe that gambling of that nature or any advertisement advertising gambling should be limited. We have approximately 150 members in this state that are still claiming for registration and we've got 500 nationally across the board - as you know that's a requirement as well - right across the board we've had concerns that children or young adults are being targeted to take it up. Presently we understand there is no restriction or it's not illegal for children to gamble, so I think that's why the television stations are trying to get around the loophole that you can't really stop it. So we believe the advertising should be restricted during children's hours and perhaps the news hours as well when families are sitting there enjoying their TV.

MR BANKS: Is it mainly the Lotteries that you're aware of or not?

MR JOHNSTONE: Well, it's the Lotteries, it's the regular - and it's the TAB who advertise that there is amounts to be won on horses, and football as you'd know. There's also, from my information, the Adelaide Casino - they tend to do a lot of advertising and marketing during those times as well.

MR FITZGERALD: You raised a couple of issues in relation to the poker machines in hotels and what have you with the decline of live entertainment, which we have heard about, and in some areas that seems to be quite substantial. Can you just elaborate a bit further on what you are hearing about that in this state?

MR JOHNSTONE: It would have been no doubt, in my view, that we would have seen a lot of hotels closed if it hadn't been for poker machines. If they hadn't arrived they would have been closed and we would have had less - I don't know if you know

but in Adelaide you can go to most corners here and there's a hotel on almost every corner. We've found that live entertainment - young bands that had started up and used to go around the club scene have now lost that ability to use that venue. So it's very widespread, and in fact I know at least eight or nine bands that have gone out of existence mainly because they couldn't be guaranteed that regular opportunity to do it. So that's employment - regular employment. That's a loss of employment for them and so it can't be made up. It is a very big problem in this state and particularly in the areas in which I live, which is the Port Adelaide-Enfield and north-east area.

MR BANKS: Something I think that we've heard in other places as well - you know, I'm a bit of jazz fan myself and one of my favourite pubs in Sydney has stopped hosting jazz bands there. But generally your party's perspective on things I guess is from a family-orientation. What sort of information are you getting from your members about the nature of this activity?

MR JOHNSTONE: Our position is it tends to be anti-gambling. However, we've got to acknowledge, as I said, employment has been provided in many hotels for those people so we have to look at that - once it's there, it's very hard to get rid of. We'd like that but it would be too much of a thing, so what I think we've got to look at is a way in which we can minimalise the effect, and that's what I understand most of the submissions have said. It's a bit hard, once you've got it there, to remove it, as I said. Our members - that's their point. A lot of them would rather it not be. Some have said, "Well, once it's there, how can you get rid of it?" So their general attitude to me is that if we get ways in which to stop it from being advertised during children's hour, which I've said, news hours as well, ban the advertising which wouldn't be hard to do. It would take an act of parliament to do it but that way wouldn't be so visible and that's what our position is - in that form. So we would like to see its removal but we can't and so, by ways in which I've said, they might help it.

MR BANKS: So a sort of harm minimisation strategy you'd agree with?

MR JOHNSTONE: Yes. We don't like it, and in fact I think the Australian Democrats - Christian Democrats - have been the only ones that have voted against it. There have been some in other parliaments - some Liberal and Labor have voted against it - but basically it's been withdrawn in parliaments that have tried to force it through. If you were to go into a hotel tomorrow and remove all the poker machines, I don't know what that would achieve, so it would be quite an interesting position of that occurring. So that's what we would like to see - much more than what you've said.

MR FITZGERALD: Do you have any views about the way in which the casino operates?

MR JOHNSTONE: Generally speaking we've had concerns from a lot of young people who have been discriminated on footwear - shoes - which is part of the issue. Generally speaking it's more the fact that a lot of low-income people tend to use it, even though they're trying to make enticements to the supposed rich Asian people to

come along. I never go in there. I can't afford on my Austudy to give up all that money. I see people trying to get thousands of dollars but they never seem to get it, so it must in some way be worked that they can't. I think they've tried to be responsible - they have been very good for charities. They've given money, I know, to numerous charities so there's good and bad in it. It's there. I prefer it not to be.

Our party position would be it's up for sale so maybe through - I'm not too sure if it was or is but it certainly was up for sale - and I suppose that's something we should be monitoring but we have no fixed view on that. Other than that it's provided some good and it's also provided some bad as well, so that's where we see it.

MR FITZGERALD: You made some reference to the codes of conduct. You were here I think during the presentation by the Hotels Association and what have you. What is your view about the codes of conduct? Are you actually calling for them to be made enforceable through regulation or do you think it's fair to say that it's only a relatively young industry in some senses?

