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## **TRANSCRIPT OF PROCEEDINGS**

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### **PRODUCTIVITY COMMISSION**

### **INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES**

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

### **TRANSCRIPT OF PROCEEDINGS**

**AT ADELAIDE ON TUESDAY, 8 DECEMBER 1998, AT 9.07 AM**

**Continued from 7/12/98**

**MR BANKS:** Good morning, ladies and gentlemen. This is the second day of our hearings here in Adelaide for the commission's inquiry into Australia's Gambling Industries. Our first participants today are the Adelaide Central Mission. Welcome to the hearings. Could I ask you, please, to give your names and your positions.

**MR RICHARDS:** Stephen Richards, the chief executive officer.

**MR GLENN:** I'm Vin Glenn, and I'm a gambling counsellor at the mission.

**MR BIGNELL:** And Trevor Bignell. I'm the manager of adult services at the mission.

**MR BANKS:** Good. Thank you. Well, thank you very much for taking the time to come in this morning, and also for providing the submission to us, which we've read, and indeed I think we've had the benefit of an earlier submission that you provided as well for a review here in South Australia. As we indicated, why don't you perhaps highlight the key points, and then we can ask you some questions.

**MR RICHARDS:** Okay. Thank you. The last decade has seen a rise in gambling in many western jurisdictions. It's been very very rapid and very broad in its development of products. We think what's happened is that the speed with which that's occurred hasn't allowed us as a community to properly assess what the impact of that particular product is. I think with hindsight and wisdom it would have been nice to have slowed the process down because I think that it's now beyond doubt that gambling is not risk-free, that a number of people when they engage in gambling of various types are going to develop a problem with their gambling, and that will range from people who bet on the horses excessively to even people who bet on bingo tickets, through to the pokies.

The difference is that each of those products has what we would call a different potency in the terms of generating harm. Our belief isn't that you can make all community activities risk-free - I want to make that right up-front. For example, people play rugby and there are a number of injuries and indeed the occasional sad death associated with rugby, and nobody would ever dream of banning it. But what we do is to consistently look at the laws or the rules surrounding a sport to enable all the competing interests to be balanced, including the opportunity of playing the sport with the minimal risk of incurring harm.

The same thing is true in relation to say motor vehicles, for example. We developed motor vehicles as a product. We embraced them very rapidly, especially during the latter part of this century, from the fifties. We discovered that they were in fact inflicting a great deal of harm on the community, and so we then started to legislate. We understood from motor vehicles that the harm wasn't just about impact and collisions and killing other people, so for example we got rid of the fins from the designs. We then said, "Well, hang on, the people who drive the cars also require a degree of protection," so we actually legislated seat belts to reduce the harm. This

was no choice. We actually legislated to minimise harm.

We then understood that at a more subtle level motor vehicles and the carbon-based motors were in fact polluting our air, so that people also who lived besides busy motorways, for example, were ingesting a high degree of lead, so what we did was to understand that harm and we legislated it.

What we need to do is to get a better understanding of the harm that this relatively new phenomenon is causing our community, and then to try and struggle to get the balance right between the opportunity of engaging in gambling as a form of entertainment, the right of people to develop businesses around that product, but also about the rights of a person to be able to engage in an activity with a reasonable degree of confidence that it's a safe activity to engage in, but also the right of the broader community and people who may not even gamble themselves to be protected by the ongoing harm that's caused by gambling.

So I guess that's the thrust of our submission, that we need to recognise that gambling is not risk-free, and that there is a cascading flow of harm that's caused in its current form, and that we therefore need to legislate to minimise that harm and to balance the various interests.

When we have a look at the harm, the most frightening aspect is in relation to the more potent products, and from our experience and from the research we've done, we believe that electronic gaming machines are probably the most potent. Some of the evidence that we have or the research - although I'll admit that this is based in different jurisdictions that have different laws even surrounding different machines and numbers of machines, so I think one can't overly rely on the evidence of research, but I think one can't ignore it either. It seems to be that about 4 to 5 per cent of people who commence gambling on poker machines are going to develop some form of problem gambling.

The frightening aspect is that there's no way of predicting who that's going to be. So whether it's from a judge to a retired person, from a fourth generation Australian to a first generation Lebanese, male or female, rich or poor, we don't know who it's going to be who's going to develop that problem. That degree of risk is really quite high. If we had to 4 to 5 per cent of people suffering harm from most activities in this community, we would be outraged. The difficulty is that our community I don't think has yet reached a degree of sophistication to understand that harm can be caused in many different ways, and that the person himself is not necessarily responsible.

An equivalent - and purely there are difficulties with how far you carry metaphors - but a similar example would be for example last century when we discovered that unclean water caused sickness. What we didn't do was blame the people that got sick from drinking unclean water because they didn't boil it or didn't do this or didn't do that. What we did was to recognise that we needed to address the actual water flow itself. So no matter where you look inside our community, through

certainly over the last couple of hundred years, we've taken different approaches to responding to harm caused by various activities.

Now, in terms of the harm, the research so far is pointing to a number of aspects. One, there is, as I said, in relation to the pokies, about 4 to 5 per cent of people who will experience harm one way or another. We then have the evidence that once somebody has a severe gambling problem that their relationship issues start to break down, that many many times theft starts to occur inside the family, amongst friends and inside the work relationship. There is therefore the breakdown of trust and the increasing distress inside relationships which then has a cascading effect on any children inside of that, and certainly inside the report you will see references to a couple of studies that I think pretty clearly demonstrate that the degree of harm caused by children inside a relationship where somebody has a problem with gambling is significantly higher than if there was no gambling present. We're not saying necessarily that gambling is necessarily the only predictor, but it certainly is a contributor.

If we have a look at the loss of productivity inside the workplace that we're starting to discover, if we start to have a look at the withdrawal of funds out of regional communities at an economic level - by that I'm talking about the concept of micro-economies, so that in places like Port Pirie, Whyalla, Port Augusta, for example, whereby while they're not closed economies - I don't think there's any such thing these days - they do require money to be retained in those economies to be able to generate jobs. What some social researchers are finding is that in very vibrant communities if you can get money to circulate 12, 13, 14 times, you can generate a lot of work out of that. In poorly structure micro-economies, you can get circulation down as low as one to two times, and you end up having a very low employment level.

Even if we take a level of say five times in terms of that circulation of money, one of the research studies from Flinders University has found that there is a significant outflow of funds in terms of profit and tax from regional areas. One of the researches I think we've quoted was - I think it was \$100 million, and if you then use the multiplier impact on that, it's just yet another burden that we're not regulating or not being conscious of.

If we then have a look at the criminal justice side of things, we're finding that people are resorting to crime. Periodically in a town or a city the size of Adelaide what we're seeing is more and more high profile cases where people have embezzled hundreds of thousands of dollars to be able to support their problem gambling, and these are people that before they started gambling had impeccable reputations and really often contributed quite valuably to the community. I am yet to be convinced that these people are inherently evil or bad or in fact have a criminal disposition or whatever. I don't think we're actually framing our approach in that area well, and if we have a look at the costs that the community itself is bearing in terms of the loss of that contribution, the costs inside the criminal justice system, the costs of imprisonment and then the failure to actually address the issues and support the

people, it's enormous.

Our sense is that in terms of trying to get a balance that we need to try and understand what it is that actually causes the damage. Our view is that there are two dynamics. One is the potency of the product, and the other one is the degree of frequency that the community is actually engaging in a gambling activity, and if you turn to page 25, what we have done is to try and represent that graphically. The graphs and the slopes in the graph are not based on any research, they're just to demonstrate our approach, but it is based on our sense and very real belief that there are some products that are more high risk than others.

You can't treat a gambling problem by keeping on treating the problem gamblers. The more times that a community engages in gambling as a total population, and the more times that total population engages in gambling that is of a high risk potency, the more problem gambling you're going to produce. So therefore the way you reduce the amount of harm in the community is in fact to try and either reduce the potency of the products or you reduce the frequency of its use.

These are techniques that have been known in public health arenas for many many years, and certainly the reduction of the potency of the product is the sort of things that underpin our legislation regarding the design of motor vehicles, safer products and those sorts of things which I alluded to earlier. An overall approach therefore would try to do two things: one, it would identify what are the high risk characteristics of the product, and by gambling product I think we need to look at not just the product itself but the product within its environment.

For gaming machines, for example, gaming machines don't stand alone, they stand within a very carefully designed environment that would provide a total experience, and so from a product safety viewpoint it's that total environment plus the machine that would need to be taken into account, and what would be required is to get a better understanding of what it is about that product that in fact generates the degree of harm, and then what you do is eliminate it.

In terms of frequency, we need to try and get some trade-offs. At one stage gaming machines in South Australia were only available in the casino. Many people said even that was too much. I would have argued that perhaps that's about where it should have stayed. Anybody therefore who wanted to go and have a gaming experience could have gone to the casino. It was reasonably accessible to the majority of people.

What we have done is gone from that degree of accessibility to basically having mini-casinos, and I think we're not talking about hotels with gaming machines any more, we're talking about mini-casinos scattered right throughout this state, so that people really have to travel a very small distance to be able to access gaming products. In terms of that, in fact many people who don't want to access gaming products have no choice if they want to engage in some of the social activities that our community provides, ie, going down to the pub for a drink or a meal with your

friends.

Several times we've had clients mention to us that having once developed a problem with their gambling, they are in fact cut off from participating in a lot of community life because they acquired the gambling problem by going to their local. It is part of the milieu of their community, their linkages, and now they cannot go, and that just adds to the stress of the situation. Our belief therefore is that what we should be doing is in fact pulling back, and while we should be providing the accessibility, we should be doing it so that the person has to make a conscious and deliberate effort and increase basically the cost they have to invest in terms of accessing the gaming. They would be the two main thrusts.

The other aspect that we are concerned about is that one of the drivers for this has been government and state government. The pursuit of the ideal economy in Australia has meant that we have been reducing taxes at a rapid rate. If governments really believe that, then they would not have sought to increase their taxes elsewhere. In fact what we have had is substitution. We have recognised that we have needed to increase our tax base, otherwise they would not have been pursuing gambling profits, taxes and licences, but they have done it in a way that would appear to be harmless and would appear to be politically acceptable.

I think we will find in hindsight, and I think many people are already aware, that that decision was a very poor decision. However, our states now - and this state is dependent on gaming revenue to about one-eighth. One dollar in eight comes from that area - about 12 per cent. To unhook itself from that is almost impossible without an agreement with the Commonwealth government, so what we see as one of the key drivers is that government has now been locked in, and what we have now got to do is try and untangle that to reduce the political pressure to unpack the harm that's already being caused.

Following through in terms of intervention, while there needs to be the emphasis on harm minimisation - and that's something that really to date hasn't been taken - while there has been some intervention, the intervention has not been that sophisticated. For example, in the criminal justice area it is very hard to get the statistical information out on some of the underlying contributors to people who are appearing before the criminal courts. We know that we say, well, there have been so many cases that have been heard on a particular offence, but we can't say whether they were drug related, whether there was a problem gambling contributor, etcetera.

Our belief is that there's probably about upwards of 20 per cent of people in gaols today that probably have a degree of problem gambling as a contributor to their offence. Now, that's purely anecdotal and it's a bit of a stab, but it's certainly significant from our viewpoint to try and get a better handle on that. So therefore in terms of policy and in intervention we've got to be looking at those sorts of issues as well.

The attempts to just merely say that, "Gambling is a risk and a health hazard.

Be careful," is a nonsense and won't work. Taking that approach in tobacco and alcohol, etcetera, has had very small impacts and it hasn't been until we really got stuck into the tobacco industry for example and really had many many decades of influence that we've started to make some inroads in some areas, but even for example amongst young females we're going backwards. So the potency of behaviour inside communities is very very powerful, and while I would never want to say that gambling causes the same degree of harm that cigarette smoking does, I think it is a good model to have a look at what to do and what not to do in terms of both minimisation and intervention. I think that pretty well covers in a summary form our presentation, and perhaps we could stop there and throw it open for questioning.

**MR BANKS:** Thank you. I think that was a good overview of your submission. You've got a number of recommendations that we probably won't both have questions on, but it just occurred to me as you were talking - you made the observation that in retrospect the poker machines perhaps should have stayed in the casino. Now, the logical implication of that might be that you would wind back and claw back the poker machines from their current distribution through the clubs and hotels over time, and some of the participants in this process have recommended just that. We had Nick Xenophon appear yesterday morning, for example, and one of the participants today makes the recommendation that such a claw-back occur over time to allow for a period for adjustment and so on. Why didn't you propose something like that?

**MR RICHARDS:** In terms of accessibility, I think that is one strategy. What we don't know is that if you actually change the product, is that sufficient? I think one of the things that we need to do is to very quickly try and have a look at some of these harm minimisation approaches. There's always a risk of overreacting, and it could be that by minimising the number of gambling products available in our mini-casinos - I call them mini-casinos because now, if we have a look at the way they're unfolding, you can have up to 40 gaming machines, you can have keno, you can bet on the horses almost consistently. We're going to have sports betting in place, and before long we're going to be able to have Internet accessibility, with commissions coming back to hotels. They are in fact a complete casino activity.

I think one of the things we've got to do is to actually stop the continual growth and we need to have a look at regulating the potency and reduce that. We need to reduce some of the allied policies or practices - for example, getting rid of the availability of cash from EFTPOS machines, those sorts of things - and then monitor it very carefully. I think also we should not be allowing any more, so you don't increase the accessibility. What you've got to do I think as a community is recognise that we're dealing with a dangerous product and that the driver should always be, "How do you minimise the harm?" I'm not sure that suddenly turning the clock back is necessarily the way to go, but I certainly wouldn't be opposed to it.

**MR FITZGERALD:** Just on this issue of accessibility, the evidence that keeps coming up is that as you increase accessibility the number of problem gamblers increases.

**MR RICHARDS:** Yes.

**MR FITZGERALD:** Your charts indicate that. One of the issues - and you may have a different view to some on this - some have said that accessibility is not about the number of machines, it's about the number of venues. Others say it's about the number of venues, not the machines, and so on. In other words, what is the accessibility that is likely to generate the greatest increase in problem gamblers, or do we simply not know that? Is it number of venues all-up?

**MR RICHARDS:** Yes.

**MR FITZGERALD:** Because here in the South Australian model you've got more venues per head of population than anywhere else in Australia. In other states, like New South Wales, we have more machines per head of population than anywhere in the world, and people argue differently, just to explore that a little bit further. Some have said it's better to have clubs with two, three, four hundred machines because you can control the environment much better, than it is to have pubs with 15 or 20. Others argue exactly the reverse. Now, there's obviously no right and wrong answer, but your views on that?

**MR RICHARDS:** I think it is a combination of two things. One is where you go for your entertainment, how close is it, and how are you likely to come across a gambling product. In other words, that would therefore conclude that the number of venues is a contributor. The other issue is the culture. Now, in New South Wales there was, certainly in the western suburbs and some other areas - because it's not just the western suburbs - a very large club culture that was part of people's entertainment culture. They were very large clubs and the poker machines were there, so therefore if you were going to participate, for some people in Sydney, in entertainment you would go to a destination at which gambling was part of the milieu. So I think it's both cultural, in terms of what it is that's part of the community that you're in or, in a place like Adelaide which didn't have that club-based culture, it's actually about accessibility.

I would think, however, that in Sydney if you suddenly had pokies almost in every club, we would actually see a rise, because what would happen is that you would actually be making accessible to people who would not normally be part of the club culture the opportunity to gamble. At the moment if they want to gamble on the gaming machines they can, but they have to make a decision to go to and participate in one of those clubs, whereas if it was just thrust in front of them and they can't get away from it I think we'd actually see a rise. So I actually would think that both of those are correct. It's just what are the particular circumstances you're facing within a community.

**MR GLENN:** Could I just comment on that. The hotels in Sydney fairly recently have been able to go to 30 machines, and of course the open pokies, and if you talk to counsellors, talk to the clubs, talk to Gamblers Anonymous, they're seeing a dramatic increase in problems now from the hotels, and the clubs are noticing it considerably.



I think that the South Australian phenomenon is starting to appear in Sydney very dramatically and very quickly, and that's quite scary.

**MR FITZGERALD:** So the word that Stephen used and you'd support is the opportunity to gamble. Ease of access to or ease of opportunity to gamble is the factor.

**MR GLENN:** Yes.

**MR FITZGERALD:** So it's not in itself the number of machines in a state. It's how accessible - - -

**MR GLENN:** Yes.

**MR FITZGERALD:** - - - in a physical sense, that opportunity is.

**MR RICHARDS:** And then you've got the driver of, "Is it part of the culture of the particular community that you're in?" For example, in some communities there may not be a strong driver, whereas in others there may be. So I think that it's both.

**MR FITZGERALD:** One of the issues just on that point, just to push it a little bit further: in some states there are caps, there are statewide caps. For example, in Victoria there is a temporary cap of 27,000 machines or something. Some people have said to us there should be regional caps. Others have said that capping is missing the point entirely because if it's the venues, the number of venues, then frankly whether there are 20,000 or 40,000 machines in a state won't make any difference. The problem gambler - if they can access 500 venues, the accessibility issue is already sort of out, and so therefore it doesn't much matter about the number of machines. Now, again, I don't think anyone has a right or wrong answer, but I just welcome your views or comments on that.

**MR RICHARDS:** If you had a cap of 500 in Victoria - - -

**MR FITZGERALD:** Venues.

**MR RICHARDS:** No, machines. I think again it depends on where you put the cap, because I think you test these things sometimes by going to the extremes of those, in the same way as if you went to a cap of 100,000 machines in Victoria it would be a ridiculous cap. So somewhere along that continuum the cap ceases to work, and my sense is that in Victoria the cap is so high that it's ceased to have any real impact in terms of changing behaviour or minimising harm.

**MR BANKS:** Just going back to your point about harm minimisation, is it partly a pragmatic position in that you recognise that the machines are pretty much here to stay, expectations have formed around them, people have made investments and whatnot, and they're out there in the clubs and pubs, and therefore let's try to minimise the harm of the status quo, or are you making a judgment that perhaps, with

appropriate harm minimisation, the status quo 40 per venue cap isn't a bad sort of arrangement?

**MR RICHARDS:** No. I think we need to test that and, if necessary, reduce them both in terms of venues and in terms of numbers and in terms of the number of products you're allowed to have inside your venue. For example, in other products you may be tooled up to design a particular type of engineering product, but if it's found to be harmful, well then, I'm sorry, you've got to go away and do your work. I think we need to have the same expectations of the gambling industry. We need to understand that harm isn't just about physical harm and risk, that harm actually occurs to human beings in a whole range of things, and that any industry that wishes to exploit the community in terms of profits has an obligation to minimise harm, and if they don't do that then they should wear the risk of the community saying, "I'm sorry, this is not good enough. You need to change."

For example, in our recommendations we say that we should be legislating in relation to the environment of the machines. That would incur a cost and basically I believe there will be a drop-off of people playing the machines. That's the aim of reducing the frequency, to in fact try to get the overall population to reduce the amount of gambling that it undertakes because I think that is the only way to effectively minimise the harm. That's going to have a direct impact. I think what we would then get is some other drivers coming into the effect. This is the difficulty in this area. You never know what the repercussions are, so it may be then that a number of hotels will in fact decide to have a pokie-free environment, etcetera, as you change those environments.

So unless you're going to go right back into a prohibition viewpoint it's very hard to recommend an absolute set of recommendations that is going to produce the results. I think what you have to do is have an overall framework that says, "Our thrust is to reduce harm. We are going to try this, we are going to work on this," but if this doesn't work, you keep on pushing it back. I think if the industry itself understands that, then I think the industry may introduce its own form of regulation.

**MR BANKS:** Part of what you're saying is that in an area like this you don't really know what you're getting until you've got it to some extent and then you've got to work on it, and therefore perhaps an incremental approach is something to commend it.

**MR RICHARDS:** If we were having this conversation 20 years ago I would have said yes. About 6 years ago I had quite an animated conversation with the then treasurer of this state, and we had done our research and were pretty sure that based on the New South Wales experience and the overseas experience that the way we were introducing pokies into the state was in fact going to result in a lot of harm. So we knew that, and we advised caution, that if you're going to do it, be very, very careful. We were told basically that the research was not worthwhile. "This is South Australia and you can't prove to me that it's going to happen in this state." So we did it knowing that there was going to be harm caused and the government knew; they

had the advice. People were telling them, people were showing the government the regulation, so I don't accept that from the time we started doing this 10 years ago, or less now, that we were ignorant about the potential harm.

**MR BANKS:** What more could have been done? You're saying that reference was made, and your own understanding was based on studies done elsewhere and so on, and what we've heard in the conduct of these inquiries is people saying, "Be careful of American studies," for example, because there are all sorts of factors there that may not apply.

**MR RICHARDS:** Correct.

**MR BANKS:** So you could imagine a state saying, "Well, to some extent the culture here is a bit different," or something like that. So could there have been more state-specific research or consultation done prior to this decision?

**MR RICHARDS:** I think there were some ideologies driving it, quite frankly. I think some of the ideologies are that governments can't interfere in the lives of people. They have the right to engage in activities that they want to engage in, and I think that was a code for "We need this money anyway and we can use that as an excuse." I think it was a deliberate, conscious, calculating effort, and some people did not pursue the robust intellectual and duty of care arguments through to really work out what was required.

I have a sense that as we've seen the diminution of the general grants from federal governments to state governments, that in part because the state governments were able to underpin their state coffers with gambling money, it actually enabled the federal government to retreat at a rapid rate. Had the state governments got together and said, "Listen, we can't be brutalising our citizens by imposing this sort of product and we refuse to do it", I actually think we would have seen a different dialogue occurring between the federal and state government. So in many ways I think the federal government was complicit in the thrust and the increase in gambling and the associated harm that has been caused.

**MR GLENN:** I think listening to Stephen talk it's still not standing still because the Australian casinos will nearly all be on Internet within 12 months, and I'm sure you'll hear this in Hobart next week. Within 2 years there will probably be a thousand casinos on the Internet so you'll be able to gamble from home, or we regulate a hotel with 40 machines, but they'll have access to a thousand casinos in their hotel. So we stop them having 40 machines and bring it to 30 but we can go into the next room and bet on a thousand casinos' poker machines with no regulation in some West Indian country or something like that. It's galloping ahead dramatically and quickly, and that's scary.

**MR FITZGERALD:** Just on that, in your figures on page 8 of your submission, in table 2 you talk about the South Australian government gambling revenues and there has been a huge increase. Could you just explain what is "other" because it represents

\$34.9 million which is more than TAB. What would be included in "other"? Can you recall from that study?

**MR RICHARDS:** I'd need to go back and - - -

**MR FITZGERALD:** If you could. I'm just curious because we only have your tables and I'm not quite sure what that figure - it was just such a large figure. It was more than casino and more than TAB distribution, so I was just trying to work out whether that's trade promotional type stuff. It wouldn't be charities because this is the tax revenue.

**MR RICHARDS:** That's right. I'll go back and I'll get that for you.

**MR FITZGERALD:** That's fine. But just on this point - this is, I suppose, where we'll still learning. You've mentioned the Internet and we've heard a great many submissions about the Internet and I'll be keen to talk to you about what your views are on the control of that. But some people in the counselling services early in the piece said to us that whilst they have reservations about the Internet, their view was that some of the characteristics of a large percentage of problem gamblers, though not all, was in fact that they wanted to go to a venue, they wanted to be somewhere. Even though they're very isolated in that venue it's actually part of some sort of broader social environment. So they were not sure that in fact the Internet would be as harmful as others have put it because that social interaction is quite different. I just wonder whether you have a particular view on that. Given that we have very little experience with Internet gambling, it's a bit prophesying.

**MR RICHARDS:** I think the question is to what degree of potency will this particular product be.

**MR FITZGERALD:** Yes.

**MR RICHARDS:** I don't think it's an issue of "Will it cause harm?" I think the answer is yes. What we don't know is will this in fact - if the hypothesis is that public gambling hooks people that have a social affiliation need, does therefore the Internet provide the opportunity for in fact opening up a whole new range of problems for people who don't have that high affiliation requirement and are quite happy to sit there by themselves. So while it would be true that you may not be speaking about the same groups of people I think there's a high risk that we will be opening up a new group of people, and I'm yet to be convinced that a percentage of people with problem gambling would not, however, also use the Internet.

