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**TRANSCRIPT  
OF PROCEEDINGS**

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**PRODUCTIVITY COMMISSION**

**PUBLIC HEARING ON THE DRAFT REPORT ON AUSTRALIA'S  
GAMBLING INDUSTRIES**

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

**TRANSCRIPT OF PROCEEDINGS**

**AT ADELAIDE ON MONDAY, 13 SEPTEMBER 1999, AT 10.03 AM**

**Continued from 1/9/99 in Melbourne**

**MR BANKS:** Our first participant in the public hearings this morning come from Relationships Australia and the Women's and Children's Hospital in Adelaide. Welcome. Could I ask you please to give your names and your positions.

**MS CARRIG:** Helen Carrig, manager of the gambling rehabilitation service at Relationships Australia, South Australia.

**PROF DARBYSHIRE:** Prof Philip Darbyshire from Women's and Children's Hospital, Flinders University and University of South Australia.

**MS OSTER:** Candice Oster. I'm the research assistant on the project, so I work with Relationships Australia and the Women's and Children's Hospital.

**MR BANKS:** Thank you very much for coming along today and also for this submission that you have provided us, which deals with children's experiences living with a problem gambling family. It's quite interesting information that you have put together here. Perhaps I will let you explain the nature of the research project and some of the key points and then we can ask you some questions about it.

**PROF DARBYSHIRE:** Thanks very much. Perhaps I could start just by giving you a bit of background to the study and how it came about and then we can respond to your questions. I came to take up my current position in January 1996 from Scotland. By way of an anecdote, after the first week of work the people in the office were going to take me out to a local hotel for a bar lunch on the Friday afternoon. So along we went, and we got the impoverished nurses' special meal, the \$5 bargain one, and they also gave me this thing called a pokies voucher.

Being new, I had to ask what a pokies voucher was, and the people said, "Oh, it's for the machines next door." They explained to me what a pokie was and that made sense to me because we had them in Scotland. I dutifully went in next door with my pokie voucher, got my \$1 and went to go and put it in one of the machines, and I had this kind of revelatory moment as it were. I looked around this room and the first thing I noticed was that there were seats in front of the machines. This didn't compute with me because this was completely strange, and I thought, "How long are these people planning on being here that they actually need to sit down?"

Back home, you would get your couple of dollars, put it in the machine, win or lose, head back to the bar again and have another drink. This was a bit strange, so I was asking people about this and they explained a bit of the history of pokies in South Australia and how they came about, but I always remember the image of people sitting almost like battery hens with these wheels going on automatic, with a cigarette and a cup of coffee and that disengaged look.

A bit later on, I kept reading stories in the press about pokies and families and apocryphal tales of mothers leaving their kids in cars at the casino, etcetera. I rapidly became aware that gambling was a big issue in South Australia, much more so than

I'd been used to. Because my research remit is in paediatrics and child health, my first question was, "I wonder what's happening to the children in this situation." I felt fairly sure that this was something that would have been researched, so my first task was to go to the research literature and look under "children and gambling". What I found was a fairly huge literature on children and young people who gamble, but very very little on what life is like for children who live in a family where one or other or both of the parents have a serious gambling problem.

Because gambling is not my area of expertise, I quickly found out who the experts were - which was Helen in Relationships Australia - and we formed a little research team and put together research, trying to look at precisely this question. That's basically the genesis of the study and how our research relationship came about.

**MR BANKS:** Thank you. It might be useful just for the benefit of the transcript for you to highlight what you think are some of the key findings coming out of this research so far.

**MS OSTER:** We're in the stages at the moment where we're putting together the final analysis. We decided to present to you the one finding that seems to be the most pervasive, that seems to be present in almost all of the interviews, and that was the concept of these kids experiencing loss in so many different areas of their lives: loss of the gambling parent, loss of their relationship with the gambling parent, loss of security, and tangible loss. Many lost their homes, holidays, those kinds of things. We decided to focus on that, being the one that seemed to be present in all of the interviews and seemed to be very very important to the children.

**MR BANKS:** How did you get the sample of families? How did it come about?

**MS CARRIG:** This is absolutely random. Basically, we asked at Relationships Australia. We asked clients who had children in the age group whether they would be prepared to take part. We contacted every other gambling service in South Australia, to invite participation. We went through radio and television, inviting participation. In the end, all but two of the families were existing clients of Relationships Australia. One came through the contact with the media. So these were predominantly families who had already admitted that there was a difficulty, but they were not selected on any basis other than preparedness to take part.

**MR BANKS:** Some participants may well argue to us - and we have already had this put to us - that this sort of information is anecdotal and non-scientific and therefore you can't draw any conclusions from it. How would you respond to that kind of point?

**PROF DARBYSHIRE:** It's certainly a common criticism of this entire branch of what you would call qualitative research. The response to the criticism from qualitative researchers is that you're really using the wrong evaluative criteria for this particular strand of research. This kind of research does not set out to produce the

tablets of stone or to produce the final answer to any given problem. It doesn't claim statistical generalisability, but what it does claim is to be able to get valuable insights into areas of experience that are very difficult to get at through other research approaches.

For example, if I wanted to find out how many families in South Australia had a serious gambling problem, I would not use qualitative research. I would do a massive survey and come up with an answer of 10,000 or whatever. If, on the other hand, I wanted to find out what living this way is like for young people, the answer to that question is not going to be " $P = 0.5$ ". It doesn't make sense. This is a different kind of approach to get a different kind of information. It doesn't make grandiose claims about every child in Australia, but what it does do is give us very important pointers for future research and it does give us an insight into children's lives that we might not be able to get by other means.

**MR BANKS:** You made the point that the dominant finding that comes out of this is the sense of loss in various dimensions that the children have. Do you have any views on how that's likely to impact on their later lives?

**MS OSTER:** I think from the point of view of this study really what we're looking at is children's perspectives and children's views of what's happening for them, certainly in the "now". I think that extrapolating to what things are going to be like for them later would probably be best approached by talking to adults who were children of problem gamblers. I'm not sure if Helen might have a response to that from a social work perspective.

**MS CARRIG:** I think there would be research - and we wouldn't claim to have got that from this project - that indicates that children who have been highly anxious or put in situations leading to high anxiety carry that anxiety through their lives, so they are more likely to be anxious adults, but we couldn't say that from this project. I think one of the outstanding features for me, going over and over these transcripts, is the number of children who identified that for them it would be preferable that their parents separate permanently rather than continue with the level of distress. For children to be saying things like that I think is very dramatic and is indicative of extreme pain.

**MR FITZGERALD:** In this research you talk about:

The theme of separation is an important one due to the frequency of their mothers leaving and returning.

Was that something that occurred in a large number of the children interviewed, that there was a movement in and out of the relationships? We have heard this morning from one parent where that occurred. Is that something that is common in this, or is it more likely that they have stayed together but there is a high level of distress within the relationships?

**PROF DARBYSHIRE:** My sense of this idea of leaving and loss - I think this is an omnipresent theme throughout these children's accounts and stories. It's two different kinds of leaving. There are the stories and the accounts from the children of physical leaving, fairly dramatic stories of trying to pull the suitcase from mum's hand as she's going out the door, and that's fairly hard to miss. But there is also - and it's a clumsy expression - a sense of existential leaving. There is a sense of these parents having left or not being there for the children, which I think is equally strong and probably equally as distressing as the physical leaving. There is a sense that these are no longer the parents that they used to have. "Mum's not herself any more. I look at her and I don't recognise her any more." There is almost a sense that the person that this used to be has left a long time ago and they're not quite what they're left with.

**MS OSTER:** Certainly in terms of parents leaving and then returning and leaving again, there's definitely a sense of a huge amount of volatility in these children's lives. I wonder if that's related to gambling itself. One young man described that there were times after payday when it was really bad and it was unbearable for him, and then as the week progressed and there was less money, it became less of an issue, and then it started again. There's almost that sense of there being a real roller-coaster ride for these kids, where things get better, things get worse, things get better, things get worse, which ends up in almost a sense of helplessness. They see things improving and then they see things getting worse. Mum leaves, then mum comes back. Dad sometimes picks them up, sometimes he forgets. There is a real volatility to their lives.

**MR FITZGERALD:** In the majority of these circumstances, was it the mother or the father who was the problem gambler, in this survey?

**MS CARRIG:** In this survey it was equal - quite accidentally.

**MR BANKS:** Is there a difference do you think from the children's point of view - does that come through - as to whether it's the mother or the father who is the problem gambler?

**MS CARRIG:** Yes, in that I think the significance is if the person who has the gambling problem is also the primary caregiver, so most of the time that would be the mother, but if it's the father it's equally significant, because normally the primary caregiver would mediate between the children and external influences, so if it's the primary caregiver who has the problem then that mediation disappears, leaving the children more vulnerable. I think then if you extrapolate to the fact that the industry has actually targeted women, there's a concern there.

**MR BANKS:** Why do you say the industry has targeted women?

**MS CARRIG:** With the introduction of poker machines there seemed to have been efforts to make hotels more acceptable to female patrons. Prior to pokies, many women would not have gone to a hotel unaccompanied. That is now quite normal. I think that it would be generally accepted that the industry did set out to attract that

part of the population that hadn't used their services before.

**MR FITZGERALD:** You refer here to the development of a secretive environment. We have heard that constantly. At what stage do these young people become aware of the problem gambling? If I just put it another way, you've talked about this roller-coaster ride. Were most able to attribute that to gambling or were most not aware of what was causing this because of the nature of secrecy and the high level of dishonesty that takes place with problem gamblers? Is there any difference between when they knew it was related to gambling, or didn't they know why this was occurring, or did nothing come through on that sort of area?

**MS CARRIG:** Because I knew most of the parents, it was clear from the children's reporting of the length of the problem that they were not aware initially of what the problem was. Eventually, because these young people were all from families that had acknowledged there was a problem, it was then out in the open, but they would say, "I don't know when it started."

**MS OSTER:** I think it would be very hard for them to be able to say, "Yes, I noticed that because of gambling." One little girl even articulated that it was difficult for her, now that she knew what the problem was, to really isolate that point of when it started. Knowing now what was happening doesn't necessarily allow you to work out exactly what was happening at that time, but certainly the kids themselves did attribute these things to the gambling problem directly.

**PROF DARBYSHIRE:** I think especially the older children seemed to become very attuned to their parents gambling. They could work out what was happening, even although there was the attempt to keep it hidden and secretive. They would say they know dad's been out gambling because he came home last night and his pockets were full of \$1 coins. That was the clue, so they quickly became aware of when it was serious, even though they may not have been aware of when it actually started.

**MS OSTER:** And also cases of saying if mum or dad hadn't come home, to then try and get in contact with them, and the secrecy around them trying to - you know, one father when he answered his phone, if he was in the pokies room he would quickly turn the phone off so that they couldn't hear the noise in the background. They knew it was going on. They were aware of their parents' efforts to be secretive around it but I would say that they were quite clear about what was actually happening and they had worked out strategies. Not just the older children but certainly the younger kids as well, even aged 11 or 12, could work out the pattern of what was happening.

**MR BANKS:** What comes through in terms of the attitude of these children to gambling? We've had some research suggesting that problem gamblers often are conditioned quite young to have a positive attitude towards gambling. I don't get much of a positive attitude coming from these children in terms of experience of their parents. Would you care to comment on that?

**PROF DARBYSHIRE:** There seems to be quite a range of responses from the

children. Although we're still trying to sort of tease these out, probably the one thing I would say is that they tended not to have a knee-jerk response towards gambling, one way or the other. They didn't seem to be saying, "Burn every pokie machine in the entire world," nor were they saying, "Just let it all happen. We don't really care." They seemed to be trying to navigate a way through this. Some were suggesting that it may be an idea, for example, to have all the pokies in the casino where people couldn't get at them as easily.

We asked the children quite explicitly, "What do you think you'll do when you grow up?" We put the proposition to them often that some people might say if you grow up in a family where this is a problem, you'll do the thing; or if you grow up in a family where this is a problem, you might look at it and say, "I don't want a bar of that. I'm going to go the opposite way." We did get a variety of responses but most of them seemed to say that they couldn't see the sense in it. It just seemed stupid to them to basically throw all this money away. I think I'm right in saying this: they certainly couldn't see any connection between fun and entertainment and enjoyment, and what their parents were doing. The whole idea of gambling as a kind of glamorous fun, leisure pursuit really didn't compute with them because they didn't see their parents as being happy. Even if they were at the pokies, or if they were going gambling, or if they'd had a win, there really didn't seem to be much happiness around.

So there was that range of - they were very thoughtful about it. They didn't just kind of do an ideological one thing or another. Some of them suggested - you know, we said to them, "Do you think you'll gamble when you grow up?" and some said socially they might. If they were out with a group of friends they might go and put \$5 on something, but they were quite sure they could stop.

**MS OSTER:** Some said definitely no, that they wouldn't. It was very interesting. It seemed like a very complex way that they were articulating it. They talked about it in a lot of different ways as though they were trying to comprehend it, trying to come to terms with their parent as a gambler and the concept of gambling. That process of trying to work it out was very interesting and they were often very contradictory in what they would say. They would say, "No, gambling is really really wrong," but, "Yes, I would put a dollar in but I would walk away." I think that their way of working out what was happening, trying to locate who had caused this to happen for them - was it the gambling industry, was it the parents, what was it - was a very complex thing for them. There wasn't any single answer to that.

**MR BANKS:** In conducting these interviews did you conduct them family by family so that the siblings were all together, or did you on some occasions talk to one sibling separately from another one?

**MS OSTER:** We gave them the option of whether or not they wanted to be interviewed together or separately. There were some cases where three siblings were interviewed together and then one out of that was interviewed separately. There were other cases where the younger siblings were interviewed together and the older one

was interviewed separately. But really it was left up to them, what they felt most comfortable with, if they wanted to be in a group together or if they wanted to be interviewed on their own.

**MS CARRIG:** With several of the participants we actually interviewed them twice with a period of several months in between the interviews.

**MR BANKS:** Were you confident that they were speaking candidly and that they were relaxed and actually even wanting to talk about their problems with their families, or was it difficult for you to sort of warm them up and get them to a point where they were prepared to say what was on their mind? I imagine it would be quite difficult to get information.

**MS OSTER:** It was different in each case. There were some that just got straight into it and just talked and talked and talked. There were others that were a bit more shy and a bit more reluctant. But certainly I would say that all of them spoke a lot about it. Their transcripts were very long. The interviews did go for a fair amount of time, even with the very very young kids. And even in the groups of kids, even amongst their siblings, they did talk a lot and seemed very comfortable to talk about it. There's no way to say yes, they were all great, or no. They were all very different.

**MS CARRIG:** I wouldn't say comfortable. Several of the children were actually quite distressed during the interview, and certainly listening to the transcripts afterwards was quite distressing for us. I think all but two of the interviews were conducted in the children's homes, so we really worked very hard to connect in the least stressful way with them. The fact that the children were able to cry I think says something about their openness.

**MR FITZGERALD:** In the report you talk about the tangible losses. Can you just give us a sketch profile of the nature of those actual tangible losses that were identified by the children?

**MS OSTER:** Quite a number of them talked about having lost their homes as a direct result of the parents having a gambling problem. One boy talked about having saved up money to go on a school trip to America and his mother had been stealing money from him quite consistently, and when it came to the point of going away he then found out that the money wasn't there. There was a lot of loss of things that we would expect most children to have; for example, food. Some lost quite a significant amount of schooling. Some were kept home from school to prevent their parents from going gambling. Others stayed home from school because they needed to stay home to do housework and that kind of thing.

The financial losses that their parents suffered I would say impacted a great deal on these kids. They definitely noticed that there was less money. They noticed that in a lot of cases there was less food - less food at home, less food for them to take to school. They couldn't go out with their friends. Some of them, if they wanted



clothing, they couldn't get it. They had to wait. So there's the financial loss of it, which impacted on lots of different areas.

**MS CARRIG:** There was also the loss of relationship with a parent. One family were quite clear that their mother had ended the marriage because of dad's gambling, and their contact with him was minimal. One older participant has lost practically all connection with what had been a very close extended family. He dropped out of school, is now in a relationship and at 18 has a baby and is parenting another child. His life is very different to what, as a boy going into year 11, he had hoped for. I don't know whether that's a tangible loss but from a young man who was hoping to join the armed forces and had a career mapped out, he's now on the dole with no support from the extended family.