MR JOHNSTONE: My experience has been that codes of conduct or codes of ethics have no standing before a court of law because they're not legislative things. It's my experience, very recent experience on another issue, that has caused a lot of concern and upset to people so that's why we would much rather see it in an act of parliament whereby people have a court of law or an act of parliament to protect them. It's something (indistinct) a piece of paper so if people don't go by it, they can't be penalised or they can't be sanctioned in any way. So our view is that the code of conduct or code of ethics - I wasn't here for the Australian Hotels Association but I have read their submission very briefly - very quickly - and I would urge - I think that would be one of your recommendations that it should be in an act of parliament, because this way consumers have some way in which to ensure that, if something goes wrong, they have some way of getting addressed.

For instance, the children seeing gambling machines in hotels, that's becoming a big issue at the present time. So surely that would be some way in which we could do something. I don't know if you spoke to our commissioner, Hamish Gilmore, who is the commissioner for this area, but I'm sure he's finding that codes of conduct aren't legally enforceable ever, so I think the best way would be for an act of parliament with the code of conduct in it to make sure that, as I said, people can be protected. I'd stress that should be a recommendation. I realise that it's bureaucratic, I realise that it's red tape. However, we need to protect our consumers and we need to protect the people that use the poker machines and, if they don't have the standard, then they shouldn't be around.

MR FITZGERALD: Does your party have a particular view about the rehabilitation fund, the gambling rehabilitation fund, that we've heard about today?

MR JOHNSTONE: I have. You would have been in Western Australia and you would have seen how the Lotteries Commission there operates very effectively. In fact they provide housing and offices for community organisations, which I think is far

far better than most other areas in other states. In fact there's a community fund here. As for rehabilitation I think that's essential but you see what they're not targeting is the people's desire for financial relief and, with so much unemployment in this nation and state, it's having some effect. But obviously more money would be an answer for that, but how would that come? Who should be providing that fund? Should it be the hotel industry - that's another industry that's tuning in to people's weaknesses - or should it be from the state governments or the governments that have allowed it? I think the answer is needed to be looked at

Off the top of my head I think we'd need to look at the fact that both have contributed and have helped it so that there should be some levy or some way to help people who have lost a lot of their houses and there's been marriage break-ups through it. It's no good saying because people go and do it and it's their fault. They've been encouraged to do it by the government. The government is in fact aiding and abetting it so they should be putting in a lot more money into that area to help people to be weaned off gambling as a way in which they can get their instant relief. I think that's something that you'd need to look at.

I don't think it's fair to levy the public because they've virtually had no say anything about pokies. It's only now that we're actually getting some say in what the pokies should do. I don't think there was a referendum or anything of that nature before it was introduced and it's only now that we've been able to have a say. So that would be my recommendation that both the hotels and licensed pubs and the state governments should equally be contributing to the assistance and should ensure perhaps that 3 or 4 per cent of the GST, if it ever comes in - and due to the numbers you'd know, Rob, it looks like it's going to come in - so why not give some of that money into the gambling as well. It's an issue that needs to be looked at.

MR FITZGERALD: Finally, do you have a particular view - if the machines are going to be with us, the difference between pubs and clubs, or is there really no great difference in this state?

MR JOHNSTONE: There's never been any barrier or any - there's no difference because they're both there for the same thing. The club would have no view based on saying that they're both the same - one after the other - so it doesn't really occur. The rules should apply to all and they shouldn't have any ability to get out of whatever suggestions come out of your inquiry. We will be watching with great interest for your draft report. I understand there will be hearings for that too, won't there?

MR BANKS: You will get an another opportunity to - - -

MR JOHNSTONE: I've already organised with your fantastic executive assistant down the road there to get 20 copies of it mainly because we want to make sure that as many of our members are aware - and I want to see a lot more churches involved in in the next stage because I've noticed on the hearing list there's only one church to my knowledge that has appeared here. I don't know about other states. I think it's something that there's got to be - I'm surprised Father John Fleming is not here who's

a very well - I don't know if you advised him of this inquiry but I think it's something - that you'd need Father John Fleming who is - you probably would know him, Rob - and I think they're people that you should be getting involved in the next stage because they're often saying things on air but I don't see them here.

MR FITZGERALD: We have had a number of churches make submissions in other states so we have been getting that focus.

MR JOHNSTONE: Perhaps it's not a high profile and it should be.

MR FITZGERALD: That's right. Thanks very much, Rodney.

MR BANKS: Thank you very much. We'll break now for a moment, please, before our next participant.

MR BANKS: All right. Our next participant this afternoon is Richard Balfour. Welcome to the hearings. I might just get you to give your name again and tell us in what capacity you're appearing today, please?

MR BALFOUR: My name is Richard John Balfour. I'm a forensic psychologist and I appear in the capacity of being involved with a research project, looking at the relationship between pathological gambling and criminal behaviour in a prison population.

MR BANKS: Okay, thank you. I said to you it looks like a very interesting study and one on which there perhaps hasn't been a lot of work. You've given us an outline of it, we'll make that a public submission, but we've only had the chance to skim-read it I guess until now. So we'd be happy if you would like to go through and tell us what the main thrust of it was.