I think that we should view the Internet - and again this has got to do with the sophistication of our community. We're actually becoming too complex for our own good at the moment. Our wisdom is not keeping pace with our technology developments. We do not allow foreign imports of cars that don't meet our standards. We don't allow the same things in relation to prohibitive imports, and we should be treating gambling as a dangerous product that needs to be carefully regulated, and we

should therefore have the same view about that product being brought into our country as we would with it originating in this country. If a casino on the Internet cannot meet the safety standards, then it should be banned, which is in fact technically impossible at reasonably minimal cost today.

**MR FITZGERALD:** You make some interesting observations in relation to the costs of problem gambling. Can I just explore a little bit of that?

**MR RICHARDS:** Yes.

**MR FITZGERALD:** You made the point that there is no contemporary research in Australia, that you quote from Prof Goodman's articles about him putting a cost of about \$13,200 per annum per compulsive gambler. Obviously we have no data in Australia to support that. But you then go on later in the document on page 12 to say that "Problem gamblers work at 50 per cent efficiency, 9 per cent lose time from work to gamble" and so on. What is the basis? This is the Dickerson report you're relying on.

**MR RICHARDS:** That's right.

**MR FITZGERALD:** Do your own counselling services bear out these sorts of figures? People in this area are prone to have all different views about the studies but do you believe that these are valid statements? That's page 12, the second-last paragraph.

**MR GLENN:** I'd obviously cover that later in the morning but I think the figures are understated if anything. They're certainly fairly accurate. The answer is we don't know because the research is just not there and I'm always vulnerable by just quoting anecdotal.

**MR FITZGERALD:** No, that's fine.

**MR GLENN:** But certainly in the points of family breakdown relating to job; certainly with a young male, in particular alcoholism and gambling go together. The area of criminal act is certainly understated, the area of suicide and contemplation I think is very accurate. I think from research now starting to appear in Europe and from what you see coming across a table all day it's pretty close.

**MR FITZGERALD:** What is the percentage of people who have contemplated suicide in your - - -

**MR GLENN:** It's very close to two out of three.

**MR FITZGERALD:** Two-thirds, 66 per cent. That's higher than I thought.

**MR BANKS:** You systematically ask people that, do you?

**MR GLENN:** It generally comes up in conversation but I have got an interest in the area. I try and get it into the conversation. I appreciate the word "contemplation" - I think we all have days when perhaps that looks like an option for a few seconds, but it certainly would appear in there and I would be looking for that to move the clients through to a therapist very quickly when I meet them first up.

**MR FITZGERALD:** We have had some statistics in Melbourne, I think it was, about those that have actually attempted suicide as distinct from those who have contemplated, but it's quite high.

**MR RICHARDS:** I think it's understandably high given our society. Certainly in this state we have an ad for a government gambling product, the lottery, where a bus driver is stealing a bus on the basis of just having won the lottery, and the term is, "I want to break free." So what we're developing is a gambling ethos. We're developing a culture that it's safe to gamble, we're developing an ethos in our culture that we have to take responsibility for our own actions. So when a person suddenly discovers and recognises that they've got a problem with their gambling, all the blame comes back on themselves.

I think that in a few of the people I've spoken to, the degree of despair, that they can't break out of that, and the degree of hopelessness that they're ever going to break out of it I think is a direct contributor to that sense of, "Well, maybe the only escape is suicide."

**MR FITZGERALD:** We talked privately I think when we met in Adelaide some time ago, that there were no statistics being kept in relation to suicides and the connection with gambling at this stage. You made recommendations about better data collection and so on both in that area and other areas in terms of criminal activity and so on. Has there been any push to actually get that data within the state of South Australia and, if so, what has been the response to trying to track it, or has it simply not been pushed as an issue?

**MR GLENN:** Certainly I've had the privilege informally to talk to health departments and it comes back to, "We're under too much pressure, we'll get around to it," and certainly as early as this week I had a young man who cut his wrist, and he has been released and he assures me that no-one asked him why he did it, so it goes far beyond gambling. I think we really need to know why that person just for a second saw that option, and then to help prevent it again and let him get on with his life. But then the question is not being asked why.

**MR FITZGERALD:** Before we come to some of the recommendations, your point about the regional communities - I must say it's a very well-structured submission - this circulation of money argument, and we've heard this before in terms of communities where there was illegal or informal gambling taking place, the money stayed within the community. Now the money is moving out of those communities, and certainly in Victoria we had several local government authorities present to us all with figures indicating this position. But I just wonder whether or not there is

actually any evidence of this being adverse at the moment. One can actually take the point that this could happen, but where in South Australia are we actually starting to see evidence that this is actually having an impact and, if it is, in what way is it having an impact in those communities?

**MR RICHARDS:** The rural and regional areas of South Australia are being very hard-hit in just the structural changes in our economy generally. To clinically unpack those impacts would be extremely difficult. However, to ignore the fact that you can take out tens of millions of dollars in a community and say that has no impact I think is not a commonsense or a sensible approach. The actual figures in terms of the amount coming out of those rural industries was in fact the result of an independent study done by one of the economic centres here in South Australia. So the figures are not anecdotal, they're actually reliable figures.

**MR BANKS:** I noticed that's the Centre for Economic Studies in South Australia that Prof Cliff Walsh heads up. Is that the one?

**MR RICHARDS:** Yes.

**MR BANKS:** I don't know if you actually made a reference to the actual study, we could get in touch with him and find out, but it was fairly recent, obviously.

**MR RICHARDS:** Yes, it was.

**MR FITZGERALD:** But just exploring that, in terms of your observations, what would be the manifestations of the gambling impact in regional communities? Are you starting to see that through your own services or are the community sectors starting to see it in some particular way?

**MR RICHARDS:** One of my other hats I wear is as vice-president of the South Australian Council of Social Services, and certainly in discussing the issue of gambling with people who are delivering services and are based in rural and remote areas, what I'm hearing is that gambling is manifesting the same sorts of problems regionally as we're seeing here, but sometimes in tighter regional and rural communities it seems to have just a slightly different flavour in terms of its impact because you actually know more people, that when you get a small business closing down - and again it may only be because the retail dollar is passing through it - you know, it's the last straw that broke the camel's back. We haven't got evidence that says if nothing else had changed would the gambling activity have resulted in this closure? We cannot say that.

What we can say is with the stressors that are on rural and regional areas, the money that's coming out is adding yet another difficulty, and if these difficulties continue to be layered one upon the other, then they are going to contribute to a collapse. On that basis where there is an ability to control what's happening we in fact should be controlling it. We may not be able to control some of the more global issues but if we can control some aspects, for example, the withdrawal of money out through gambling products, then we in fact should be controlling those aspects.

**MR FITZGERALD:** The contra to that would be that many of the clubs and hotels have actually been able to improve their facilities within regional communities and that the quid pro quo is that many regional communities now have entertainment facilities and/or other facilities or services that wouldn't have existed but for the gambling.

**MR RICHARDS:** One of the things we said at the beginning is this is a balancing act and communities do have a right to be able to say, "We want to be able to put our entertainment dollars into this area or that," and I think that's part of the balancing act. I know a number of people who think that the pokies are the best thing since sliced bread. It's changed the quality of their life, they interact with more people and they think they're terrific, but that doesn't mean that we should be ignoring the harm, we should be trying to get to a balance. That's where it's difficult to unpack this down to that nth degree and you're treading a balancing act all the way along the line. But that's what we demand, I think, of our government involvement in terms of policy-making - is in fact to tread that balancing act.

**MR BANKS:** Perhaps if we come to the recommendations, and a lot of them speak for themselves and so on. A couple of others aren't entirely clear. For example the first one that you make, you recommend that a federal gambling environment code be developed, that compliance with the code be part of licensing requirements and so on, and you go through a number of aspects of that. Could you just explain why you see this as a federal code and have you given any thought to what the head of powers would be that would be appropriate, given that a lot of these requirements relate, I would have thought, to state matters.

**MR RICHARDS:** They do, but basically what I would do is do what the federal government does in other areas, and that is if you want tax relief to be able to compensate for your lack of gambling, you ought to abide by this code. The federal government has got a whole range of ways in which it can actually develop compliance. We've done it, for example, in the Companies Code legislation; we actually got together and agreed a set of codes. So you can do it by agreement on a commonsense basis. You can do it by saying, "Well, if you want these benefits you can do it."

My understanding of the constitution is that there is nothing - they don't have an absolute power to do it without bringing the states in. I think we're dealing with an Australia-wide phenomenon and if we start moving into the areas of the Internet, for example, and telecommunications, the government does have power in that area but I wouldn't want to see it fragmented. I think we actually need a comprehensive approach to something as challenging as gambling.

**MR BANKS:** Would you see these as being statutory obligations as opposed to self-regulation or a lower level of regulation?

**MR RICHARDS:** Whatever process we take has got to have teeth. There are, for example, regulations and statutory provisions on the book, for example, selling



alcohol to minors, selling cigarettes to minors. But if you go to most jurisdictions and say, "Well, how many prosecutions are there?" there's virtually none. So there isn't really the will to actually pursue and police them. In fact, to me that's part of the problem because our community - and to use the alcohol and drugs as an example, one of the reasons why communities participate in a particular behaviour is because it becomes the norm and acceptable behaviour inside the behaviour and there's maybe some benefits. Our community doesn't take seriously, for example, the selling of drugs to minors in terms of alcohol and tobacco, and they're basically just legal forms of very potent drugs. We can put all the statutes on the books but until we start to take it seriously, until we have some major prosecutions so that the community accepts that we are serious, it's not going to happen.

We could go down that same path with gambling, but unless there is actually the will to enforce it, it doesn't matter whether it's self-regulatory or not. There actually have to be the codes put in place and then there has to be the will to enforce it.

**MR FITZGERALD:** In submissions yesterday - just taking up that point - one of the groups submitting made the point that in South Australia there have been no prosecutions in relation to the credit betting provision, yet all of the service providers have said to us that they have clients where they receive some form of credit. Is there a system failure in the enforcement procedures say in this state or is it just a lack of will or what is it?

**MR GLENN:** I think it's Australia-wide. New South Wales are trying to get some decisions but certainly clients that I see who have been given credit are perhaps in a fragile state of health. For example, I've had a lady who was clearly told, "You can expect to be in the witness box for 3 days with a couple of Queen's Counsel attacking you," and at that stage she didn't wish to proceed, and there was a large amount involved. I think the gambler at that stage is in a very disadvantaged situation and it isn't easy to obtain that prosecution - I accept that completely - but we certainly could gain from having that successful prosecution. I think the hotels, frankly, if they admit it, would like it as well, just to keep that minority of people who are not playing fair under control.

**MR RICHARDS:** I think that's a point to pick up too, that certainly in our dealings with hoteliers, the vast majority I think support those codes and want to make sure that that sort of stuff doesn't happen, so self-regulation is not going to stop the aberrant behaviour and we need to find ways of dealing with the aberrant behaviour. That is really difficult because, as Vin said, it would be hard to gather the evidence, to make sure that it's robust and to be able to pursue a prosecution so that you do not injure the other person further is a very difficult process, but it's something we've got to deal with. I think one of the ways you do it is that you make - given that it's very hard, you actually make the consequence extremely harsh. So if you are found guilty you lose your licence and you basically have to close your gambling down, and I think the penalties have to be that tough so people know that if they want to engage in this aberrant behaviour, yes, it may be difficult to get a prosecution but if you get one, the price is very high.

**MR BANKS:** You make a recommendation, number 11 on page 28, that local governments have the opportunity for approving the granting of gambling licences and that these approval processes are open to the public and so on.

**MR RICHARDS:** Yes.

**MR BANKS:** That is a theme, I think, which perhaps first reared its head in Victoria where we had a number of local governments coming along raising issues to do with their particular jurisdiction and what they saw as statewide regulation impacting particularly adversely in their particular jurisdiction given their particular problems. We had some discussion about how they could have more say. I would be interested in any views that you might have or any elaboration that you could give on that recommendation.

**MR RICHARDS:** Only that the impact of gambling in terms of venues and people and that in fact impacts on local community, and local community should therefore have an avenue of making the decisions of whether they want gambling in their community. At the end of the day community space is not void. We can't take a sort of terra nullius approach to community space and say that whoever claims it for trading owns it. I think we need to understand that community space is owned by communities, and communities have the right to say what are the ground rules for trading in our community. Now, there are times when you've got to deal with that nationally, times you've got to deal with that on a state basis, and I think this is one of those examples whereby because the impact is local that decision needs to be made at a local level.

**MR BANKS:** But how would you see that operating, because some people have expressed doubts about the capacity of local government to be reflecting the broader democratic interests of their communities. We all have anecdotes about particular commercial interests and so on that can have an influence at various times.

**MR RICHARDS:** I think the experience in this state and Victoria at least would be that there are some doubts about state governments to act on that same basis, quite frankly, and I think that a more robust local council that does respond to its community is probably a far greater safeguard than a state government in this regard, because state governments have to trade off the big picture and they can't take into account necessarily the requirements of micro-communities inside that big picture, and what we should be doing is giving those local communities as much power and authority as possible in deciding the character and the environment of the local community in which they live.

**MR BANKS:** So what would that mean in practical terms now, given this I suppose statewide legislative requirement or permission for venues to have up to 40 machines? How would you see it operating now in some particular local government area where the limits may not be reached or whatever?

**MR RICHARDS:** To go back one point, one of the things I would never do, by the way, is to make local council dependent on gambling revenues, so I would not hook those two together. I'm happy for the state - - -

**MR BANKS:** There will be some disappointed local governments.

**MR RICHARDS:** So I think they should have the power, but I think as soon as you hook in the economics to it, then in fact you get the perversion, so therefore I would under no circumstances make that link. So that way local councils can act purely and simply on the grounds of the best interests of the citizens in that area. In terms of the requirements, I think it's probably a multilayered issue. I think there need to be perhaps some statewide approaches, for example, you can't have local council with the authority to set up a new casino in their patch because that in fact impacts on people next door.

So I think that there needs to be some benchmark criteria that is statewide, and then the administration of those and the escalation of those; so, in other words, here is the minimum benchmark, and if a local community wants to say, "No, we want to ban," then that local community should be able to say, "No, we want to ban," and they have to make the decisions, they have to listen to the hoteliers, they have to listen to small business and they have to listen to the people and make those judgments, and that's the sort of structure that I think would work quite well.

**MR BANKS:** Okay, thanks for that.

**MR FITZGERALD:** You've got 39 recommendations, so I just want to pick a couple more out, and many of them are consistent with ones we've heard from other groups. The public education area and the public awareness campaigns - right throughout Australia we've seen very little money spent on public awareness, and we applaud the efforts of the Hotels Association in terms of their responsible gambling programs and what have you, but in terms of broad-based harm minimisation a common feature across all jurisdictions is that almost no money is spent at all. So all these recommendations could be adopted, but how would they be funded and who would do it, because everyone will say to us, "Yes, we agree with community awareness," but the truth is nobody is spending any money, or very little, compared to - - -

**MR RICHARDS:** I spent 10 years in drug education programs. I was the state chair of Life Education for many years, and I was on the national board for a number of years, and what we found there was you need to be very careful about public education programs, that for example if you've got - and to go back to that ad - you've got millions of dollars being pumped into saying how wonderful gambling is, so much so that you can steal a bus and get away with it, simply on the basis that you won the lottery. To have a public education program to say that gambling is a risk would be in fact futile, it would not work. It would be a waste of money.

So in the context of where we are at the moment, to spend much money on

public education, I have argued consistently, is in fact a waste of money, and I'd rather see that in better intervention services. If you're going to have a public education program, what you're trying to do is in fact change community behaviour. If you're trying to change community behaviour, what you're identifying is that this is a dangerous product. If you're going to take that argument, you therefore also have to prevent countervailing advertising that's saying, no, this product is safe to be involved with. So public education has to stand in a comprehensive public policy framework. It cannot stand by itself.

In terms of the funding of it, there are two income streams. One is a profit stream and the other one is a taxation stream, and I think we should be looking at some sense of hypothecation in terms of the taxes and also in terms of contributions by - a contribution by any other name is just a tax - so basically it should be taxed. Whether it's a voluntary tax or whether it's a mandatory tax to me is neither here nor there.

**MR FITZGERALD:** Taking your point about community awareness generally, you make recommendations connected to that in terms of marketing and advertising, and somebody once said to us that all advertising of gambling product is inherently misleading by its very nature because most people don't win, and so on and so forth. So is it actually possible to achieve a better balance in terms of advertising of gambling products, whatever they be, lotteries or TABs or whatever, that actually is not misleading? You say it shouldn't be misleading or unrealistic or about images - - -

**MR RICHARDS:** Correct.

**MR FITZGERALD:** - - - but in a sense gambling is about all those things.

**MR RICHARDS:** That's right. Unless it can pass those benchmarks, you can't use it.

**MR FITZGERALD:** In terms of say alcohol, we haven't quite gone that far.

**MR RICHARDS:** We should.

**MR FITZGERALD:** We've put constraints around it. I'd just be interested in hearing your background about your experience then in dealing with that product, in trying to get responsible advertising.

**MR RICHARDS:** Well, there's so much money, and again it's interesting that underlying tobacco is big business and big taxes. Underlying alcohol is big business, big taxes. Underlying gambling we're seeing the rise of big business, big taxes. There seems to be a common theme here that is drifting through, and I think when you've got those economic emphases, we tend to try and overlook some of the harm done, and I think we have won the battle - it has taken probably since about the early sixties until now to even get legislation in about banning smoking in eating places. I'm not underestimating that it's going to be a difficult process, but I think as we get a better

handle on the harm, then we will see this legislation coming through.

If we have a look at some of the advertising around alcohol, for example, we haven't got - again it's the degree of how we get the balance. Everybody says, "Well, I drink," but very few people really do have an understanding of the sophistication of advertising, the degree to which it's crafted into one's culture, the way the products are carefully designed to fit in with the tastes and the lifestyles of people, and then there's sort of all care, no responsibility taken, and I would argue for example with alcohol that in fact we should be being very careful the way we craft our advertising, and if we can't get it right then one has to say not necessarily ban it - and I would never say that, I enjoy the odd drop myself - but what we should do is to not necessarily actively promote it, especially amongst groups that are particularly vulnerable.

**MR BANKS:** Just on that, you say in recommendation 14 that any form of gambling where the outcome is known within 24 hours should be restricted to approved licensed venues. Some people have told us that alcohol and gambling are a volatile combination.

**MR RICHARDS:** Yes.

**MR BANKS:** Could you expand on that, please.

**MR RICHARDS:** Yes. Again one of our beliefs is that the potency of the product is to do with the immediacy of return, so therefore if you've got a low potent product, then again we're not saying ban it, you can make that available, but where it's a product that is starting to shift past an acceptable risk you need to put it inside a licensed premise. Once you put it inside a licensed premise, you can control the environment, and one of the things that we need to do is to examine those issues of alcohol and gambling, etcetera, and environment, and you've then got a better chance of regulating it, and again what we're trying to do is arrive at a balance so that people can engage in a form of entertainment, and gambling is a form of entertainment.

**MR FITZGERALD:** Keno in South Australia seems to be an issue. Where do you put keno in all of this?

**MR RICHARDS:** Keno should only be in licensed premises.

**MR FITZGERALD:** In South Australia it is currently available in newsagents and elsewhere, or not?

**MR GLENN:** In chemists, literally anywhere - - -

**MR FITZGERALD:** And what was the policy consideration for extending keno into those environments? Was there any - - -

**MR RICHARDS:** My belief?

**MR FITZGERALD:** Yes.

**MR RICHARDS:** Money. How can we extend the products? We raise more money.

**MR FITZGERALD:** Right.

**MR RICHARDS:** I wasn't aware of any real debate going on, and certainly we've had people who lose lots and lots of money on keno and engage in it. It fits into this category. It should only be available in licensed premises.

**MR BANKS:** So when was that decision made? How long is it since keno has been so widely available?

**MR GLENN:** It's certainly been there for several years.

**MR BANKS:** Did it postdate the roll-out of poker machines?

**MR GLENN:** Yes, certainly, 8 or 9 years at least, and it's always, you'll find, in the middle of a shopping centre. I would defy anyone to go from entering a centre to the major store in the centre without passing it - extended trading, 16 hours, drawn every 5 minutes. The screen is always out looking at you. You can't dodge it. It's certainly dangerous in that - - -

**MR BANKS:** Yes. You said earlier that you were unaware of any debate at the time. Is that literally true, that there was no sort of public consultation or - - -

**MR RICHARDS:** I'm not aware of any.

**MR GLENN:** I'm not aware.

**MR BANKS:** Within parliament?

**MR RICHARDS:** I can't say that it didn't occur. But once it's allowed on the statutes - I'm not too sure whether that was a decision by regulation, or whether or not it needed a change in the act. We need to go back and do some research on that.

**MR BANKS:** Okay. I'd be interested in - you may find it easier to find some details that we would, but any information you had on the timing and some of the process - - -

**MR RICHARDS:** Yes. Part of this gets back to harm minimisation. If you've got a culture whereby every little child is seeing as part of their shopping experience - with their mum or their dad, or whatever - gambling, then what you're doing is fashioning a community whereby gambling is a normal part of being a member of that community,

and I don't think that's particularly healthy. For example in relation to alcohol, we don't make alcohol available from every delicatessen or the rest of it. We say, "Yes, it's a product that should be part of our community, but we need to have some sense about it," and I don't see why we shouldn't be having the same understanding and sophistication with gambling, that we need to be careful about where we have it and how we expose it, and I think certainly in South Australia that unless we change the worst is yet to come.

I think we are breeding a whole range of young people who are going to naturally slip into gambling because it is a natural and right and proper thing to do as being an adult and part of our community, and we know that the more people who gamble, the more harm is going to be caused, and so in terms of all the kenos being out there and available, it's in fact part of trying to get those out so that you're trying to minimise that overall community culture and reduce the cultural expectations in relation to gambling.

**MR FITZGERALD:** Are we starting to see any change in the age groups of gamblers in this state? Over the period of time that your services have been operating, is there any discernible shift in age groups?

**MR GLENN:** Yes, I think the young male has always had a problem, perhaps mainly in TAB, horseracing, in the older days, but the younger male is certainly still heavily represented in poker machine gambling. The female under 21 I don't see very often at all, but talking to two poker machine manufacturers the other day, they tell me they're doing some work on how sounds and lights, etcetera, can be used on new machines, because they see that as a niche market that they haven't been able to tape into, so I think they're aware of it as well. The younger female wouldn't normally get into the horseracing scene; a little bit of casino, not much. I would expect her to be playing the machines or keno, but we're not seeing much of that. A young male, yes, still in great numbers.

**MR BANKS:** I only had one last question, and I suppose it's an encompassing one, but you say on page 31, recommendation 29, that in the development of gambling policy, a whole-of-government approach be taken. I'll just give you the opportunity to expand a little bit on that.

**MR RICHARDS:** Yes. The whole-of-government approach recognises that there are income streams being generated from this, and therefore you've got treasury implications. The whole-of-government approach recognises that if you open up the floodgates of a brand-new industry where the government itself has been responsible for causing that back-up, when you release it you in fact could have industry policies, so therefore you've got industry policy implication. You've got licensing implications in terms of mixing it with other dangerous products, such as alcohol, so therefore you've got licensing implications.

You've got social justice implications, as a unit engagement. In other words when you buy one product and only put a dollar in, it's a cheap form of entertainment.

It may not be when you add those dollars up, but it's particularly a form of entertainment that therefore is accessible to people on lower incomes, and I think we haven't done enough work on that yet really to see whether or not we're therefore taxing more heavily people on lower incomes. I believe it is, and certainly the Australian Institute report suggests that, so therefore you've got social justice implications.

You've got public health implications in terms of the impact from mental health and the exacerbation or the creation of mental health. You've got community welfare implications, in that you've got breakdowns with relationships, you've got increasing problems with children, etcetera. So there are seven areas that at the moment we're treating in a fragmented way, and I think we need to reach a point in terms of government responsibility and duty of care that says, "Hang on. When products like this come in, we need to have this whole integrated approach." At the moment the way most governments are structured and because of the competing demands, we just don't get that.