**MS OSTER:** He was very clear about his loss of schooling being a direct result of his mother's gambling. He said it had a huge impact on his schooling. He had no time to do his homework. He was at the pub with his mum every evening, sometimes for nine or 10-hour stretches. His mum would be gambling and he and his brother would be basically waiting. And also, staying home from school - he stayed home from school to support her, to look after her, and this was during his year 11 and he eventually did drop out of school. He said he couldn't cope any more.

**MR FITZGERALD:** One of the things we've heard at other submissions has been the - and you've just mentioned the loss of the extended family. In fact we had a submission from a 16-year-old girl in Melbourne whose mother is currently in gaol as a direct consequence of gambling, but she said that the rest of the family rejected them. In fact they were left isolated. Is that a theme that comes through here or not?

**MS CARRIG:** All these families struck me as - not all, perhaps one or two were - but most of them were socially very isolated and unsupported. Families had given up because of the roller-coaster and because of being asked constantly for financial support. The youngsters themselves then felt they couldn't get over that gap to contact family. The young man we were talking about before did say that he had started to talk to his home group teacher about what - she was asking him about his school work and he said he told her a bit, and he hoped she would ask more but she never did, and he felt he couldn't raise it himself. These are isolated young people.

**MR BANKS:** What sense can you get through these interviews of the possible alternatives if the parent hadn't become a problem gambler? Were these potentially dysfunctional families anyway? Do you get any sense of before and after or whether it is very directly attributable to gambling? Again that's a point that often is made, including by the industry, that they're gamblers with problems rather than problem gamblers. Do you get any insights at all out of the interviews with the children? It may be too hard to do that.

**MS OSTER:** It is difficult. I think that some of these families could have been classed as dysfunctional beforehand, not necessarily all of them. I think that the

interesting point, though, was that the children described their relationship with their parent as having changed directly as a result of the gambling problem. I would say in almost all cases where the parents had separated, they did attribute the separation directly to the gambling problem. I think that however the families had been beforehand, they seemed to indicate that they did have very good relationships with their parents and that their family life had changed significantly. They certainly attributed that to the gambling. Again we are looking at it from their perspective. We were asking the children what they thought and what they felt. I would say that they were very very clear about the gambling having directly impacted on their entire family and in particular on their relationship with their parents.

**MR FITZGERALD:** The issue about support for these children: we've heard in various submissions that there is very little support for children going through these difficulties, even after the parent has presented to a counselling service in relation to problem gambling. Had any of these children at all received any counselling support from agencies? And if not, had they identified what would have helped them? This is a theme again referring back to another submission, the theme was that the children of the family had received no support from anybody at all and felt very bitter about that. They were left completely alone, coping with their problems, whilst their parents were being supported.

**MS CARRIG:** Four of the youngsters have had direct connection with the service I'm involved with. Some of the children were involved with the Child and Adolescent Mental Health Service, but the gambling services are funded really - the focus of the funding is on adults. While we're funded to work with families, you need particular skills and experience to work with children, and the level of funding doesn't really allow most agencies to appoint people with the range of skills that would be necessary. I believe that children have been systemically ignored. There hasn't been funding for services particularly that target children. I think there would be benefits in services such as mine actually being funded so that we can adequately address that.

At the conferences I have been to there has been very little discussion of the impact on children and adolescents at all. They really are the silent victims of the expansion of gambling in Australia, as I would see it.

**PROF DARBYSHIRE:** One of the questions we asked the children was, "Do you know of anybody else who's in the same boat? Are there any other kids at school that you've heard of whose parents have this problem?" and very few were even aware of anyone else. A couple knew someone, but in that sense they really did think they were basically on their own. That makes it very difficult, if you're a kid, to get through something like this. If I can draw a parallel at Women's and Children's Hospital, there is a national organisation called Canteen which is basically an organisation run by and for teenagers and young kids who have various kinds of cancer.

This is an incredible supportive organisation, and in one of the other studies we're doing we talked to a young girl. One of the interviewees was a young girl who is in Canteen and her comment was that the oncologists cured her leukaemia but Canteen saved her life. I knew exactly what she meant. She had gone from a totally lost, shy, sick little victim to an incredibly self-assured young woman who was up speaking at conferences about leukaemia and things. It had completely turned her around. It's the old story. You need to be with people who've walked a mile in their shoes, but for these young people there was nothing. There seems to be nothing approximating that and it's hard not to see that that might be a useful way to go.

**MS OSTER:** There was a real sense of isolation for them. I think only one of the older girls had gone to counselling at the time of the interview. I think since the interview there was some recognition that these kids needed some support but throughout the interviews we really did get a sense that they were quite isolated. They didn't have friends that they could talk to and they often said that they didn't talk to their friends. They very often said that they didn't talk to their parents. None of them said that they sat mum or dad down and said, "Why do you do this? What's going on here?" That secrecy was not only within the family but seemed to extend beyond that, and there really was a sense of being completely isolated and almost overwhelmed by it, with no-one to support them who would understand, who could relate directly to their experience.

**PROF DARBYSHIRE:** I think that was actually one of the saddest losses to hear; that previously they enjoyed that kind of relationship with their mum or the parent. They used to talk to them about things and they had that openness and they had that discussion in the family, but since the gambling had started that had gone and they couldn't have those conversations any more. They didn't have that closeness, they didn't have that support from the parent who used to be there for them, but who was no longer.

**MR FITZGERALD:** Just on that, one of the things that doesn't seem to have come through here is an association of guilt by the children. Often in these families the children take on some of the guilt for the difficulties. Would it be fair to say that in this case the children weren't taking on the guilt for the dysfunction within the family; rather, able to put it up there? Or is that a misreading of it?

**MS OSTER:** There were some cases where they said they had felt to blame. There were a few kids who said that what they had experienced was that they would be arguing with mum or dad and he or she would then go out and gamble and that they did get a sense of almost being directly responsible for that. There were some that said they felt like they were in the middle of things. There were quite a few suggestions of, "If I was good, if I helped mum or dad more, perhaps they wouldn't gamble." I wouldn't say that every single one of them articulated in that way, but there were certainly quite a few who did talk about that kind of thing.

What we have presented to you is a very small part of the analysis. Because we are in the early stages, this was the one that we felt was the most significant for us

and the most significant for the kids as well. So there is a lot more of some of the stuff we have spoken about and some of the things that you have addressed that will be in the final report.

**MR BANKS:** When is that going to be prepared?

**MS OSTER:** We're hoping by the end of October. We're well on the way.

**MR BANKS:** Good. We'd obviously welcome receiving a copy of that. We'd obviously protect it before it was published if you have the opportunity to get it in in time. We've got to prepare our own final report to give to the government before the end of November, so the sooner the better.

**MS OSTER** We'll get that to you.

**MS CARRIG:** We can get that to you.

**MR FITZGERALD:** Can I get an understanding of what sort of other things you think will come out; not the findings, but the sort of areas that report will pick up?

**MS OSTER** I think that sense of isolation is one of them. We get a sense in some of them that there's almost a case of these kids taking on the role of a parent. A lot of them are doing the housework, preparing their own meals; a lot of them are looking after their siblings, a lot of them supporting their non-gambling parent very very directly. One little girl, whose father has now left, is saying that she comes home every day and her mum's crying and she sits down. She's 11 years old. Every single day she comes home from school and she supports her mother through it.

Also a sense of them doing everything they can to support the gambling parent as well; they offer an enormous amount of emotional support and physical support by helping them out around the house and that kind of thing; certainly a sense of hopelessness around after offering that support and not being able to do anything. You know, mum and dad, they gamble then stop for a while, they gamble, they stop for a while. They help them. It seems to be making a difference. They offer support. Then they go back and then they say, "Well, you know, I helped her again but she still continued." Those would probably be the main areas.

Also, the way that they conceptualise problem gambling, like we were saying before; there is a lot of contradiction around and a lot of thought. Some of them were extremely articulate. They'd worked out a whole plan of how you could stop it: X number of pokies per pub, X amount of money - this was from a 13-year-old boy - per machine; you know, they're only allowed to gamble in certain places; a very very complex way of articulating it. That will be something that we're still trying to nut out.

**MR BANKS:** Good. I guess what comes through, just talking about the isolation in the sense that they are on their own, battling this on their own, to the extent that

public education can play a role - do you think that would help - whether it was coming through the school or through general public education programs about the risks and dangers and prevalence of gambling, that in some ways information of that kind could help the kids contextualise what's happening in their own families?

**MS OSTER:** It might alleviate some of the secrecy around it. It might provide them with an opportunity to talk about it to their friends. It might also give teachers space for questioning around that and try to get an idea from the kids if that is a problem. It might be something. I don't think it's really anything that we could say from our study that it would help.

**MS CARRIG:** Focus on children and young people in terms of community education has seemed to me to be mostly concerned with children and young people as potential gamblers, giving them the information so that they won't do it themselves. I think there needs to be far more focus on providing children and young people with information about how they can access service for themselves. Services providing children's help lines should in fact be aware of gambling as a problem and there should be a focusing in anything directed towards children and adolescents which implies that they may well want to talk about a problem that is impacting on them now rather than us thinking about, "This is a really good way to inoculate people from future problems."

**MR BANKS:** Thank you very much for that. We appreciate this, and look forward to the final report. You have already provided a lot of useful information for us. We will break now before our next participants.

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**MR BANKS:** Our next participants this morning are Dr Anne Hawke and Prof Richard Blandy. Welcome to the hearings again. We had the benefit of discussing with you in Canberra. If you could perhaps just give your names again and the capacities in which you are here, who you are representing and so on.

**DR HAWKE:** Dr Anne Hawke, senior research fellow at the school of international business, University of South Australia.

**PROF BLANDY:** Prof Richard Blandy, visiting professor at the University of South Australia. We are representing, as well, the Hon Nick Xenophon MLC, the Victorian Interchurch Gambling Task Force, the Salvation Army Break Even Gambling Service, the Festival of Light, Adelaide Central Mission and the Small Retailers Association, as well as appearing on our own behalf.

**MR BANKS:** As I said, thank you very much for appearing again and for doing further work on the methodology that you first presented in Canberra. As we indicated, why don't you perhaps take us through that and then we can have some discussion.

**DR HAWKE:** I don't intend to go through the entire exposition that we presented in Canberra, but I would like to address a few of the major findings of the subsequent work we did in Canberra. As we noted then, we had only done some preliminary work on the consumer surplus estimates provided in the draft report. We have subsequently had the opportunity to do a little bit more work on that, as well as have a brief look on the cost side, and it's that extended research that we aim to present today.

Essentially, the further work that we have been able to do confirmed the earlier suspicion that not only could the gambling industry be imposing a cost but that the cost is likely to be very large as well as negative. One thing that the draft report didn't allude to, which you may recall, was that it was unambiguously a benefit; that is, you had only positive outcomes in terms of the net impact. We attempt in our submission that we have shown you to demonstrate that it's feasible, using the commission's own methodology, that the estimated impact of gambling will, for a certain point, go into the negative range. We estimate, using your methodology, that that range is between minus 1.7 billion and the positive end of the 4.1 billion.

**MR BANKS:** You say "using the commission's methodology". Does that mean that you broadly endorse the general approach that we used, apart from particular parameter estimates?

**DR HAWKE:** As we said to you in Canberra, we think that the most appropriate method of undertaking this is the way the commission has proceeded, so we do endorse that methodology. The only problem we have is the way you've treated problem and non-problem gamblers, and that obviously relates to the demand elasticities there.

**MR BANKS:** Yes.

**DR HAWKE:** I'll come to that alternative methodology in a moment. But the key thing is, even if we don't question the relative elasticities, using your methodology the revised numbers now clearly will go into the negative, which is something that the commission's report did not identify.

The other thing that I think it's important for the commission to identify in its final report is that even though we have a very large range for this net impact of gambling - that is, the range goes from this very large minus to a very large plus - it's not true to say that the outcome along each of that range is equally likely. That is, there's a distribution of probability around what is the most likely outcome, and in our written submission we attempt to demonstrate that in this wide band from negative to positive the most likely outcome - that is, the most common outcome with the various elasticities of choice - is going to be a negative number. So the impact is most likely to be - we are 95 per cent confident that, of all the most likely outcomes, it will be negative.

**MR BANKS:** But that's imputing the highest cost estimate, the top-of-the-range cost estimate, not the bottom-of-the-range cost estimate.

**DR HAWKE:** Correct. That's from your estimates of costs, where you provide a low and a high range. We have estimated the net impact using your high estimate. We have, as noted in our submission, some queries about whether that is an appropriate estimate. Even before we attempt to adjust any numbers, adjust any parameters - to use the numbers only provided in the commission's draft report - we believe that we can demonstrate that there will be a possibility, in fact a probability, that gambling industries impose a cost and that when we treat problem gamblers and non-problem gamblers differently, which is what the commission does not do, then - - -

**MR BANKS:** Could I just pause there, because I think when you gave the press interview you were a bit misleading in the way you presented that. We certainly distinguish problem gamblers from non-problem gamblers in their spending rates and in the elasticity of their demand. Where we differ is when we look at the benefits that a problem gambler could get if they weren't a problem gambler.

**DR HAWKE:** Correct.

**MR BANKS:** We then talk about them not being a problem gambler and how their demand would operate. That's where we differ.

**DR HAWKE:** Correct, but for the purposes of this discussion where we're trying to estimate the consumer surplus, you don't differentiate in the measurement of elasticities when you're measuring that - - -

**MR BANKS:** No. We say that if a problem gambler is no longer a problem gambler, then they behave in every respect like a non-problem gambler. That's true.

**DR HAWKE:** Correct, and our argument was and continues to be that by making that assumption you're eliminating the problem, to use a phrase. Anyway, what we have done is run our alternative estimates, where we have provided a different elasticity for problem and non-problem gamblers. What that actually means is that we have allowed that problem gamblers are not responsive to changes in price but non-problem gamblers are. What this means is, no matter how much you tax or what the likelihood is of winning on a gambling activity, problem gamblers will persist in their activity. Non-problem gamblers, however, tend to change their behaviour as a result of changes in the likelihood of winning or the cost of entering that particular activity.

We believe this is an important distinction and it's one that should be reflected in the commission's estimates. When we do that, we find that the net benefits of gambling industries lie between a minus 2 billion and a plus 2 billion. This is a very large range. We acknowledge that estimating these things, as the commission says, is hazardous and rough, but we really earnestly argue that the importance of demonstrating the possibility of a negative on the net impact of gambling is an appropriate way for the commission to proceed, particularly given that they are hazardous and rough estimates.

The final main point I would like to make today relates to the cost side. To date we have only really addressed the benefit side because a measurement of the cost side relates to information that we don't have access to. We believe it would be appropriate to refer to groups like the Adelaide City Mission for an understanding of what the real costs of gambling are. In our discussions with groups such as the Adelaide City Mission, the Central Mission and the Interchurch Gambling Task Force, we believe that it's very easy to demonstrate that these high costs that you've identified in the draft report are in fact a very conservative estimate and that the low costs are so far out of reality it's not even worth reporting them, but your existing high costs may form an appropriate level as the low level.

We think it can be demonstrated - and by other groups, not just us - that the costs of gambling are considerably higher than those reported in the draft report. Although we are reluctant to try and estimate what the net impact is then going to be once you recalculate the impact of gambling, it's very clear to us that given that there's a 95 per cent chance already of gambling causing a negative impact, if one was to re-evaluate those costs then it not only becomes a very high probability but it becomes a very high likelihood to the extent of almost certainty.

I'd just like to conclude, before we have a further discussion on it, that our main point in this subsequent submission is to say to you that we believe we have provided you with some information that demonstrates that gambling industries are very likely to cause a sizeable cost to the Australian economy and community and, although we haven't indicated it in our submission, the data that we have looked at in terms of



various forms of gambling suggest that some forms of gambling appear to be contributing to those costs more proportionately than other forms of gambling. One of the main ones is electronic gaming machines and we believe in part, from studying the literature from the United States, that some of the reasons for that are their availability, their immediacy and their relative simplicity.

In a sense, we would like to conclude by urging the commission to, in its final report, readdress the question about the possibility of a negative impact of gambling industries, taking into account different elasticities of problem and non-problem gamblers. We would encourage the commission to revisit their estimates of the costs, particularly in view of the fact that we strongly believe that the high cost reported in the draft report is a conservative estimate. Finally, we wish the commission to identify that some forms of gambling would appear to be more hazardous than other forms of gambling. That's about all I have to say for the moment.