MR BALFOUR: If I could just digress slightly; basically I do what's called forensic psychology which means I work with people who have problems which bring them into conflict with the criminal justice system. Prior to 94 - I deal with a group who have what are called impulse control disorders, and prior to 94 I'd maybe see one gambler that had a problem with the law per year. How my interest grew in this area was that following 94 when they introduced gaming machines to hotels, I saw a steady increase in my practice in the number of people that were presenting with a gambling problem who had committed an offence.

It was that sort of phenomena that I was interested in that led to me to go on and read up and educate myself about the topic. Then in 96 there was a community prevalence survey as to how many people in the community, just the general community, would meet the criteria for having a pathological gambling disorder and there was about .67. But my impression is that in the correctional system it was a lot higher.

MR BANKS: Good, okay. Well, that's quite interesting and - well, I'll let you go on and describe your study.

MR BALFOUR: To look at the dimension of the problem - the relationship between gambling and offending behaviour - there has been a number of surveys conducted overseas. These surveys have either been in the community and used methodology such as telephone surveys, or in correctional facilities. The figure that was constantly coming up, say, for example, in places like Nevada, which has quite a well-established tradition of gambling culture there, was that about 22 per cent of the population would meet the diagnostic criteria for having a gambling disorder.

My involvement was that I had a masters in psychology student, Michelle Marshall, who was looking for a thesis to undertake as part of the requirements of her degree. As a psychologist I had a good idea. We got together, and she basically ran

with the project as part of her thesis, with my supervision. What it consists of is doing a prevalence or survey as to how many people are being admitted to Yatala Labour Prison, which is the main reception gaol for sentenced prisoners, would meet the diagnostic criteria for having a pathological gambling disorder, which I assume I don't have to go into.

A little bit of background: Yatala Labour Prison holds about 395 inmates, its total capacity. Over the period of time that we collected data there were 176 new admissions. This means there were these individuals who had been sentenced in court and given an immediate term of imprisonment, they were sent to Yatala. We managed, over that period, to sample 103 of those 176 individuals. Now, a little bit about the methodology - is that all right?

MR BANKS: Yes.

MR BALFOUR: The main screening instrument that has been used in these surveys is called the South Oaks Gambling Screen, which is a 20-item questionnaire that has been used widely in a number of studies to do with gambling and has been found to have good validity. That means it measures this concept of pathological gambling, and reliability, that means between studies or over time has consistency. So what it meant was that for each of these 103 individuals we would take some general demographic information first and determine - just simply ask them, "Have you ever got into trouble as a result of your gambling, with the law?" and gave them this questionnaire. If they said yes to the first question, and/or obtained a score of five or higher, they were included in the more expanded assessment.

Just briefly the variables that we were looking at for these individuals were firstly to determine what they called psychiatric co-morbidity. That means did they have just a gambling problem in isolation or did they have other problems as well, as commonly occurs with people in custody - you know, drug and alcohol problems, personality disorders and so forth. That was one issue. The next thing we looked at was their offending history: are they different in terms of the type of offences that they commit, with their current offences why they were sentenced to gaol, as well as their past offending.

Another feature that came out of the study was we looked at the relationship between being an individual who has a gambling disorder who has been sentenced to gaol, and what members of the family they perceive to have problem gambling. Then we looked at the difference in the forms of gambling preferred by people with pathological gambling who were inmates and those inmates who don't have that disorder. So they're the broad aims or objectives.

MR BANKS: Yes.

MR BALFOUR: In my document is all the detailed methodology and some tables of the actual data. What I'll do is just move to the last page and just give you a quick overview of the findings, then I'll leave it for you to question me about them if that's

appropriate.

MR BANKS: Yes.

MR BALFOUR: Firstly, using the criteria for the SOGS, out of 103 individuals 33 per cent of them were classified as meeting the criteria for having a gambling disorder, so that's a score of five and above. Then the score between one and four, which means that people have some history of sporadic problems of gambling, another 30 per cent of the inmates or subjects were classified as meeting that criteria. The main one to focus on is the 33 per cent of individuals who scored five or higher. The next issue was between gambling and offending, the relationship there. This is on page 14.

MR BANKS: Yes.

MR BALFOUR: We asked the subjects, all of them, whether they had ever got into trouble with the law due to gambling, and the ones that said yes obtained a significantly higher SOGS score than those individuals that said no. It was a difference between - sorry, SOGS being Southern Oaks Gambling Screen - - -

MR BANKS: Yes.

MR BALFOUR: 12 versus one and a half.

MR BANKS: So they're well into that area of greater than five?

MR BALFOUR: That's right. The other interesting finding with the relationship between the gambling and the offending was that 100 per cent of the individuals who scored above five had actually all said yes to gambling having got them into trouble with the law in the past, whereas only 90 per cent of subjects who scored less than five and said no to having gotten in trouble with the law due to gambling scored less than five, which means there was a strong relationship. There's just a brief overview of the family patterns of gambling. We found that those individuals who scored above five - so they're pathological gamblers - 32 per cent of them had a father who they perceived to have had a gambling problem, whereas the other inmates who scored less than five, only 3 per cent of them.