**MR FITZGERALD:** Can I just go back to the tax issue. You raised it again. It's generally recognised that gambling taxes are regressive, as are alcohol and tobacco taxes by and large. In relation to alcohol and tobacco, most people in the community sector have argued that there is a legitimate argument that increasing taxes on those actually may mitigate against increased usage, and therefore people have been prepared to accept these regressive taxes which impact on low income people more.

**MR RICHARDS:** Yes.

**MR FITZGERALD:** In gambling there doesn't seem to be any evidence at all that, no matter what the tax rate is, it has a behavioural impact. So let's push the barrow a little bit. If we were able to get the Commonwealth and states to realign the tax arrangements so that they got the revenue from another source, do you have any particular views about whether you would then continue to tax gambling for any other purpose? For example, if the GST refunded to the states covered that tax, would we see that in that environment gambling is taxed just as a normal goods and services because in fact taxing doesn't have any behavioural effect?

**MR RICHARDS:** One of the differences is that when you add an increased tax to cigarettes and alcohol, the unit price goes up.

**MR FITZGERALD:** Yes.

**MR RICHARDS:** When you add an increased tax to gambling, it doesn't. All that happens is the return drops or the profit margin drops, so therefore the consumer himself is not necessarily having a direct impact. So in terms of behavioural changes, there's that. I'm not convinced with the argument that we should be taxing alcohol and cigarettes just to save people on low incomes from themselves, because I think there's increasing evidence that there is a high use of alcohol and tobacco as an escape from life circumstance, and I think the real concern in the community welfare sector



should be about what are those life circumstances? What are the different dynamics, etcetera? If that puts me in the minority in that area, well, then I'm happy to be there.

**MR FITZGERALD:** Sure.

**MR RICHARDS:** In terms of reducing taxes, I think the issue regarding taxes is that I think governments are reluctant to deal with the public policy issues because they're so heavily dependent on the taxation, and so therefore there's a self-inflicted myopic blind spot in relation to it. I would not want a substitution of tax to be given without the requirement to actually change public policy, and one of the things that certainly in the past say for example the American jurisdictions have done well is that where the federal government makes a change, it actually requires the states to conform in terms of introducing legislation or in fact in this day and age to produce particular outcomes before they're entitled to the benefit, and I think there needs to be that sort of hooking up otherwise there would be no change. There would just be greater profits generated.

**MR BANKS:** Okay, thank you very much for that. It's been very helpful. We'll just break now for a few minutes.

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**MR BANKS:** Our next participant is Vin Glenn reappearing. Thanks for doing that and I'd just ask you to perhaps indicate in what capacity you're now talking.

**MR GLENN:** I'm a gambling counsellor working in financial areas, mainly at the Adelaide Central Mission. I'm secretary of the National Association of Gambling Studies and I'm fortunate to be a representative on the World Youth Panel.

**MR BANKS:** Thanks very much. I think we benefited from informal talks we had with you previously when we were in Adelaide and we look forward to hearing some of your views. Perhaps I'll just hand over to you to outline the points you want to make.

**MR GLENN:** I'd like to perhaps briefly just cover four areas: who are the victims - because they are often forgotten people and probably none of us would be here today if there weren't any problem gamblers in South Australia - what do I do as a financial counsellor, what is self-help and does it work?

I'll just touch on some of the criminal matters that I see across my desk every day, if that's appropriate. Firstly, I'd like to comment on who are the victims of gambling, and I think now it's accepted worldwide that every gambler with a problem will affect the lives of five to 10 other people. Who are they? They really are the forgotten people - in counselling we concentrate on this rotten problem gambler - and what is the cost to them? Perhaps I'll just define who and what they are a little bit - because they do vary - and it affects most people.

The partner is the key person I meet. When I meet the partner they are usually in a state of shock. They're usually quite unaware of the problem because unlike, say, drug and alcohol there are no physical characteristics. The fact that dad has been getting home late from work or goes out in the evening - gambling is quite often not even seen and quite often it's seen as perhaps he's having an affair or something like that - so it is quite a hidden addiction. The key words I hear with a partner are "lying, deceit and blaming everybody else". It's never the gambler's fault. It's always that his wife nagged, or the boss picked on him, or something like that. Even when there's a debt collector knocking on the door, even a policeman knocking on the door, the problem gambler will still stay in a case of denial, and that's something quite hard to understand when you come into the field first.

The other factor for the partner, I find most times, is wide mood swings. Gamblers, when they're winning, buy the chocolates, take you to dinner, they're generous, they're popular and they're on the top of the world. But very quickly they will move into a state of very serious depressive or suicidal thought because they've backed six losers in a row. Very wide mood swings. The partner finds that extremely difficult - with someone she may have been married to for years who suddenly develops these very wide and quick mood swings. They're greatly misunderstood, and they're there in most types of situations.

I've quoted some anecdotal cases and I'll perhaps use one case of someone - certainly the names I use are quite incorrect and the cases are suitably disguised. Sue was a lady that would be typical in the suburbs, that every fortnight she wrote out the cheques for the mortgage, gave them to her husband and he'd pay them on his way to work. She knew nothing about his gambling until she got home from work and there was a "for sale" sign on the front lawn. That was her first indication. This case was quite unusual in that he still denied it and said that obviously it was on the wrong house and he dug it up and put it on the next door's house, which is quite bizarre.

It developed from there that he had just changed the cheques into his own name, he had six credit cards, he hadn't paid the mortgage, obviously. He'd stolen several thousand dollars from work, and he was arrested the next day. The position for a counsellor there is that we have a partner who is in a state of complete shock and needs obviously expert counselling quickly, and we had a very big job in the financial area to try to unravel that mess. That is distressingly common and would happen at least once a week.

The new partners that we're seeing since the introduction of pokies - we're seeing the female gambler in great numbers and we're seeing for the first time the victim being the male, and the man does not handle the wife's gambling very well at all. We're seeing some very distressing cases of marriage break-up and certainly serious financial issues, and the difference with the older gambler that we're starting to notice is that quite often there aren't debts - which we look for straightaway - it's purely that the life savings, the superannuation, the money set aside for the funeral, has been used, and that can be just as distressing or more distressing for most people than the fact that they've got 10 credit cards. So it's quite a different pattern.

The second type of victim are the parents. They're often not considered, but I look for them now in my work. The parents are quite often very protective particularly with some of the European races. They suffer great financial hardship, to the extent of losing their house and things like that, to protect the son or daughter. They will fail to recognise or even accept when they're told that the young person has a gambling problem, and the emotional factor of "I'll go to gaol if you don't help" or "I'll probably kill myself if you won't help" is very powerful to an older parent. They will put up with great deprivation to support that habit, rather than directing them to get assistance. They really are the saddest area, probably, of victims that we see.

When we talk of the children of gamblers for the first time we're seeing adult children - that might be someone in their forties or fifties - where dad or mum in retirement have found the pokies as a way of covering their boredom or social isolation. One of the sad things we see is the lady "Emily", who is in her middle seventies, who came into me and just said, "My children are ungrateful. I've brought them up for 50 years and now they won't give me \$50 a week to play the pokies." That type of situation we're seeing more and more. For the victim, being an adult that we're seeing, it's very difficult to deprive a parent who you care about deeply from basic food and basic social needs because it's all going through a machine. That is quite a growing factor in our work.

The children of a gambling family, where they are young, is a very sad area and really I can't find anywhere in Australia where there's much work being done for the children in a gambling family. It's traumatic for them. Quite often they see the parents fighting and they don't know why. Quite often they'll lose valuable possessions to the pawnbroker. I had a young man the other day sitting for an important matriculation exam and all his year's study was on the computer which dad had put into Cash Converters. He couldn't get his year's work. Certainly they can be sitting in the dark. I have at least one young man who has got an exam this week who has been studying by torchlight because there's no electricity. Certainly there is regular transfer of house with rental, certainly no telephone which is a key thing for a young person, and certainly food and hunger are there in Adelaide for the children in a gambling family.

Two groups that we haven't done any work on and who really are becoming significant victims are the friends and neighbours. It's that neighbour you've lived next to for 10 years and he comes in and say, "Look, could you lend me \$500. I want to buy my wife a present. I want to pay off this debt. I've got some money coming from work in a week." It never happens. I quote John, who lent his neighbour two and a half thousand dollars for a week until a bank loan came through. It didn't come through. He found the friend dodging him and then when it was confronted, seven neighbours had all contributed to this young man's gambling habits. Then he went bankrupt and they've all lost money. That's had a serious effect on that group of friends and neighbours in a suburban suburb.

The people who we really have to work with and educate are employers, because it has not been identified in employment at the moment that a lot of people are being entrusted, without much supervision, with large sums of money. We're meeting quite a lot of people - salesmen, office managers, and I say beware of the social club treasurer, the debt collection staff - they are getting away with quite large sums of money to pursue a gambling habit. It's not being detected for quite long periods of time, often over 12 months, and quite often through a company audit which is quite amazing where the figure might be 120,000 or something like that. We'd always say to the employer, "Watch for the man who doesn't want to go on holidays." My boss is in the audience and I don't like going on holidays - but I'm a workaholic, there is a difference - excessive use of the telephone, because the person sitting in the next office may be busy on the phone but he might be putting on bets every 30 seconds.

I would be wary of the person who borrows from co-workers. We've just done a very simple little project with a large Adelaide company and through the industrial chaplain we check that where there have been disagreements between staff they have been asking could gambling and non-payment of debt be the reason and it's showing up quite strongly - about one in five situations of office disagreements - it's taken me by surprise. We now do that much more professionally. Certainly the person who wants to borrow on their superannuation, borrow on their pay - there's got to be a reason and gambling certainly could be one of those reasons.

If we're looking at victims, I'm beginning to think that the bank manager and the credit union loans officer, etcetera, are also victims because they're being told some unbelievable untruths for people wanting loans. There are bad debts appearing, and as an ex-banker a lot of people's careers may be being affected by making bad loans for gamblers. The average client I see has five personal loans or credit cards when they appear through the front door. The average has crept up to \$14,000. It's creeping up all the time. I find that quite distressing. The point really in summary is that the victim is the forgotten person in this whole argument and debate of problem gambling, but there are significant numbers of people, and if you multiply the effect of say, 7000 problem gamblers in Adelaide right now, we're looking then at 50 to 60 thousand people in Adelaide hurting at the moment as a victim in some form. The work we've done in that area is minimal, but it certainly has to be done in this overall concept of looking at problem gambling if we're fair dinkum in addressing issues.

I'd like to make a couple of comments on criminal issues. I enjoyed the presentation last night by Richard Balfour, and at last we're starting to see some figures. 80 per cent of my clients over a 12-month period have at least technically broken the law. If we consider that illegal gambling, according to the Tax Office in 96, was 4 billion, and certainly a large percentage of that would involve illegal acts, I would think, we don't quite know how big this one is. 5 per cent of my clients who have broken the law have been charged with crimes of violence - armed robbery usually with a gun or knife, but it is a minority, because the average gambler that I meet with a criminal matter is what I'd call a white-collar crime person. Their offences would be larceny as a servant, certainly computer fraud, mainly cheque offences with forgery and uttering, larceny as a treasurer - again. Then increasingly we're seeing social security fraud and insurance fraud, burning a car to get money to keep gambling, issues like that.

A lot of that is not being identified. At the moment the courts are not recording, in any way that I can see, when a person appears in court for those offences, whether gambling is an issue, unless the defence lawyer puts it forward as a mitigating circumstance. So it's not really being identified or recorded. The sad part of a lot of white-collar crime, I find, is that it comes up as what I call "chasing". You'll probably see this in your reading. They will lose large sums of money very quickly. They may steal \$100 from the petty cash at work, which isn't really a hanging offence, but they then lose that and have to steal 200 to get the 100 back .

It's distressing to see a man or a lady who may lose 10 to 50 thousand dollars in a matter of few weeks doubling up. I think Kerry Packer is probably the only person in Australia who can keep doubling up and will inevitably get level. The rest of us must be on a no-chance. Again, it worries me - the number of large sums of money. Where I meet a client who has lost more than 200,000 - and I have at least six of those in 12 months - where it's gone undetected for at least 6 to 12 months. It does worry me that that is a responsibility or a checking situation that really shouldn't be there - regardless of gambling. From a sentencing point of view of our courts it has been most inconsistent, but it is becoming more consistent as we have the opportunity

to meet with the court officials.

I would never allow a client to go to court without a solicitor who I believe understands gambling or will let us talk about it. I would certainly encourage a psychological report from someone like Richard Balfour - for two reasons: one, because we need it to work out counselling and getting this person back to normal, and the courts view it very strongly as well. The part I don't like in the South Australian legal system is that great emphasis is placed on restitution. In other words, if you have a rich uncle who would pay back the money you stole, I don't believe you'll go to gaol, but if you're from a lower socioeconomic background and you have no ability to make restitution, there is a severe chance you will go to gaol for your offence. I might be misguided but I can't see the equality in that situation.

It is relevant that 75 per cent of my clients who refer to an illegal act when I meet them are not charged and will not be charged. I'm not too sure how I would react if I was in a similar situation, but more than half of the people who steal from work when they mention it to me do not get charged. They're allowed to resign, particularly if the debt is repaid. I find that companies where a young man stole \$240,000 and never repaid it did not prosecute on the grounds that that would be bad publicity for them and they'd prefer to write the debt off.

That really leads to the point that recidivism is extremely high in those cases. Most clients who have been allowed to resign or no action taken I find are reappearing at gambling services having committed a similar offence at the next employer. I think to be cruel to be kind would help everybody. We're seeing now several - particularly young males - who are committing the same offence at two, three or four employers before someone eventually says, "Enough is enough" and takes legal action. Perhaps that's a public education role, I'm not sure.

The majority of cases where action would not be taken would be inside a family. We're certainly seeing a lot of cases where a member of family will steal cash, they'll steal jewellery, they'll steal electrical goods, they'll steal almost anything. I've got a young man who sold his dad's prized pigeons, I've seen stamp collections stolen, I've had the next-door neighbour's caravan stolen, they all steal anything, and in most cases there there's no way that legal action follows. Certainly in the area of forged cheques there is usually not legal prosecution. The banks, I think, play this very hard. They will say to you, "I would be delighted to give you back the money, that's obviously a forgery, but you realise that we're going to put your husband, the father of your young children, in gaol because he's committed an act of forgery," and in that case the victim usually pays it and writes it off. I find that quite horrible.

Certainly it comes back to statistics there and I think education. We must look Australia-wide at working with court staff, working with police, certainly working with the gaols and correction staff, as was mentioned yesterday, and we hope to be doing a pilot study in that area early in the new year. I have 26 clients that I'm working with in gaol at the moment. It's a huge figure. I think it would be fair to say then that the gaol system in our state - that the emphasis in counselling is placed on

drug issues. A young man coming out of gaol tomorrow has been there 18 months and he has not seen a counsellor in that time despite it being a court order that he had to do so. I don't reflect on the industry. I think it's just purely a lack of resources, it was quite unavoidable.

A one-minute profile only of self-help groups, if I could. The major self-help group in Australia obviously is Gamblers Anonymous. It's strictly a 12-step program similar to Alcoholics Anonymous. It has 10 meetings in our state and I would always recommend it as an option for someone coming through my door because I think that the support of fellow gamblers is very important to you. Why does it work? I think that support of a fellow gambler is strong. I think you can't tell a fellow gambler lies because they've told the same lies themselves, so I think that can often be much stronger than a therapist trying to tell you the same thing. They reward each other strongly for going one day at a time and getting through another day, and I think there is a pride in helping each other and appearing in front of your peers.

I think the negatives to the 12-step program is the structure and perhaps sometimes the religious nature of it: you must get a power back in your life, you must get your faith back in a god of choice. If there's a valid criticism of GA it would be that they can define the power and god of choice. It can be me as a counsellor, it might be the partner. It will be someone they can put their faith in as well as the traditional meaning. I think that is a criticism that they could look at. I think a lot of people are put off Gamblers Anonymous by sitting next to a man who is facing 5 years' gaol or has lost 300,000 and they've only lost 5000 playing the pokies. I think there is too much emphasis on acts. I hope GA members won't mind me saying, but when they speak they mostly all could win an Academy Award the way they gloss up what has happened to them in their own lives. I think that can be quite offputting for people coming for the first time.

Gambanon, which is the support group, is not strong anywhere in Australia and I don't think it's strong anywhere in the world. I think the Winning Women of Anglicare referred to yesterday the Family and Friends of Gamblers which our agency runs. I think a support group for victims supervised by an experienced counsellor or trainer has a much better opportunity to work for the partners and families of gamblers. I'm sure you'll meet the representatives of GABA, Gamblers and Better's Association of Tasmania, when you're there.

South Australia has a unique little group called Pokies Anonymous which is working quite well and has been in place 3 years. They are people who have a problem only with the pokies. They're quite happy having a dabble on X-Lotto or keno or horses and don't have a problem with it. It has some merit in that it is offputting in Gamblers Anonymous for an experienced person to say to you, "Look, you know you can't ever have another raffle ticket or buy another X-Lotto ticket." I don't think either of those will really affect you - for a normal person with problem gambling - I really don't think so.

I would like to convince you that no counselling service of gambling will work

unless the financial counsellor is there. The situation of financial counsellors is we must get in there quickly to get some of the pressure off a family. We are under-resourced. Our region that my agency covers in South Australia covers approximately 250,000 adults. I'm paid 4 days a week and I have a further staff member for 2 days a week. So we have the equivalent of six working days there to look after the financial issues of gambler and family for 250,000 or the equivalent of, and we can't possibly do it.

To give you perhaps an example of someone who walked in the door yesterday, the electricity, gas and phone were all to be cut off within 24 hours. The rent was 6 weeks in arrears, the car payment was 2 months in arrears, Radio Rentals, who are an electrical goods rental company, was 3 months overdue. The doctor and the vet bill wasn't paid, and they regularly appear. The car registration - there were four children involved - was due in a week, and one child was handicapped, and there were seven credit cards involved. I can often envy a therapist who can have an hour structured appointment. That will take you vaguely 6 or 7 hours to even come vaguely to grips with to establish some sort of base to let the next stages of counselling proceed.

The role of a financial counsellor involving letters, involving writing to creditors, having a fight with Westpac, having a fight with electricity, etcetera, would take hours of your time, and in the meantime you might have a couple of other people waiting in your waiting room. It isn't a job that can be structured. I'm probably not a very well-organised person at any time but it isn't a structured role such as a therapist has, and I really believe that in the long-term planning more research, more resources must go into the financial aspects of dealing in this field. I should leave it there. I've taken up your time.

**MR BANKS:** No, it has been very interesting.

**MR FITZGERALD:** Starting at that last point, in your role with the National Association of Gambling Studies is there a view emerging as to preferred models, preferred structures? We understand that there has always got to be a diversity of service and people require different types of approaches but is there now starting to emerge a belief that certain types of operations, certain types of counselling services, certain structures are more appropriate, or is the jury still out on all this?

**MR GLENN:** I think the more we learn the more we disagree. I would think we should step back from gambling and look at why people see gambling and gambling to excess as an option. If it is the widely quoted "older female gambling now at pokies in greater numbers because she's bored, she's lonely, she's isolated", stopping gambling is not going to help. We have to look at that social issues of why she's going in there. I think poker machines can be very therapeutic if they didn't take your money. They'd be great. We must look at people who are unhappy in a relationship and can hide from that issue for an hour or two, the lone parent who's having a tough time bringing up three children, who can sit in front of a machine for 2 or 3 hours and forget the world. We really have to step back and look at the issues. If the issues are



wide - and they are - therefore I think the models of helping that person have to be wide as well. That's probably why the argument of should we use a medical model or not will not work. It will certainly for a lot of people but it depends on that reason why you gamble in the first place.

The typical young male who's gambling heavily on horses, if we can kid ourselves in helping him with his gambling and stop there, I dare say he will take up drinking to excess or may go into drunks. All we're doing is moving the problem sideways because we haven't addressed the fact that he's unhappy, that he can't get a job, he's lonely or whatever, and we have to look at the issues of why he's gambling, not the gambling.

**MR FITZGERALD:** In terms of government resources, I suppose what we've seen is the emergence of Break Even services, which are really the name of a funding program rather than actually a therapeutic program. Is that the way to continue to go - for the governments to concentrate the dollars and cents into some form of specialised gambling counselling services throughout the states or jurisdictions that are involved or are we missing the point? Are we missing something here? I understand the need for dealing with the broad social issues but in terms of public policy and say problem gambling, where should governments be spending most of their resources? It's a difficult issue and it's one that we wish to make some comments on in the report, hence the question.

**MR GLENN:** I think we're needing for quite a long time more resources to go into specialist work in financial counselling and different forms of therapy. We just haven't got the resources there to even bandaid the problems at the moment, and I think we have to. If you're getting into the area of research and into the area of community education, I think that's a different area altogether but at the coalface, one-to-one person - I think we have to use experts for quite a long time, and give us the resources. For example, I'm on leave at the moment. No-one is doing my job because we have no resources to put a replacement in there, and that's frightening. For a month of a year there's no-one working in that area.

**MR FITZGERALD:** Yesterday we heard from Anglicare South Australia who were critical of the way in which the tender process works, that is, agencies were given specific regions whereas many of the agencies are in fact much more broadly based. Given your involvement at the national level, is there starting to emerge funding models or tendering models that the sector would see as preferable, or is that still something that's - - -

**MR GLENN:** It's not showing up clearly. It's worrying that in a couple of states the lowest tender is winning regardless of quality. I think that's quite a threatening and scary way to go, but certainly - of course I think we're the best agency in Australia, but if we don't appeal to the people living south of Adelaide they've got a problem because we are the agency there, and I think people should be given the option of different models and different opportunities. But this owning I don't enjoy, and the tendering process - and governments are tending to go to the lowest tender - also I

find is not necessarily - and help quality production.

**MR FITZGERALD:** The other point about funding - if I can just push it a little bit - some governments are funding on the basis of six treatment sessions, others are just giving a lump sum to do what you can. Again is there anything emerging across the jurisdictions that says that one is a better way of funding than another, or do you have a particular view on it?

**MR GLENN:** It concerns me that we are going down to that number of sessions. I respect there must be a guideline so I don't see the same person every week for the next 10 years, but I think that proves firstly they don't understand financial counselling because some of those issues can take quite a long time. For example, electricity, gas, most bills like that come in quarterly. A person may only have a problem quarterly. You may see someone six times in the first week to try and get control of the issues. I think there is a risk that we're going back to that, but also you must have rules in there that stops that overservicing of a client which I believe is creeping into some of the medical issues.

**MR FITZGERALD:** I'm sorry, just expand on that last point, please.

**MR GLENN:** From my general reading, and really I'm no expert in it, there are comments coming through of the Medicare type legislation that there is overservicing. I think there is certainly danger of that perhaps if we don't watch out. The problem again is we are relatively new in this field, and what is a reasonable time to help you with your gambling. I'm not helping you if I see you six times, do my best but haven't really come to grips with the problem, so you're back gambling. We don't really know what is the length of time I need to work with you to really make a significant change in your life, and I think that's an area of research, of data. I think Anglicare made the point, which I would agree with, that we've been collecting data since November 96. It's completely flawed and our ability to get it from the government and to really analyse it is extremely difficult. We should, I think, after that period, be starting to see some patterns of how many times we're seeing people, outcomes, what could we achieve, so I think it's very disappointing to me that we're at the stage we're at now. I believe I should be able to answer your question but I can't.

**MR FITZGERALD:** I asked Anglicare yesterday but you may have a comment on the same question, that is, why has it been so difficult to get the data from government after such an extended period of time? What do you believe the concerns of government are? I'm not trying to put you in the hot seat there, I just can't understand if the data has been collected for so long why it would not be distributed back to the counselling services in order to improve their service? It's a fairly fundamental sort of approach.

**MR GLENN:** I think I can only answer it by saying that anything I'd say on record would probably be defamatory.

**MR FITZGERALD:** Then we'll have a private session and it's all right, it's okay.

The commission can work in mysterious ways.

**MR BANKS:** Yes, this problem of lack of data I suppose for us is an issue, because we observe a lot of studies going on all over the place but getting access to the data is a bit more difficult, so we will be trying here and elsewhere to get that. We also find that some of the studies that have been done are quite interesting but don't always mine the data as much as we might like. So it's certainly going to be a theme in our own work.