**MR FITZGERALD:** Can I just take the very last point you just raised that some activities are more hazardous than others. I would have thought that the report does in fact acknowledge that - not in terms of trying to deal with the consumer surplus and that it be treated all as one, but there is an acknowledgment I would have thought just in the numbers that we've given in the report, that for certain groups within our community poker machines represent a significant risk. But one of the things that is important to note in the report is that the majority of problem gamblers are problem gamblers specific to a particular mode, so you've got problem gamblers in relation to EGMs, you've got problem gamblers in relation to wagering, you've got a very small group of problem gamblers in relation to kenos and lotteries.

In one sense, yes, poker machines, on the surface, given that 70 to 80 per cent of problem gambling clients relate to EGMs - but it's also very important to acknowledge that each of the modes has a constituent group of consumers who actually have problems related to that particular mode. So I just want to understand: how do you think the commission should be more explicit in trying to highlight one form of gambling being more detrimental than another and what would be the point of doing that? The danger with doing that is that you then get to the point where we don't have to worry about this form or that form or that form, because it's really only say poker machines that are the major contributor to this issue.

**DR HAWKE:** Sure.

**MR FITZGERALD:** So what are you trying to get at in your last comment?

**DR HAWKE:** Essentially, while we recognise that the commission has done a very thorough examination of all forms of gambling, my point really relates to the fact that with the ever-increasing numbers of electronic gaming machines you're increasing the opportunity and therefore the potential flow into the problem gambling pool of that segment. You don't find the other areas of gambling activity increasing at the same rate that we see in electronic gaming machines. So really the point relates not

only to the stock of problem gamblers to which your comment refers but also the potential flow into that pool of problem gamblers by ever-increasing access and opportunity.

**MR FITZGERALD:** And you feel that the draft report doesn't sufficiently identify EGMs - poker machines - as being sufficiently risky in terms of consumers?

**DR HAWKE:** No, no. We believe that the Productivity Commission's report is extremely good in most areas but what I am merely saying in that comment is that we believe the impact of electronic gaming machines should be given a higher priority in your main conclusions for the report. It is really just a matter of waiting rather than changing the thrust of what you have already done.

**MR FITZGERALD:** That's fine.

**PROF BLANDY:** Can I just add something to that? A number of people have commented on the extraordinary number of poker machines in Australia in terms of its share of the world's population of poker machines. I do think that is an extraordinary number. No other sort of international comparisons have been drawn which point to anything like the discrepancy that has been found with respect to poker machine numbers. It does suggest that there is something very peculiar about the regulatory arrangements that affect poker machines in particular compared with the regulatory arrangements that affect them everywhere else in the world, so I think there is something peculiar about the treatment of poker machines in Australia which, on the face of it, is likely to be creating a lot more damage as a result than you would expect from poker machines in the rest of the world.

**MR BANKS:** There is an interesting point there. You may have read in the press that the industry is indicating that we have a smaller proportion of the world's machines; in fact, I have got a letter to the editor of the Financial Review today, responding to that. We got that information from the annual report of the largest machine manufacturer in Australia - that's where we got that data from - but they're now indicating that there are machines like the Pachenko???? machines in Japan, which are like pinball-type machines, and the mechanical reel machines and so on, which should also be included, even though originally they didn't include that in their estimates, so we're having a look at that but clearly those machines are quite different to the fairly sophisticated electronic gaming machines that Australia obviously has a dominant share of, so I think that is a relevant consideration. I mean, the other point that comes through in some of the research and talking to people is the difference between the old one-armed bandits and the modern electronic machines in terms of spending rates and accessibility, and interest even is quite different.

**DR HAWKE:** I think the other area for our cause for concern, particularly with respect to electronic gaming machines, is the fact that we would expect that as gambling industries move to more home Internet-based type facilities that those sort of facilities will more appropriately be represented by the type of activity we see in current electronic gaming or, at least, as a minimum, so we would expect that this

movement to more electronic gambling and Internet-based gambling would have at least the same deleterious effects as we see currently in EGMs, so in a sense we make the point about electronic gaming machines not just as a current problem but the fact that we recognise that in the future as the market for gambling moves on these forms of activity are most likely to capture more and more problem gamblers. As I mentioned to you before, the flow into this pool of problem gambling is going to continue and I think it is an important issue of the future.

**MR BANKS:** Perhaps if we just come back to some of the methodological differences between us. I think, as I indicated, probably the key one is what we have tried to do in terms of trying to impute some value that problem gamblers would place on their gambling. As we said in the report, they spend a lot more on their gambling - multiples - than recreational gamblers and so what we have said is that in trying to calculate what benefit they get we would assume if they hadn't become problem gamblers they would be recreational gamblers, and the difference between us is, I suppose, what demand characteristics you would then give them in that situation where they hadn't become problem gamblers.

I mean, I am still having trouble being convinced by you that you can have it both ways and you can say that you can impute to them the same low level of spending - in fact, we imputed double the rate of spending of a recreational gambler - but still give them the demand characteristics of a problem gambler because if they had those demand characteristics almost by definition they would be spending more. That is what we are trying to work our way through and I would just be grateful for any further thoughts you had on that.

**PROF BLANDY:** Mr Chairman, thank you. I think the truth is that in your calculations, irrespective of what assumptions you make about the elasticity of demand for problem gamblers - they can be as inelastic as you like or as elastic as you like on their ordinary unadjusted demand curve. The only elasticity that enters into your calculations at all is the elasticity of demand of non-problem gamblers. It is always the same - in your calculations of consumer surplus always the same as the elasticity of demand for non-problem gamblers. Now, that strikes me, on the face of it, as extremely implausible, that it does not matter what sort of problem gamblers you have. In terms of estimating consumer surplus, costs and benefits the only thing that matters is how elastic or inelastic the demand is for non-problem gamblers.

I find that very, very difficult to believe: that you can have two societies, one of which has highly addicted problem gamblers and the other of which doesn't and, in terms of the calculations of consumer surpluses, benefit, net cost and so on for the society it doesn't matter. The only thing that matters is that how non-problem gamblers react to gambling situations, so what we have done in our presentation is to say, "Let's take the commission's assumptions as one possibility but let's suppose that other possibilities were open. We could distinguish a range of differences in elasticities and those differences are contained in the matrix we have put up to you of benefits - which Dr Hawke will now put up - because with certain restrictions, additional restrictions, that we put on - I mean, the whole notion of "problem"

suggests that the elasticity of demand for such a gambler is less than a non-problem gambler, otherwise the non-problem gamblers are the people with the problem. So there must be some difference between these two that is recognisable, otherwise there is no point in distinguishing between them.

**MR BANKS:** Yes. We have argued that ourselves.

**PROF BLANDY:** That's right, but what is the difference? What is the different range? We have constrained those between the ranges in two examples that the commission has put up itself, which is 0.5 up to 1.3 and between the ranges that the industry through CIE's evidence for Aristocrats put up as 0.3 to 1.7, and we have also put on the additional restriction that the problem gambler couldn't have an elasticity of demand which was elastic - it couldn't be greater than 1 - we've actually gone up to 1 - because this would suggest that they are in fact responsive to changes in the price of gambling and the whole characterisation that you see of such people is that they are not in fact responsive and you make that case yourself that you don't believe the high elasticities. That's how we derive that matrix. You will see that the Industry Commission's calculations actually go outside the box, as it were. This is the Industry Commission's case.

**MR BANKS:** Productivity Commission.

**PROF BLANDY:** I do apologise. It is force of habit; failure to keep up with the pace of events in a gross way. These are all the possibilities, just taking decimal point elasticities as options with the set of assumptions we have outlined with elasticities for non-problem gamblers down the left-hand column and for problem gamblers across the top. Out of that matrix only two outcomes, which are shaded there with the combination of problem gamblers, elasticity of 0.5, non-problem 0.8, problem gamblers 0.6, non-problem 0.8, gives a result which in combination with the maximum cost figures which you produce in table J5 gives you a positive outcome for gambling in terms of its net benefit to the Australian community. All the rest turn out to be negative.

So if you believe that the cost figures on gambling are high then in about 95 per cent of cases, even if you get a positive in terms of the consumer surplus because of the arrangement of elasticities, the outcome for Australia must be negative. To find that it's not negative you have to argue that the cost figures are below the high figures you've got and I think the evidence for that is very, very slender, as Dr Hawke has outlined; in fact, it could easily be much, much bigger than the figures that you have got.

**MR BANKS:** That is a critical point and we've had some tell us that we have over-estimated the costs, so some are saying the opposite to you. They would say we have over-estimated the costs and therefore the net benefits are well into the plus rather than the negative as you - I mean, you have, usefully for us, tested us by putting in, in a sense, a number of extreme elasticities and assumptions which push the estimates to the left, but others are pushing us to the right, and I guess we'll look

at all of this in weighing it up, but any views you had on our particular cost estimates or any more information would be helpful. You've got some information here from the United States, which we'll look at; on page 7, I think, where you talk about information that came from Lesieur's work.

**DR HAWKE:** If I can just interrupt for a moment, Mr Commissioner? I think the important point to glean from our matrix there was that it's not an issue of choosing the elasticities. We've attempted to demonstrate no matter what elasticity preference set you choose we can demonstrate that the likelihood of a cost is always going to be there. We're not necessarily disputing the industry's comments that it could go into the positive range because we acknowledge that if you were to use your low estimates of cost it would go into the positive range. What we're saying is that it's very important for the commission to identify the possibility, and we would indicate likelihood, that it will go into the negative range, which is something the draft report did not address. Without even discussing the costs the reality is that the analysis we have done today demonstrates that it's likely - not just possible but likely - to be a negative.

**MR BANKS:** Yes, but you can't exclude the cost because that likelihood, that matrix, is based on the maximum cost number, so if you are looking at a range - - -

**DR HAWKE:** Yes.

**MR BANKS:** As you say, on the basis of that matrix it is likely to go into the negative for that high cost range; that's right. In our report we didn't rule that out. I mean, one of the points we made, I think, was that there were certain costs that we hadn't even tried to estimate. I mean, it is another point that you could make. Things like suicides - we have had some discussion of that this morning - where we didn't even attempt to impute a cost to that. They are things which are so inherently sort of contentious we felt it wouldn't be all that helpful for us to try to derive a number, but others could do that and those numbers would be added to the costs as well.

A number of the costs we have got are inherently contentious because they have to do with emotive reactions and psychic effects and I suppose our view was that it was better to have a range which was broadly conservative and, as you say, we have admitted ourselves that even our upper estimate is a conservative one, more to give it credibility than for people to be able to say, "Well, that's just over the top." In a sense, I suppose we are trying to have something that people would think would not be exaggerating in either direction and to therefore have a bit more credibility.

**DR HAWKE:** As we note in our submission we believe it is appropriate to give a range of the costs because it is so difficult to measure but we just believe the range you have chosen is overly conservative.

**MR BANKS:** Okay. We find it very valuable and, as I say, we'll get probably other matrices appearing in submissions before this process is through and it helps us think our way through the issues and again, for me, there is still that problem gambler,

non-problem gambler counter-factual point, where I think we are probably talking past each other a bit still on that one. In calculating the over-spend we are basing that on a demand curve that does reflect the inelastic response of problem gamblers.

**PROF BLANDY:** Even with what we would regard as your highly restrictive assumptions you still get exactly the same result if you apply the high cost estimates; that is, that gambling gives you a negative result for Australia. What we would ask the commission to do in its final report is to at least acknowledge that the outcomes could be negative because, in one of your findings at present, the range is strictly positive and we don't think now that that's right.

**MR BANKS:** Yes. What you're really saying is that any numbers we put there should span a negative number.

**PROF BLANDY:** At least, yes.

**MR BANKS:** Other than simply qualify them by saying it could be negative.

**PROF BLANDY:** Yes.

**DR HAWKE:** That's right.

**MR BANKS:** All right. We will certainly go through that in some detail and - - -

**MR FITZGERALD:** You made a comment earlier in response to Gary's comment that you agreed generally with the methodology and I just wondered if you could elaborate for me. Do you actually think measuring consumer surplus is a valuable exercise in this environment? The reason why I ask that specifically is that later this week we will have a submission and I will just quote from it:

Consumer surplus is of no practical use because it's little more than a non-measurable, hypothetical notion, a useless academic parlour game.

I was just wondering whether you could give us a comment as to whether you think trying to measure consumer surplus has a benefit or not.

**PROF BLANDY:** I think it does because this is a standard economic technique for measuring the benefit of activities, by consumers particularly, of this kind. The commission quite rightly has poured scorn on other methods that have been widely used involving multipliers and so on because with every positive multiplier for activity A, given that the expenditure is diverted from something else, you have got a negative multiplier from not having activity B, and the net result very often is a very, very modest difference, if any, once you make allowance for these and I think this has been quite appropriate and the truth is that the proper way to measure the value of these sorts of activities is using a technique that must be something like consumer surplus, if it isn't exactly, as to the excess benefit that people derive from activity A rather than activity B.

I think what the commission has done which is particularly useful - and quite innovative - is to address the whole issue of addiction in terms of how one evaluates consumer surplus, paying regard to the fact that, by the very nature of addiction, people are consuming more of something than they would if they were not addicted. So they are suffering a cost in terms of normal human behaviour as a result of their addiction, and I think that this is a very proper way of looking at this, and in fact quite innovative, and the commission is to be congratulated for endeavouring to do this quite difficult - intellectually difficult as well - exercise.

So we don't want to be thought to be critical of the commission's attempt to measure the value of these activities in the way it has. We think that, broadly speaking, this is exactly the right way to do it. The only point with which we draw issue is we think the elasticities in the adjusted demand curves might well be treated in a different way from the way the commission has chosen.

**MR BANKS:** Yes. As I indicated at the Canberra hearings, we obviously had long discussions about how we could best set up that counterfactual and we will look at all that again. The only other point I'd make is that in relation to the costs information you had on page 7, I think in looking at that the difference that occurred to me was that some of this information has come from people who went to Gamblers Anonymous or had gone to counselling.

**DR HAWKE:** Sure. It's a sample selection issue.

**MR BANKS:** Yes. So they're people at the extreme end of the spectrum, whereas we've looked at problem gamblers in a broader context, many of whom have never gone to counselling and wouldn't have those kind of extreme problems. It's a little bit hard to extrapolate necessarily from those people right through to people who, for example, might have a SOGS score of five or something like that.

That's why, again, we've had to sort of come up with an average, or something that we think is credible. A lot of the information we got also directly from people regardless of their score, so it wasn't dependent on a particular cut-off. But I agree with you. Some of the numbers are quite staggering. It's just what group they relate to I guess is the issue.

**DR HAWKE:** Yes.

**MR BANKS:** But we are very carefully going through all the cost information that we have got in response to your submission and those of others and, as I say, others will be telling us that our cost estimates are too high in some respects and we'll look at that as well. It's been very useful and we are very grateful for the work you've done. I don't think there was anything else I was going to ask. I did ask you, I think, in Canberra if you did have a chance to look at that appendix on elasticities that we've got and if you've had any reaction to that, that would be helpful. I don't know if you still have time to do that, but if you did - that's where we've tried to work our

way through existing empirical work and look at the elasticities that the CIE used as a range in its work for Aristocrat and so on.

**PROF BLANDY:** I think in a way the e-mail we got from Charlie Clotfelter has sort of summed up the position a bit. I think you did a very reasonable job in canvassing the information but, as he says, the info isn't that thick on the ground.

**MR BANKS:** No.

**PROF BLANDY:** He doesn't really know of any definitive work on this. I'm not sure that we can add that much to what you've done.

**MR BANKS:** All right, okay. A lot of what we've done is more qualitative reasoning or analysis, rather than additional empirical work, and that's the point he's making, that the empirics aren't all that reliable, which is a bit of a problem. Okay.