Furthermore, those individuals who did meet the criteria of pathological gambling perceived approximately 18 per cent of their siblings, that's brothers and sisters, to have also suffered from a gambling problem, whereas it was only 3 per cent for the group that scored lower than five that didn't meet all the criteria for the disorder. Two more issues, the gambling and types of offending: what we found for the group as a whole, the 103 individuals, 28 per cent in order of frequency of playing it once a week or more, poker machines were played by 28 per cent, keno by 28 per cent, TAB 27 per cent, pool, like lottery and that, 16 per cent, and scratchies and that would be about 13 per cent.

When we divided the group of 103 into the ones with a gambling problem and those who didn't have a gambling problem, this is the difference you got having gambled once a week or more: on poker machines, 64 per cent of the gamblers played once a week or more, whereas 10 per cent of the non-problem gamblers. With TAB and horses it was 50 per cent for the gamblers and 16 per cent for the people who don't have a gambling problem. On keno it was 44 per cent for the problem gamblers, 20 per cent for the non-problem gamblers, and the last one was casino, which was 26 per cent for the problem gamblers and roughly 1½ per cent for the non-problem gamblers.

MR BANKS: You didn't ask about lotteries?

MR BALFOUR: That's the pool and golf sort of question.

MR BANKS: Okay.

MR BALFOUR: Lastly, the relationship between having a gambling disorder and whether you have any other problems - what we found is that for our gamblers - we only collected data for them, our problem gamblers - there was a high percentage of them that had multiple problems. So 38 per cent of them suffered from alcoholism, 61 per cent of them had a history of drug abuse, 14 per cent depression and 47 per cent had what is called an antisocial personality disorder. I'm nearly finished. To put it all together, what's the relationship between having a gambling disorder and offending? Firstly, this is a study that's looked at associations or patterns. It doesn't automatically imply causality.

MR BANKS: Yes.

MR BALFOUR: It shows that there's a consistent relationship with a number of variables that you look at. What I believe is happening here is that you need to differentiate between those individuals who have an established history of criminal behaviour who then develop a gambling disorder, and because they already have well-developed, if you like, skills, it's not such a big jump to use them to support their gambling. Whereas they're different to individuals who may not have had any background of conflict with the law before, but have some sort of emotional problem or stressor in their life and turn to gambling as a form of escapism or respite, and then become, if you like, addicted, chase their losses and offend.

What I think is happening is in the sentencing process the first group of people are more likely to go to gaol, whereas the second group of people, assuming they're first-time offenders and they've got a good prognosis for treatment, are more likely to get a suspended term of imprisonment. So one way of looking at this issue, differentiating between the criminality aspect from the pathological gambling, would be to do this study on a larger scale, examining those people who come into the care of Correctional Services.

Just the last point I would like to make is that this group of individuals in gaol,

because of their skills and background, are at a high risk of recidivism and having the added complication in your life of a gambling disorder increases their risk - or potential for recidivism - but at this point in time there are no treatment services that I am aware of that deals with that group, whereas the group who are in the community and get the suspended gaol sentence get taken care of with Break Even, which is a local umbrella organisation. I will leave it at that. The other issue to be aware of is to do with the family pattern with father. Thank you.

MR FITZGERALD: I was just going to ask - you have taken a SOGS score of five or greater as a probable pathological gambler?

MR BALFOUR: Yes.

MR FITZGERALD: Some of the studies - and correct me if I am wrong - have taken 10 or more as being the determiner. Can you tell me why you have chosen five?

MR BALFOUR: If you could please turn to page 7 of your document - one of the issues with the SOGS questionnaire in the past - you know, a methodological issue - is that it had the potential to over-estimate the incidence of pathological gambling because, in the original questionnaire, you only had to have done it at some stage in your life and you scored. Okay?

MR FITZGERALD: Yes.

MR BALFOUR: So they differentiate between lifetime prevalence and current prevalence and what they have done is modified the questionnaire so that all the questions apply to the previous 6 months.

MR FITZGERALD: Right.

MR BALFOUR: So that is one issue. The other issue is where you draw the cut-off the score - five or 10 - greatly influences the result that you get. In America it is accepted as five. Researchers in Australia said that - there is debate about this - a score of 10 may be more appropriate because gambling is such a part of the local culture, and that has been done in community studies. The reason I chose a five - or we chose a five - with these inmates is that if you look at this table, table 1, it gives what is called "a frequency distribution of SOGS scores", so where it says, "Value" and the scores range from zero to 20 and frequency of people that get those scores - with 38 all the way up to a distribution of one person getting a score of 20 - if you do the cut-off at five it catches a hundred per cent of individuals who have admitted to offending - that their gambling has got them into trouble with the law, and 90 per cent of individuals who scored less than five - who said they have never had any problems with the law as a result of gambling are not included.