**MR GLENN:** I think there was a point you raised with Stephen earlier today too, that should we do this at state or federal level. I believe gamblers are the same probably worldwide. I would like to be able to compare my data with say Queensland or Victoria to see if there are any different patterns that I could pick up because I think that would help our standard of counselling, it would understand the overall picture.

That would be one reason why I'd like a national data set to be developed if possible and as quickly as possible, and NAGS in particular would like to see that, because we are in a danger, I think, of running about six different countries here. The Aboriginal Community - for example, if they have a gambling problem in South Australia, we could compare that with North Queensland and Darwin. I think we could much more quickly come up with some meaningful results for ourselves and from where you're coming from.

**MR BANKS:** So in terms of the kind of national role or national coordination you'd see data as being a key issue.

**MR GLENN:** Certainly. We'd learn from it.

**MR BANKS:** Good. I think Stephen made the point earlier in his presentation there was no such thing as a sort of typical gambler. It could be somebody across the spectrum in terms of income or profession or whatever. However, I think some average profiles are coming through. You've given us some individual instances and so on, but from the information you have available, wouldn't it be nevertheless true that you could talk about perhaps a more typical problem gambler in terms of position on the socioeconomic scale or other circumstances in their life, just coming through in terms of the average numbers?

**MR GLENN:** I've been doing this work for 10 years and up until the introduction of pokies I probably would have seen eight males to one female client. The figure now with pokies would certainly be over 50 per cent to the female gambler. We certainly would not have seen a female gambler probably over the age of 50 before - we're certainly seeing them now in quite considerable numbers. So there has certainly been a great increase in gambling for the older female. We're seeing a lot of younger male clients who - I hate slotting people into groups - perhaps have been unemployed for a long time, they're really lost, if that's an appropriate definition for them, and they're seeing alcohol and gambling as a way of filling in that void in their lives. But having

said that, a gambler can be anybody.

I had a meeting last Sunday with a prominent Adelaide citizen who assured me he could see a gambler and knew a gambler as soon as he was in the room with one. He had with him his personal secretary, who is a client of mine, and his next-door neighbour came up and introduced himself while I was with the gentleman, and he's also a client of mine. So that gentleman's theory didn't go too well at all. It can be anyone, and I think that's the frightening part for all of us. I would love to tell you who my prominent clients are, I'm not even tempted to, but it can be anybody, and I'm sure in your friendship group there are compulsive gamblers.

**MR FITZGERALD:** Just in terms of the statistic, we've heard, I think, figures between 3 and 5 per cent of problem gamblers are actually presenting. Is there a view emerging across the community sector about that figure? In other words what part of the iceberg are we actually seeing in terms of counselling services? I know it's an imprecise science but is there some view emerging through the association as to what that figure is of people who have a problem that are presenting?

**MR GLENN:** I think the first answer is that we all can't take any more clients, and the waiting lists are going out. The female gambler will usually present, on research, quicker for help than the male gambler.

**MR FITZGERALD:** Yes.

**MR GLENN:** The male gambler usually doesn't want to be there. So with the increase in the number of female gamblers with machines then I think the number of people presenting is increasing and I think that probably the two go together fairly quickly. We are seeing a very low percentage because the gambler is an optimist, even where they've got debts everywhere. "The next bet at lunchtime is going to be a big winner so why do you want to see the stupid counsellor?" and with this great optimism of the gambler unless there is a crisis in their life - it's usually relationship, criminal issue, suicidal thought - there's no reason to get help because you're going to win. "We'll play blackjack at lunchtime and we're going to have a good win."

So the gambler is the greatest optimist - if they can get their hands on money legally or illegally - that you could ever imagine, so they don't need a counsellor. Until we get that crisis they won't present. So if they completed a research survey they would clearly fit all the criteria of a problem gambler but it's always somebody else, it's not them. They're slightly out of control but they're going to have a win. Optimistically it's okay, "Why do I need help?" So that's going to be a chasm always between presentation and research.

**MR BANKS:** Will they typically come first for financial help rather than counselling for their problem?

**MR GLENN:** Not always but certainly a lot of the time and they may not necessarily disclose gambling as the reason they're in there. I find it a disturbing

factor that some of the older females that I'm seeing are telling me they're in financial trouble because their children are gambling, and they've got all the stories right, and once you gain their confidence and work through their financials, it is in fact that person themselves. In that case we're seeing a lot of victims of gambling come in, the wife and children come in for the food parcel or get the help but the gambler doesn't present. Hopefully you can work through that and use your skills that you develop over a period of time to get that person into the scene. So firstly it may be financial and it may be the victim, not necessarily the gambler.

**MR BANKS:** Good. Thank you very much, Vin, for that. We really appreciate your contribution to this process.

**MR GLENN:** I wish you well.

**MR BANKS:** Thanks. We'll break now for a moment, please, before our next participants.

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

**DR PHILLIPS:** My name is Dr David Phillips. I'm chairman of the South Australian branch of Festival of Light.

**MRS PHILLIPS:** My name is Mrs Rosslyn Phillips, and I'm research officer with the South Australian branch of the Festival of Light.

**MR D'LIMA:** And I'm Mr David d'Lima, field officer in South Australia.

**MR BANKS:** Good, thank you. Thank you very much for taking the trouble to appear today and also for the submissions. Both Robert and I read it and unfortunately Robert got called away this afternoon but we had a talk about some of the points that you made in your submission. So as discussed, why don't I let you go ahead and present the submission and we'll have some discussion after that.

**DR PHILLIPS:** Fine. I want to make a few introductory remarks and then my wife will cover some of the main ideas in the submission and then David d'Lima will add some extra comments. The general observations I want to make are first of all about values and ethics. My position as chairman of FOL is an honorary position in my spare time. My full-time position is a principal research scientist with Defence Science and Technology Organisation, and in the course of working there we had the opportunity to go on management courses from time to time.

One course I went on a few years ago was led by a management consultant who had helped some significant Australian companies through different periods, and he said that when a company approaches him for a consultancy to help them with their problems, a condition is that he will conduct a values review of the company and consider whether the company has a statement of values and ethics, and if they're not prepared to commit to that review, he's not prepared to undertake that consultancy, because he believes that the corporate values and ethics that a company has are of central relevance to its ability to be productive and survive in the marketplace.

I would argue that while that is true, in the corporate and commercial area it's also true nationally that Australia as a nation cannot hope to survive in the international competitive world unless it has a shared set of values and ethics which will serve the country well. If one looks at the key motivation in much gambling, it is to gain a benefit for oneself at the expense of someone else's loss, where there is an artificial risk created to achieve that end. If you analyse the values and ethics of that, it is very close to theft. Most commercial transactions are a win-win situation, where a service is rendered in exchange for payment. But in gambling there is no service rendered, it is purely an effort to become richer through other people losing.

The motivation of that, if that is translated to a whole nation as a shared ethical value, it would mean - I can't see how a country can survive if each individual person is seeking to exploit everyone in the country without caring about the loss that other people are suffering. I can't see how a nation can continue unless it addresses that at a fundamental level of values and ethics. When this is aggravated by governments actually promoting gambling and suggesting, as some of the advertisements that have appeared on television, that the woman who spent her last \$2 was commended in the advertisement as doing the right thing on gambling, rather than buying a bus fare or something else. If that is actually being promoted by governments to encourage citizens to adopt that mentality, then that seems to me to be an internally destructive measure within the country.

I haven't heard of it much recently but there was quite a bit of publicity in the media, probably a couple of decades ago at the time when Papua New Guinea achieved its independence, and there was a fairly widespread cargo cult mentality - and you'd probably remember that - where many of the tribes in New Guinea who were not really exposed to much modern life - all they knew was that aircraft came out of the sky from time to time bringing a great load of goodies, and they had this idea that if they did certain ceremonies they would bring another plane to dump a lot of cargo without having any idea where it came from.

It seems to me that the explosion of gambling in Australia and in the western world in recent years is actually a regression closer to a cargo cult mentality where instead of the so-called Protestant work ethic where one seeks to advance one's standard of living by work and rendering a service to other people, if one seeks to advance one's personal wealth through gambling it's a little bit like a cargo cult mentality. You don't know where it's coming from but if you do it maybe you'll strike it rich. So it seems to me it's a national regression to a primitive way of running a nation. So I believe the whole notion that people have talked about - the gambling-led recovery is an illusion and a most dangerous idea.

It is sometimes argued in that context that in a democracy individual people should be free to pursue their own interests, so that I may not want to gamble and follow that way of running my life but there are others who do want to do that and they should be free to do so. But that really is predicated on the assumption that those who pursue their individual preferences don't cause harm to other people. But of course that is a nonsense. Where you have a compulsive gambler who loses all his assets and becomes dependent on welfare, that increases the welfare bill of the federal parliament which I pay for through my taxes.

If in order to remedy the situation the person engages in embezzlement, then it will be embezzling from Myers, David Jones or Westpac or whatever, where I am a customer, and the embezzlement has to be written off by increasing the prices of other goods and services which I pay for because I buy those goods and services. So in a community, in a society, an individual's actions does have inevitable repercussions on every other person in society. So I believe it's a flawed argument to suggest that people should be totally free to do whatever they wish because it does impact on

other people whose consent has not been given.

Finally, I would like to remark on the magnitude of the problem. We have quoted in our submission estimates obtained by others, that there is something in the order of \$7 billion - I think that was in 1994, so it's probably more now and you probably have more accurate figures - but something like \$7 billion in gambling losses, not amount wagered but losses.

**MR BANKS:** It's now 10.

**DR PHILLIPS:** It's now 10, thank you.

**MR BANKS:** It's a bit over 10.

**DR PHILLIPS:** When I compare that - again you probably have more accurate figures than I do - but I think our total foreign debt was a nation was 220 or 230 billion dollars and I think it's now 270 or 280, something of that order. I don't know what the annual increase is, it's probably 10 or 20 billion dollars. One of the comments that has been made very frequently is we are not a saving nation. We are not saving as much as we need in order to invest in the industries needed to develop this country.

If the gambling losses of \$10 billion could be turned into productive investment, then it would go a very substantial way to meeting the foreign borrowing needs of this country, and I think that just shows the scale and the magnitude of the damage that gambling is doing to this nation. If we could suddenly somehow with a magic wand persuade everyone to divert their gambling losses into investment in Australian development, then the nation would be significantly better off. So I believe in terms of a Productivity Commission, I can't think of a better body to investigate the national impact of gambling because I think it does have a very substantial impact on the capability of this country to be a productive nation. I would hand over to my wife to present the details of the submission.

**MR BANKS:** Thank you very much for that.

**MRS PHILLIPS:** You have an updated copy of our submission where we have made some additions but the main thrust is our concern in a number of key areas, the regulations which we don't believe are working to protect children. There have been no prosecutions under the regulations we have but it appears to be common knowledge that children have access to both poker machines in nightclubs and places like that, and even hotels. We've had complaints to a Festival of Light person from our supporters who are not gamblers. They go into a hotel for a meal, they are given a subsidised meal and they are given money with the meal to play the pokies afterwards, and they feel most uncomfortable because they have this money, they don't wish to gamble but there is it being given to them for that purpose. And they believe that kind of strong inducement is very harmful.



**MR BANKS:** Do you mean actual money or do they get coupons or something?

**MRS PHILLIPS:** I believe it's actual money.

**MR BANKS:** This is in clubs or - - -

**MRS PHILLIPS:** In fact one person came in and told us he happily pocketed it and went and spent it somewhere else and he thought, well, serves them right. But others have said they felt most uncomfortable and not known what to do. Again these are cases close to us which we've never had before. Way back in 1982 we did our first resource paper on gambling, and that was on the casino issue because it was being touted as the salvation for South Australia. We drew on a lot of overseas research about the problems connected with casinos there, and on the basis of that we said Adelaide shouldn't have one.

In 1982 we were listened to, but later on with the Bannon government they overruled and we had a casino. But it didn't touch us personally in the Festival of Light. We could see what was happening to society out there but our immediate supporters were not the sorts of people who went to casinos. But now that pokies have been legalised it's our supporters who are also suffering from people - you know, their nearest and dearest and so on. It's just an illustration of how great the problem has become and how addictive poker machines are compared with other forms of gambling.

So our concern is that children are being exposed to this. They are being introduced to gambling very early, we have found, through these scratch tickets that you can buy in shopping malls. We had some teenagers connected with Festival of Light who came in to talk to us and we found that they too had bought them when they were underage, and one girl offered to do an informal survey of her friends. This girl is a girl who went to a Christian school so she's not your - she's from a section of society you would not expect to want to gamble. But she has gambled, all her friends have gambled and many of them started with the scratchie tickets under 10. These scratchie tickets may have initially been bought for them by older children or even relatives, but it introduced them to the idea, and in her informal survey - she sent them in to me the other day - there was one child who said, "Yes, I'm still buying keno tickets" - and this was a 15-year-old - "bought two today."

According to the regulations you've got to be 16 but they're clearly not being policed. I rang the Lotteries Commission and they insisted that they instruct their staff, "Where there's any doubt, ask for ID," and I related that to our secretary in Festival of Light and she said, "Well, I know a young lad who is regularly asked for his ID and he shows it to them and if they read it carefully they'd see that he was born in such and such a year, which means that he was underage, but all they do is they see the card, they see his photo, they allow him to go ahead and buy cigarettes, buy alcohol, buy whatever it is because they haven't really checked the ID."

The most disturbing thing is that although we're getting all these accounts - and

I believe from the paper the other day evidence given to you by the Australian Medical Association indicates that it's not just our experience, it's much more widespread - there have been no prosecutions indicating clearly that the regulations aren't working. They're not being policed, they're not being taken seriously.

The next regulation we're concerned about is corruption of officials and money laundering by criminals. This was something we raised back in 1982. It was therefore not a real surprise when, in the early 1990s, the then Liberal opposition here in South Australia, particularly Stephen Baker who was then the deputy leader of the Liberal Party, asked questions in parliament about the operation of our Adelaide Casino, and there were some big question marks about the role of Genting, which was a Malaysian-based firm. There was indeed an inquiry but the inquiry was conducted by Frances Nelson QC who was at the time and remained the chairman of the Casino Supervisory Authority. In other words, it was her job to make sure the casino operated properly and, in conducting the inquiry, she was effectively inquiring into her own conduct in supervising the casino. To us it seemed to be a real conflict of interest. It was not only to us. A 7.30 Report ABC reporter, Hendrik Gout, raised these concerns also - and Stephen Baker - and she brought down a report that cleared the casino and Genting of all impropriety, but there are a number of serious questions which we've mentioned in our submission.

Then there was an election and, although Stephen Baker before the election said if elected to government he would take this matter further, we didn't hear anything more about it once the Brown government was elected. He may indeed have done something quietly about it, I don't know. What we do know is that under the new government somebody else was put in to be in charge of the casino and he has remarkably turned a big loss into a profit. So it may be that he quietly uncovered all sorts of practices which - well, we just don't know because the original inquiry was carried out in private. We didn't know the evidence that was given. We didn't know the questions that were asked or how they were answered.

Our concern is that clearly the present government was worried about a loss that the casino was making when it was originally touted as a great money-spinner for South Australia. That wasn't happening in the early nineties. Did it want everything fixed up very quietly so that there would be no public doubt about the whole operation so the public wouldn't lose confidence? I don't know. We are still worried but obviously the Labor opposition is not asking questions and the Liberal government is no longer asking questions and who else is there to investigate?

Who gambles and why? I was interested in Vin Glenn. You asked him that sort of question and, as he said, it's across the board and it's true from our experience, but it is also true that the people in the poorer suburbs seem to lose the most money and that's been established by the Dean Brown government inquiry that the northern suburbs, in particular with Housing Trust homes, people on pensions - they're the ones who are contributing most, a disproportionate amount, to the government taxes, the people who can least afford it. The promotions of course with their advertisements - my husband mentioned one of them, encouraging people to "break

free" and suggesting it does happen, you know, you can win these great amounts of money - not only are they on TV but if you're in Rundle Mall and you walk into the Lotteries Commission premises, right at the entrance is a TV screen continually showing these ads. So you just come in and you're given this message, "Yes, your last \$2 can win you thousands of dollars and solve all your problems," which is false advertising, if nothing else.

Benefit and costs to individuals and local communities and the economic impact: we believe that all the touted benefits are illusory because they're more than accounted for by the losses. Fred Nile spoke in the New South Wales parliament. He'd done a simple calculation that for every dollar that the government gets in gambling taxes, over a dollar is lost and the Honourable Nick Xenophon, who I believe has appeared before you - - -

**MR BANKS:** Yes.

**MRS PHILLIPS:** - - - has looked into this more carefully through a professor of economic development, Robert Goodman in Massachusetts, who has done a more careful calculation, and believes that the loss is more like 3 to 7 dollars lost for every dollar gained by governments. It may not always be obvious and, as we've pointed out in our submission, some of the losses occurring in this state are being picked up by the federal government. So it's in the federal government's interest to reduce the problem. In our submission we also go into the history of gambling in South Australia. Did you discuss this with Nick Xenophon?

**MR BANKS:** We have talked to a number of people actually about the history but feel free to pick out the points that you want.

**MRS PHILLIPS:** It's quite dramatic in this state. In New South Wales they've had poker machines for a long time. I grew up in New South Wales and I knew that they were in clubs and hotels.

**DR PHILLIPS:** Clubs, not hotels.

**MRS PHILLIPS:** Clubs, sorry. When we were on holidays - and I was only 10 - there were other children my age who were creeping into the golf club and playing the pokies then and I was tempted too, but here we've been a non-gambling state until 30 years ago when we first had our lotteries and Mr Dunstan assured the public that there would be no promotion. We were at a rally on the steps of Parliament House just a couple of months ago where he said he was deeply concerned about the way his promise, and admittedly it was his promise, not others' - that this promotion would not occur and now this promise has been just breached so often.

Lotteries are delayed gratification. You buy your ticket and you have to wait weeks before you know the winner and it is unlikely to produce the kind of addictive gambling that we're seeing with not only pokies, but even these scratch tickets work on the idea that you very quickly find out if you've won. I'm told with the smaller

amounts the wins are more frequent and that encourages children and others to bet larger amounts and of course that's when they find the losses. We go through the history of establishing the casino. Because I sat in the strangers' gallery in Parliament House during that debate I'm concerned about what happened. I don't know that you can do anything about that.

The vote was 11-10. Before the fatal night in 1992, when the legislative council was going to vote on the issue, we thought the numbers were safe. We thought that the Honourable Mario Feleppa was going to vote against the bill but one of the other MPs later told me that she was there at 2 am and Mario Feleppa was called out of the chamber by the attorney-general and was in the office for quite some time and they spoke in Italian so that others outside couldn't hear what was being said but it was obviously very emotional and, when Mr Feleppa came out and the vote was taken, he voted contrary to what he had told us he would vote. Clearly pressure was applied, and this is not unusual in political circles, but we just don't know what kind of pressure and we are deeply concerned, given the result for South Australia, about the way this was conducted.

We are also deeply concerned that the bill was introduced to parliament ostensibly as a private member's bill but it was introduced by two ministers, one of which was the deputy premier, the Honourable Frank Blevins, at the time and the other was the minister for tourism who later, it transpired, had a conflict of interest in that she was in a de facto relationship with the lobbyist for the Australian Hotels Association and that they had a joint bank account and this lobbyist was lobbying for pokies in hotels and money paid to him by the Australian Hotels Association went into his joint bank account with the minister. She apparently did not reveal her conflict of interest to the cabinet when the matter was discussed. Again these are political issues but it just deepens our concern generally about the potential for corruption of governments by the gambling industry.

So now we've got our gambling problem and we find that even though our premier, John Olsen, who says had he been in parliament in 1992 when the vote was taken, he would have voted against pokies, that he is himself personally opposed to gambling and that sort of thing, he is unwilling to turn back the clock and we can't help wondering if this is because his government is so reliant on the inflow of money from gambling taxes. I believe that the federal government does have a role here in that if it can possibly give state governments an alternative to gambling tax relative to fund their operations, this is the only way we're ultimately going to wean state governments off their addiction.

**MR BANKS:** I wonder, with one eye on the clock with one more presentation to come, whether - we either take the rest as read and I come back and ask you questions, and I'm particularly interested in dealing with the problem gambling aspect and you've got a number of recommendations.

**MRS PHILLIPS:** Yes.

**MR BANKS:** If you have some other points that you can highlight right now, please do that, and then we can come back and talk about some of the other issues in your submission.

**MRS PHILLIPS:** Certainly. Perhaps, David, if you at this stage talk about your particular concern.

**MR D'LIMA:** Indeed.

**MR BANKS:** Thank you.

**MR D'LIMA:** I would like to make some observations, if I may, which come from a very personal perspective concerning the impact of gambling on the family and on society and on my family in particular. I take my two young sons often shopping to the local supermarket. In fact I find that the supermarket is a great opportunity for learning for them and unfortunately they're learning something which I hadn't intended when I first began taking them there shopping, and that is that they are learning that gambling is considered by our society to be a proper and good activity. In fact, all customers of that particular supermarket - it's the Foodtown supermarket at Darlington - have to go past the gambling precinct, if I can use that expression, which is right next to the checkouts with their children as they go through to pay for their groceries.

There are four types of gambling available there. There's a video monitor up on the ceiling and there's a scratchies counter and some people are taking groceries through, others are stopping on the way through to the checkouts to gamble. I'm particularly concerned that, as a father, gambling has impacted upon the family marketplace and so my children are exposed to this and I have got to work very hard to counter the information or teaching which has been provided to them through the supermarket in order for them not to be corrupted by it. So I want to raise them in a certain way and if I frequent that shop, which I have to because it's the only supermarket in the area, then I have to work very hard to counter the negative influence which is upon them.

The impact upon society is very wide and it means that my children portray adults as accepting gambling and it means that they perceive government also, if I explain this more thoroughly to them, as endorsing gambling, which is the case. So that presents a conflict in their minds between what society and other adults are teaching them through their example and what I'm teaching them and showing by my example.

I think it's a very healthy thing for a child growing up to look at the wider world and compare what is being taught at home or at school or in other situations of teaching, with what others believe and practise. That's part of their socialisation, as they test the validity of the teaching and examples going on in their home and, in an ideal world, it would confirm what is being taught at home and in this instance that I give, it's undermining what is being taught at home. Now, if I took my children to the

casino, I'd only have myself to blame, but as a father, as a parent, I should be free to go shopping with my children and not have them exposed to gambling. I'd like to make a couple of observations following what our chairman, Dr Phillips, has said and that is in relation to the impact of gambling on productivity.

As a father, I notice that my children are full of creative ideas as they grow up. They're continually inventing things and wanting to have great schemes for changing the world and that's a very beautiful thing which arises in the heart of a child as they grow up in a creative home. But gambling, on the other hand, undermines in my view the entrepreneurial mind-set which children seem to have as a gift from God, because gambling undermines the whole notion of being an entrepreneur or being someone who wants to make a difference in the world. Wealth is created, as you're aware, through the application of wisdom and knowledge and hard work, in conjunction with natural resources.

You take something which is worthless or of very little value, like sand, you apply wisdom and knowledge and hard work and you produce the silicon chip, and people are able to do that if they have an entrepreneurial mind-set, which comes through their socialisation, and it will be taken away very quickly by a government which encourages people no longer to see themselves as creators of wealth, but as mere distributors of wealth, removing from others who have created it and taking it to themselves through gambling and wins, if they are so fortunate as to have them.

I think that government needs to understand this point very strongly, because it really has the potential of destroying the entrepreneurial mind-set which to a greater or lesser extent we will have, and I commend to the commission the situation in the former Soviet Union, where the entrepreneurial mind-set has all but been destroyed by 70 years of central planning where people had no option. They had no ability to make decisions for themselves or to be creative. One example comes to mind of a local authority in the Soviet Union which decided as a sort of experiment, in the move towards capitalism, to give the ownership of an apartment building to the people who rented the apartments. The people all got together and said, "Well, do we accept the offer or not?" and they decided not to accept the offer.