**PROF BLANDY:** Thank you very much.

**MR BANKS:** Thank you very much, again. We're going to break now and I think we're resuming at 2 o'clock.

(Luncheon adjournment)



**MR BANKS:** Our next participants are the Festival of Light, South Australian branch. Is that correct?

**DR PHILLIPS:** Yes.

**MR BANKS:** Welcome to the hearings again. Could I please get you to give your names and your positions.

**DR PHILLIPS:** My name is Dr David Phillips, and I am chairman.

**DR BURCHAM:** Dr Phillip Burcham, and I'm a member of the executive committee.

**MS PHILLIPS:** I'm Mrs Rosyln Phillips, and I'm research officer for the Festival of Light.

**MR BANKS:** Good, thank you. Thank you again for participating. I recall us having a discussion last time we were in Adelaide. You have provided a submission to us. It's a useful submission and it raises a number of points and useful criticisms that we will need to consider, but I will get you to summarise the key points if you would like.

**DR PHILLIPS:** Thank you. I'll just say a few introductory remarks and then I'll hand over to Dr Burcham to address in more detail the issues. First of all, we appreciate this enormous tome of a draft report which you have prepared. Very clearly a lot of work has been done to assemble a large amount of data which is a very useful summary of the Australian situation, and we appreciate that.

There are two areas that I think in particular we would like to address. That is, the broader impact on the community - you are the Productivity Commission and we believe that productivity has a lot to do with intangibles such as attitudes and values of the population. We believe that gambling leads to a mind-set which is unhelpful for productivity and it may be difficult to measure, but we believe it may be a very influential factor in undermining the productivity of our country.

The second is that on the detailed costings of the cost-benefit analysis it is our view that the benefits have been overestimated and the problems have been undercosted, and that's been addressed in this submission. We believe that if proper costings are done then gambling, particularly the most addictive kinds like poker machines, would come out as a net loss to the nation, and that's the case we'd like to argue.

**DR BURCHAM:** I'd like to reiterate that I enjoyed reading the report. I found it very thorough, well written and it addresses most or all of the issues that we thought were important. However, there are a couple of issues that we would have liked to have seen given greater attention. In particular we are, as David alluded to,

concerned about the corrosive effect of gambling on the mind-set of individuals in Australia, and in particular the widespread prevalence of gambling that actually undermines personal qualities of thrift, of inventiveness, initiative and diligence that we believe are important to maintaining or achieving economic productivity in a free society.

As I have alluded to in our submission there are a number of economists, such as P.T. Bower of the London School of Economics, who have studied the attitudinal components that are important to economic productivity, and he has argued quite persuasively that deep-seated negative attitudes to wealth creation are important contributors to maintaining cycles of poverty. In particular, one of the features he identified - and others as well - is a present orientation, a desire to satisfy immediate gratification to the exclusion of long-term personal financial planning. We are concerned that the spread of gambling fosters that sort of mentality. It cultivates the idea that one's financial future is perhaps beyond one's control, and that it's largely dependent on the indeterminate roll of a dice.

We pointed out in our submission that some of the advertising used by the gambling industry we think feeds on that particular mentality. We would have liked to have seen that particular issue given a bit more attention in the draft report. We're not economists but we think that you could have perhaps addressed the impact of gambling on perhaps the growth of the small business sector or per private savings and those sorts of issues. We didn't think that perhaps those sort of implications of the widespread or the dramatic growth of gambling over the last decade received the attention they should have.

Relating to that, we thought one issue that came out of the draft report was the unexpected - at least to us - prevalence of gambling and its popularity among young Australians. We thought that was particularly worrying with regard to the long-term economic viability of the country. We quote a finance writer, Glenda Price, from the Weekend Australian, who noted that young Australians are particularly affected by a consumerist mentality and perhaps are getting too heavily into personal debt. They are not really developing a long-term future orientation with regard to their personal financial habits.

We think the recent expansion of gambling in Australia has the effect of throwing petrol on a fire in that regard in that it accelerates those negative trends among the young. As financial habits are often established in your early years we believe the long-term consequences of that gambling growth among young Australians could be very serious. In light of the demographic changes in the Australian population, with the greater shift towards an over-65 demographic in Australia, we're concerned that there won't be the revenue, or at least the financial vitality of the young taxpayer may not be what it could be to support that ageing population.

We would also draw your attention to an issue that was given some attention in the draft report and the way you conducted your regional round tables in

Port Augusta and Goulburn were to be commended, but we thought that perhaps some of the smaller towns - smaller than Port Augusta or Goulburn - might actually be bearing a greater brunt of some of the growth of gambling, as we cite a paper from some workers at Flinders University, a qualitative study which looked at the effect of the introduction of poker machines on the town of Peterborough. We realise that a lot of the results of that study are anecdotal but it certainly does underscore the fact that in some of these small regional towns - of which there are unfortunately quite a number - that are struggling in South Australia, we believe the growth of gambling has had a particularly pernicious effect.

Finally, as I said, we are not economists, but we did attempt to calculate the cost-benefit ratio of the data presented in the draft report, and compared that to values that have been floated in the United States. We saw quite a significant disparity in the numbers that we obtained. When we used the estimated tax revenue given in table 514 of the draft report of 3.8 billion, and worked out the ratio of the costs of 1.1 billion presented in box 10.1 of the draft report, we came up with around about 29 cents to the Australian taxpayer for every \$1 raised in tax revenue.

You compare that to the figure that was provided by the Committee on Small Business of the US House in 1994, as well as the Florida governor's office, and they actually calculated an estimate of \$3 in increased crime and social cost for every \$1 in tax revenue to governments. I have given the citation for that in the submission. We thought that in the final report from the Productivity Commission you should address this particular disparity, that there is a tenfold difference there - 29 cents versus \$3 - in terms of the cost for every \$1 raised in tax revenue.

I guess in conclusion we felt that while the draft report does underscore and highlight for the first time a number of important negative effects of gambling, and also some potential benefits of gambling, we believe that when looked at from other perspectives that perhaps didn't get the treatment they might have in the draft report, we see that the benefits of gambling growth in Australia over recent decades actually translate into a very significant negative impact. In that light we suggest that the Productivity Commission make a stronger suggestion with regard to minimising and even eliminating the harmful effects of gambling. Thank you.

**MR BANKS:** Good, thank you.

**MS PHILLIPS:** I would like to comment that it seems that the draft report puts a lot of emphasis on the benefit from gambling in terms of entertainment which have been given a monetary figure, so that even though the draft report acknowledges the downside of gambling - the divorces, the bankruptcies, the suicides and so on - and puts a cost on these, it considers that the overall benefit to the consumer of entertainment is so great that it estimates a net benefit to the whole of Australia of something like up to \$5 billion a year, possibly.

Phil has already explained that we feel that calculation is based on wrong evidence, but even so, we would query the whole idea of saying, "Because some

consumers enjoy it, then it's okay," because we don't do this in other areas. We've argued in the report that the driver of a Porsche or a Ferrari might claim that he gets great entertainment from driving at high speeds on suburban roads and therefore he should be allowed to do it because the great benefit of that entertainment outweighs any possible risk of accidents and death. But we, the Australian people, don't look at it that way and we have laws that say, "Thou shalt not drive over 60 kilometres per hour on suburban roads," and so on.

We believe that for particularly addictive forms of gambling, like poker machines - which are designed to be addictive, designed to create that sort of compulsive mentality - are so dangerous that they should be treated like speeding over 60 kilometres per hour and banned. Other forms of gambling have existed for a long time and, yes, there are problem gamblers associated with them, but nothing like the percentage of problem gamblers associated with poker machines. Also we would submit with the coming Internet gambling, which is very similar in its concept to the poker machine design, the whole psychological way of designing them is based on the very quick turnaround and constant wins and so on, and very great applause and lights and flashes when they win.

You'll probably note on the appendix of our report we've made some comparisons between the way the government regulates motor vehicles and - if it's to be consistent - how it should regulate electronic gaming. We have suggested that first of all, the obvious one, persons identified as problem gamblers would be prohibited from gambling in the same way that we take the licences away of people who are convicted for serious offences of drink-driving and speeding and so on; young people prohibited from gambling; venues permitting under-age gamblers would forfeit their licence to gambling activities.

One thing which I think would make a big difference is, instead of having lights flashing and bells and so on, when somebody wins on the poker machines, if all poker machines were required to shout, "Loser" every time a player loses three or more times in a row. In fact, I believe if you had these requirements in place for poker machine design you would very quickly find that there would not be a demand for poker machines and the makers might even stop making them. Either you have very strict controls or you phase them out completely, but I feel that because of the damage done to the Australian community by these very addictive forms of gambling they haven't earned a right to be available to our people.

There are many other forms of entertainment, including gambling forms of entertainment, available to our consumers so I don't really think they would be deprived if they didn't have these particularly addictive ones. Again, with the Internet gambling, which we have recommended be prohibited, I understand the US task force which earlier this year reported to the president and Congress recommended a complete ban on Internet gambling. We have those who don't want any censorship of the Internet saying it's difficult, it's contrary to our rights of free speech and so on. I agree that at present it's difficult but we're learning more and more about the Internet and I don't see that it would be impossible in the future to devise ways in

which illegal Web sites can be removed and blocked effectively.

I don't rule out the possibility of international cooperation in this area in future and I believe Australia should lead the way. We don't have unfettered freedom to speak what we like in our current laws anyway. I am not free to defame people, to slander them. We have controls on all sorts of other activities in the public good and I believe there would be strong community support for a prohibition on Internet gambling in the same way as, particularly in this state, there is very strong community support for a complete phase-out of poker machines.

**MR BANKS:** Thank you. By the way, I'm pleased that you have chosen the motor car analogy. I was just trying to look for it in the report because we've outlined the same analogy twice in our report. The point that you are making about treating gambling the way we regulate cars, in terms of seat belts and speed limits and so on, is precisely the approach we have taken. I mean, we don't ban cars but we try to make them safer and we have a range of regulations to make them safer so that people who don't have a problem with driving cars can get the benefits from them.

Where we probably differ is that we may well not have canvassed some of the options you've got. I do note the one about shouting "Loser!" I think that could be an interesting one that we might have to include in our final report. We might have to ask the industry what they think about that one.

**MRS PHILLIPS:** I can tell you in advance what they think about that one!

**MR BANKS:** I think the broad thrust of the report is consistent with that. No doubt we differ about some of the issues of cost and so on, and we will look at them and you've made some good points in here that we will look at in considering the cost estimates. If I could just perhaps pick up on one, the comparison was made by Dr Burcham of the US study. I don't have a page number on the page, but I think he said that the imputed ratio that you got for our study in terms of costs relative to revenue raised was much lower. I suppose there are two quick responses to that - and we'll look at it a bit more closely.

One is, if you look at the upper limit of our costs then the ratio gets a bit higher. It goes from 29 cents to the dollar to \$1.50 for every dollar. That's still less than the US estimate of \$3 for every dollar, which we'll have to look at. But the other side to that is that there's both a cost side and a revenue side. I don't know where this study was done, but it may well be that tax rates or something may even be lower in the US. The amount of revenue raised might have a lower incidence where they did the US study. One thing we found in doing our research is that it's often quite difficult to translate the results of a study in another country, just because you don't always know what the regulatory context and environment is. But thank you for drawing that to our attention. We'll certainly look at that a bit more closely.

**MR FITZGERALD:** I wonder if we can go through the submission a little bit further in detail. You talk about, on the third or fourth page, "inconsistent policy goals" and I was wondering if you could explain that a little bit further to me. You

say here:

Sadly, the recommendations of the draft report concerning harmonisation and optimisation of gambling activities reflect a similar schizophrenia relating to policy goals.

Then you've made a particular recommendation:

The final report should avoid committing regulatory agencies to pursuing mutually exclusive policy goals.

Why I just want some explanation on that is, in one of our final chapters where we talk about a regulatory framework, one of the things that we deliberately sought to do was to say that if, for example, there was an independent controlled authority it would have as its core goal harm minimisation and consumer protection, whereas at the moment if there are controlled authorities, quite often they do in fact have conflicting goals; for example, the promotion of tourism and so on. I was wondering if you might flesh out for me a little bit further where you think we are contradictory or exactly what you might mean by that recommendation.

**DR BURCHAM:** I guess it really reflects our belief that gambling - certainly these highly addictive forms of electronic gambling - are morally abhorrent and that they do foster these negative influences on attitudes of people to financial management and growth. It seemed to us that perhaps that side of things hadn't been given enough attention and really we're concerned with issues of personal freedom and people being able to derive a benefit from gambling if that brings them enjoyment. That was what we saw as contradictory.

In the past, in many parts of the Western world, gambling was regarded quite negatively. I lived in Tennessee for a while in the early 90s and often on the news you'd see footage of the sheriff going into seedy little bars off the interstate, smashing up poker machines. That attitude wasn't unique to Tennessee, it was something that was seen in other parts of the Western world. We thought that that traditional moral concern regarding the ethics of gambling really didn't get the treatment it deserved.

That's why we've got this quotation in here from Philip Johnson, professor of law from Berkeley. He's coined the term "libertarian socialism", which sounds like an oxymoron, but it's really trying to get at this contradiction that often comes into play in public policy in the 1990s. It's something that we are concerned about: on the one hand, upholding people's rights to do whatever they want if they enjoy it and yet, on the other hand, trying to provide a safety net that everyone else contributes to for minimising the damage caused by that.

**MR BANKS:** I would differentiate our approach in the sense that I think we're arguing that you don't simply want a safety net once people have fallen over the cliff. That's a bit too late for a lot of people. You hear terrible stories of what happens to people by the time they require counselling and so on. Rather, our approach is to

have some protections further back in the continuum so that when people are just coming to terms with this game they can understand properly what the game is about, what the dangers are and ways of controlling their own spending, so that they can treat it more like a recreational activity - as a substitute for some other recreational activity - rather than something that they think is going to transform their lives or is engaging in investment. Your point about encouraging unproductive attitudes is a very interesting point, it's just one that's very hard to pin down, and I'm sure you've thought about it in what evidence you could bring today.

**MRS PHILLIPS:** Yes. I had a bash at actually putting a dollar figure on it, but they wouldn't allow it. I came up at \$3 billion per annum - lots - through destroying the work ethic of Australians. But, yes, it is very hard.

**MR BANKS:** What we have tried to do is, where we've had information about productivity in the workplace, where people have lost their jobs or told us that their work performance has dropped off, or they have been taking days off, we have documented all that for the group of problem gamblers or other gamblers who have answered our survey, but that's quite focused and, person by person, added up. What you're talking about is something you perceive as a more pervasive or subtle thing.

**MRS PHILLIPS:** Yes.

**MR BANKS:** That's certainly very hard to quantify. It's quite difficult to do.

**MRS PHILLIPS:** Yes.

**MR BANKS:** On your point about in a sense sapping the entrepreneurial spirit, others have said to us that in a sense gambling is on a continuum with the stock market and that the sort of risk taking and so on that gamblers exhibit is something that is akin to an entrepreneurial activity. I don't know whether you'd like to respond to that. In other words, they haven't seen it as the antithesis of wealth creation in that sense.

**DR PHILLIPS:** There's a fundamental ethical difference, if I can remember it. Where you're investing in industry, the intention is to deliver a service. On a smaller scale, if you want venture capital to set up a business to provide a service to the community which will run at a profit, you need to get someone who will back you with money at risk, but the end intention of it is to provide a good or a service to the community for someone else's benefit, whereas gambling is seeking to enrich oneself at the loss of someone else. You're hoping to take the money that somebody else put into the machine for yourself, so it's essentially selfish. Whereas investing in the stock exchange is, I think, rightly understood, investment in providing more goods and services to others in the community. So there's a very big ethical distinction. It may be a little subtle but there is a very big ethical distinction between those two. I would argue that they are not on the same continuum.

**MR BANKS:** We have argued the same, I think, in our report, or have put that view.

**MRS PHILLIPS:** Could I just interject there. You mentioned you're following the harm minimisation approach to control such things as poker machines.

**MR BANKS:** I think we'd call it consumer protection because we see two sides of it: an informational side but also a consumer control dimension of it as well. There's lots of jargon in this area.

**MRS PHILLIPS:** Yes. Lots of people have put forward the idea of putting on every poker machine what's the chance of winning and so on. Is there evidence that these things have actually worked to stopped pokie addiction anywhere in the world? I ask that because some time ago when I was a maths teacher with a year 12 class, we did a problem relating to X-lotto. They had to work out the chances of winning and it ended up being one in 4 million. Having done all the calculations themselves, I thought that this was the right psychological moment to ask them whether or not they in future would ever buy a X-lotto ticket, knowing they had so little chance of winning, and they all put up their hands and said yes, they would. I said, "But you've worked it out. You know that you've got no chance of winning," and they said, "So what? Someone's got to win. Could be me."