MR FITZGERALD: Right.

MR BALFOUR: So you only get a false positive rate of about 10 per cent. Now, if

you raise it to 10 - so if you go to this graph here, 10, and you go across, you end up missing out on approximately a third of those individuals who have said yes to the question that gambling has got them into trouble with the law, so it is always an issue of where you draw the line to minimise what they call "the false positives"; people that have a gambling problem when they don't, and the false negative, meaning that they don't have a problem when they do.

MR FITZGERALD: Yes.

MR BALFOUR: That is why we settled for five, because it is consistent with the past literature and you only get that - - -

MR FITZGERALD: So if you were doing a community survey - different to yours, which was a very targeted group - you would choose five?

MR BANKS: The survey that was done in Adelaide in 96 chose a cut-off of 10.

MR FITZGERALD: Yes, I am aware of that. What would you choose?

MR BALFOUR: In the community survey?

MR FITZGERALD: Yes.

MR BALFOUR: I would most probably go for 10.

MR BANKS: And 10 would be then those who have a pathological problem?

MR BALFOUR: In a community survey.

MR BANKS: In a community survey, right.

MR BALFOUR: If you chose 10 for this it would be 17 per cent of people who would - it would be reduced from 33 to 17 per cent, but then you would miss out on all those people that admitted their gambling has got them into trouble with the law.

MR FITZGERALD: What is your view of the fact that if somebody answers the question in SOGS that basically says - and without being technical about it - "Do you believe you have a problem with gambling?" - it is almost a self-selecting question.

MR BALFOUR: Are we talking about the issue of selection bias in the subjects we chose or - - -

MR FITZGERALD: I am just trying to identify, I suppose - because this is particularly relevant at the moment given that the commission may in fact be doing a national prevalence survey - as you say, there is controversy about which level you pick in terms of the SOGS survey, but there is a question which virtually self-selects

in the sense that the person says, "Have you ever had a problem with gambling?" and people can answer that and still not be caught as a person with problem gambling. Is there a validity in trying to give greater weighting to some of those questions like that?

MR BALFOUR: If I could just explain, what often happens is that when people have this disorder, even though they may be offending in the workplace, they can actually be in a state of denial about it, and so if you ask them a subjective question, "Do you think you have a gambling problem?" - a bit like people who suffer from alcoholism, "Do you have a drinking problem?" "No. I can hold my beer really well," then they may say - there will be a tendency, because of the denial aspect, to go low, and that is the reason why we chose, "Have you actually got into trouble with your gambling?" as being a bit more - how can I put it? - objective, rather than subjective - that if your gambling has led to problems with the law - sorry, I have forgotten the first half of your question.

MR FITZGERALD: No, no. It was just trying to see - in some of these surveys a person can answer that they have a problem with gambling and still for SOGS actually not be classified as a problem gambler because of the weighting, and I just wondered whether you had a view about - - -

MR BANKS: With the 10 threshold.

MR FITZGERALD: With the 10 threshold.

MR BALFOUR: There is that issue of the false negatives - you know, people who do have a problem, and I think it is better to have a range of measures - questions - rather than just to focus on one because of that problem of denial or minimising that they actually have - - -

MR FITZGERALD: Sure.

MR BALFOUR: It is better to look at things like, "Have you ever borrowed money from your relatives" - and sort of questions like that - "and not paid them back?" There are other questions like that which all add up to a problem rather than just relying on one question that is totally subjective.

MR BANKS: But if someone answered yes to that question, given that the bias goes in the other way, that would be a pretty good indication that that person did have a problem?

MR BALFOUR: Yes.

MR BANKS: You would normally think that that person belonged above the barrier rather than below it?

MR BALFOUR: Yes.

MR FITZGERALD: So the 33 per cent were five or greater. You then said those that scored one to four could be classified as problem gamblers. That strikes me as very low. I mean, if somebody answered one or two out of 20 - why do you assert that that can be classified as problem gambling with this particular category of individuals?

MR BALFOUR: You would have to keep in mind that not all people gamble and, with this particular group of 103 individuals, 37 per cent of them obtained a score of zero.

MR FITZGERALD: Yes.

MR BALFOUR: The questions are heavily loaded to - how to put it? - dimensions of having a problem with gambling, and I am basing that on past literature that said it is reasonable - though they don't meet the five and above at times they have had a problem in the last 6 months.

MR FITZGERALD: And a lot of this is because of this new 6-month time-frame that we are now talking about rather than a lifetime.

MR BALFOUR: Yes.

MR FITZGERALD: That's fine. In terms of the types of gambling that they pursue - on page 14 you say, "The foremost popular forms of gambling played once a week or more by problem gamblers relative to non-problem gamblers are poker machines and then the TAB and keno."