Now, anyone today in the west, or most people in the west such as myself, if given the opportunity to have freehold ownership of an apartment block, would grasp the opportunity with both hands, but these people had been so destroyed in their ability to take charge for themselves, take ownership and make creative decisions, that they would rather opt out and let someone else do that, and I think that example is very important, because the same can apply here in Australia, if we teach our children or teach the generation coming through that wealth is not to be generated, but merely distributed from others who produce it, and that pool will indeed grow smaller and smaller, as more and more people rely upon it. I think that concludes my remarks.

**MR BANKS:** Thank you for those observations. It's hard to know where to begin, to go back, because you've covered quite a range of things. You raised the question of advertising in your submission and it's something - perhaps we could just talk a

little bit more about it. How much of a factor do you think advertising is and where do you think it is most - in terms of your concerns, most at issue? We've heard, for example, that the hotels have followed a code of advertising and some have said to us that, you know, pretty much, in terms of the poker machines in clubs and hotels, advertising hasn't been a dominant feature in South Australia and it's been more related to the Lotteries and perhaps the TAB and possibly the casino. But any reactions you had to that and how it might be better regulated or organised, I'd appreciate.

**DR PHILLIPS** It just stands out in my mind that before some of these things were introduced, we had very strong statements from the premier or ministers of the day that they would introduce this form of gambling to allow people the freedom to gamble in those ways if they wished, but they would definitely never promote gambling. I forget exactly which minister or premier, it may be several of them.

**MRS PHILLIPS:** No, it was Don Dunstan, certainly initially. But certainly the Lotteries Commission stands out as way over the top, suggesting that your last \$2 can save you. Also the TAB, which has had promotions all over the place. They took over Rundle Mall just before the Melbourne Cup and the whole mall was full of these special booths and a big stage and the theme was "learn to win", implying that as long as you learnt how, you would win, which is false promotion if ever there was such a thing, and it is now an offence to preach in Rundle Mall. You get a fine if you preach from the Bible, but there they were preaching lies and with no sanctions whatsoever. There are ads on bus shelters everywhere, "Clean up this season", again TAB, but I think that has a cumulative effect.

It not only affects TAB - and obviously they wouldn't put the money into the advertising if they didn't see it getting them results. It not only affects the Lotteries Commission and their lotteries and tickets and so on, but I believe it spins off into other forms of gambling, just reinforces in the public mind that this is the way to get ahead, so I see it as very damaging. The federal government quite some years ago saw tobacco advertising of any kind to be damaging and so they passed a law forbidding radio or TV advertising of tobacco products, and I believe they should take the same view with gambling. I mean, it wouldn't stop the bus shelters and all the other things, it wouldn't stop Rundle Mall either, but it would be a step in the right direction, and I believe TV advertising can be particularly powerful.

**DR PHILLIPS** I'd just like to re-emphasise that point. There is an argument put by the tobacco industry, opposing the banning of tobacco advertising. They ran a survey asking the public should it be legal to advertise anything which can be legally sold? By posing the question in that way, people didn't realise it was being paid for by the tobacco industry and with 10 seconds' deliberation on the question, the survey came out to show that a majority of people thought that you should be allowed to advertise any legally saleable product.

Of course, there are many things where that is not the case, not just tobacco, but it does indicate there are three positions, one where you have ordinary products

which can be sold and advertised, there are other things which are totally prohibited as criminal offences, but there is an intermediate position, where you say, "Well, this activity may go ahead, but it is damaging and so we should say there should be no advertising of that," and I believe gambling should be considered in that category, along with tobacco products, so that the Commonwealth government should legislate - that's one of our recommendations.

The Commonwealth government should use its communication head of power in the constitution to prohibit all forms of advertising within any of the communication media controlled by Commonwealth legislation, which would include radio, television and the Internet, I would think.

**MR BANKS:** Your concern, I think, goes more widely than some others who come here and talk to us about their concerns with "problem gambling", as it's called. I think their position I could probably characterise as the majority of people find this a harmless entertainment and don't get out of control in terms of how much they spend, go to the club, have a cheap meal, spend 20 or 30 dollars on poker machines, get entertainment from that, akin to going to the theatre or something, and that we should only be worried about the X per cent of people who are compulsive gamblers or have a much bigger problem. By implication, they are a very small minority, and therefore this is an issue that can be addressed through harm minimisation, rather than something more draconian in terms of regulating access. How do you respond to that?

**MRS PHILLIPS:** I don't see stopping advertising as draconian. It simply stops the promotion of something, it really doesn't stop people doing it.

**DR PHILLIPS** It's not controlling the access, it's not regulating access.

**MR BANKS:** I'm not just thinking about advertising though, but generally your position.

**MRS PHILLIPS:** We feel that because poker machines are so addictive, they should be completely banned. They're designed to be addictive. In fact, here in Australia, I believe our machines are more addictive, because of the psychologists' input, than they are in the US, so it seems to be a deliberate intent to create a machine which will trap vulnerable people. Now, there's a lot of dissension about what per cent of problem gamblers - I believe Nick Xenophon believes it's something like 5 per cent. My feeling is that that percentage is growing, that we're still not seeing the total per cent of problem people, and talk of harm minimisation is only effective if you've got a cure for these problem gamblers, and we heard from Vin Glenn. He really doesn't know how effective his treatments are.

The kind of approach that such counsellors take is similar to the approach for people with other addictions, like drugs and alcohol. They do have some successes, but it's by no means an overwhelming success. We saw in the paper today - did that lady give evidence to you yesterday, about how she'd been helped by programs, but



she still went back onto the pokies and such people - they only need to get some other crisis in their life and you might find them just as badly addicted as they were before they got help. I see that a bandaid. I see the problem as serious, potentially, as the drug problem is turning out to be, and that's why we have to take strong steps, not very weak ones.

**MR BANKS:** Obviously, the point you make is that poker machines are quite addictive and therefore, by implication, quite pervasive in their influence. But assume for the moment that it could be demonstrated that in fact that addictive impact was restricted to some relatively small percentage of the population. Would you still want to ban pokies? I think you're raising issues about work ethic and entrepreneurial attitude and so on, which I think probably go a bit further than being associated with people with the problem.

**DR PHILLIPS** I think we do want to raise issues at a broader and a larger level. It's a little bit like in China after the opium wars and so on. Apparently, so I'm told, one-third of the population of China was - - -

**MRS PHILLIPS:** No, of Manchuria.

**DR PHILLIPS** Manchuria, was it? - was addicted to opium and that had an enormous deleterious effect on the population of China and on its ability to function as a nation and it was only drastic action which reversed that situation. Australia, so I'm informed, is the highest gambling nation in the world and spends - or loses - three times as much per head of population than its nearest rival, which is the United States, so if there's a single country in the whole of the world that has a major problem with gambling, we're it. Australia is that nation. I'm also concerned at the level of Australia's national debt. There's one of the proverbs, I think, in the Bible that says, "The borrower is slave to the lender," and when we have such a big foreign debt, it only takes hedge funds or something to decide to recall their credit and Australia could be in very serious trouble and the fact that we, in an international sense, cannot pay our way is certainly, from what I read in various economic publications - not everyone is concerned about it, but there are leading economists around Australia who consider that to be a major problem.

So at a national survival level, in the international world of free trade, unless we as a nation maintain a level of competitiveness and entrepreneurial creativity, we will regress to a third world kind of economy over the next generation or so, so I believe that it does have implications at a national level and it impacts on non-gamblers because if Australia's standard of living regresses, then I, as an Australian non-gambler, will also be adversely affected by that.

**MRS PHILLIPS:** I'm amazed that the public accepts limitations in other areas. When we designed our house, we weren't allowed to have the windows in the garage below closer than a certain distance from the windows in the room above, just in case the garage should ever catch fire and flames should come from the window below to above. All sorts of regulations like that in situations which are most unlikely to

happen, but just in case, you cannot do this. I think there's far greater risk with the gambling than there is of our garage catching fire. So I believe governments have to act in the public interest in that way.

**DR PHILLIPS:** There's another area of corruption. There was a book written by an academic from the University of New South Wales, whose name I forget at the moment, who looked at the history of gambling in Australia and said he classified five levels of gambling and corruption, and the most serious level is when corruption and organised crime is actually controlled by the government of the day. It seems to me the situation we've got into now is not quite that but it's very close to that.

State governments now who are - governments are assumed to act for the best interests of the population they serve but what is actually happening is that governments now rely to such a heavy degree on gambling revenue that they now have a vested interest in first of all promoting an increase in gambling within the states, particularly since most of the downside of that, most of the costs associated, are welfare-related and are a drain on Commonwealth revenue, not on state revenue.

So states by promoting gambling are able to raise revenue and syphon more out of the Commonwealth government in the process. So there's no proper accountability mechanism if, as we've indicated, there are real questions raised about the propriety of operations in the South Australian casino, and governments also have a vested interest in covering up their own activities which may be corrupt. So it seems to me that we've now reached the stage where gambling is such a major contributor to state revenue that corruption is not likely to be addressed at state level, so one can say that we've moved to a stage where there are real dangers of state governments falling - being degraded by influence of corruption so that they are no longer serving the communities they are supposed to serve.

**MR BANKS:** Okay. All right, thank you. I think we've probably covered the issues that I wanted to deal with and I thank you very much for your contribution and for your submission. We'll be putting out a draft report, as I indicated, and any views you had on that draft report we'd appreciate at the time. Good, thank you very much.

**DR PHILLIPS:** Thank you very much for the opportunity to present to you.

**MR BANKS:** We'll break just for a moment before our next participants, thank you.

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**MR BANKS:** The next participant today is Relationships Australia (South Australia) Inc. Welcome to the hearings. Could I ask you, please, to give your names and your positions?

**MS HODGESON:** My name is Meredith Hodgeson and I'm the chief executive officer.

**MS CORRIG:** And I'm Helen Corrig and I'm the manager of the Gambling Rehabilitation Service.

**MR BANKS:** Good, thank you. Thank you for taking the trouble to come in today and present your submission, which we received fairly recently, although we got an overview with a bit more time. So I'll give you the opportunity to highlight some of the key points and then we can have some discussion about your recommendations.

**MS HODGESON:** Thank you. I'd like to firstly say thank you for the opportunity to speak to our report. I think probably the simplest way to proceed is with a few remarks and then to respond to some questions. But I thought initially, by way of background, it might be helpful to have some sense of Relationships Australia as an organisation.

We're a community-based organisation and we provide counselling, mediation, community education and support services across the community as a not-for-profit organisation. We're one of nine Relationships Australia organisations which operate as a service network across the country and, as such, Relationships Australia is now the largest single provider of gambling rehabilitation services in Australia through the work we do in a number of states. Funding for our work in South Australia - in gambling rehabilitation but not in other areas - is provided through the South Australian Department of Family and Youth Services from moneys which are provided voluntarily by the Australian Hotels Association and the Licensed Clubs Association.

The report that we've provided to you, titled The Impact of Expanded Gambling on South Australian Society, is based on analysis of our client data, so it's based on what ordinary South Australians who we see in the course of our work tell us about their story. And so based on this data we believe there should be a much greater emphasis on solving the problems for children and families that arise from problem gambling. We believe there should be a greater emphasis on the extent and treatment for problem gambling in South Australia and that problem gambling should be viewed as a social health issue rather than simply a welfare issue, and I will proceed to outline our reasons for that.

On the basis of the work that we have done and on Australian research that we have used, we believe that there are about 11,000 adult South Australians who are in trouble due to gambling. That suggests around 1 per cent of the adult population has

a gambling problem and I'm sure there have been a range of statistics presented here and we base that on the recognised Australian research that we have seen. But, to us, equally as pressing is our belief that each person with a gambling problem has an impact on between five and 10 other people. This means that problem gambling is having an impact on the wellbeing of up to 116,000 South Australians. This impact is felt by children and other family members as well as employers and in the wider community networks in which these people circulate. This is a large number of people but we are confident in the research that demonstrates this.

But research in our own organisation shows that we are now seeing a new client group who have not sought services before and that they are generally responsible members of our society who have not had more than ordinary difficulties living within their budgets. Few have ever needed to seek professional help for an issue within either their individual lives or their family context. Since November 1995 we've seen around two and a half thousand clients. This has been through country and metropolitan locations and through other service contact that we've had. We see a very diverse range of people who seek help to solve a gambling problem, and our data indicates that problem gambling is occurring in all sections of our society. It is not a particular demographic or economic group that is having this level of concern.

We find in the wider press and in the literature clients are often stereotyped as disadvantaged, but our experience and research show that they come from across the social and economic spectrum. For example, some work we have done in an analysis of the economic profile of a sample of clients - of 460 clients - these were clients specifically within our Gambling Rehabilitation Service, and that showed a distribution of income levels similar to the national ABS figures except for the upper quintile. So we are quite clear we are not seeing a financially-disadvantaged group.

The analysis of our data suggests that the severity of gambling problems is not based on economic or social grouping and that there is no significant relationship between income level and the severity of the problem. We suggest therefore that gambling where people have a problem should be viewed as a social health issue, not a welfare one.

In terms of the clients we have seen, Relationships Australia in South Australia has seen slightly more women than men. About 59 per cent of our clients have been women, some of whom seek advice on behalf of their families rather than having the problem themselves. That's a particular feature of these services, where people can identify their own need to seek support in order to help deal with the problem within their family or social environment. They do not need to have the specific gambling problem themselves. So about 66 per cent of our clients have a personal problem with gambling but about 33 come from an environment where a family member may have a problem.

Over 80 per cent of the people who seek help from us have had a gambling problem for less than 5 years, so this is a new issue for these people. Well over half the clients we have seen have had a gambling problem related to gaming machines, at

63 per cent, and the next largest group that we see, at about 20 per cent, are people who have a problem related to the TAB.

**MR BANKS:** Sorry. Is this based on the 2500?

**MS HODGESON:** This is the people we have seen, yes.

**MR BANKS:** Yes, over that period.

**MS HODGESON:** Over that time.

**MR BANKS:** Okay.

**MS HODGESON:** In terms of the impact on employment and on families, we can say that realistically you can imply a significant impact on both employment and families because 60 per cent of our clients are in the workforce and 40 per cent of our clients have dependent children under the age of 16.

We believe that the impact of the expansion of gambling opportunities on country communities has been significant, so it is not an issue solely where we are concerned in the metropolitan area. In many towns in South Australia there are no venues for social gatherings which do not have gambling facilities. Young people and families in these communities have few opportunities to meet or have a social outing without being in a gambling environment, and many of our clients talk to us about how difficult it is to develop a social contact that may not include gambling opportunities, particularly when they are wanting to work themselves to deal with a gambling problem.

**MR BANKS:** Is this particularly in regional communities or generally?

**MS HODGESON:** It's particularly in regional communities because of the limited opportunities for choice around social locations, but it is also a problem in metropolitan areas, which I'll raise in a moment.

We are very concerned that our research shows that problem gamblers and family members have higher levels of anxiety, depression and suicidal thought than clients of our other counselling or relationship services. As an organisation we see clients that come to quite different services within our organisation. We have done research with samples of each type of client and they show a significant difference, significant statistically as well as in practical terms.

**MR BANKS:** No, I thought that comparison was very useful. I haven't seen it before in other submissions.

**MS HODGESON:** That's research we believe needs to be done more widely, but we had an opportunity to do that within our organisation. We would like to see greater support for research across the spectrum of gambling issues, but particularly

research based in practical community settings which identifies and demonstrates where effective work can be done, both in terms of effective work that clients can do for themselves and for service providers. One of the pieces of community education we are very committed to is using a self-help kit that allows people to, in their own time at their own pace, look at the sorts of issues that they may be confronting and how they may deal with it; and that's something you might like to know more about during this process.

But we are very concerned for children who are living in families where gambling is a problem. Overseas research demonstrates that these children are at great risk of abuse and neglect, more at risk than children in the wider community. We've had concerns raised with us that we use overseas research upon which to base our concerns. We do that because Australia does not have yet a significant research base. We would like to see that done. We are very confident that the outcome would be the same.

If you look at international research, the rate of suicide for young people who live in families where a gambling problem is reported is twice that of their peer group. So we believe that research is needed to determine the extent of the problems experienced by children and young people, certainly to understand better the impact of problem gambling on family members, to identify appropriate resources and responses and to ensure that gambling rehabilitation fund moneys are spent in ways which maximise outcomes for clients and the wider community and are not lost in a wider use.

Our work has shown us that gambling problems can be solved. Our research demonstrates that contact with a gambling rehabilitation service that is staffed by highly-qualified and experienced counsellors can lead to reduced problem gambling and a reduction in the associated problems of anxiety, depression and suicidal thinking. This means that people are able to control then solve their problem, spend less on gambling and manage better when in a gambling environment. South Australian agencies we believe need continuing funding to ensure that this work can continue.

We believe that support and advice and counselling should be provided by fully trained professional staff and that funds should be made available to ensure a standard is provided and maintained. In our experience the workload is heavy and staff are faced with difficult work which can lead, if not well-managed and professionally supervised, to counsellor burn-out, and we believe that's a particular issue that requires a high degree of supervision because the work is complex work. It is often that the issues that a person with a gambling problem has are the issues related to deeper personal issues as well.

In South Australia a small portion of gambling-generated state revenue is made to community organisations for once-off grants. We believe those grants are of limited use. We are concerned at the uncertainty surrounding the continuation of programs for gambling rehabilitation. Funding for Break Even gambling rehabilitation

services - of which our agency is but one - has been short-term and is renewed annually. Our funding will cease on 30 June next. And with that I'm happy to take questions.

**MR BANKS:** Yes, okay. Thank you. Perhaps it mightn't be a bad idea to start where you finished off, with your concerns about term funding, the short-term nature and so on, and the annual renewal. We've heard - this has been a theme elsewhere, I think, in other jurisdictions, where they've raised concerns about just the ability to plan ahead, to keep good people and attract people in those sort of situations. Would you care to elaborate on that and what you think might be a better funding arrangement?

**MS HODGESON:** Within our own organisation we receive funds and subsidies for a range of programs. Our relationship counselling, our mediation, our parenting work and to a small extent some of our relationship education work is subsidised by the Commonwealth government on a triennial system. That allows us to manage and maintain good quality staff, it allows us to plan and manage our budget in an effective way, but it also allows us to provide our clients with the confidence that the service they may need will be there in the medium term. So that for example for a problem that may have, say, a short-term solution that is effective and then someone may seek some support to move forward in their life, they know that next year the service will be available to them.

In the gambling rehabilitation area we have had annual funding. We are not in a position to assure our clients that if they come to see us in May they will be able to see us in July, so there is no way we can actually plan an effective program to assist them to manage and to develop skills to enable them to manage with their problem. But also it means that I cannot offer any security to high quality staff. It means staff will have a tendency to look into other areas of work and it means that highly skilled staff need to work constantly in an environment of professional uncertainty, which I don't believe encourages them to participate in a level of training that they would prefer to be confident about. It just presents an uncertainty.

It also means in a planning and administrative sense the organisation and time of people in the organisation, like myself, needs to be placed annually in a tendering and contracting and planning process which is resource-intensive, without any assurance of it being successful. We this year have not only gone through that process but we have also had an evaluation which has required significant input from all providers. That evaluation will be used to make a decision about the framework for the next tendering process and that means that the framework may be different and therefore may require us to enter into that process in a very different way to last time. So I cannot predict how much time my agency needs to set aside to effectively participate, if indeed we are eligible to. It's a very uncertain way to manage an organisation which has significant costs in terms of staff and is committed to providing a service that the client can rely on.

**MR BANKS:** The evaluation that you speak of, could you just elaborate on that,

what it was about?

**MS HODGESON:** The evaluation was commissioned by the South Australian government to look at the way in which the Break Even providers had delivered services. It was not a specific effectiveness evaluation, it was more looking at the processes, looking at the way in which the various models of practice had been developed. It used data that we collect on a regular basis as one of the agencies that provide this service. So it looked across all of the Break Even providers, it wasn't agency specific. It was commissioned quite some time ago and unfortunately did not report in time to allow early decision-making for this financial year, so funding for all the agencies was simply carried over into another financial year, which also can lead to some uncertainty because you cannot plan to increase or develop when you simply get a rollover budget.

That report is now in the public arena but we have had no indication yet of the minister's view of that report. So we do not know yet whether the framework, as I said, for the coming service period will be different, and so we also have no indication as to whether we as an agency would be appropriately placed to tender for any of that contract.

**MR BANKS:** Okay. We perhaps should chase up that report. We may already have it and I neglected to read it.

**MS CORRIG:** It's produced by Leahy and Associates, and it's, I think, called Evaluation of the Gamblers Rehabilitation Fund.

**MR BANKS:** Yes. We heard about this yesterday. In fact someone had a copy of it, we just haven't got to it yet. Good. Now, you talked about attracting and holding quality staff, the importance of training and your submission talks about that. How difficult is it to attract good people? Are there real resource constraints in this area? What we've been told was that there has been a significant increase in demand and supply, I suppose, but how difficult is it to meet the demand?

**MS HODGESON:** Helen will respond as the manager in terms of the actual service delivery issues but as someone who leads an organisation it is very difficult to effectively recruit people when you cannot give them security of tenure. You cannot say effectively, "You will be here to develop a career." As an agency we have a very high standard of staff; all of our staff who work in any counselling area, including the Break Even area, are professionally qualified. All of our gambling rehabilitation staff have additional qualifications particularly suited to the work. They come with a background and interest in research, for example, so we have a group of staff who are highly qualified.

But the concern that we have had as an agency is that it's very difficult to encourage them to see the value of making a career specifically in this field rather than a more general field, but the work demands specialist qualifications and orientation. It is complex work and it is different to doing relationship counselling work or other



sorts of family counselling, for example.

**MS CORRIG:** We do have a very experienced team and I think we're quite lucky in that regard. I've been involved in running services for quite some time. I believe this is the most difficult area I've ever worked in, and I have been very concerned about the impact of the work on my staff. I would have fortnightly supervision sessions with them; we have procedures in place for debriefing. If they're concerned about suicide risk or they're finding they're worried about the client after hours we have an arrangement that they will contact me because 66 per cent of our clients have thought of suicide in the previous 2 weeks before coming to us for the first time, and that includes family members as well people with a gambling problem, so this is heavy work - very complex.

**MR BANKS:** Do you actually ask them that systematically? Is that part of the data debriefing?

**MS CORRIG:** We ask that routinely with every client who comes through the door.

**MR BANKS:** 66 per cent. That confirms, I think, what we'd heard from Vin also earlier.

3

**MS HODGESON:** So we're seeing that group of the population for whom the issues are extreme. We are concerned for those people for whom the problem is developing but who have not got to an extreme point yet, because clearly we're not seeing those people yet.

**MR BANKS:** Perhaps I might just start to go through your submission now where I've highlighted a couple of points. As I say, we'll take a lot of this as read and certainly our researchers in the commission will welcome the data and the charts and so on you've provided. You say on page - it may not have a page number on it but the first page of section 2, you say, "The pattern of existing client and usage of services is more a reflection of advertising targeting and the level of funding available for service delivery than anything else." Can I just ask you to elaborate on that?

**MS CORRIG:** Right. The funding for our service comes from the Australian Hotels Association and the Licensed Clubs with income generated from gaming machines. So the focus of publicity organised by the GRF was around poker machines. So it's not surprising then that that is the predominant form of gambling that's mentioned by our clients.

**MR BANKS:** I thought you were alluding to a point that we've heard elsewhere, that in terms of the question of advertising and whether there should be more advertising available, that people have said to us that subsequent to some experiment with advertising they found a surge in demand.

**MS CORRIG:** Yes, we have certainly found that every time there was an

advertisement on the radio or in the press that there was a surge of demand calls. We could quite clearly track them.

**MR BANKS:** Was there any difference in the nature of the people coming forward? Were they typical of the other ones you'd seen?

**MS CORRIG:** Yes. When people know about a service then they can access it. If they don't know about it - - -

**MR BANKS:** Right. The other point you touch on here - well, a couple of things, but one of them is the telephone service and the importance of a 24-hour service. I might just get you to comment on that again. What we've heard in other places is the 9.00 to 5.00 nature of some of the counselling services has been a real constraint, and what they've been saying to us is that people often - I mean the window of opportunity might be in the evening when somebody is feeling quite depressed, just having lost money and so on, and that that's the opportunity to make that contact and to start something.