I think it's a good idea to tell people, to give them information, but I really wonder whether that will work with the sort of people who we're really looking at who have the biggest problem.

**MR BANKS:** I'll have a crack at it and perhaps Robert might like to comment. Our general approach in terms of putting forward a whole lot of possible measures is not that we are certain that each one of them would make the difference but rather that we feel that these are things that need to be tried. Indeed, we're being quite cautious in our report in that we have said that a number of them would need to be trialled to see what effects they would have, partly to see that you could target them effectively but partly also to ensure that they would be effective in the people they dealt with.

There's a range of information that a number of these things could be effective. In relation to the odds, for example, I think one of the approaches that has been used by some of the psychological counsellors and so on has been to change people's perceptions about the nature of the game and what happens to them if they chase losses; in other words, to just give them a better understanding that they're on a no-win path. Indeed, we had a problem gambler appear anonymously this morning who said that she now understands that and that's made a big difference to the way she views these machines.

The other thing is that in the commission's report, when for example we provided some colourful information about how long it would take to get five rhinos and how much you'd need to spend, but also that the odds were something like one in 10 million, that became big news all over the country, which suggests that that is not



information that people generally understand or are aware of. So it's unlikely to do much harm, but I agree it's something that needs to be tested and so on. I don't know, Robert, whether you want to comment.

**MR FITZGERALD:** It really relates to another point in relation to your issue here about consumer sovereignty. I just want to explore that a little bit with you. You have indicated that you believe the commission has become - "captive" I think your word is - to the notion of consumer sovereignty. I actually thought we had moved a long way away from the industry's position which did assert that, but I just want to explore this. Given that we already have a high level of gambling in different forms - lotto, keno, wagering and so on - throughout Australia and have had for a very long period of time, I just wonder where you actually draw the line on consumer sovereignty.

Clearly we've got this situation that even with EGMs, poker machines, it would appear that the vast majority of people that play them suffer no direct damage from that. We can talk about the moral and ethical framework, but as to direct damage, even in the surveys we did where people don't want any more poker machines, in that same survey the majority didn't want less either. Where they said there was more harm than good - I don't think we actually asked the question, "Do you want it to be removed?" In other words, we have a large percentage of the population that plays, a large percentage of the population that is not directly adversely impacted. I wonder where you actually draw the line on when consumers can and can't have a say.

That's acknowledging the risks that we've acknowledged in the report, and that problem gambling is a continuum, so one never is sure who will become the problem gambler. But even in light of all of that, the issue about consumer sovereignty is an issue that has to be dealt with. We have dealt with it in a particular way, but clearly not the way you believe it should have been dealt with, so how would you approach that issue?

**MRS PHILLIPS:** First of all, in South Australia maybe we're different from other states, but I think there was a higher degree of people wanting fewer poker machines here than in other states. That possibly is because we have seen in a short period of time the dramatic damage that pokies have done. They were only introduced in 1994 after rather controversial circumstances. It was not because of a campaign by the public to bring in pokies. I think it was really a campaign by the Hotels Association and the gambling industry to bring in pokies. It was a very dramatic sort of one-vote win when it finally got passed. So people here have seen the damage done and it wasn't something that they, as people, asked for. Perhaps in other states the introduction has been slower, and when things happen more slowly you don't really realise the impact.

Where you draw the line is an important question and it's really balancing the harm against any benefits. We would claim that with poker machines the harm is rising. We have only had poker machines for five years in South Australia and the counsellors are saying we're only beginning to see the really hard cases - "We ain't

seen nothing yet." I believe the harm is such that there is a case for - as with speeding over 60 kilometres per hour - saying, "No, this kind of gambling is associated with so much harm that, regardless of any enjoyment, we say no." That's where we'd draw the line, because they're designed to be addictive, whereas I believe with other forms of gambling that isn't so inherent in their design.

**DR PHILLIPS:** Can I just add two comments. Roslyn touched on it, and I can't remember the exact figures but my recollection is that at the time before poker machines were introduced in South Australia the public was given an opportunity, at least in terms of public opinion polls, of saying what they wanted, and the majority, I believe, were opposed to the introduction of poker machines, and yet the government went and introduced them against the majority of public opinion. So if we're talking about consumer sovereignty, why was the South Australian community not allowed to forestall or not allow their introduction? In a democratic state they were not given the option to have a state without poker machines, which is what the majority of people wanted.

**MR BANKS:** What sort of survey was that? It wasn't a referendum?

**DR PHILLIPS:** No, it wasn't a referendum.

**DR BURCHAM:** The one I remember was in the Advertiser. I think it was around about 89 per cent opposition.

**DR PHILLIPS:** It was very strong opposition. So parliament was not representing the will of the people when the legislation was introduced, so if you want to talk about consumer sovereignty, South Australia is an example where the parliament rode roughshod over the will of the community. The related question which brings us back to the earlier discussion on inconsistency. If you allow an individual to have freedom, saying, "You can engage or not engage in this activity and take the consequences, as long as you don't expect someone else to pay for the cost of your involvement," then that is a truly free decision.

But if you say to someone, "You may choose whether or not to engage in this activity. If you benefit from it, you can keep the benefit. If you suffer from it, then we will impose a penalty on everyone else in the room to pay for the suffering that you are experiencing as a result of your own decision," it then means it's not really an individual freedom that's being exercised, it's a freedom for the person to engage in an activity which necessarily costs everyone else in the community, which they have not consented to. So it's not a true individual expression of freedom. It's a form of theft, if you like, that an individual engages in behaviour which results in revenue being taken from other people, possibly against their will.

So where it becomes a situation of confiscating other people's assets to prop up someone who is engaging in self-destructive behaviour, it really does become a community issue and we need to ask the question, "Is this something that the community either wants or can afford?" I think we made the point at our last

submission that if you look at the noises being occasionally made by the federal government about our national level of savings - I think the thing I read yesterday was that our net private savings in Australia is now about nil. I don't know if that's correct, but I read it somewhere yesterday. Certainly people have been saying that savings in this country are way below what is needed for investment in productive effort and the cost of that is that the funds are being raised overseas and our foreign debt is increasing year by year.

A number of economists are raising this question. I think most developed countries, if I can remember the figures, have a foreign debt which is about 30 per cent of their GNP, or is it 40 per cent? Australia has a foreign debt of about 160 per cent of our GNP, far above comparable developed countries, and a number of economists are saying, "This is a real problem for the nation, and what it is doing is committing the future generation of Australians to a repayment of those borrowings," so this generation's failure to save is in fact extracting money from generations yet to come. We may find that that's against the will of the young people of this nation. If our current adult population are losing \$8 billion a year, and that could instead be put into savings, then that might do a lot to limit the growth of our foreign debt.

So what I'm saying is, once you stop looking at individuals, because you can't look at individuals if the consequences of their actions are sucking resources from the rest of the community, when you look at the rest of the community, Australia is in big trouble, and I think it needs to be seen in that context.

**MR BANKS:** Just a couple of quick points on that: one alternative perspective on problem gamblers sucking resources from the community is that we've recorded here that the average problem gambler loses on average nearly \$12,000 a year. About \$4000 of that probably goes in tax, and one of the points we make in the report is that taxation is quite regressive in its impact on people. Now, a proportion of that tax money then gets recycled through various funds and so on for a range of good works, some of which feed back into problem gambling, counselling and so on, so in a sense they are paying. It's more internalised than happens with some other activities in the sense of them actually paying a disproportionate amount of tax.

We've raised questions about the extent to which taxation from gambling should be used to fund good works, because I think it achieves a kind of legitimacy that raises broader public policy issues, although we have endorsed the earmarking of money for treatment of problem gamblers, partly for the reasons that you're raising. So I think it is a little bit more complicated than that. The savings-investment issue probably will get us a little bit further away. Certainly we have looked at studies that have tried to determine - and we've done some work ourselves - where the money comes from for gambling, and there is an indication that in the short term anyway savings are being drawn down for those who've got savings to draw down. What the longer-term effects will be remains to be seen, and I think you've made some useful points there.

**MRS PHILLIPS:** Could I raise a point that we raised in our submission last December about the use of casinos and so on to launder money. I may not have looked carefully enough, but I really couldn't find in the draft report that you found - did anybody else give similar evidence to us or - - -

**MR BANKS:** When we started the inquiry, one of the issues that seemed to be in the forefront of everybody's mind was money laundering and crime. I must say that the research we've done and the access we've had to others' research suggests that this hasn't been a dominant feature of the industry, that probity regulation has been, at least in relation to casinos, quite strict and, with the Austrack mechanisms and so on, seems to have been reasonably effective. Now, that's still a tentative conclusion on our part, and if you have further information we'd be glad to hear it.

**MRS PHILLIPS:** I was just wondering how hard people are looking. It's probably only a perception that when people like Kerry Packer and so on go and win so consistently large amounts of money, the question must be raised in many people's minds, is this genuine? And how would you find out whether it was or it wasn't? We had some questions which we mentioned in our submission last December which we raised at the time - in the eighties - when there were questions about our casino here, and then there was a change of government and there were no more questions. So I still have a worrying feeling in the back of my mind that laundering and other things of a questionable nature may be going on, but who's looking?

In another area it was always said that the legal brothels in Canberra were working marvellously, that the legislation had been passed in 1992 and nobody had any problems with that. Then a select committee, the Social Development Committee, from South Australia went to look at Canberra's brothels and they talked confidentially to some madams who told them that various unsavoury things were going on but the police never came near them so they never found out. Then there was the murder of a diplomat, Saudi Bill, and they had to make investigations because of that, and in doing so they uncovered all sorts of wrong practices that were going on in the brothels and escort agencies. So I really raise the question: has nobody found any money laundering because nobody has looked?

**MR FITZGERALD:** We'll take it on board, but we have tried to investigate that as thoroughly as one can. But I would agree with Gary that I think there was an expectation that we would be told that there was a much greater level of money laundering than there is. There is some, and there are a number of bodies that do engage in trying to investigate that. So there is some. But I think one of the things that does work for us in Australia is that the probity and the regulatory environment around casinos, as distinct from other areas of gambling activity, is actually quite stringent. It's one of the things that has consistently come through, that casinos in that area are probably less of a concern than we would have first thought. But it doesn't mean to say there isn't any, and there is certainly money that has been obtained illegally going through casinos, but they will go through everything. So that's true.

I think the submission is helpful but I would just make the point that the difficulty, I think, and the starting point from which you come is about this ethical, moral issue which has perplexed the commission: how do you actually deal with that issue in a way that is credible? We take on board your point: if you come from the basis that gambling is an unethical pursuit, as you do, then a number of things fall from that. If you take another view, then of course other things fall from it. So your starting point is the most difficult one to grasp and come to grips with in this inquiry.

**MRS PHILLIPS:** Except that some people when you use the words "moral" or "ethical" immediately switch off and feel that that has no practical relevance.

**MR FITZGERALD:** We think it has very practical relevance. It's how you actually then deal with it. Because your submission in various ways reflects many of the submissions we've received right throughout Australia, and again recently on this trip around, but it makes it no less easy how to handle that in this environment. But we do appreciate the points you've raised, and other groups have raised the same points.

**MR BANKS:** The extent to which this interacts with the moral or ethical dimension may be debated, but we certainly have tried to map the social impacts of this industry and the harm that it's done to families and relationships and so on. Not all of that can be measured. We've tried to do some measurement, not for the reasons Anne Mann has indicated in that article but, rather, because of the problem that you've indicated, that sometimes if you don't identify these things and try to measure them, they're considered not to exist. I think she wrote that article before reading our report - many journalists do that - but surely if she'd read our report she'd see that we did try to come to grips with the social dimension, that it's not just about the economics. Hopefully we've made a contribution there.

But probably one of the harder chapters for us to write is chapter 9, which deals with the broader community impacts and the sorts of issues you're raising. That's probably the area where we tried to come to grips with them, where we talk about impacts on the nature of community life and so on. You may want to have another look at that and see whether there's anything there that you'd react to. We did find it quite hard to get a clear reading on that, for the reasons I indicated earlier, but we appreciate the points you've made and we'll certainly give it further thought in preparing our final report.

**DR PHILLIPS:** Just two examples occur to me which possibly pose the dilemma of how one unravels the cost to the community. In one case a friend of my daughter married a man and they had been working to pay off their home and the mortgage had been just about reduced to zero. Then, unknown to the wife, the husband had started gambling. He increased the mortgage on the home, and when the truth finally came out he had just about pushed the mortgage up as high as the bank would allow, without his wife's knowledge. He had also been embezzling from his employer. He got the sack. She decided to leave him. So you now have a divorce. She is presumably on a supporting mother's benefit. I don't know whether he's found

another job or what. They've lost the house, they've lost all the savings they put into it. Something of the order of \$50,000 I think went down the drain, as well as a marriage. That may not come to the attention of you or any of the other authorities as a gambling-related cost.

The other thing that I've heard said is that where a person has embezzled money from an employer, does the employer pursue the employee to the courts to recover the money, and the answer is very often no, because if they did that would bring that particular company into the courts and to public attention and would undermine the confidence of the public in doing business with that company, and they would rather write off the loss, sack the employee and keep their mouth shut. So again you may see someone get the sack, a company turn in a lower profit than it might otherwise have turned in, but nobody is going to relate that as a cost to the gambling industry.

So those two anecdotes just raise in my mind the question of how you actually unravel all the costs, because our feeling is that this draft report underestimates - and probably severely underestimates - the costs to the community. I don't know the answer. I'm raising what seems to me to be a very real problem, because if your final report continues to - in our opinion - underestimate the true costs to the community, it would give an unhelpful green light to continue and expand gambling in the community.

**MR BANKS:** We have had Prof Blandy and Dr Hawke this morning telling us that they've added two or three billion dollars to our bottom line, pushing it well into the red, so you have probably got some submissions that will give you heart in that respect. On your first point about the problem of the mortgage and bankruptcy and so on, I suppose we tested for that through our national survey, where we asked people - those who clearly were regular gamblers but also problem gamblers - a number of questions which tried to discern those kinds of impacts, and some of that came through. How you then get an average dollar number is quite hard to do as well.

We've also had surveys of people in counselling who are more at the extreme end, to get a sense of what some of the limits are, and the numbers are much bigger there. That was raised by Prof Blandy this morning. Some of the numbers from those studies are much higher than the numbers we've got because we're looking at a broader cross-section of problem gamblers. But certainly that was our first go, really, in that report. We'll promise not to make the final report any fatter, but we'll certainly be looking at the quality of some of those numbers. So thank you for that and thank you very much for attending.

**MR BANKS:** Our next participant this afternoon is Adelaide Central Mission. Welcome to the hearings. Could I ask you, please, to give your name and your position.

**MR GLENN:** I'm Vin Glenn and I'm a gambling counsellor at Adelaide Central Mission. I concentrate mainly on financial matters and, unfortunately, these days criminal matters.

**MR BANKS:** Thank you very much for taking the time to participate. We benefited from your participation in the first round and from earlier discussions that we had with you. You don't have a formal submission but I believe you have some comments you want to make on our draft report and other matters, so I'll hand over to you.

**MR GLENN:** One brief matter that came out this morning, you referred to the game Pachenko Japan. I checked it at lunchtime. The turnover on Pachenko in Japan now is greater than the whole of their car industry, so it is a significant form of gambling in Japan which I hope doesn't come to Australia. The Central Mission position is quite clear and unchanged from when we were here before in that we strictly believe in a policy of harm minimisation. We don't feel there is any alternative to that and we would like to work with all parties to achieve it. If we could achieve nothing else we'd like a much better dialogue with government, with industry, with all other agencies and particularly with the gamblers and their families because I think we can do very good work if we can learn to trust each other a bit. We have to do it.

We can get pretty emotional about some of the issues. I don't think that's necessarily a negative. I think probably working at the coalface we probably should. There are days when I wish the odds were a bit more even in our favour because when I read extensive industry reports, which I did yesterday, I just envy the resources that they've got at their disposal. The only statistics we've got in South Australia are ones we've recorded for the last four years for our state government department. They're very poorly defined. I don't think they've got any relevance and they don't contribute at all to the cost debate that we're going through at the moment. But we are getting closer, we hope, to doing some meaningful work.