MR BALFOUR: Yes.

MR FITZGERALD: What assumptions can one draw from those - that a problem gambler is likely to play a number? If you look at this, is it correct to say that there is a cross-over of people who play poker machines, TABs, keno - if you sort of somehow or another did some concentric circles around this group?

MR BALFOUR: Just to remind you that this is a subset of data taken from a thesis that was done for a masters - - -

MR FITZGERALD: Yes.

MR BALFOUR: - - - so there are a number of things we haven't included because of time limitations. One of the issues we looked at there is what we called - and something that would provide further research in the future - "gambling diversity", which means how many forms of gambling a person plays once a week or more. Okay?

MR FITZGERALD: Yes.

MR BALFOUR: And the relationship between that and a SOGS score, and I don't have the data at hand - I can't tell you the exact results. All I can say is that there was definitely a relationship that as your SOGS score went up the number of forms of gambling that you engaged in more than once a week also went up. That can also be a reflection of the fact that there is a section in the SOGS where you get to list the forms of gambling you engage in - so we are just tapping into that.

MR FITZGERALD: Right.

MR BANKS: On page 3 you talk about accessibility to publicly promoted gambling and pathological gambling are interrelated. I might just get you to elaborate on that a little bit - when you talk about a relationship to an accessibility, a potential to develop a pathological gambling disorder and a potential to become an offender. A number of participants have denied that access is a problem. They tend to be those who are involved on the industry side rather than the other side, but could I get you just to elaborate on that?

MR BALFOUR: It's like any other problem behaviour. The more available it is, the more that it is publicly promoted, with people not being aware of certain issues - you don't recognise when it is becoming a problem in their life - how can I put it? In my practice I most probably see more people with a problem with gaming machines than any other form of gambling, but you don't know whether that's - the debate is - to do with the actual psychology of gaming machines or it's an issue relating to the fact of their widespread availability. They tend to be in strategic places where people socialise and meet. I didn't think it was too difficult to extend the idea that as you promote gambling - or liberalise accessibility to it - without, you know, focusing on any one form of gambling - more people are going to play and, as a result, statistically, the potential for some individuals to become, if you like, hooked - pathological gamblers - will also go up.

If you look at this historically, like in America, where there was a prohibition on alcohol and gambling and then over a period of time the liberalisation of gambling in places like Nevada and that - and to discourage people they put them in deserts and places like that where they are not easily accessible; that is, the culture has gained momentum, the more this has been a problem for people in clinical practice of welfare services, and again this is - sorry - - -

MR BANKS: Just on that, my understanding is the prevalence in the US is very similar to Australia but, access, as you say, is far more restricted in the US than it is in Australia, so does that mean the problem gamblers are seeking out the venues rather than the other way around?

MR BALFOUR: It is a big issue of causality, which is difficult to address now, other than just establishing a study. There appears to be a relationship between pathological gambling as measured by the standardised instrument and these variables to do with family history - having got into trouble with the law before.

MR FITZGERALD: On the accessibility side, most of the agencies, both welfare and other agencies, have indicated to us this link between accessibility and increase in problem gambling, and I think that is fairly well-established. The only difficulty is, what does "accessibility" mean, and I will put that into a context - you may say you don't have a particular view on it - one of the views strongly put by some counselling services is that it is the number of venues that makes the difference, so for example in South Australia you have the highest proliferation per head of population of venues. Others say it is the number of machines but it doesn't actually matter about the number of venues, or it is a combination of that and, for us, the issue of excess - what that means - is actually an issue. I was just wondering whether you had a particular view? It may well be that it is neither of what I have just put to you.

MR BALFOUR: It is hard to actually refer to any research data on that. It would be more of a question to do with marketers - some people do marketing research on who uses the machines - rather than I can help you from my study here - or the study that I have been involved with.

MR FITZGERALD: In your practice as distinct from the study you were saying that the majority of people presenting with gambling difficulties are people that use EGMs - gaming machines.

MR BALFOUR: Yes.

MR FITZGERALD: Is there any pattern emerging as to where they use the machines? Are you getting more that use them in hotels, clubs, casinos - is there a pattern yet or is it too early?

MR BALFOUR: Just to say that that's a subjective thing - an observation from clinical practice.

MR FITZGERALD: Yes.

MR BALFOUR: The idea was to use this study to back up whether there were more people coming into contact with the criminal justice system who had a problem of offending and it was more - how to put it? - with recently introduced forms of gambling, and the majority of them - it's at the local hotel - with the people who have a problem with gaming machines. Interestingly, I have had people with a gambling problem where they have been longitudinal over time - it was mainly at the Adelaide Casino - they never actually got into trouble with the law - and then when it was introduced locally, that's when they had problems with the law because the temptation - in fact, I had it with some clients who lived in the country and so the only time they could gamble was when they travelled to Adelaide, and that sort of kept it in check for a year or two until it visited their town, and then they got into trouble with the law.