**MS CORRIG:** I think there are two points. One is that a counselling service should be available after hours and we have from the beginning made sure that we have evening appointments, but they are the expense of daytime appointments. We're very thinly spread but there is a significant demand for evening appointments, and this again ties in with our experience that this is not a welfare issue, people who are in the workforce cannot afford to take time off to come and see us.

The need for a 24-hour, 7-day a week service I think has been demonstrated interstate and it has just started in South Australia on a pilot basis. Already clients are saying to me, "It's wonderful to know that they're there." A person I saw last night with a long-term psychiatric condition said to me, "I've rung Crisis Care lots of times and they're always engaged." So he said, "I checked them out last night at 3 o'clock in the morning, they answered their phone." He has relaxed, he told me, because he knows now that if he does become severely depressed at night there is a service he can access, so I think it's critical.

**MS HODGESON:** We also as an organisation have right across our services been committed to offering after-hours appointments. We're an agency that offers appointments three nights a week and on Saturday mornings. We do that as an agency because our clients say to us - that is the most effective way for them to have some choice about access. We also as an organisation will offer telephone counselling where that is a mechanism to enable a person to get access. So, for example, a country person who may not be able to visit one of our offices or who may be able to visit irregularly can have telephone counselling in the meantime and our staff are supported to enable that to be an effective way of counselling, if it's the best way for the client to receive support. That's different to the question you were asking but it is another means of providing a support service to people who may be isolated, be they isolated in the city or isolated in a rural regional area.

**MR BANKS:** Just going to one of the charts that you've got, and it's under section D, Positive Treatment Outcomes - and you were talking earlier about the effectiveness of your activities and so on. Have you found the page I'm talking about? It has got Chart 7 on it and then the next page has got Chart 8.

**MS CORRIG:** Yes.

**MR BANKS:** On chart 8 it shows mean scores for anxiety depression and contemplation of suicide, sort of before and after basically. Is that right?

**MS CORRIG:** Yes.

**MR BANKS:** And it seems there's a significant drop. I was just wondering, given some of the other statistics you gave, how that would relate to other people who come to you in terms of the outcome here - how that would relate to the general population. Is it still significantly higher, even at the outcome stage, than you might observe across the board?

**MS HODGESON:** In our wider client group?

**MR BANKS:** Well, either in your wider client group or in the general population.

**MS HODGESON:** Certainly from the work we've done where we looked at clients who came to our Break Even service and clients who came to our relationship counselling service, it was clearly a higher number of people in the Break Even service, the gambling rehabilitation service who came both with complex anxiety and depression but also with suicidal thoughts. And when they departed that service they still showed a higher proportion of that but the change in them was also significant.

Our relationship counselling clients come to us with a much broader spectrum of issues, often without the same degree of a crisis point in their lives which has led them to seek the service. So often, for example, relationship counselling clients will come to us looking for assistance or skill development to avert a problem rather than coming with the problem already in place. So although we did in some degree expect these figures we were very surprised at the extent of the difference and how strongly the suicidal thought in particular was exhibited amongst those people who came to the Break Even program. The research was done in a formal and academic and supervised manner, so we are confident in the answers.

**MR BANKS:** Right, good.

**MS CORRIG:** What we haven't done is a comparison. We haven't produced information on outcomes for the relationship counselling clients, and that's obviously something that needs to be done.

**MR BANKS:** Yes.

**MS HODGESON:** Our concern in this area is that we're not funded as a research agency. We actually don't have a budget provided through any part of our funding that allows us to recruit and manage for a specific research program. We have benefited enormously from graduate students who have worked with us; also from some of the additional skills and interests of people on our staff but we are primarily a service delivery agency which is one reason in my opening remarks I underscored so heavily our belief that more research is needed. We certainly could undertake it but we are at the moment having to use funds that we generate either through our private income or through effectiveness or through choosing to do research at the same time as we're seeing a client to make that money available to do this level of research, and it's not the best way to do it.

We believe research in its own right has a high degree of importance in the sort of work we do, because we've been able to demonstrate to our wider organisation and to our staff that our work is effective, and it's so important when you're doing complex work that your model of practice, the way in which you're supervising is actually leading to good client outcome but also to staff that are able to manage in an environment where the work is very complex.

**MR BANKS:** What about the possibility of doing more follow-up work with your clients? Would that provide some important information for you?

**MS HODGESON:** We would certainly prefer to be able to do more rigorous outcome work, so that we could talk to clients later about the impact on their circumstances, the way in which they felt they were able to manage, whether that was improved. That is expensive work because it is so related to individual positions. I mean, to be able to do good qualitative research we believe is as important as doing the quantitative work.

**MR BANKS:** Okay. Vin Glenn was talking to us earlier about the usefulness of having more coordinated or systematic information throughout Australia that you could draw on to make comparisons and so on, and that obviously is something that we're looking at as a national review. You know, there's a lot of sort of fragmented data but pulling it together in a comparable way is an issue.

**MS HODGESON:** Some of the issues we confront on that subject are related to the way in which we collect data for different parts of our programs. For example, we have reporting requirements within contracts that specify types of data to be collected; they are not necessarily collected in the same way. So we have to take quite deliberate steps to even cross-analyse within our own organisation, and we're doing quite a lot of work to try and resolve those issues as a national network. All of the Relationships Australia are looking at the way in which they can use their data across the network, so we are beginning to be able to get a picture of, for example, the comparison between Break Even clients in Queensland as opposed to Tasmania or South Australia. We're having to make our own investments in those areas. We believe it's in our interests to do that but it's a very significant decision you have to make about funding that sort of group.

To have a single data set nationally for a whole range of social health issues would be very good. You may not be aware that the Commonwealth and the family and relationship service providers, which is a particular grouping of agencies of which Relationships Australia is one, have done significant work in the last 2 years to develop a quality and information system that will run across all those agencies. Our Break Even clients do not have to be included in that because they're not funded in that way. So we will have to actually make the choice as to whether we double assess all our Break Even clients in order to have common data for all our clients. So there are some technical problems that we could do without.

**MR BANKS:** Thanks for that. Just coming back to the training point, clearly training is important and I take it from one of your recommendations, an early one, recommendation 1, actually - you talk about "Funding being sufficient to employ appropriately qualified and experienced people to adequately staff gambling rehabilitation services." Obviously from your earlier comments you feel you've got pretty good people with you and it's probably unfair to ask you to comment more generally, but would you see this as an issue in the industry generally, that standards aren't always as high as they should be?

**MS HODGESON:** I think that's an issue you should look to the lay report on, about the way in which decisions are made within organisations, about how they staff and at what level. We have a standard within our organisation that applies irrespective of the program or service a client may come to, and we therefore manage our Break Even service in that way. But we also have found that we are doing extremely complex work, so people in the community are identifying Relationships Australia as an agency able to manage complex work as well. That's a round about way of saying - I don't believe I should comment on the industry.

**MR BANKS:** No, that's fair enough and I'll have a look at it.

**MS HODGESON:** But we've made some very clear decisions as an organisation as to the level we are prepared to resource the team that does this work.

**MR BANKS:** Okay. In recommendation 4 you talk about "All gambling venues publicly displaying information about how to reach the Break Even Gambling Rehabilitation Service." Is this not happening currently? I mean we talked to the Australian Hotels Association yesterday who were assuring us they have a code of conduct and so on which reaches out at least to all the hotels but do you have any comments on it?

**MS CORRIG:** It's true. We're particularly concerned about forms of gambling other than gaming machines.

**MR BANKS:** Okay.

**MS CORRIG:** There's nothing in TAB shops or in venues providing keno or

lotteries - - -

**MS HODGESON:** Like newsagents, chemist shops, the supermarket, agencies where you can, more easily than buying the paper, buy a lotto ticket or whatever. We believe that there should be clear information for people about the potential problems with those forms of gambling as well as the sort of self-regulation that the Hotels Association and Licensed Clubs have pursued.

**MR BANKS:** Yes. I suppose it's a vicious circle, but what proportion of people come to you, and I should know that, who have got a problem with that kind of gambling, keno and so on?

**MS HODGESON:** Earlier we said that 20 per cent of our clients have a problem with the TAB.

**MR BANKS:** TAB. What about the gambling that we've heard in South Australia has got into the shopping precincts and so on? I mean in some places they'd say that's not gambling. You know, that's lotteries or that's - people feel like it's a benign form - - -

**MS HODGESON:** It's about the definition. People don't see it as gambling whereas quite clearly it is. I've proven it is gambling.

**MR BANKS:** But are they coming through as a major source of problem gambling - well, obviously it's a minority group - - -

**MS HODGESON:** No - - -

**MS CORRIG:** Not currently. We're concerned about keno, which is becoming more widely available. It also has moved into the hotels and the mix of access to alcohol and access to gambling opportunities would make all of us vulnerable I think.

**MR BANKS:** Yes.

**MS CORRIG:** The continuous nature of keno games is a concern as is the increasingly continuous nature of TAB gambling. The number of races that you can bet on on the TAB now is increasing, so that they're both becoming continuous forms of play.

**MR BANKS:** Right.

**MS CORRIG:** So we're expecting that once promotion of gambling rehabilitation services becomes more generic that the demand for service from people with those forms of gambling problems will increase.

**MR BANKS:** Yes.

**MS HODGESON:** You'll find in the report that we are seeing at the moment less than 10 per cent of people who are concerned about other casino games and keno and lotteries, but keno and lotteries make up about 2 per cent. But we believe that is also related to the extent to which they believe that there is a service that might be able to help them, and that again is a sort of advertising component.

**MR BANKS:** Right.

**MS HODGESON:** But that table is in the report.

**MR BANKS:** Okay, good. You have a section, which is useful, on Aboriginal problem gambling?

**MS HODGESON:** Yes.

**MR BANKS:** And a recommendation that there be funding to employ Aboriginal workers in addition to current staff. Can I just get you to elaborate on that?

**MS CORRIG:** Right. We took part in a joint research project with the Aboriginal Drug and Alcohol Council last year. The aim of that project was to develop a model of counselling practice for service provision to Aboriginal people. It became very clear as that project continued that that wasn't an appropriate thing for us to be addressing at this stage, that community education was far more significant. But we consulted with Aboriginal people and service providers to Aboriginal people, and it was made clear to us that Aboriginal people should have choices. They should be able to go to a specific service if they require it, that they should also be able to access mainstream services that were appropriately staffed.

**MR BANKS:** Yes.

**MS CORRIG:** Now, in our service agreement we are required to service Aboriginal people but we do not have the funding to employ an Aboriginal person, and we feel that that's not appropriate.

**MR BANKS:** Right, okay. Is this part of a broader issue that we've heard perhaps a bit more about in Victoria and other places about ethnic communities generally and the need for people who can speak those languages, or even just be seen to be non-threatening because they're seen to be part of that culture and would be more likely to understand? Do you feel that you're also not tapping non-English-speaking communities as much as you should?

**MS HODGESON:** It's not so much not tapping. The research we do on a fairly regular basis with our clients across the agency shows us that we're seeing the major population groups in the same proportion as they appear in the population. So for example, we have about the right proportion of Aboriginal clients that you would find in the wider Australian community. The question is whether or not we should be seeing a higher proportion or whether more Aboriginal families may, for one reason

or another, be vulnerable for a particular issue. It's the same with non-English-speaking or diverse cultural and linguistic groups. We work very closely with organisations that work with specific population groups.

For example, we have an office in Berri and the staff in Berri have worked very closely with the Aboriginal Community Centre in Berri to not necessarily provide a direct service, but to ensure that the information and the access is provided in a way that will enable Aboriginal people to make an effective choice about where they want to receive the service. It may be delivered in partnership with an Aboriginal organisation like a community centre.

**MR BANKS:** Yes.

**MS HODGESON:** So it's an organisation. We are concerned that there may be specific problems for population groups rather than being concerned that we're not seeing people from those population groups at all.

**MS CORRIG:** I have an issue as the manager of the service though. I mean the statistics we provide you say we're seeing - 27 per cent of our clients are of a non-English-speaking background and 12 per cent of them are first generation migrants. I'm concerned about the quality of the service we offer to people with limited English. We have to provide the interpreter.

**MR BANKS:** Yes.

**MS CORRIG:** Now, that is a cost to the service and it's not difficult to see that there is a disincentive to target people with significant language problems because it's actually going to cost service providers to adequately respond. I think that is invidious. It means that people are doubly disadvantaged.

**MR BANKS:** Yes, okay, thank you for that.

**MS HODGESON:** That's an issue in our wider work as well obviously.

**MR BANKS:** Yes, right.

**MS HODGESON:** And we know from our experience that we need to allocate up to 50 per cent more time per individual to see them in that circumstance, simply because of the requirement to work with a third person. We do that obviously, but it means that we can provide less service because it's a difficult environment. One of the ways we try and provide services that will overcome that is, to also work closely with ethno-specific workers and provide them with training as well so their agency's breadth and depth of experience is increased by working with us, so that clients can have choice.

**MR BANKS:** Good, okay, thank you. I don't have any more questions, and I thank you again for the trouble you've taken to put this submission together and the data



which I think will be of great benefit to us. We may want to get back to you at some point maybe to clarify some of this or even see whether you've got a bit more information or you could cut it a different way, if you don't mind us doing that.

**MS HODGESON:** There are one or two things that we didn't pursue which, if you don't mind, I'll just sort of put on the agenda.

**MR BANKS:** Sure.

**MS HODGESON:** We're concerned, as an organisation, that what we're discussing here is extreme and pressing. I mean we don't believe it's a small issue. It's particularly pressing for those people who have problems and we are concerned about the pervasiveness of gambling in our community. We've not talked about that, and I suspect you would take that as a given concern, but the extent to which the community generally, and particularly people who are trying to deal with a problem with gambling, are confronted with inducements in the community on an incredibly regular basis. It's impossible to go to a chemist shop, a hotel, a newsagent, a shopping centre, to read your daily paper, to go on a bus without being in an environment where gambling is promoted.

We also mentioned the significant ripple effect to children and other family members, and one of the things we haven't talked about at all which others may have addressed to you is the way in which the costs of gambling are often not seen within the gambling rehabilitation services themselves, but seen more widely in the costs of family and marriage breakdown, the cost in the health industry of people needing to seek formal health services because of the level of stress and tension related to these problems, the issues of personal harm through attempted suicide - a range of costs which are borne by the wider community which often go, I believe, unrecorded.

**MR BANKS:** Yes.

**MS HODGESON:** To us as an organisation the issue is not so much whether we should be considering the income from gaming, but actually considering the social cost from gaming.

**MR BANKS:** Yes.

**MS HODGESON:** For us that's an important issue to pursue.

**MR BANKS:** Okay. It's important for us too because we have a very wide remit, both looking at the benefits and costs and both the economic and social sides, and that's why we place a lot of importance on getting data. Maybe ultimately one of our recommendations will be how to get better data in the future and find ways of doing that.

**MS CORRIG:** I believe one of the things that needs to start happening is that data on gambling as an issue needs to be collected in services other than gambling

rehabilitation, that it needs to be a broad spectrum questioning - - -

**MR BANKS:** Yes.

**MS CORRIG:** - - - because other agencies tell us they don't see many people with gambling problems.

**MR BANKS:** Yes.

**MS CORRIG:** Now, that's because they don't ask.

**MR BANKS:** Yes.

**MS CORRIG:** They don't ask because they're not sure what to do about it.

**MR BANKS:** Right.

**MS CORRIG:** In community mental health services or community health services it should be a routine question. In the criminal justice system, in corrections, it should be a routine question.

**MR BANKS:** Yes.

**MS CORRIG:** Because otherwise what's actually happening in our society is being missed. The federal government in particular will not know the cost it is bearing for the state-generated revenue.

**MR BANKS:** Yes, we've heard a bit about cost shifting, that has come up today. Trying to put some numbers on that will be interesting as well.

**MS HODGESON:** You may not be aware, but we do some of our work in various prisons for people who may not be in prison because of a gambling-related problem but for whom that is a pressing issue and an issue upon their release about how they're going to manage that. The sorts of environments there to do this work also obviously create quite a different requirement for service providers who work in that sort of institutional framework.

**MR BANKS:** We had a submission yesterday from Richard Balfour, based on a masters thesis I think, looking at problem gambling correlates in prisons which was quite interesting. If you haven't seen it we'll be making that probably available as a submission.

**MS HODGESON:** Yes.

**MR BANKS:** All right. Well, thank you very much for that. Thank you again, as I say, for the detailed submission, and perhaps we'll get back to you if we need to

clarify some things.

**MS CORRIG:** Be happy to.

**MS HODGESON:** Thank you for the opportunity.

**MR BANKS:** Good, thank you. We'll break now, please, and I'd like to resume at 2.30 rather than 2 o'clock if I could. Thank you.

(Luncheon adjournment)

**MR BANKS:** Our next participant today is John O'Connor. Welcome to the hearings. Could I ask you please perhaps just to confirm your name and tell us what capacity you're appearing in today.

**MR O'CONNOR:** John O'Connor, registered psychologist and lecturer at the National Centre for Education and Training on Addiction, which is affiliated with Flinders University in South Australia.

**MR BANKS:** Thank you. Thanks very much for appearing today and also for the submission that you've given us. We've had a read of it and have a few questions, but perhaps let you outline the key points first.

**MR O'CONNOR:** Yes, certainly. One of the major points I like to make is that I think any notion of a dichotomy between social gambling and compulsive or pathological, or whatever one may call it, is not tenable. It can't be substantiated by clinical survey or research findings. What we have instead is a continuum of involvement, and involvement in terms of time and monetary expenditure and problems is far more a matter of degree, rather than an absolute case of having a designated diagnosable psychiatric condition, for example, and my own research has just very recently confirmed that in that recruiting regular - and that is, on average, two to three sessions of gambling per week - recruiting regular gamblers at TAB venues, off-course gamblers, racing gamblers, or machine players, has found that only a third could be said to be without any signs of impaired control, so two-thirds of those people who volunteered to be interviewed, recruited at venues, have some degree of impaired control by their own self-record and it is a matter of degree.

Some with just a few small areas where they struggle to maintain control, others obviously, about a quarter of those samples who have very extreme struggles to control their gambling, and many many attendant problems.

**MR BANKS:** Is that on a SOGS scale that you've placed that?

**MR O'CONNOR:** No, it's not. Impaired control is measured on the gambling choice questionnaire developed out of the University of Western Sydney, Prof Mark Dickerson, and refined - slightly modified in my own research.

**MR BANKS:** Thank you.

**MR O'CONNOR:** I think the ramifications of that are that treatment services of those with problems will never meet the full array of problems. It will usually be a case that those with very very serious problems will eventually present for help, but there are many many others out there, obviously, who have some degree of impaired control and unless there is a more preventative stance, they will escape attention and unfortunately some of them will go on to develop more severe problems, rather than it being curtailed at an earlier stage.

**MR BANKS:** What would you describe as "some degree of impaired control"? What would be an early indicator of impairment, if you like?

**MR O'CONNOR:** There is no set answer to that, because it does vary. So some of the gamblers would indicate that their difficulty is that once they are within a venue, they find it difficult to leave before the venue closes and yet they may be able to resist the temptation to enter a venue. Others will say that merely the cues of seeing a venue make it very very difficult to resist gambling. One of the things, I think consistent in the literature and in my own research, is that availability, opportunity, accessibility matters greatly, that once people have some degree of impaired control, they find their volition undermined by lots of opportunity to engage in gambling, so if it's highly accessible, very closely at hand, that tends to erode their control somewhat more than if they have to travel a greater distance to a venue. Once in a venue, if the hours are very liberal, very extended, it is more difficult to leave before the venue closes or to leave before all available cash has been used.

**MR BANKS:** Yes. That has been an issue of some contention, although my reading of the evidence is that the relationship is the one you suggest between access and problem gambling. But there would be those on the industry side who would be denying it and therefore it's one of the issues we will look at in our report.

**MR O'CONNOR:** Quite a clear aspect of impaired control over gambling is that the gamblers say that their gambling is no longer social, so any argument that prioritises the social aspects of gambling as being to the advantage of the community, doesn't hold once people have impaired control over their gambling. They're quite forthright about that and one variable that's highly associated with impaired control is that the gambling then becomes far more solitary and focused in nature.

**MR BANKS:** Right. Did you want to continue?

**MR O'CONNOR:** Yes, all right. So I'd like to emphasise the need for preventatives in terms of education campaigns - a flood of self-help materials in the community, so people can readily get information and practical ideas about how to modify their gambling from a multitude of points. I think that costs a lot of money - I'm sure it does - so I'm utterly convinced that any voluntary contribution scheme - when we rely on the gaming industry to fund any public health initiatives in the gambling area, I cannot see that that would ever generate enough money to do good prevention. It will generate sufficient clinical services in the short term, but not preventative initiatives, so I'm quite convinced that we need - as is the case in some states and not others, we need statutory levy arrangements with hypothecation of funds, so that a percentage is levied on gambling revenue and dedicated to gambling treatment research and prevention.

**MR BANKS:** Should that levy be across the board, unlike I think in South Australia at the moment, where it's largely through the poker machines that the contribution to the problem gambling services and so on is made?

**MR O'CONNOR:** Yes. I'm not sure about whether it should be across the board in terms of a set percentage, because I think that's somewhat of an empirical issue, that as we garner more research to determine which codes, in fact, are on a per capita basis generating the most problems - perhaps should contribute more. But I don't think it's defensible to have an arrangement where only some codes contribute and others not at all.

**MR BANKS:** Yes. Did you try in your survey that you conducted with TAB and AGM players - was the sample such that you could bring out contrasts in behaviour between the two groups?

**MR O'CONNOR:** Yes. The sample sizes are sufficient that I can look at similarities and differences. The overriding impression is one of similarity, once there is a degree of impaired control - remarkably similar, very few differences between the codes and very very few gender differences. What differences there are are indeed very subtle, so it seems like once one becomes over-attached to gambling, it is a fairly generic process, which does accord with research already existing, showing that if one measures dependence in generic terms, those with alcohol problems look remarkably similar on dependency or over-attachment, impaired control questionnaires - look remarkably similar to problem gamblers in terms of the factor, structure of their responses, so I think we are talking about - I suppose that's another major point I want to make, that I see problem gambling very much as just being a problem of excessive involvement.

It's a behavioural issue prompted by both internal factors with regard to players, mood states, need for arousal, impoverished conditions and so on, but very much activated or accentuated, exacerbated by social conditions and opportunities, so I do not see gambling as being a foreign or unique condition which is beyond the analysis that we apply to other behavioural and social issues.

**MR BANKS:** You made the point earlier about lack of a good understanding about which of the codes or the modes of gambling are most conducive to this impairment that you're talking about. A lot of people are telling us, counsellors and so on, that most people they see, obviously, are people who have got problems with poker machines and some of them are saying that this can happen quite quickly and that poker machines seem to be able to get people into a state of lack of control more quickly than traditional modes of gambling were able to do so before.

**MR O'CONNOR:** I suspect that is the case. I only have tangential evidence for it, in that having recruited in South Australia, my machine sample generally have not been playing for more than 4 years, so that is a restricted sample.

**MR BANKS:** Yes.

**MR O'CONNOR:** But certainly, I'm finding that within that sample, there were comparable rates of impaired control to the TAB sample, which on average had been gambling regularly for 20-odd years, so it's tangential support for the fact that the

problem with machines can develop very quickly. I think we see more machine players presenting for help because there are more machine players, but I think the evidence points to the fact that if one is a regular at the TAB, there is an equal chance, roughly - you know, approximately equal chance of developing a problem with regular play.

**MR BANKS:** Okay, good.

**MR O'CONNOR:** In terms of research priorities, I think we urgently need to recruit a cohort for longitudinal analysis. We know so little about what the risk factors are for over-involvement that we need to start with a young sample, pre-gambling or very formative stages of gambling and, in a major study, follow that cohort through to determine what issues are indeed salient or what risk factors can be highlighted.

**MR BANKS:** Could you just elaborate on that a little bit, how you'd go about that. I can see that what you're looking at is a sort of evolution of behaviour and perhaps some information on issues to do with how quickly people could move from one point on the spectrum to another, but wouldn't you have a lot of issues to do with whether some people are getting counselling or not, so a lot of interference in terms of the response you get?