Perhaps just anecdotally, last Wednesday I was preparing material for today and, to give you an example of one of our days, I was interrupted by a distraught couple who called without an appointment. They had just learned that their 26-year-old daughter, a lone parent with two kids, had killed herself in another city outside of South Australia. She had left them a note and she'd gone to the trouble of finding out who I was and said if something happened to her would they call, and that's where it turned up at my door. We spent about four hours on that and included in that was getting them a counsellor in the other city, getting them on a plane quickly, helping with the undertaker, helping them to get help with the two children.

It's very difficult to arrive at a cost of all of those events, not just a simple transaction on what was going to be a quiet afternoon preparing data. The position actually got worse because within about half an hour of that I received a mobile phone call which I'll never forget, and it was a male who's well known to me. He was sitting in a motor car with the car running. He had a hose attached, he was very distraught, and he was so disoriented that he couldn't remember how to turn the ignition off to rescue himself. You really test your counselling skills - "Gee, I wish I hadn't gone to sleep when I went to that training session on suicide. How quickly could I get the police and the ambulance? What the heck could I do?" After a bit of trial and tribulation he'd told me where he was.

There is a happy ending. He's in hospital, he will be okay. But that is a typical afternoon for a gambling counsellor when we should have been preparing material for this inquiry. To be honest, after those two incidents I went home and had a strong drink and forgot about you until the next day. Just a couple of examples, last week - and I won't emphasise it - on Thursday, which is my day off, I had a client arrested for an \$80,000 fraud. He had been to see me on one occasion and told me he thought he'd stolen about 800 actually. He left a few noughts off. That's typical for the gambling client we see.

I had a father arrive at the door at 11 o'clock. His son had just admitted that the family car in dad's name was in Cash Converters and they had an hour to get it out or it was going to be sold. So you can't just sort of say, "It's my day off, go away," because we had an hour to fix it. About 3 o'clock we had an older lady who came and saw us. She had gambled her life savings. She was a widow living on her own. She'd used everything in the way of savings. She had no debt but the electricity had been cut off and she'd been living in the dark for six weeks - no heat and no light, no anything, at 68. That's very distressing and really tests you.

The emphasis really on those issues is what is the social cost of that type of situation that we're seeing literally every day of the week? I sat down yesterday for a long time trying to think, "Can I cost it?" and quite frankly I can't. Somehow we've got to get with researchers and industry to find out can we work on these pictures perhaps to help stop them happening again and to work out how we can do it better for all of us; not to stop people enjoying gambling but to help those better who are getting into trouble. That's what's taking our time.

I'd like to concentrate today on some issues in the report that perhaps might be able to be clarified if time permits: bankruptcy, some of the criminal issue stats which I've been able to collect, certainly some stats we're taking out on the way people use pawnbrokers. I've got strong views on the role of the Australian finance industry and whether they should be far more involved in this whole game because I think they're getting out of it scot-free at the moment. In the area of bankruptcy - I hope I can clarify these figures and I will put these in writing to you, if permitted, in the next 10 days.

**MR BANKS:** Good, thank you.



**MR GLENN:** During the last 12 months - and I'm one counsellor in a relatively small state of Australia - I've been involved in 29 bankruptcy issues totalling about 1 and a quarter million dollars. In addition to that I've been involved in bankruptcies to about half a million dollars where the victim or family member has had to go bankrupt as a result of somebody else's gambling. That, in our state, would be about 1 and three-quarter million just for me, what I'm involved in. I think the difficulty for statistical purposes you've got is that I don't think the stats of bankruptcy refer to what is Part IX of the Bankruptcy Act, which is special arrangements you can enter into, literally to avoid the stigma of bankruptcy.

The majority of my work is by making unofficial pro rata arrangements. In other words, I work out all the debt, we work out so much a week for all creditors and that's usually accepted without going down the line of bankruptcy. So bankruptcy is really the tip of the iceberg with the debts that I'm seeing. I can add to that three matters which are involving company liquidations where the debts will exceed \$2 million and they're all strictly gambling-related, casino or horse wagering. The bankruptcy, of course, potentially is a criminal offence under the act, so my clients by means or another go bankrupt for health issues, they go bankrupt for loss of a job or unemployment. They may go bankrupt for a whole range of issues but they very rarely go bankrupt for gambling issues. I think it's a tactful way of discussing the issue as we go through it. I don't believe in leading with my chin and I think that's part of the professional guidance that the client and I enjoy.

The area really on the surface of bankruptcy is that a lot of debts are written off and don't proceed to bankruptcy. 90 per cent of my clients have debts on special arrangements and usually that indicates that no interest is being paid or they're being allowed a payment of \$10 a fortnight. In the case of one 60-year-old man I've got, he's got to live to 182 to pay off his debts but he's choosing not to go bankrupt. So there are a lot of people where bankruptcy is not an option. They'd prefer to pay a small amount forever each fortnight and it's very difficult to arrive at a costing of that that I can present to you that is really meaningful of where it's going.

The only comments really on the actual report are I'm not aware of any prosecutions under the gambling act, although ETSA are indicating that they may do it. I have great difficulty with the quotations of Dickerson's costing. I think they're underestimated but I can't yet produce something better; I'm trying to.

**MR BANKS:** In relation to bankruptcy?

**MR GLENN:** In relation to bankruptcy. I think his costs are very conservative.

**MR BANKS:** Yes.

**MR GLENN:** And the other reference you make in there is to Robert Latticer of Canada. He states some very high figures for bankruptcy but I think there are two

worries there: they're all members of Gamblers Anonymous and without exception they're casino or horse punters. There's not one machine player in that. I think that will always probably give a loaded figure - small base, GA members and particular forms of gambling. I think that figure is probably something we have to disagree on in looking at the scene. If time permits, before your inquiry winds up I will try and prove that the Dickerson reports can be a little bit better, if I can, and I'll try and come back to you on that one.

**MR BANKS:** Good, thank you.

**MR GLENN:** If I could move on to perhaps the minefield of the police, the court, the gaols and the criminal area, I'd just like to pick one case, if I could. This is a male person. He was convicted for numerous armed robberies over three years and I'll just cost it out very briefly. The debts that was not recovered as a result of the robberies is approximately a quarter of a million. He received a sentence of 17 years, which means as a taxpayer I'm going to have to pay about \$600,000 to keep him in gaol, which I resent, and that's a significant cost. He lost 100,000 of his own money and 50,000 of his family money, so we're up over the million dollars. The police tell me that the cost of following those armed robberies through is in excess of a quarter of a million cost to the police inquiry system, and the actual court cases cost 40,000 - which is about 1 and a quarter million.

What I haven't been able to cost out in that is what is the cost of suffering on the bank staff of 14 armed robberies, and what is the effect on his family, who I know have serious health issues - several members - because of the stresses and strains brought by his long action. So that one man has probably alone cost close to \$2 million. It's an extreme example but it is an actual case in South Australia recently. The Advertiser, who are probably here today, keep media reports of various gambling cases. Perhaps they're a beneficiary of it by being able to report them. I think they report selectively but that's my privilege to think that.

I've quoted 17 criminal matters that have been in the Advertiser in the last 12 months, nine male and eight female, with an average age of 37 years, and the total of the charges came to 1.2 million, and I'll put this in form for you. The key factors there probably are there's only one crime involved, which is what we'd expect, I think, with gambling, and the other 16 charges are all relating to white-collar crime - larceny as a servant or something similar. The significant factors there are that I'm aware of armed robbery cases awaiting trial and I'm aware of two attempted murder trials that are due to come up where I think you'll find that gambling will be a significant factor.

**MR BANKS:** Could you speak in general terms of the connection?

**MR GLENN:** One is a gentleman who was trying to recover a debt, and the person owing the money took action in their own hands violently. The other matter is inside a family where a person would no longer lend to the gambler and the situation became quite out of hand. So that's the two situations. Of these cases, exactly

50 per cent have resulted in a custodial sentence and half were released. In the Advertiser also are 11 other matters which are referring to gambling in other states, of which one was 3 million and one was 4.2 million, so I guess they would be picked up in data from other states. But there are certainly some large figures around being quoted, and that's purely media quotations that I've looked up.

The clients of mine that are not referred to in the Advertiser in the last 12 months have been charged with offences totalling 1.4 million and significantly my clients have stolen money, from an employer or a family where no charges will be laid, totalling about 1 and a quarter million. Most of the statistics I see are fairly consistent that about 70 per cent of employees are not charged with that. I've got a man who owes a company 600,000. They have deigned to allow him to resign. They do not wish to have their name in the paper. They do not wish to proceed to a charge. I think this again is a very large costing that's almost impossible to quantify in dollars and cents for you, but I think it is a very significant figure that's out there.

The difficulty we all have in South Australia is that there's really no report on the number of prisoners in gaol for gambling matters, although Richard Balfour reported at your last inquiry. There is very little help in the gaol system in South Australia, so we can't work out that costing. I've got a young man who's been in gaol for 18 months. He was ordered by the judge to seek professional help while he's there and he still hasn't had it. He hasn't had an initial report even, so it's difficult to estimate if there's a cost involved with custodial sentences because there don't seem to be any resources there to do it anyhow. So there probably would be more cost if we had the resources.

In South Australia there's really no recording of cases in the police courts, or any court data or whatever. It's written off just as white-collar crime or something similar. It doesn't seem too hard to me to be able to ask, in the case of larceny as a servant, for instance, "Was it greed? Was it horses? Was it wild women, or something?" It should be possible to find out why but at the moment it's not being asked. The major cases we're seeing are insurance and social security fraud, shoplifting - which has not been identified as a gambling issue but I'm finding it is, particularly with the older female - certainly larceny as a servant, credit card fraud and returned goods, where people are using a credit card to buy goods and then taking them back and getting cash the next day, particularly electrical goods. They may take them to Cash Converters or take them back to the shop and get cash - anything to get money to keep gambling.

In South Australia the matter is usually pleaded guilty, because you're usually caught cold, but in referring again to the actual report, the situation in South Australia will be something like this: the first time you appear in court would be a 10-second summary when a date will be set for the matter to be heard. The second time you go you may plead, when perhaps a psychological or pre-sentence report will be obtained. You may attend the third time and if the defence lawyer doesn't like the judge or doesn't think he can get a good result, it's then deferred the fourth time. So it's quite

common for the costs to involve four court appearances before we get a sentence, even with a simple straightforward plead guilty. So the costing of a court matter is probably very conservative in your figures because of the excess time of having to appear in court four or five times, even for a straightforward matter. Obviously that's even further exacerbated in the event of someone pleading not guilty.

The other point in South Australia really is that if you plead guilty a third of your term is taken off but you may serve half of your custodial sentence in gaol and you may serve up to half your sentence on home detention. What is the cost of home detention? Is there a cost? I haven't been able to work it out and the system can't tell me but it certainly is restrictive. Most people can't probably seek work actively, although legally they can, and what are the effects on the family of dad being home under very strict guidelines? I was aware of a case on Saturday night that Dad turned 50, the kids bought him a bottle of champagne for his birthday, which is pretty normal, but of course while dad's on home D, one sip of alcohol - if he's checked he'll be back inside. That caused unbelievable trauma to those kids, which is probably a very simple transaction, so is there a cost involved?

The sentencing in South Australia, too, is quite different if you steal from the government or you steal from a private company. If you're going to be a gambler and steal, please take it off your neighbour or your boss or a company; don't steal from the government because your sentencing will be much heavier. I think that's just perhaps human nature. The sentencing is all over the place. There's no consistency in sentencing in South Australia - I guess human nature again. There are sympathetic judges, very good defence lawyers, and some that aren't the same. We try and help our clients by perhaps guiding them down that track if we could. I guess it's relative, if we can save some costs along the way, to the whole system.

The only other matter really on criminal action that we see - I have three clients who are gambling with overseas casinos, mainly through the Internet, and all I can say is the overseas casinos have some fairly unusual ways of collecting debts and they're pretty heavy stuff. There is a difficult scam in Adelaide again, where the elderly are being actively targeted by Canadian and Belgian companies promoting lotteries. I don't know whether you've heard of it but they seem to be able to get onto the mailing list of elderly citizens' homes and some older and vulnerable people, get hold of their credit card details that there will be a \$47 million lottery in Spain this week, so put \$2 in. Once you give them the credit card transaction you're likely to find a debt of 10,000 or something on your account. It's a horrible little scam.

**MR BANKS:** This is happening through the post, is it?

**MR GLENN:** Yes, strictly through the post. It may not be relative to the inquiry but it's just a horrible little scam that's out there at the moment, to a very vulnerable section of our community.

The other area that worries me deeply, and I don't know whether you have seen it - I haven't seen it in the report - is that in 97-98 the Tax Office estimated illegal gambling in Australia could be as high as \$4 billion, and that concerns me because obviously whoever gets the 4 billion isn't paying tax on it. Who loses it, what are the costs and who are the beneficiaries? It comes into an area that I haven't really seen any work on but just to give you two example, I've got a client who's lost 240,000 playing poker in a well-known Adelaide poker school over a period of two and a half years and I have a client who's lost 600,000 wagering on horses, to an illegal bookie, who's being blackmailed with exposure if he doesn't do something about paying that.

I think the 4 billion is a figure I can't prove but it's a figure that certainly is significant and again I think it's relative to the costing of this whole argument because that's 25 per cent of the legal loss of about 11 billion.

**MR BANKS:** It's 4 billion in losses?

**MR GLENN:** That's losses, which is tax. I don't know how Tax have arrived at it.

**MR BANKS:** We'll have to have a look at that. We had a round-table on crime and we had very senior police representatives and so on, and got no sense that illegal gambling was such a significant figure any more, the argument being that there are now so many legal outlets that, other than informal gambling within the family or within the indigenous communities and so on, you didn't have too much sort of industry style illegal gambling going on. One of the points the industry itself makes, indeed, is that when thinking about the nature of the legalised industry you've got to think about the counterfactual and what the illegal industry would be like, and how large that would loom in the absence of the regulated equivalent.

**MR GLENN:** I'd certainly like to see how the Tax Office arrive at it. I think it is significant in the South-East Asian community. I've been told repeatedly there's an illegal casino in Adelaide but I haven't managed to find it and I certainly haven't been there. I probably still know how to put a bet on a racehorse with someone on a phone number in Adelaide but how much that person is taking I'm not very aware of. So it's there but it's one of those unknowns. But is it a cost matter that needs to be looked at? I'm not too sure.

**MR BANKS:** What would be the incentive to do that outside the course or the TAB? Slightly better odds?

**MR GLENN:** Being a good horse punter, the better odds would probably encourage me, and the same reason as big punters in Adelaide are betting on the Internet on Western Australia, because the tax in WA is less than the tax in SA. So they're betting on the Net with WA TAB here in quite large numbers, the big punters, and I guess that's traditionally why a lot of people are betting on the Northern Territory with Mark Reid and Centrebet, because of the tax regime. I think that's a real concern to a small state like SA. If we don't watch out, the bigger states can become

very competitive by manipulating the tax rate and we perhaps haven't got that same room to manoeuvre. I think that makes South Australia fairly vulnerable, particularly the wagering industry, if we don't watch out.

If time permits, I'd like to just refer to the Australian finance industry. I define them roughly as banks, credit unions, finance companies and the retail stores, all of whom have a proliferation of credit cards or plastic cards. I often wonder if they've got a role to play in this whole debate and, if so, what are their responsibilities and should they be contributing to the social costs of problem gambling by being a participant? Can we reduce their charges and fees, which seem to go up every day, if we could help them cut down their bad debt?

I can just give you three examples that have come across my table in the last week. I've got a male who was using a friend's bank statement - nothing else. He'd just go into a bank with a bank statement and say, "This is me. Can I have some money?" He has been able to draw nearly \$50,000 on just that - away from the parent branch - before he's been to court and inevitably charged, but it was not checked up by that bank in any form.

I have got a young male who has forged his mother's signature on the cheque form. He was poorly educated and he couldn't even spell the family name right, so there's no chance of it being a good forgery. 28 cheques involved; cashed them all at a hotel, and they were not detected until the lad killed himself when mum found out about it. It was a savings account she had which she had never - knew she had a chequebook. The lad got it illegally and there's about \$16,000 involved. In his case the bank will give the money back.