MR BANKS: Would your insights from your professional experience and so on

lead you to any views about the likely impact of Internet-based gambling, which is, as you might appreciate, a bit of an issue at the moment, and one for this inquiry?

MR BALFOUR: It's just interesting. Just using the Internet without looking at gambling at all, there's some literature that indicates at the very least some people are compulsive users of the Internet and some people would even dare suggest that, you know - addictive in the sense that their use of the Internet has interfered with relationships, work, sleep, weight and that. So there's some literature about that that has allure alone, and again it's still in a state of flux, you know, just as an issue that's been flagged.

I think that it's still early days to, you know, make any sort of reliable predictions other than it's the issue of accessibility. And that's the only thing that - it just depends on the form of gambling, because a lot of people like it because it offers respite. They can tune out from their problems or whatever their worries are and time just flies by.

MR BANKS: Again we would be interested in any views you might have on different forms of gambling and whether some are more likely to lead to problems than others.

MR BALFOUR: That hasn't got easily-definable answers based on research, and again I'd just be subjective from clinical practice, and there's an issue between whether it's the psychology behind the form of gambling that has the potential to be more compulsive or whether it's the issue of how accessible that form of gambling is, and I don't think I can really help you.

MR BANKS: Yes, okay.

MR FITZGERALD: Just pardon me. This comes up and we've spoken to a number of psychologists and psychiatrists in relation to these issues - the psychology of the game or the gaming machine or whatever it might be - we seem to have very little research done in that area. Most people are not able to say, have expressed the same views that you have. How would one actually go about determining the connection between the nature of the game or the psychology of the game and its impact on people developing problems, because a lot of people have said that there's no evidence, there's no studies.

MR BALFOUR: Right.

MR FITZGERALD: I was just curious. Is it possible to do studies that actually can give you those answers?

MR BALFOUR: Yes, I can help you with that question. Just informally I know there must be something to the psychology, the styles of learning that are incorporated or principles in electronic gaming machines, because some of the larger companies employ quite a number of in-house psychologists, so they must be having

some role internally.

MR BANKS: Do you know that for a fact?

MR BALFOUR: Just informally I've been told but I can't say for a fact. But one person you could consider approaching is Paul Delfabbro, who was one of the psychologists involved in the community prevalence study that was sponsored by the government or the Gamblers Rehabilitation Fund and was responsible for the 96 survey. Not that long ago I was at a talk of his where he was giving some data, looking at the relationship between - he had a video camera, with permission of the Hotels Association, looking at what actually happens when people play on gaming machines, and then videotaping this information, taking it away and systematically analysing it in terms of what principles of learning or psychology it's utilising or consistently using, and he presented some very interesting results. But he's the only person I know locally who's actually done that, staring over the shoulder of the gaming machine player, recorded it and then gone away and analysed the information, and it's very interesting research.

MR BANKS: He recorded that in a paper that he at least gave at a - - -

MR BALFOUR: Did he? Yes.

MR BANKS: - - - conference or seminar.

MR BALFOUR: Yes.

MR BANKS: Okay, we'll find that.

MR FITZGERALD: In terms of going back to the prison population or the population group that you were dealing with, we know that in one or two states - New South Wales - they have just started to record information about convicted criminals in terms of whether or not gambling was present in a pattern. Most states have not done so. Do you have any particular recommendations that you think authorities should do in terms of recording this information? Is it relevant to record it?

MR BALFOUR: I think it's useful to do like a census and get a baseline for whether there is an issue in your own correctional service or, you know, correctional system, because in most states there's problems with resources and you'd want to know if there was going to be a particular group that was going to impact on your resources and what sort of measures you should take to deal with that group.

The idea of this study was to use the fairly standardised methodology that could be of little expense, easily replicated in other states. This was only done for the main reception gaol in South Australia, with the assistance of a - you know, a masters student took it on as a project - and I could see no reason why it couldn't be done in other states. The actual system of classifying offences is based on a national system as

well.

MR FITZGERALD: Do you have any view at all in terms of the services that could or should be provided to people in corrective institutions?

MR BALFOUR: Really they go in there with a problem and depending how bad your gambling is you can still actually continue to gamble to a degree while you're in custody. Just need access to a telephone, basically, and in most correctional institutions people are given a telephone card to do with as they choose. So I've had clients who have continued gambling while in there and as soon as they get out then, you know, reoffend to support their gambling and get caught in the cycle. So what I feel for this group - that it's actually important they have - because of the high risk of recidivism or potential - some active and focused input while they're in custody. With some other disorders it's better to wait till they're back in the community, or you can wait till the community. With this group I think they should get as much intensive input as possible.