**MR O'CONNOR:** Yes, that's right. To control for all those confounding variables, the sample size would need to be very big indeed, so this would be a major exhaustive study, recruiting hundreds, but preferably thousands of younger people to a survey, probably piggybacking on perhaps some other research. It would be part of a comprehensive survey of behaviour. That would be perhaps desirable, but if that couldn't be arranged, it needs to be done in terms of gambling and other social recreational behaviours and followed through over a good period, so there is a chance for exposure and initiation into gambling and, because the sample size would be so great, one could control the confounding variables like family history, receiving some treatment and so on.

**MR BANKS:** Yes, okay.

**MR O'CONNOR:** In terms of treatment, we are surmising at this stage that the cognitive behavioural treatments used with other excessive behaviours can be applied with some success and there's some tentative evidence for that, but again, there needs to be well funded - it's expensive research - highly controlled research which tries to tease out indeed which aspects of treatment are best practised for gambling with different subpopulations, of course.

**MR BANKS:** So it's fair to say - I mean, from your sort of professional point of view - that this is still quite an unresolved issue?

**MR O'CONNOR:** Absolutely, yes.

**MR BANKS:** You might be interested in the submission and even the transcript. We've had some people from New Zealand coming to Australia to comment on their approaches and so on, and they were somewhat critical that Australia hadn't used more of a medical model in approaching this issue. I mean, if you had time to have a look at what they said and even send us a brief note with reactions to it, we would value that.

**MR O'CONNOR:** Yes.

**MR BANKS:** So perhaps if you talk to Bronwyn on the way out she'd let you know and we'll send the material to you. Thank you.

**MR O'CONNOR:** Perhaps the last point that I'd like to emphasise is that I believe the structural mechanisms of gambling - I guess I've already said this so perhaps it's reiteration - the structural aspects of gambling are critically important, so that needs a good deal of research. People can maintain control over their behaviour under some circumstances and not others, and if we have certain aspects of the gaming environment conspiring to make it difficult for people to maintain control I don't think that's defensible from a public health perspective. Obviously this can be within a framework of harm reduction; there's no need to be absolutist and to believe that all gambling must cease or be restricted unduly, but we do need to investigate in what ways we can minimise the risks and harm associated with gambling, and a good deal of the answer with regard to that would be structural issues - how we structure the gaming environment.

**MR BANKS:** Yes. Are there any particular things that would occur to you that would be sort of fundamental in that respect?

**MR O'CONNOR:** Yes, the ready access to funds or credit near the gaming venue comes to mind, but with regard to the machines research will undoubtedly show, I suspect, in the near future that there are certain aspects of machine construction which make it more difficult.

My own survey has indicated that those with impaired control on the machines are far more likely to play on with their credits rather than collect their winnings. So machines which promote the ease by which that can be done so that play can be very rapid and credits can be built up to a vast number will promote excess in those struggling to control.

**MR BANKS:** Okay. Good. In terms of the research priorities, you have a number of things there; one of them you've already talked about is the longitudinal survey.

**MR O'CONNOR:** Yes.

**MR BANKS:** You mention as the fifth point there, "An ongoing program of comparative treatment evaluations to ensure best practice occurs with appropriate matching of services to client needs." Do you want to elaborate any more on that?



**MR O'CONNOR:** Yes, I made brief reference to it before. That is recognising that there are subpopulations of gamblers and some, because of personality style or ethnicity, social class background, may respond to some forms of treatment rather than other forms. So unless we have a coordinated approach and some standardised treatment delivery and measurement it would be very hard to get to terms with that. Now, that has happened in recent years with alcohol, so that we now have recommendations of best practice. But of course that's out of a 30-year history of developing those research protocols, but I think we can borrow from that area, and to some degree from medicine, in orchestrating a very detailed and thorough investigation of which is the best fit of treatment for various people.

**MR BANKS:** Good. The survey that you've conducted, to what extent are the results reflected in here, or do you have a separate paper that you're putting together?

**MR O'CONNOR:** Yes, it's very provisional in that the results have only just been analysed as the basis of my own PhD research program. So I'm preparing my thesis now and there will be publications in due course.

**MR BANKS:** Right.

**MR O'CONNOR:** Where I have been able to emphasise a point already in the general literature I have reference to my own research, reference three. So I have made a number of points where that's in support of what's already existing in the literature. It is confirmatory rather than anything new in terms of the preventative issues.

**MR BANKS:** Good. John, I don't think I had any other questions to ask you. Because Robert is not here - he may well have had something else, and if he did you wouldn't mind him getting back to you?

**MR O'CONNOR:** No, not at all.

**MR BANKS:** We certainly value people who have professional interest and research in the area because for us that's an important part of having an understanding of what's going on, rather than anecdote which we hear a lot about as well. So we value your participation. Thank you very much for that.

**MR O'CONNOR:** Thank you.

**MR BANKS:** We'll break now for a moment before the next participant. Thanks.

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**MR BANKS:** The next participant today is the Adelaide Crusade Centre. Welcome to the hearings. Could I ask you, please, to give your name and your position with this organisation.

**MR RIDLEY:** My name is John Ridley. I am a retired pastor with the Adelaide Crusade Centre, working in the city.

**MR BANKS:** Thank you. Could you just explain for me this organisation and its role.

**MR RIDLEY:** The Adelaide Crusade Centre is part of the Christian Revival Crusade, Pentecostal denomination, with churches across Australia.

**MR BANKS:** Thank you very much for taking the trouble to make a submission and to come along to talk to us about it. As we discussed, perhaps you might like to provide an overview of the submission and we can have some discussion on particular points.

**MR RIDLEY:** What I've done is I've written down a synopsis really of my written submission, and I've written it down so I won't miss any points.

**MR BANKS:** Good.

**MR RIDLEY:** My submission pointed out that the main beneficiaries from gambling and gaming machines in particular are the proprietors of the machines, the government and organised crime. I also said that the people who play the machines are victims, not winners, because gaming machines are fixed in favour of the proprietors.

The Advertiser said on 27/7/96 that the average return to South Australian poker machines is 87.8 per cent. The following are my concerns: first, I am concerned with the misinformation being presented by the gambling industry. They claim playing pokies is entertainment, not gambling. This is as untrue as saying smoking is not a health hazard. Secondly, the hotel industry quoted in the Advertiser on 24/7/96 claimed to employ 17,000 people, but failed to inform us that many of these jobs were part-time and casual. The Small Retailers Association estimates its members have lost up to 15 per cent of their turnover, and a survey they instituted shows that for every job gained by poker machines two have been lost in small retailing alone.

They appear virtuous by contributing finance to counselling for those with gambling addictions, but make sure they get their pound of flesh first, however much their patrons bleed. Their self-justifications have a hollow ring in view of the warning Mr Ian Horne, executive director of the Australian Hotels Association, gave in 1987 regarding the danger of installing poker machines in clubs. He wrote a letter to all members of the South Australian state parliament in which he said:

This form of impulse gambling will only result in even more competition for the already stretched leisure dollar. There is little doubt that the poker machine issue will again be raised in state parliament by those seeking a privileged financial advantage in the community.

He went on to explain the damage it would do to small businesses and added, "Under any scenario crime will increase." It is the greatest tragedy for this state that the government ignored his warning and succumbed to pressure to introduce the present legislation.

I am also concerned with the losers from gambling. I've cited several case histories of gambling addictions contributed by two churches in the Christian Revival Crusade. But I wish to give one example from paragraph 7.1 of my submission. In June 1996 state treasurer, Dale Baker, claimed poker machines would generate \$143.5 million in tax revenue in 1996-97. This prompted a scathing letter from Maureen Rance who had been sentenced to 15 years' imprisonment for a series of armed robberies fuelled by her \$500 a day addiction to keno. She wrote:

I hope that one day you and other government members will get to see at first-hand the shattered lives that have helped you reach such a magnificent figure. I went from being a respected community member who had never broken the law once in 43 years to committing armed robberies with a toy gun to pay for my gambling debts. This obscenity called gambling is an illness that takes over people's lives. Maybe its time for the government to take similar action against gambling as they have with the gun laws; then people will be made to stop gambling.

I'm concerned with the nearly 15 gambling-related suicides in South Australia every year, including the three attempted suicides for every one that took place. This represents an enormous tragedy and broken lives, anguish and pain in families and in individuals, and I'm concerned with governments that continue to legalise gambling and derive income from it.

Mr Stephen Richards, chief executive of the Adelaide Central Mission, said - and I quote the Advertiser from 14/3/97:

The state government wins each time a coin is pushed into a gaming machine. The government is encouraging gambling by making it ever more accessible to South Australian men and women. The more pokie venues the more people will gamble and more will become addicted. The government could have introduced pokies to a few limited sites, not make them accessible anywhere 15 hours a day. That isn't government having a tolerant approach; that is duplicity.

He goes on to say:

One message the government is giving at the moment is that the world is

changing. We have to earn our way, we have to work smarter if we're not to be left behind. Yet they also push the message that you can get rich not by working but through gambling.

Maureen Rance broke the law to support her gambling addiction, but I consider the government is equally to blame for enacting the law that has extended the gambling industry and exposed her to the temptation. In my opinion it is the most unprincipled and immoral act for any government to profit from the character weaknesses of its people; nor should it be for the protection of society within the prescribed limits of approved behaviour. It should not legitimise what would have a corrupting effect on the people.

Thirdly, principles of government. Society creates laws for its benefit, eg reasonable people have no argument with keeping left when they drive on the highway.

Those who consistently break that law will sooner or later have a serious accident. Laws should enshrine moral principles and governments should observe these principles when framing legislation. When these principles are ignored, society runs into trouble and that is why this inquiry into Australia's gambling industries has been set up. I believe the government should first look for the underlying principle regarding gambling and then apply it, without being subject to public opinion or to vested interests. If civic leaders follow public opinion rather than observe an established principle, they become followers and not leaders. For example, in 1775 Edmund Burke was elected to the House of Commons as member of parliament for Bristol. He told his electorate that he was their representative but not the mouthpiece of their opinions. He said in his inaugural speech, and I paraphrase his archaic language:

Certainly, gentlemen, it should be the happiness and glory of a representative to live in close and open communication with his constituents. Their wishes ought to carry great weight with him. He should respect their opinions and their business should have his unremitting attention but he should not sacrifice to them or any man living his mature judgment and his enlightened conscience. He does not derive his judgment and his conscience from their opinion from the law or the constitution because they are a trust from providence. If he abuses this trust, he is answerable to God. Your representative owes you, not only his hard work, but also his judgment and he will betray you instead of serving you if he sacrificed his conscience and his judgment to your opinion. The Bible contains basic principles for the guidance of society and its governments that I would like to draw to your attention. For instance, everyone must obey the governing authorities because no authority exists without God's permission and the existing authorities have been put there by God.

That's in Romans chapter 13 verse 1:

Advice to a king -

and I might say governments -

speak up for people who cannot speak for themselves, protect the rights of all who are helpless, speak for them and be a righteous judge, protect the rights of the poor and needy.

Proverbs 31 verses 8 and 9:

You must stop judging unjustly. You must no longer be partial to the wicked. Defend the rights of the poor and the orphans, be fair to the needy and the helpless, rescue them from the power of evil men.

Psalm 82, verses 2 to 4:

Learn to be right. See that justice is done. Help those who are oppressed, give orphans their rights and defend widows. If you are willing and obedient -

that is if you enact laws according to these principles -

you will enjoy the good things the land produces.

Isiah, chapter 1 verses 17 and 19.

So my conclusions are I recommend (1) governments should no longer encourage gambling by receiving income from the industry and exploiting the current craze through taxation. Secondly, laws should be introduced to phase out poker machines in hotels over a 5-year period. Elders of the Aboriginal people of the Maralinga Tjarutja lands recently won a fight to ban poker machines from a hotel near the Yalata community on the west coast of South Australia. I suggest our elders in government should have a similar concern to protect the people of Australia.

Consideration should be given to reimburse hotels for losses incurred when the above suggestion is adopted. In 1807 William Wilberforce succeeded in persuading the English parliament to pass legislation outlawing the slave trade. 20 million pounds was allocated from the treasury at that time to recompense slave owners for their investment in slaves. This was an enormous amount, even by today's values. When a nation upholds basic principles it will prosper. If it fails to do this, its troubles will increase until it destroys itself. I pray that the Productivity Commission will make enlightened recommendations in the light of views that have been presented in the hearings.

**MR BANKS:** Good, thank you very much. I think that is a good overview of your submission. I just have a few questions, if you don't mind. One is in terms of your recommendations that you've just gone through. You talk about phasing out poker machines in hotels over a 5-year period. I notice in your actual submission you say "but allow them to continue in clubs". I just thought I'd ask you why you draw that

distinction?

**MR RIDLEY:** Because you have to be a member of a club to go in and therefore clubs are not so readily accessible to the general public.

**MR BANKS:** I think people who are in the business of helping problem gamblers would say they get as many problem gamblers coming through from the clubs - it depends which state you're in, I suppose - as they do in the hotels. It's mainly that difference in access that motivates you. Some would say that the clubs tend to be putting the money back into the community. That's a debatable point and one that we're looking at but is that an issue as well for you or not?

**MR RIDLEY:** Personally I'm against all forms of gambling but I realise we're living in a real world and we can't expect too much but I'm recommending somewhere to start; namely taking it out of hotels and initially allowing it to continue in clubs rather than attempt the whole thing in one foul swoop.

**MR BANKS:** You are suggesting that they be phased out over a period of time but your reference to William Wilberforce suggests that perhaps you anticipate some resistance from the hotels who may well have invested significant amounts of money to accommodate these machines. Is that the logic behind providing some other assistance?

**MR RIDLEY:** Yes. Actually I don't doubt they have plenty of resources themselves, that they don't need recompense but again, to be fair, let's have some kind of recompense from the government and they wouldn't scream quite so loud.

**MR BANKS:** You make reference to the case of the Aboriginal community that won that fight to ban poker machines from a hotel. We've had people, both in Victoria and here, saying that local communities generally, not just Aboriginal communities but even various local government areas within a city, should also have more rights in saying whether a machine should be made available in their area. Do you have any comments on that?

**MR RIDLEY:** I believe it needs to come from the top, from the government. If the government says a thing is not legal, then it has more power, but certainly it would be good wherever the restraint comes from, whether it's the government or the local community. I would like to see laws enacted that reverse what is in existence.

**MR BANKS:** Good, okay. I don't think I have anything more. I'll just have a quick look here. You've got a number of case studies in your submission proper. Could you briefly give me the background to those; where they came from?

**MR RIDLEY:** Yes, three came from our Stirling church and I contacted their pastor to get the information that I presented. The one from the Port Adelaide - that's the second one I gave you there - was actually a Christian high school teacher who got into all sorts of deception with people around him and had a lot of counselling and

yet still carried on his habit. He eventually lost his job after borrowing money from different staff members and they've got no chance of getting their money back. Finally, his final shot was that if they dared to publish his name, he would take them to court and - I think it was him - he also borrowed money from his mother who had cancer. In other words, there was no limit to his insatiable urge to gamble. It's just dreadful.

The 50 suicides every year in South Australia and the agony and the pain - I'm so concerned that something is done from the highest level to somehow curb this. We can't stop people poisoning themselves. They will do it if they want to but at least the government shouldn't, as I see it, aiding and abetting it by legalising it and then even getting money from it. This I think is a dreadful thing to be profiting and it would seem that they need the money to help their income and they don't care in the least about, it appears, the pain and the suffering, that people of their country are suffering as long as they get their money. It's absolutely wrong and immoral, I believe, and therefore the change has to begin from the top. It's enlightened self-government and I trust that our leaders are enlightened otherwise they'll be subject to the greasing of the palm and other pressures that can come on people. So I'm looking for reformation in that area.

**MR BANKS:** Good, thank you very much. I will just break for a moment now before our next participants. Thank you.

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**MR BANKS:** Our next participant is Michael McCabe. Welcome to the hearings.

**MR McCABE:** Thanks, Gary.

**MR BANKS:** Could I ask you, please, just to perhaps tell us in what capacity you're here, who you're representing, and perhaps what that organisation itself is involved in?

**MR McCABE:** My name is Michael McCabe. I'm a gambling project worker at Nunkuwarnin Yunti in Adelaide. Just a bit of background on Nunkuwarnin Yunti. Nunkuwarnin Yunti of South Australia Inc is a community managed organisation providing health, social and financial welfare and youth services to Aboriginal and the Torres Strait Islander community in the Adelaide metropolitan area. It is governed by an all Aboriginal and Torres Strait Islander board of management whose members are chosen by the community. The name Nunkuwarnin Yunti was adopted by the dialects of two prominent clans in the southern region. It represents the community, the services provided and the spirit in which they are offered, and it means doing right together or working together.

Now regarded as a foremost community control centre in South Australia Nunkuwarnin Yunti is a primary health care provider and the home of many new initiatives including the indigenous social and emotional wellbeing project, of which I'm a part of, and the trial of brief interventions for hazardous alcohol use and the South Australian eye health program. The preservation of Aboriginal and Torres Strait Islander heritage and culture is integral to the vision purpose and philosophy adopted by Nunkuwarnin Yunti in the fulfilment of its role as a community managed and operated centre.

Prior to my employment at Nunkuwarnin Yunti in the middle of August this year I worked for some time, since October 1994, with the Anglicare Break Even program as well. So I have a number of years experience in direct clinical practice. The context of the work, what I'm doing here, is very much as a project officer developing the program in South Australia. We're negotiating with the Department of Human Services down here to ensure that there are resources to employ an Aboriginal person to work beside me in this project with the eventual transition of an Aboriginal person into this position ongoing, because that's felt to be in line with best practice in this area.

**MR BANKS:** Yes.

**MR McCABE:** I've prepared an oral submission which very much I guess goes over a lot of the points raised in the written submission and if it's okay I will just read from the paper.

**MR BANKS:** Good.



**MR McCABE:** This submission seeks to ensure some focus and acknowledgment on the impacts and the wellbeing of Aboriginal and Torres Strait Islander communities due to recent changes to the structure and mix of the gambling industry within Australia. The points emphasised in this oral presentation are contained within the written submission that already has been tendered. This presentation is a summary of that report as well as providing an opportunity for questions by the inquiry.

Knowledge about ATSI people and their participation in gambling in consequent outcomes is largely unknown. The expansion of social inquiry into gambling over the past decade has not resulted in gaining much information on the implications of this industry on ATSI people and ATSI communities. In November 1996 an extensive telephone poll was commissioned by the gamblers rehabilitation strategy in South Australia. This was to establish benchmarks to questions concerning the who and the why and prevalence problems in this state. ATSI people are not differentiated in this sample.

**MR BANKS:** Just on that, Michael, my understanding would be that most of these telephone surveys would not be a very good vehicle anyway for getting an understanding - - -

**MR McCABE:** In respect to the methodology used?

**MR BANKS:** Yes, for ATSI community.

**MR McCABE:** I would concur for the general community as well.

**MR BANKS:** Right.

**MR McCABE:** Yes, I think the notion of people disclosing information about their gambling patterns, especially if they had problem gambling issues, via the telephone would be - I mean I was surprised they even got as many people acknowledging gambling problems as they did.

**MR BANKS:** Yes.

**MR McCABE:** Then there's the whole issue about people on very low incomes or people with severe financial problems because of gambling, not having telephones on any more, and I would imagine financial counsellors could give you more information about how common an occurrence that would be.

**MR BANKS:** Yes, I think it is reasonably common. There's the dilemma I think, that some people have told us, that even face-to-face interviews have the same problem. You know, you have a stranger turn up on your doorstep asking you questions, trying to probe your gambling habits.

**MR McCABE:** Yes.

**MR BANKS:** So again there are difficulties. Some people would say that in some respect phone interviews can be better because there's a bit of anonymity there and less confrontation but you can't control the environment in which the person is speaking to you. I wondered with the ATSI people whether there was a particular problem just in terms of bias in the sample, that through the phone you may not be getting access to people from the communities anyway.

**MR McCABE:** I guess there's the issue too that John O'Connor raised a bit earlier this afternoon about the notions of pathologising people with these types of problems and gambling difficulties sitting along a continuum of impaired control. I don't think I can really give a qualified opinion in respect to what would be the most appropriate in respect to ATSI communities, but recommendations contained within here definitely concur with this idea that we really need to be asking Aboriginal people and communities how they actually want the problem defined within their communities as well, so it's not an imposed view.

**MR BANKS:** Good.

**MR McCABE:** The small amount of research elsewhere in Australia presents a picture of ATSI communities experiencing harmful consequences as measured by non-indigenous benchmarks. These adverse consequences are disproportionate to non-indigenous Australians. ATSI community gambling profiles that do exist described greater participation rates in percentage of ATSI people gambling and higher average expenditure than that of non-indigenous Australians.

The submission draws explanations for this phenomena ingrained in systemic inequalities. It is in our view a created predisposition to chase the miracles offered by gambling enterprises to achieve some equity. ATSI people as a group are also disproportionately involuntary leisured and the gambling industry is sanitised and marketed largely as a leisure activity.

ATSI people also experience disproportionate problems in physical and mental health status due to a range of causal factors. Racism is significant, perpetual grief and trauma is rampant in the community. Imprisonment rates are significantly high to that of non-indigenous Australians. Most incarceration is linked to an incapacity to pay fines. The list could go on. This submission extends an invitation for greater federal involvement in funding a progressing social inquiry into these issues. This would be to enable a greater capacity to develop knowledges to reduce problems stemming from gambling in ATSI populations.

The current service planning responses that aim to ensure avenues for assistance to those with gambling-related problems are largely not congruent with ATSI service delivery practice paradigms. South Australia, to our knowledge, is the only state or territory with a specific ATSI funded program. Some Break Even providers in other regions are making special efforts to reach local ATSI communities.

It is held that if this gap in service planning results in the social individual cost

stemming from excessive gambling being largely transferred on to ATSI community members to clean up a mess created by the industry. The submission has presented a definition of gambling as the act of voluntarily risking anything of agreed value on the outcome of an event unknown at the time of the formation of the contract. Further this contract is specific to the conclusion of the event and results in the transfer of the agreed value commodity upon the outcome of the event.

Central themes in this definition are conscious status of the contract; exchange based on the risk of a future unknown; and a defined agreed point of clarification and transfer terminating the contract. Further gaming as a consumable is both the process of waging a service and the outcome of waging a good. Gambling involves experiential value derived from participation such as excitement, fun, social interaction and hope as well as the more pragmatic outcome of realised and unrealised gain.

Another point to be stressed is that gambling is a process that offers as a key component of consumption to experience a chance of not being out of pocket or in fact be better off financially post consumption. While the actuality of this outcome is rationally unrealistic it is presented to the consumer by the gambling industry as a central function of the product. This marketing representation fuels a cycle of consumption intended to accumulate resources rather than deplete them.

Implications for this marketing focus is both misleading, erroneous and not conducive to notions of being concerned about expenditure at the time of engagement and subsequent ability to meet other needs. This submission has also commented upon distinctions between ATSI community-controlled gambling and that to enterprise-orientated gambling. ATSI community-controlled gambling is noted to a large degree to utilise the gaming activity as a vehicle to build social capital and redistribute the capital to community members who would otherwise be unable to achieve such capital accumulation because of entrenched insolvency. Goods purchased with proceeds of winnings at times become socially utilised commodities. The majority of the money gambled is redistributed to players.

The rules and protocol and to some degree profit sharing is a community responsibility. Literature on the subject of ATSI community gambling never refers to profiteering phenomena as critical or central to the activity. ATSI community gambling is described as being conducted largely in an atmosphere of and in the spirit of reciprocal social responsibility. Gambling is also used for the purposes of social interaction to facilitate information exchange and to have fun as a group.

Reference to protocols of conduct that actively discourage personal disadvantage are a prominent feature. This includes steps to prevent people playing if impaired by alcohol and steps to prohibit destitution or disadvantage as a result of incurring losses. The other issue worth noting is the transparency of this form of gambling. It is conducted in the full view of the community.

**MR BANKS:** Could we just pause there for a minute?

**MR McCABE:** Yes.

**MR BANKS:** I went from Queensland on to Darwin and we had hearings there and we didn't have a lot of people come but we also visited a number of venues and counselling organisations and so on and we heard a similar story there, that people were coming from the communities where they had large poker rings and so on and there were particularly women going to the casino and money was coming out of the community.