I'm seeing repeatedly cases where a gambler is opening a credit card account in the name of the other person or getting an increase on the limit. You don't have to appear at the bank these days and the tradition is, "Look, my husband is busy. He's at work. Here's his application for a credit card. Can you process it?" and the answer is, "Yes, of course we can." Mum has got access to all the mail. The man in this case did not know anything had happened until his wife unfortunately was in a traffic accident and he opened the letterbox and found the statement there, showing he had three credit cards. That was the first he was aware of it.

The last case is one where a gentleman went into a bank and said he wanted to build some home improvements and got an extra loan on his housing loan of 40,000 for the home improvements and lost the lot on a racing syndicate, without the wife finding out. They didn't get a cheque second signature. The other area we're seeing quite often is employee fraud with the bank involvement and it is often hidden because the employer and the bank have a very strong relationship, particularly relatively large companies, and it's being quietly settled without any of us being able to determine quite what the cost of that situation is.

I have got three cases in the last six months of transactions of more than \$200,000, where the amount has been just quietly written off. One charged but the

other two completely written off and, in the case of charging, they haven't sought reimbursement, so someone has got a cost there of 600,000 - insurance company or somebody - so there are some significant costs and large frauds in that type of situation. The other area of the finance industry is, I have got a distressingly large number of staff managers who are either loan managers or tellers, who are themselves gamblers and, having been a mediocre bank manager, it's not too hard when you work in the industry to give yourself a false loan, and we are regularly seeing those in quite large amounts, averaging around 50,000 of the seven or eight cases I have at the moment.

Computer fraud I think is too hard for all of us and certainly the industry. What is the cost of computer fraud at the moment? If you read some of the data it is indicating it could be as high as a million dollars per transaction in some cases. Is it gambling related? I don't, frankly, know but I think it's a factor there. Where are the banks negligent? I don't think they do their checking on identification properly, despite the 100 points thing. I don't think they check signatures and I think the banks play a very nasty game in that they don't read cheques under, I believe, about \$3000. If you go in and protest they say, "Yes, we'll give you your money back and of course we'll prosecute the family member who perpetrated the fraud." If you're a wife with two young children and you've got to choose between getting your money back or having your husband and the father of your young children charged with fraud, there is a fair chance that the bank's literal blackmail will win and the lady will try and pay it back and we're seeing that more and more, so there is a cost factor there but it's very difficult to find out what it is.

Two situations I have running at the moment are a credit union who are doing budgets for people leaving out food. I find that quite an interesting way of doing a budget. They have been lending money to poor people - and I have seen this all over a couple of months - where the budget balances with the loan, as long as you leave the food out, and one credit union staff member told me, "Well, if you're short of food you can always go to the welfare agencies and they'll provide it for you." I think there is a cost factor there that I find distasteful. The young man who has won my prize this month managed to convince a credit union to give him a loan for a swimming pool and he owns a third floor unit, so I think he deserves to get the loan. He deserves to gamble it. The naivety of the people - perhaps they don't deserve to get their money back.

I think it is reasonable we have limits on cash withdrawals at hotels and anywhere, for that matter. Why you need to get a thousand dollars out of a hotel or a casino at 5 to 12 and again at 5 past 12 is frankly beyond me and, having worked in a bank in that area, it does seem reasonable that we have floor limits apply which don't stop people having a good night out but can stop them self-destructing. I think that is quite fair.

In summary, I think it is time for the banks to be made to account that if they choose to take short cuts in lending - and I think gambling and certainly drug transactions would be significant - then perhaps they should be considered to forfeit

their right to seek reimbursement, and there is a cost factor here. I think the cost factor is coming up in increased interest rates and charges and fees. Whether it is relative to the inquiry - I think it is but I probably can't prove it is, but I don't like paying bank fees and if I can reduce them I would like to. That's really where I come from.

Just a similar issue, if I may with time, I have taken out the figures for a hundred problem clients - and I haven't finished this where I want to but I'll have it ready within a fortnight. The hundred problem clients I have chosen at random have an average of five plastic card accounts and it comes out very similarly; two store accounts, two Visa, MasterCard or bankcard, and one personal loan or credit loan, which would be Avco, AGC. The most credit cards that I have got is a client with 17 and the average debt of those hundred clients with plastic involved is approximately 13,000 and they haven't made a payment for an average of 45 days when I meet them, so there are warnings signs. They're about a month and a half behind.

The other two significant figures which I will present in writing are that 18 of them have a moratorium in place, saying they can't pay, but only about 2 per cent of the 18 per cent are saying that gambling is involved. The others are talking about loss of work and not well and mother-in-law troubles and every other reason you can think of but they're not referring to gambling, so it is still quite hidden. I think, ignoring every other aspect, we have a real job in educating the finance industry at one end - the marketing end, who are selling aggressively to keep their jobs who we have got to get to be able to assess loans better - and the credit side, who are having nervous breakdowns like we are, trying to pick up the pieces, and there's not much training there in gambling and I think we have to get in there and help them. I think they have to accept that gambling is a very significant part of the finance industry and help us do our job a bit better if they can, if that's possible.

Perhaps I can leave pawnbrokers. I will submit it to you if it's appropriate. It is quite a strong figure - I obviously wouldn't be a friend of Cash Converters in my job - but I have taken out some figures of 50 clients who, in the last four months I have seen, who have had pawnbroker transactions, including cars, caravans and all sorts of things. I can perhaps submit that in writing if it is appropriate.

**MR BANKS:** Yes. I didn't appreciate that they took items of that size - cars and so on.

**MR GLENN:** Could I just leave you with seven or eight questions, if I could? In our state why is it possible for me to ban a person from a gaming room but, in the same hotel, I can't ban them from playing TAB or keno under our present legislation? Why can't children in our state go into a casino or pokies room but they can spend all afternoon at the TAB or keno? There is no consistency in our laws. Why hasn't the state government given us any replies after 13 months after the social development committee report? Seven years after it started we still haven't got any acknowledgment of their thoughts on the development committee report.



I'm concerned where the hotels will soon open large sports betting and Internet rooms because it seems an obvious extension of their service, which I'm not looking forward to. Why are pokies only restricted to licensed premises? I belong to a large sporting club which is in dire financial trouble because they're unlicensed. Perhaps I will speak against my professional job but if they had half a dozen machines perhaps they would be not looking at shutting down. Their only reason is they're not licensed.

How can I as a counsellor do my job if my clients are gambling on the Antigua casino in the middle of the night? I'm not too sure how to ban you from Antigua. Equally, if someone rings me from Brazil how can I ban them from betting with Lassiters in Alice Springs? We have a huge job in front of us as counsellors to work out how we're going to come to grips with people who inevitably are going to get into trouble with the new forms of electronic gambling and how we do it and what will the cost be.

I am quite sceptical of a lot of research - I guess you would expect me to be as a coalface counsellor - but I am always worried that the researchers will wake up one morning and find the missing link or the Holy Grail or really work this huge problem out because we haven't got any resources left to do anything about it because as soon as we find out the real reasons for gambling and we can become proactive our workload is going to increase dramatically and we haven't got any money to do anything about it; so I am quite frightened that researchers will find the answers and I won't be able to do much and I'm quite worried about it.

Lastly, I wish we could have uniform data collection right throughout Australia so that I could compare my case work with Queensland, Western Australia or any other city or regional area. The Aboriginal community presenting next, the ethnic community - there's a whole range of areas where we should be able to compare our data with others in Australia to our mutual advantage, to help your deliberations, to help me do my work, because I can't prove whether I'm being efficient or not. I wish I could. Thank you.

**MR BANKS:** Thanks very much. On that last point, as you know, we struggle to get data, particularly in your field of activity - well, not particularly, but as one among many, and we put together what data we could and, indeed, one of our recommendations was that perhaps there needed to be a national research facility that could help coordinate and collect data of that kind. I just make one comment: you were talking a lot there about the various costs that arose and in terms of your own cases and people you're dealing with. One of the points we tried to make in the report, and it may seem excessively an economic perspective, but to distinguish between costs in the sense of transfers where people take money from someone and don't pay it back, and real costs in the sense of resources that have to be diverted to pursue legal activity or something like that and therefore real resources are used, so what we're trying to do in the report is separate the transfers, in a sense, from the costs, to the real resource costs, and that's why some of our numbers might look smaller than some of the gross numbers that you are talking about in terms of actual

debts and so on, but we'll go back through the transcript and any additional information you can give us on bankruptcies and so on and have a look at that.

**MR GLENN:** The difficulty there is that the gambler traditionally steals or affects the lives of people close to them.

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

**MR GLENN:** The difficult position, the almost impossible position, is to cost the emotional effect on that family.

**MR BANKS:** That's true.

**MR GLENN:** That's the unknown I wish we could get something on. We probably never will. The dollars are one thing; the emotional long-term effects on people - being let down by people close to you I think is much worse than being let down by a stranger.

**MR BANKS:** Yes.

**MR GLENN:** And the gambler is a master at doing that.

**MR BANKS:** That's right. We have got information where we have looked at some of these psychic costs and so on and no doubt it is going to be one of the more contentious parts of our work, particularly with some members of the industry, so again if you have - I know you don't have very much time, but those areas where we have tried to quantify some of the psychic or emotional costs that related to family disruption and attempted suicide and so on, any view you had on how that would accord with the sort of experience you have had in dealing with people, as you say, at the coalface, would be quite valuable to us.

The last point you made there about the Cash Converters and so on, it is something that didn't loom very large in our report but it is clearly something that is hovering in the background and we've heard quite a bit, just in the course of these hearings. I think Mr Xenophon raised the issue for us just prior to our releasing the draft report. Do you think in some way this is compounding the problem for problem gamblers: that in some respects their problem wouldn't be as great if they didn't have that ready access or not, or is it just simply that they are using this avenue rather than traditional pawnbrokers or some other device where they sell their goods?

**MR GLENN:** I think there has got to be a factor here, that before the casino in South Australia there were 12 pawnbrokers and there were 12 for a long, long time. Nobody knows exactly now but the police estimate about 325 and they are all obviously making a living. I very rarely see a client who hasn't pawned at some stage, although I tried to collect my data on those who have pawned in the last month or month and a half to do it. I also respect that a pawnbroker will be a lender of last resort. What worries me probably is that pawnbrokers in our state are usually also

second-hand dealers and I think if they presume you are under pressure or perhaps the goods may be illegally obtained they will buy the goods which they can then move quickly without the restrictions and rules of a pawnbrokers act, so they're working together.

I also respect the garage sale and all sorts of other means of selling goods are there, but it worries me that a very large percentage of people I am seeing are resorting to pawnbrokers, and in our state we even have a pawnbroker who will come to your house, so if you want to pawn the video-recorder he'll say, "No, I've got plenty of them but I'll take the fridge," so their tactics are pretty distasteful, and I think the other factor is their interest rates hover between 140 per cent and probably about 1800 per cent, which are quite common and people are only getting about 20-25 per cent of the value and the worrying figure in my stats is that 55 per cent of people are losing the goods.

**MR FITZGERALD:** Sorry, what was that last figure again?

**MR GLENN:** 55 per cent of the goods in the pawnbrokers are being lost and even further worrying is that about a quarter of that 55 per cent don't belong to them, in that they had involved Radio Rentals or a rental company's products. I think if Radio Rentals went around to Cash Converters every morning they would probably do very well because they're doing it, and that's a sign to me of great desperation.

**MR FITZGERALD:** And you're going to give us more information on that?

**MR GLENN:** I will do everything I can to get that to you within a fortnight.

**MR BANKS:** One other issue that came up - you may have heard just previously - where people have raised questions about the extent to which information can help certainly problem gamblers who perhaps aren't at the extreme end but may still be receptive to information. Do you have any general views on that? You would have seen our report - or at least the summary of it - where we have a table where we raise a number of suggestions, including information on odds of losing, odds on payout tables, expected duration of play, information on the nature of the game and so on. In your experience - I know you have come at it as a financial counsellor more than anything, but do you think that people would at any stage in their problem or in that continuum be receptive to this kind of information or that it could make a difference to how their habit develops?

**MR GLENN:** I don't think it will affect the gambler at all, from experience, and I ask them that all the time. I don't think they would look at a machine and look at the odds - the odds of a scratch ticket or a keno or anything else. I think where it can be is from a proactive point of view of educating young people before the problem arises and perhaps educating the significant people in the family of a gambler - the family member, the parent, the partner, perhaps the workmate or something like that.

I think that we perhaps concentrate too much on these rotten gamblers and we should be concentrating a lot of our education process on the significant people in the life of the gambler. It is remarkable the number of gamblers who are very half-hearted in seeking help, but if the partner is getting some solid help and getting mentally stronger to cope with the gambling the gambler will come in to me and say, "It looks like the game is up. I'd better try," and they'll go to Gamblers Anonymous; they'll seek serious counselling.

I often wonder whether we tackle it at the wrong end: that if we make the significant people stronger mentally and better educated that we literally can corner the gambler into getting help. It's a model used successfully in Italy and I think it has got a lot of merit, to in effect do it in reverse to what we are doing now because I am sure the gambler plays games with the counsellor, the same as he does with everybody else, so perhaps we should concentrate on the others first and then bring the gambler into the argument and we might get on a lot better, I think.

**MR BANKS:** Yes. I mean, some counsellors, financial counsellors, have said to us just how they have been struck by the very low level financial skills of the people who come to see them, even in just dealing with their normal household expenditure, apart from the gambling issue; that they just simply are people who often have very poor money management skills. I don't know whether you find that.

**MR GLENN:** That is a question you get asked, speaking publicly a lot: tell us what a gambler looks like. A gambler can be anyone. Certainly we're dealing with a lot of people who - I don't like the word, but who perhaps have been "de-institutionalised", haven't had a good education. I think as a financial counsellor I can play a solid role in teaching them basic budgeting; teaching the basic skills; the traps of a credit card. There are also a lot of gamblers we see who are well educated, are devious; know more about budgeting than I ever will, the way they can manipulate things, so there are two areas and I guess that's what makes this field almost addictive to me, is that there is a group - I agree with you - we can help with basic training, but there are a lot of others who know every trick of the trade by way of fiddling things to keep getting money to keep gambling, so we have to tackle them quite differently.

I think the whole spectrum is there, particularly when deceit is involved. I don't think any gambler who walks in my door ever tells me the truth about how much money they owe or lost the first time. It's like extracting teeth. By the time you get to the fourth tooth you might be getting closer to the truth, so until they trust me they don't really tell me much about what's going on.

**MR BANKS:** All right. Thank you very much for that. We look forward to whatever further information you can give us, and don't feel bad about not having the time to provide a written submission. I think your verbal submission has been excellent and will be very valuable to us. Thanks again.

**MR BANKS:** Our next participant is Nunkuwarrin Yunti of South Australia. Welcome to the hearings. Could I please get you to give your names and your positions.

**MR RANDALL:** My name is Alan Randall. I'm a project officer for Nunkuwarrin Yunti.

**MR McCABE:** My name is Michael McCabe. I work within the same program as Alan, the gamblers intervention program.

**MR BANKS:** Thank you. I recall we had a good discussion here in Adelaide, Michael, last time we were here, and you provided an earlier submission to us in an area that's obviously a relevant but complex area for us to deal with. So we really do appreciate your input. You've provided another submission which we've read and have some points to ask you about, but, as we indicated, why don't you go ahead and raise the main points that you'd like to raise with us.

**MR McCABE:** Okay. What we thought we might do is just walk through the second submission that we've tabled. Basically what we've done with this submission is comment upon the draft appendix regarding our indigenous communities and problem gambling. There's also some further contribution by Alan there on some personal observations of gambling in the community, and then we just round up with some conclusions.

**MR BANKS:** All right. Thank you.

**MR McCABE:** The first point really was around the selection of title, indigenous communities and problem gambling. We ask if the commission could give some thought to the consequences of binding indigenous communities and problem gambling because that could then create a few quandaries as in limiting the focus, to start by locating the problem within the community rather than maybe in a broader sense, and also looking at maybe I guess suggesting some sort of inherent relationship between indigenous people and problem gambling. We don't see that as being the case. So our suggestion there was really to drop the word "problem" and just have "gambling in the indigenous community", and that might then settle that issue.