MR FITZGERALD: Given the high level of co-morbidity that exists - or relatively high - we raised this earlier today with another submission - but recently in Melbourne we had a submission from the Compulsive Gambling Society of New Zealand who, as I said earlier in the day, had been very critical of the Australian approach, which was more to a cognitive behavioural approach and less to a medical model, and we'd had various submissions from different parties. Now, I understand it's an ongoing point of discussion and I don't think we, the Productivity Commission, are going to necessarily say right or wrong but I want to get a bit of a handle on this.

The point that I was raising, they were saying that if problem gamblers are presenting simply to counsellors, gambling counsellors, that is unlikely to be able to adequately deal with the pathological gambler because of a number of issues, not only because some have seen it as an illness - you know, in that sort of model - but also because of these other disorders or other problems that they face. Would you have a particular view about that?

MR BALFOUR: Any individual that presents for service - the first step is actually doing a comprehensive assessment. I don't mean to be side-stepping, but one of the things that people forget is the family. So when a person goes to gaol for gambling-related offending - usually the men - they leave a spouse and children in a financial mess, have to deal with debt collectors and all sorts of people knocking on their door, and sometimes they've got the easy choice because it's been taken out of their hands, they're in gaol, and it's their family that's left outside that has to cope with everything.

But coming back to the question, the first step is assessment and it depends what aspect of the problem you're dealing with, you know. You have people that need practical help, say, which is very useful, financial counsellors to help the family or whatever sort out what needs to be done. There's people that need help in the phase for - you know, there's a good chance that they will be going to gaol for their

offending behaviour and how to set them up, equip them mentally, so they don't end up suiciding, because they go through a period often, you know, where it's just all falling around them; to help in that stage.

There's people that need to support them when they've actually got the problem in the community and provide - it just depends what level the problem you're looking at - and I wouldn't want to say just that one group owns the problem and we know how to deal with it. It's a complex behaviour, and people from different disciplines have different things to offer and it's a matter of coordinating that when they become involved - a bit more like a multidisciplinary team approach.

So for example, treatment of major mental illness is a multiple approach with them. You know, there's no denying that there's a strong need for biological treatment and at the same time the psychosocial issues need to be dealt with because they're the best predictor of relapse. So what I'm saying is you need a good assessment, different dimensions of the problem, and then to tailor a management, treatment program for that individual.

MR FITZGERALD: Can I just deal with the assessment - and I know I'm pushing beyond your paper but it's an opportunity, and I won't push much further. The point that they were making to us was that the assessment is the area in which it can go wrong if you have inappropriately-trained practitioners, whatever that meant. For example - and I always get this wrong - the diagnostic tool we use is the DSM-IV?

MR BALFOUR: That's right.

MR FITZGERALD: I've got it right. I normally get the S and the M order wrong. And they were saying, well, only certain types of qualified personnel can really do that and the vast majority of counsellors in Australia are not so qualified. They can do a SOGS analysis for a modified SOGS and that. So they were actually saying that the assessment point is problematic, and why this has implications is because I suppose governments are allocating meagre resources to particular points. Would you have a view about that?

MR BALFOUR: If I understand the question, it's who should do the assessment or - - -

MR FITZGERALD: The assessment stages. Do you think there are difficulties in the way in which currently people are being assessed? I'll put it more positively: are there preferred methods or preferred entry points for assessment that we should be encouraging in terms of public policy? Having regard to the fact that you said it's a multidiscipline approach, and I think that's right, where do resources need to go in terms of that entry point?

MR BALFOUR: I hope I'm answering the question in the way you intended your question. I don't think that the assessment side should be biased, either medical model or some other model, but there should be this multidisciplinary approach. For

example, in mental health with community models a lot of the triage is done by nursing staff, social workers, and then they bring in psychiatric, psychological involvement as the need is - whether a person has, you know, suspected brain damage or active phase of mental illness. It's just a matter of standardising, I think is the best way of putting it, who you choose and the level of training. I don't know whether I can help you answer that question in a way that's useful.

MR FITZGERALD: That's fine.

MR BANKS: Thank you very much for that. I think it's very useful (a) to have you as someone who brings a professional perspective, but also to have the study available to us. Were you indicating earlier there was some more depth of the study which you weren't able to pull together for the purposes of this submission?

MR BALFOUR: It was my idea in clinical practice and I worked in collaboration with Michelle Marshall, who is a clinical psychologist and as part of a training did a thesis. So a lot of credit has to go to Michelle for doing the hard work, okay, and she has a thesis at the University of South Australia.

MR BANKS: Right.

MR BALFOUR: And this is just a subset of some of the findings from that, just to give you an overview, if you like, a feel for it.

MR BANKS: Good. Okay. Thank you very much.

MR BALFOUR: Thank you.

MR BANKS: If there is no-one who actually wants to appear today - I don't see anyone jumping up - we might adjourn for today and we'll resume tomorrow morning at 9 o'clock. Thank you.

MR FITZGERALD: Thank you.

AT 4.36 PM THE INQUIRY WAS ADJOURNED UNTIL
TUESDAY, 8 DECEMBER 1998

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