**MR McCABE:** Sure.

**MR BANKS:** So in a practical sense it was having an economic impact, but I haven't seen anything in the way of literature. I mean you refer here to some literature I think. Are you conscious of any literature that talks about this pattern of gambling?

**MR McCABE:** Yes, it's in that literature that I provided for you.

**MR BANKS:** Good. Does some include this - - -

**MR McCABE:** No, in more of the other readings, John Altman's readings, and there's a few others in there too.

**MR BANKS:** That's good. That will be helpful.

**MR McCABE:** So this is not to say that this form of gambling is free of negative impacts. However contrasting the impact on the ATSI community to industry-orientated gambling a different picture emerges. Profiteering forms a primary focus of business-orientated gambling. These operations derive benefit from the misfortune of others to a small group or individual who is not part of the community. The rules and decisions about profits are not a shared community responsibility. When people lack the control to handle profits and losses incurred as a result of gambling the impact is far more reaching than a form of gambling that distributes the money in a circle with established protocols of withdrawal of community resources.

Further, the non-transparent aspect of industry-based gambling leads to the dynamic of hidden shame and distancing from family and friends. Aspects of the manner in which the gambling industry does business leads to the view that it is not interested in the welfare of the community. It is asserted that this industry requires a special amount of regulation and control and communities need to be able to set the pace, mix and define the major beneficiaries of gambling at a local level.

Some behaviour is clearly intrusive to the wishes of local ATSI communities. The Nundroo licensing application is a recent example of a proprietor ignoring the wishes of two local communities who were clear in saying that the application was not wanted and in fact would be harmful to local people. It was emphasised that the outcome would have clearly pushed the responsibility of supporting insolvent

community members back on to the local ATSI people. Despite Licensing Court rulings denying the application it is our understanding the proprietor is pursuing another licensing application.

Just a footnote on that, what I've heard is that is related possibly to the proposed cap on gaming machine licences in this state because obviously if there's any notion of a cap on gaming machine licences I would imagine there will be a run to try to get in before the cap, and obviously that would have implications for the value of licences as well, because once you have a capped commodity you have a limited supply, so it's merely a higher price.

Forcing communities to protest and to use up time and resources fighting what is their right of determination is totally unacceptable. We would seek an impost on applications to meet the concerns of such communities before being permitted to set up these businesses. Only after satisfying the community councils could an application be lodged. So what we're asking there for is some sort of regulatory or administrative type of process that would put the onus back on the business proprietor rather than the community needing to put energy and resources again into knocking back these types of applications.

While it is acknowledged that the introduction of gaming machines has created a degree of transition of pre-existing consumers of gambling within the ATSI community, it has come to the attention of this service that some ATSI community members did not participate in gambling prior to the introduction of gaming machines. Some of these people are now regular players of gaming machines. In the Queensland study - which you have a copy of there - 29 per cent of ATSI gambling on the pokies reported that prior to their introduction in Queensland they did not gamble at all. This statistic has not been researched in this state.

It is recommended that before progressing any new gambling opportunities in isolated regions, a series of community education strategies to inform people of the realities of gambling, the odds and how the machines work be delivered by recognised providers to assist in harm minimisation efforts. It is also recommended to impose a rehabilitative levy from the proceeds of local expenditure to advance local strategies to inhibit excessive patterns of gambling in the area where the expenditure is taking place. Many ATSI people have discussed ATSI gambling patterns with this service - have stated that gambling, especially the newer forms of electronic gaming machines - is depleting the community of substantial sums of money and placing additional stress on an already pressured community.

It is clear that the gambling business is an industry that realises an enormous amount of profit from individuals and the community. Part of this profit is through selling economic hope and erroneous notions of accumulation. The lack of adequate information about the functions of many gambling products in our view significantly contributes to overexpenditure by some consumers. As previously stated, gambling is a process of consumption that offers an equation of accumulation in both goods received and the possible return or the original expenditure. This makes gambling

unique as a product and open to damage because of the fact that in most circumstances it is bought as a good when in fact it is a consumption of a service which cannot be returned.

One way of eliminating the contradiction between buying a service rather than a good would be to regulate gambling to ensure it could only be a service industry, not a goods industry. This would be modifying gambling to only give participating consumers the ability to realise the accumulation of more opportunity to engage in this entertainment by placing further bets. In this sense winning enables increased time to be entertained in the gambling activity. For example, the person buys \$50 worth of gambling machines credits or units for TAB. Upon winning the credits or units, this would enable the continued entertainment from playing the code involved. I think that's pie in the sky.

**MR BANKS:** Yes. I'm not even sure that I properly understand it. You're basically taking out the risk from the - - -

**MR McCABE:** Yes, what I'd be proposing there is - and again it's sort of done tongue in cheek in many respects - is you put your card through with your \$50 worth of gambling credits on it. If you were lucky enough to win some credits it would just go onto the card but at no point would you be able to transfer those credits into actual money, because what you're actually purchasing is the credits to play the gaming machine. The same would be with the TAB; you would have a TAB account with X amount of credits sitting in it and you would actually pay for the privilege of putting bets on horses and seeing the outcome, but you would actually take the equation of being able draw upon those successes in a monetary way.

**MR BANKS:** So you'd be paying for it as a form of entertainment but it would have more of a constant price, regardless of the outcome.

**MR McCABE:** It's an entertainment, it's not into gain at all. There is no gain factor built into the activity. I don't think a lot of people would gamble if that was the way it was delivered.

**MR BANKS:** That's the dilemma, because people have said to us there are poker machines around that you can buy or have at home - I don't know about the legality of that - - -

**MR McCABE:** Yes.

**MR BANKS:** - - - as a possible solution to problem gamblers but I suspect they wouldn't be content with recycling their own money. It would be interesting to get into the psychology of that and see if it would work.

**MR McCABE:** I would imagine there would be Aboriginal people in fairly isolated communities, and even in an urban context as well, that would be very happy sitting there engaged in the play aspect rather than the notions of actually accumulating much

in the way of money. I guess it really comes down to your motivations for actually engaging in the gambling. I think it would be lovely if there were those sorts of alternatives available as well so that people would then have a choice.

**MR BANKS:** Yes.

**MR McCABE:** It's argued that the gambling industry has a very sophisticated knowledge of the environmental design of venues and the ability to program certain games to achieve outcomes that result in people investing to the point of personal and subsequent interpersonal damage. Examples of this include the fact that most, if not all, gaming rooms and casinos are devoid of clocks and windows in a clear sense of exit. It is felt that this occurrence is far too universal for it to be nothing short of manipulation of the environment to induce deficiencies that contribute to rather than responsibly seek to minimise harm to the consumer.

Another example is encouraging consumers to count outcomes that have no effect at all on the outcome, for example, screens with the fall of numbers on roulette wheels. Given that each spin is completely independent of the previous one, monitoring outcome is erroneous. If the consumer wants to record the fall of cards when playing blackjack they will be told, "This is illegal" so where is the consistency?

It is thought that reinforcement scheduling of gaming machines in both the sounds used and depictions of combinations of images on the screen strategically instil the sense that the win is not far away - the near-miss phenomenon - which contributes to the mind-set that it would be foolish to walk away now. Many people have reported this phenomenon in counselling interventions and group discussions. The use of sound is denied by the industry as significant in this process. If this is the case why not have sound omitted or supply gaming machines to inhibit the sounds of other machines which act as reinforcement cues.

We are aware of gaming machine tournaments that upon reports seem to be educating people to play credits in maximum rates at very rapid pace. This apparently is suggested as a way of winning these tournaments. The strategic placement of these types of events on pension and other government benefit receipt days also raises questions about the industry's commitment to minimising harm.

**MR BANKS:** Could you elaborate on that? I haven't heard about this before.

**MR McCABE:** The establishment across the road is notorious for the pokie tournament type of event. Generally it's held on a Wednesday or a Thursday - surprise surprise - and the people are given free entry into this tournament where there will be a number of machines played over a set period of time. Everybody is given a set number of credits to start with and at the conclusion of a certain period of time the person who would have won, or maybe the first three - I've never participated in one of these tournaments, I've rung the casino and asked them about them and I've talked to other people about them - go into later heats through the day which obviously would encourage sort of hanging around the place as well. I've

heard reports that people are actually told that this is the best way to play the machine.

So to me that's actually training people in some respects to play the machines in a manner that isn't conducive to what I would call responsible service delivery of gambling products. Ultimately the industry is in the business to make money, so they're only going to be pulled up if they're actually told to pull up on those sorts of practices.

**MR BANKS:** Do people gamble their own money in these tournaments?

**MR McCABE:** No. But I would imagine that if you engage in the first tournament and were successful enough to be in a later heat through the day and it's your pension day and you're in the casino and you've got enough sort of motivation to be there for a tournament you probably don't mind going there to play the machines.

**MR BANKS:** Okay, good. Right. We've just heard from the floor that those machines are calibrated for 98 per cent payback, so they're not typical of - - -

**MR McCABE:** I'm not aware of that but again this is where we need scrutiny. We need the ability for people who are actually looking over the shoulder of the industry, and just keeping them in line with what we would regard as responsible practices.

**MR BANKS:** Although I must say the casino would say that they are probably pretty stringently regulated, certainly relative to the clubs and hotels which also have poker machines. If you look at the degree of regulation and oversight there is quite a gap between the casinos which have their oversight authorities and checks and so on and other gambling venues. I'm pretty sure that would be as true in this state as it is in others.

**MR McCABE:** Yes, but I guess the specific types of scrutiny they're discussing here is about delivery practices rather than scrutiny over money laundering and other sorts of things where they actually have a fair bit of transparency happening.

**MR BANKS:** Right, promotional activities and so on.

**MR McCABE:** Yes, basically setting people up to develop erroneous understandings of outcomes, and then people engage in these processes and tend to blame themselves for it, and sometimes are supported by professionals and those sorts of understandings of themselves.

**MR BANKS:** Okay.

**MR McCABE:** So if industry practices are found to strategically target people on low incomes or people experiencing transitional or chronic psychosocial problems, these practices should be outlawed with accompanying resources to enforce compliance from a regulatory statutory body. It is a recommendation that these issues



be clarified through independent investigation. If it is found that the program has designed products in a way to instil dissociative engagement or gambling environments are designed to disorientate which leads to impaired control, then necessary modifications be made. Active misuse of social psychology to instil a sense of intimacy with people also requires attention.

Much of the submission has focused on the monetary aspects of gambling. Gambling venues also offer people an alternative from the trials and tribulations of everyday life in an atmosphere of luxury. A percentage of people who develop problems with gambling are socially isolated. It is the role of government and community to ensure there exists an adequate mix of alternate social and interactive opportunities. I guess that's a bit about the government taking some responsibility too.

Alcohol has its own story in its ATSI community. Alcohol is linked to past enshrined policies of privilege and is well-documented as a clear correlation to personal and community pain. Gaming machine licences are always linked to licensed premises preventing the setting up of alcohol-free venues. Any steps to minimise the opportunity to consume alcohol and gambling in the same venue is supported as a step to minimise associated harm. It has been reported that it is not uncommon for the gambling industry to accept wages from people in obvious states of cognitive impairment as a result of excessive alcohol consumption. Any substantiated incidents of this nature should evoke an immediate cancellation of a licence for a set period and upon repeat offences the termination of the licences.

Again resources are required to assist monitoring compliance to these expectations. The employment of ATSI personnel within these authorities is seen as critical in ensuring compliance and better links with patrons in the industry. One story shining light on inadequacies in standing regulation involves the situation relayed to this service of an Aboriginal person who upon winning a substantial number of credits on a gaming machine was told by the licensee that the machine was faulty. The person accepted this response as accurate. The person was not informed of any right to have this claim verified by a third party. The person was from a rural area and could only be described as a very passive, polite person, who would not in this situation question the authority of the licensee.

Upon following up this matter with the officer of the Liquor and Gaming Commission of South Australia it would seem that the onus is on the player to make a complaint rather than the publican enforce a supply receipt for the credits and call for a third party to investigate the publican's claims. The consumer in this situation relies upon the goodwill of the operator to inform the person of the right of review. While not suggesting this is a widespread phenomenon, it is recommended that the onus or burden of proof needs to be reversed to retard this practice occurring in the future.

Adequate steps would also need to be taken to inform consumers of their rights in law. Again, the employment of ATSI licensing personnel again is seen as the optimal strategy. Venues should be mandated to place this information in prominent

locations in culturally consistent formats reflecting the patronage of the venue. We would imagine the industry would support such a move as such activity damages their image as well. State governments are noticed as being reliant upon gambling revenue to meet budget forecasts. This submission supports the sole use of gambling expenditure into social welfare spending.

Mechanisms to address the conflict of interests existing for governments as a beneficiary of gambling activity also need to be considered, and I would imagine you've got a lot of information about that sort of thing. This submission has presented the picture of ATSI people and communities being adversely affected as a result of the changes to the structure and mix of the gambling industry within Australia. A number of key recommendations are made to deal with the consequent issues of the current interaction between ATSI people and the gambling industry. Further, local ATSI community involvement in the determination and implementation of reverse strategies is seen as essential to ensure efficient and effective gains are resulting to the future.

I'll just read from that summary of recommendations. This submission recommends the creation of a federally administered fund to enable reasonable resources be available to ATSI communities, Aboriginal Controlled Health Services and others to enable the development of culturally appropriate strategies to reverse the current harm being incurred. I would suggest that this fund be resourced from a dedicated portion of the proceeds from the 10 per cent goods and services tax on gambling expenditure. Alternatively, an additional impost of 2 per cent goods and services on gambling expenditure could be channelled specifically for the purposes defined herein.

This fund would be in addition to and complement state territory allocations for gambling rehabilitation strategies. Localised Aboriginal community involvement in both the determination and implementation of strategies to reverse the current trend is seen as essential to ensure efficient and effective change. In addition to the proposed fund it is recommended that there be an acknowledged onus on state and territory gamblers rehabilitation funds to fund ATSI-orientated services to progress greater equity in this area. As part of this recommendation it is essential to involve ATSI representatives to contribute towards the formation of action plans and be part of the monitoring process of industry compliances, standards of industry practice intended to reduce problem gambling.

It is incorporated in this recommendation that adequate resources be dedicated to fund research to uncover and redress disempowering impacts upon ATSI communities related to the gambling industry through federally sponsored research grants. Built into these submissions needs to be adequate resources and a commitment to the advancement of recommended mechanisms to enable ATSI communities to redefine and reset the place of gambling in community life. Also this fund could contribute towards the establishment of a national networking process to collate information to assist local ATSI groups develop best practice in this area.

**MR BANKS:** I'm not sure that I follow what you're saying there - in that

second-last paragraph.

**MR McCABE:** Okay.

**MR BANKS:** "To fund, research, to uncover and redress - - -"

**MR McCABE:** Yes, basically, the second part of that paragraph is really emphasising the fact - and I hear this from talking with Aboriginal people - that they feel like they're the most researched in other areas, and they're constantly talking to people in policy types of areas, but very little ever sort of comes from the talk. So I think that if there's a commitment to uncovering and doing social inquiry there needs to be built into that the costing of those sorts of ideas adequate resources to actually implement recommendations, otherwise it becomes a bit sort of disempowering as a process and very disheartening to then engage in these sorts of activities. That's the major point there.

**MR BANKS:** Okay, good.

**MR McCABE:** Recommendation 2: the gaming industry be brought in other line with other industry standards that ensures adequate consumer protection and consumer information of product characteristics. This includes the makeup of the product, potential gains in a balanced, truthful manner and information regarding all possible harm as a consequence of consumption. As an industry basically in the hope business, strenuous efforts to outlaw depictions of the delivery of unrealistic games and promotion of gambling products be enforced. It should be recommendation 3, not 31.

It's recommended that in the current process of licensing application the requirement to consult local ATSI counsels and the imposts and communities that wish to lodge objections needs to be investigated. If found to be deficient in processes that enable rather than obstruct local self-determination, then adequate alternation processes needed to be enacted. We would seek an impost on applications to meet the concerns of such communities before being permitted to set up these businesses. Only after satisfying the community councils could an application be lodged. Forcing communities to protest and use up time and resources fighting what is their right of determination is totally unacceptable. ATSI communities need to be enabled to set the pace, mix and define the major beneficiaries of gambling at a local level.

**MR BANKS:** Could you give me an illustration of the sort of situation that you're talking about there?

**MR McCABE:** I guess the Nundroo situation is a case in point where - I guess the process I would be describing here would be that obviously that proprietor would have full understanding themselves who their major consumer target group is. Out of that would be sort of an onus, if you like, to go in to talk to the local councils and say, "This is what we're proposing," and from that process the council would then be in a

situation to say yea or nay, and would have a far greater ability to actually cut the process off very early in the piece. The current situation is a business or proprietor can opt to set up a business very close to these types of communities, and then the onus of protest actually falls on the community in that protest. So, do you know what I mean? It's about this sort of reversing - - -

**MR BANKS:** Yes.

**MR McCABE:** Reversing the onus, if you like, on the fight.

**MR BANKS:** Where would that cut in, though, because people are raising this with us, the mainstream communities as well. You know what I'm saying?

**MR McCABE:** Sure.

**MR BANKS:** But where would it cut in in an ATSI context? What proportion of this clientele would the communities have to represent before something like that would be triggered? You could imagine where in some situations the ATSI community might only represent 5 per cent of the proposed turnover or something.

**MR McCABE:** I think that there would be very knowledgeable Aboriginal community members that could give you that sort of information. I don't think Dr Archie Barton would have had any difficulty at all nominating the Yalata community and the Oak Valley community. There's been potential - I don't like to use the word "victims", but do you know what I mean? I guess potential - being exploited, basically, by a person that was just thinking about their own profitability of a business, and it's clearly articulated through Dr Archie Barton's address at the NAGS conference that it is very much left up to the communities themselves to support their own people. I don't think you would have much problem at all with members maybe within ATSIC or members within other sort of Aboriginal recognised organisation nominating where those boundaries might actually lie.

**MR BANKS:** Yes, all right, that's an interesting idea.

**MR McCABE:** It's recommended that progressing any new gambling opportunities in isolated regions a series of community information and education strategies to inform people of the realities of gambling, the odds and how the machines work be delivered by recognised providers to assist in harm minimisation efforts. That obviously would be post going through that earlier process. It's recommended to impose a rehabilitation levy from the proceeds of local gambling expenditure to advance localised strategies to inhibit excessive patterns of gambling in areas where the expenditure is actually taking place. I would imagine with the emphasis on goods and services taxation there would be fairly clear mechanisms to actually quantify where money is actually being spent in that sort of way.

Recommendation 6: it is a recommendation that the notion that gaming machines are programmed in a fashion to strategically modify behaviour towards

chasing losses be independently investigated. Further, the impacts on reinforcement cues, and especially sound, needs to be investigated. If it is found that program has designed products in a manner to support chasing or disassociation, the necessary modifications need to be made. Environmental components of service practices also need to be investigated. It is recommended that if industry practices are found to strategically target people on low incomes or people experiencing transitional or chronic psychosocial problems these practices be outlawed with accompanying resources to enforce compliance from a regulatory statutory body.

Recommendation 8: any strategic use of alcohol to prime people to reach a state of impairment when gambling result in immediate cancellation of the licence for a set period, and upon repeat offences, termination. Again, resources are required to assist monitoring of compliance in this expectation. Additionally, any steps to minimise the opportunity to consume alcohol and gaming in the same venue is supported as a step to minimise associated harm.

**MR BANKS:** I think you've made a reference to this in your submission, but how widespread do you think this kind of practice is affecting the communities that you're dealing with?

**MR McCABE:** I couldn't give a qualified - - -

**MR BANKS:** It's not insignificant though?

**MR McCABE:** Again, I couldn't give a qualified opinion, and again it just sort of highlights the lack of information we actually do have. We've actually put a proposal to the minister for human services in the state to resource some research, specifically about the impacts on Aboriginal communities, looking at very much an urban context, a regional context and a remote context, because there will be different issues in different areas, and I guess that you just have to say that given the enmeshment of gambling and alcohol services - service delivery, if you like, and clear correlation in respect to prevalences of harmful patterns of drinking in Aboriginal communities, there would have to be some sort of correlation there for sure.

**MR BANKS:** Yes, okay.

**MR McCABE:** Recommendation 9: in the occurrence of a gaming machine being deemed to be faulty in relation to winnings, it is recommended that the onus or burden of proof needs to be on the operator and the determination of outcome be by an officer of the relevant licensing authority. Adequate steps need to be taken to inform consumers of their rights in law, as well as all venues being mandated to post this information in prominent locations in a culturally consistent format reflecting the patronage of the venue.

Recommendation 10: the employment of ATSI personnel within regulatory authorities is seen as critical in ensuring compliance regulations and better links with ATSI patrons and the industry, and that's the conclusion of the oral submission.

**MR BANKS:** Good, thank you. I think I've probably asked most of the questions that I was going to ask you on the way through but how important do you think this last point is? Now, you're extending this point, I guess, beyond what I'd heard before, and that was that it was important to have, say, indigenous people involved in the counselling side?

**MR McCABE:** That's right.

**MR BANKS:** We've also heard from various ethnic communities that they see that as important too; for example the Vietnamese in Melbourne made that point.

**MR McCABE:** Sure.

**MR BANKS:** But you're going sort of somewhat beyond that here to say that there should be representation within regulatory authorities?

**MR McCABE:** Definitely representation when we're looking at the establishment of policy think tanks if you like, so that that way it's ensured that there is, you know, the ATSI focus being considered and brought into acknowledgment.

**MR BANKS:** Right.

**MR McCABE:** What is being proposed here is, in the office of the liquor and gaming regulatory body there would be Aboriginal people employed. Now, part of that is, the fact that Aboriginal people are very involved in their communities obviously, as Aboriginal people, and in some respects a lot of the information about these sorts of things gets carried very much through the grapevine if you like. It does lead to greater circulation of issues around advocacy and issues around, you know, what the realities are.

**MR BANKS:** Yes.

**MR McCABE:** I mean that's why it's seen as so important for an Aboriginal person to be employed in this sort of position because like in a lot of other communities Aboriginal people in some respects work 24 hours a day because they're members of the community, and people then - - -

**MR BANKS:** Yes.

**MR McCABE:** I guess the whole idea too - around when we're looking at regulatory authorities being very much commissioned to be in sort of an advocacy, investigatory-type of role, then if you've got Aboriginal people in those sorts of organisations they're able to then impart knowledge that might show deficiencies in how they might be going about doing their business and adding to, I guess, a more - I think there's this idea too that it can actually develop better links with patrons in the industry as well which could be a good thing. It then could have other spin-offs in

respect to minimisation of harm associated with excessive alcohol use as well because that's a significant problem obviously in the community.

**MR BANKS:** Okay. All right, Michael. Thank you very much for that.

**MR McCABE:** It's a pleasure.

**MR BANKS:** I assume I'm right in thinking that there's no-one else who wants to appear here in Adelaide today? That completes 2 days of hearings. I think they've been very useful, we've learnt a lot and we've had some very useful submissions. We go up to Port Augusta tomorrow morning, bright and early, for some community consultations up there and after that we go to Hobart next week, next Monday morning, to continue this round of hearings and they finish in Hobart. Then we get on with our job of producing our draft report. So thank you to everybody here in Adelaide who has assisted us in the hearings. I adjourn the hearings now until next Monday morning in Hobart. Thank you.

AT 4.10 PM THE INQUIRY WAS ADJOURNED UNTIL  
MONDAY, 14 DECEMBER 1998

## INDEX

	<u>Page</u>
ADELAIDE CENTRAL MISSION STEPHEN RICHARDS TREVOR BIGNELL VIN GLENN	817-840
NATIONAL ASSOCIATION OF GAMBLING STUDIES (NAGS) VIN GLENN	841-852
FESTIVAL OF LIGHT, SOUTH AUSTRALIAN BRANCH DAVID PHILLIPS ROSLYN PHILLIPS DAVID D'LIMA	853-865
RELATIONSHIPS AUSTRALIA (SOUTH AUSTRALIA) INC MEREDITH HODGESON HELEN CORRIG	866-882
NATIONAL CENTRE FOR EDUCATION AND TRAINING ON ADDICTION JOHN O'CONNOR	883-888
ADELAIDE CRUSADE CENTRE JOHN RIDLEY	889-894
NUNKUWARRIN YUNTI MICHAEL McCABE	895-910