**MR BANKS:** Yes.

**MR McCABE:** Reading the draft chapter, it starts off making some reference to the inappropriateness of just using I guess mainstream paradigms and just laying them right on top of indigenous communities and saying how inappropriate that is, and we would agree with that wholeheartedly. At the same time we'd have to say that if your end analysis is that there are some serious questions about how do we really go about understanding and defining the social impacts of gambling within the indigenous community, that it just not sit there, that there be some sort of recommendation and

effort to develop what paradigms need to be developed, if it's in your power as a commission to do that, to make those sorts of recommendations.

**MR BANKS:** Perhaps I should just say it's not really within our power to make formal policy recommendations but we do have a number of findings that clearly have policy implications to them, and to the extent that we can get more useful feedback to what is admittedly a fairly thin treatment of this issue, then we'd feel encouraged to go further. So we would try to do that.

**MR McCABE:** Yes. And I think just making those sorts of - those ideas - you state those in that chapter, that then might give people like us and others an ability to actually lobby and advocate for further research and further resources in this area, that's all.

**MR BANKS:** Yes. Good.

**MR McCABE:** The next part of the chapter went on to talk about a lot of - I guess the community values around reciprocal social responsibility, for instance, where the community tends to look after the community. When people are in strife it's not common for the community to rally around and support people. I guess a reading of the chapter seemed to give an impression that, because of that, the consequences are obviously being absorbed in a social way so they're not being realised so much in an individual way, and that seemed to almost render that impact not as substantial as it might be if it was happening on an individual level. So we again ask you people to think about the implications of that sort of analysis.

**MR BANKS:** Is that the fault as you see it with the work by Hunter and co as well, that they've overstated the extent to which there is community support that diminishes otherwise what would be problematic behaviour for the individual?

**MR McCABE:** I think it sometimes can just be implied. You can say that statement and then you can just sort of take that analysis away from that statement. I think it needs to be acknowledged that there is an enormous amount of strain in the community and another problem like gambling is just another - you know what I mean, eventually there needs - like the straw and the camel analysis, the community doesn't need further sorts of issues that it needs to sort of rally around and support each other with. So that's I guess a recommendation for us - about building - you know, community capacity is very important, because I guess social resource is a finite resource as well. It's not just sort of never-ending. These are real sorts of tangible things, people helping people materially. And I guess there are problems too that the community probably don't have a lot of experience in dealing with, just as we, the non-indigenous community, doesn't have a lot of experience really dealing with this - hence this sort of inquiry and hence such attention to gambling and its shape in our community at the present.

**MR BANKS:** When you say that now, are you making a distinction in your mind between gambling within the community, like card games and so on, as opposed to

industry-based gambling outside the community, or am I jumping the gun a bit there? That may be an issue you want to get to.

**MR McCABE:** Well, I think both. A lot of the references that were made in the chapter do make reference to a lot of card playing type of activity, so what relevance that will have for people living in an urban context or even living in a regional context, where they can get access to gaming machine gambling or casino style gambling or horse race type gambling, you need to look at in a completely different way. Card gambling in the community, even though there is a sense of people looking after each other and people being able to again share the resources - you know, there are people who still get damaged in the process and people do go without and it's not all everyone looking after each other.

**MR BANKS:** Yes.

**MR McCABE:** Would you want to say anything about that, Alan?

**MR RANDALL:** I think once you kind of get on to that area, then I could then, rather than jump the gun.

**MR BANKS:** Okay.

**MR McCABE:** Again, in relationship to the card gambling, there's obviously a fair bit of emphasis on that in the chapter, and I think somewhere in there there needs to be greater emphasis on - we don't really know sort of what that equates to in respect to prevalence of gambling in the community - like when we look at gambling in the indigenous community how much of it is card gambling, in that sort of context - how much is it gambling in its sort of more industry based type of gambling. And another issue about card gambling that we came across looking at some international research in Canada was that it was found that for most people who gamble, playing cards was the way most people will first learn about gambling. That's certainly how I learnt about gambling from my own experience.

But for problem gamblers, that's when people are under 10, and they're getting exposed to it at a very early age, that's a bit of an issue in respect to a pathway to problem gambling from that Canadian research. So whether that has any applicability in respect to the indigenous community and the non-indigenous community probably is an issue that might need to be considered.

Another point that was raised in the draft chapter was again reference to anthropologists and they were talking about a lack of subjective distress by people when they incur losses gambling, and again we thought that requires a broader analysis than just that sort of statement, because that lack of subjective distress could mean a number of things. It could mean people are so overwhelmed by other things that they seem almost devoid of showing any sort of stress because they're so used to being under that sort of pressure. And the other way of looking at it is, okay, if people are having some sort of impact and they don't seem to be showing any sort of

distress reaction to it, then does that mean that they're more prone to continue on with that sort of problem? Like, if I lost \$20 at the track, that would probably be enough stress for me to say, "Okay, I would need now to think about doing something else." The way it's written in the report or the way it looks like - it's almost like, well, that means there isn't a problem there, but does it really really mean that?

The other issue was about no shame, like people saying that the community members don't feel shame at losing and that sort of thing, and I guess our experience of working with people has been that people actually do experience quite a bit of shame when they've got a gambling problem. They're fairly embarrassed to talk about the problem, and in respect to the covering up, they might not cover it up in the sense of being seen gambling, but when it comes to actually people talking about what's happening to them inside and where they might be getting their money from and everything else, there's a lot of behaviours that are going on that are actually covering up the extent of what that gambling actually means to that person. The next point now was, Alan, some of your personal observations.

**MR RANDALL:** Okay. Now, if you've gone through, as you can see, it's a very short kind of input but it's basic things which I have actually seen in the territory, because I'm from the Northern Territory, I'm relatively new here. But this kind of stuff would be happening in this area because I went up to Point Pearce. It's a small community and again this kind of issue raised itself, so this is generic kind of stuff, which could be expanded upon, depending on the area. In the territory card games are very common. Like I've indicated here, it's almost been enshrined into part of cultural life in communities.

It's certainly not positive. I mean, people say, "You know, a positive side of it is people are interacting, the children are there" - it's positive and negative. Traditionally when they do have card games in a community you could argue that the money is retained in the community. Like, whoever wins will go out and they might buy some item that can be used for the benefit of the larger group. Now, that's happened, but, I mean, they're gambling at the expense of young kids not going to school because they're sitting around with the parents, mothers gambling, they're not learning traditional cultural ways because card games take up so much time that no longer are they going out hunting and learning traditional arts of tracking and making instruments, so it's having a lot of detrimental effect on the cultural side of things.

But the general kind of feeling in communities is the devil they know than the one they don't, because once people start travelling 500 kilometres and going into town where they want to go to the casino because they know there's big money, they've got the kind of impression by going there - they've had a couple of lucky wins on card games and got enough to go into Darwin and go to the casino - the minute they leave the community and they're going into a poker game, they don't have any kind of realisation that the odds are just so much more stacked against them than they are in a card game. In a card game 50 bucks might last them a couple of hours, whereas in a casino it might last five minutes, so the whole concept is just alien, foreign, and if there's a bit of disrespect of the value of money because it was easily



obtained, well, the chances of losing it - the game would be more like to be very careless in their approach and attitude to gambling.

Once they're in town it's so easy to get hooked. They have a couple of good wins, they may share it with the family or friends who are at the venue, but eventually, if they haven't got the discipline to walk away, they will lose everything. Now, that really puts them at the mercy of being stranded in town until family or someone can organise money to get them back. There's evidence that it's mainly Aboriginal women who access the casino more so than the men, so women who have probably left their children at home, they've gone into town, lost all their money - well, if they haven't got the family kind of support, anything can happen. So I just raise that so - - -

**MR BANKS:** Why would it be more the women who are accessing the casino? Is it because they're more excluded from the card games and this is a more accessible alternative to them?

**MR RANDALL:** Once they're going to go to the casino they are going for big wins because in a card game there's a limit on how much you can win. They might be able to win like a thousand bucks or so. Well, you go to the casino, you might win 10,000, you might be able to buy a Toyota and drive back, you know. So it's the illusion of big winnings that would attract them.

**MR BANKS:** Why would it attract women more than men?

**MR RANDALL:** Well, it just seems to be observations, like reports - because I think the poker machine is a more woman-friendly game than horses and hotels. The attraction has feminine attached to it, so women would feel far more comfortable sitting there playing pokies than trying to back the horses in the TAB where it's male-orientated, especially with Aboriginal women where there's a lot of kinship obligation taboos where they can't mix with males. But the casino is a big area, so if they see a group there, they can go over there, so they're not restricted.

**MR BANKS:** Yes.

**MR RANDALL:** So it fits in perfectly with the model of their kinship roles and obligations. And basically that's it. Once they get into town - there's been some serious assaults, there's been murders. You know, these women are just stranded in town with no means and they're at the mercy of society if they haven't got strong support mechanisms there. Now, the Aboriginal men don't get off that easy. What I've observed with a lot of men in the territory is horses. You get a lot on the poker machines but they have an affinity with horses because - I mean, there's not too many people I don't know who haven't worked with stock camps or mustering, and it's part of the role when Aboriginal people kind of got into the workplace.

So we feel that we know horses very well. So when we go to bet on the horse we trust the horse. We don't know the jockey, enough about the jockey or what else

is happening. You know, there's obviously a lot of rigged, controlled kind of things, that Aboriginal men are not aware of, but we still feel comfortable betting on horses. I know a lot of people that have really gone into big debt, and it's what started off as a kind of entertainment and as a very friendly kind of interaction with friends. You know, having a bet on the horses can turn into actually chasing losses which, once that happens, it's out of control.

And the other thing I mention here is traditionally men, where they've provided for their families - like, I mean, would go out hunting. If you were a good hunter, whatever meat - you use skill and luck to be a good hunter. You go out, and you're lucky if you find a whole lot of kangaroos, and if you could get three or four to take back, provide the food, well, then the status is there. You know, the status - this bloke's a provider; he's a good hunter. So you've got the pride and the status that goes with it. Again with the horses, now that they've kind of lost the status on cattle stations, gambling - it's just taken - it's just like a duck to water, they've just taken it on naturally. They trust that they know the horses. They feel the element of luck and intuition, and once or twice it may pay off, they may have a couple of good wins, and that's enough to either - they can either walk away or else they get involved in real betting.

Again it's a status thing, if they have a big win they can get a whole lot of stuff to take back home and, it's a contemporary kind of status thing. So it's not a big deterrent, gambling, when it does provide these - even these one-off kind of traditional values in a contemporary society. So it's very hard to try and convince them that it's not a good area to get into - like what Vin's reckoned early and we are focusing on is harm minimisation, getting information out so that they can make more informed kind of gambling choices. I've just mentioned at the bottom, once they start making it too regular, when gambling becomes a regular habit, then the odds are going to start turning against them and then the frustration - and we're trying to get the gambling in an overall holistic health area because that will then contribute to domestic violence and it can escalate on and on. So that's my little contribution there.

**MR BANKS:** Good. Yes, thank you. There are a number of points there that we may want to quote. You don't have any difficulty with that - quoting in our final report from this part?

**MR RANDALL:** No.

**MR BANKS:** Good, thank you.

**MR McCABE:** The next part of the second submission discusses socioeconomic inequalities within the indigenous Australian community. There's a lot of reference I guess in literature about the co-relationship between inequality and lower health status. In some respects you have to wonder what you can do as a program tinkering at the edges unless a lot of those really fair dinkum structural changes happen. I guess with the reconciliation process under way at the moment, and other things,

hopefully that's all moving towards a situation in this country where indigenous Australians don't have to suffer the sort of enormous inequalities that I'm sure you people are more than aware of. So we have provided in there just some basic statistical data to back up the claim there.

The other issue too that was raised before about women gambling, and maybe some of the motivational factors there, that in a Canadian study where they sample the 149 first nation Canadian people who were actually selected by the community as being fairly heavily involved in gambling, which would skew I guess the results to a degree, but almost 30 per cent of that survey actually said that they gamble to be alone, which to me was escaping from pressure and stress.

Within the community the women do look after a lot of the caring and nurturing side of things, probably more disproportionately than men. So is that a reason why women will gravitate towards games that are fairly - they turn the brain off, they're fairly monotonous, you don't have to think, you can feel like a sort of almost level citizen in these sorts of environments as well, you know. Again that's about structural change and more reparation for past hurt and past things that have happened in this country. Maybe that's going to assist in that area as well.

The other issue that we've raised in respect to the draft chapter to date is that it doesn't seem to highlight the role of alcohol very much. In that first submission we did make reference to, I guess, the trend towards the increased co-location of alcohol and gambling. In South Australia I think there are far more Pub TABs than there are like agency-type of TABs. Obviously alcohol is a relaxant; it's a depressant type of substance. It can lead people to feel a little more confident than they maybe should be, and we quoted some statistics in there that talk about the prevalence of heavy drinking in the Aboriginal community, so again that opens another question for research. Is that an issue and what are the steps that can be done to sort of minimise the harm there?

There is also the other issue about people who are moving away from heavy dependent types of drinking patterns, and sometimes filling the vacuum via other dependencies. In the study quoted in Canada 60 per cent of the population described themselves as problem drinkers prior to becoming fairly heavily involved in gambling. So again it might be about filling a vacuum because it's about escaping problems or, you know, time out from life.

The other issue was the reference to the Nundroo licensing decision, and we really believe that decision is fairly historic. We didn't come across it anywhere within the report, and maybe if you thought it was relevant to reference that decision within the body of the report - because again it was very historic and we like to think that that decision has actually benefited the people who actually put that objection forward, although that, I guess, has never been researched.

**MR BANKS:** Admittedly this is a long report but we do have on page 17 of chapter 21 a box which is called the Nundroo case and we go through that. Actually

I'd really welcome your feedback on our discussion of that just to check whether the facts there accord with your understanding.

**MR McCABE:** Good. Okay, we shall read it.

**MR BANKS:** We also did see it as a significant case, yes.

**MR McCABE:** Good. Again what we have highlighted in this submission is the legal processes that went down in that situation. I think we talked about it in our first submission. It's a bit like a gambler chasing losses, the way that that venue chased that licence. It's almost like they got a bit too carried away with the pursuit of that licence. I don't know what it cost them in the end but maybe you can add another chapter to costs incurred in trying to chase licences or something.

Again by consulting local communities maybe that's going to stave off a lot of costs and a lot of, I guess, tension and things that people don't need in communities to start with - you know, trying to set up people against other people, as normally happens in these situations. Then what we have done in the rest of the submission is provided some statistical tables there based on that report in Canada. I have provided in the references there all the various sorts of sites that you can go to to find more information, if you want. But looking at the actual comparative average monthly expenditure of the Aboriginal study group compared to the general problem pathological group, the monthly expenditure is far greater in some situations; 10 times greater with horse racing and seven times greater with bingo, although I think the bingo context is a bit different in Canada. Casinos, four to one times greater monthly expenditure. So I guess those figures don't really give us much comfort.

**MR BANKS:** Just on that, it might be a good place to pause. You have highlighted the Canadian studies, and a number of the Canadian studies are quite good and we've used them ourselves, but do you see indigenous communities in Canada or North America being sufficiently analogous to indigenous communities here in Australia for those studies in North America to have relevance to Australia? Is that the implication of what you're - - -

**MR McCABE:** I guess what we're trying to do is highlight - obviously there will be certain similarities there: the histories of dispossession, policies of forcible removal - you know what I mean, like trying to pull the community apart, which then leads on to, I guess, other sorts of psychological issues and community strength issues as well. So I can't answer that in a yes or no, but it's a good question and I think it needs to be looked at.

**MR BANKS:** Alan, did you have any reaction to that?

**MR RANDALL:** Yes, I'm inclined to agree with Mike. Because of the social implications further down the track I can really see indigenous Australians following indigenous Americans because of this disposition to social similarities which does

make gambling a very attractive option. What is happening there is it is only a matter of time before it does come here because Aboriginal people do kind of relate very much with American Indians in their - even though the American Indians are probably 150 years ahead. So if they've got 150 years ahead of us - and this is how serious the implications are - that's really not a good sign. That really stems more - justification of intervention before we follow that far down the track.

**MR BANKS:** I must admit when I was reading this - admittedly I was probably tired and it was on the aeroplane and so on - I wasn't sure what the message for the commission was coming out of this section here on tribal gambling operations overseas.

**MR McCABE:** Okay. I guess it was just that somewhere in the report it was relevant to mention the fact that it is being pursued overseas by some tribal groups. It's contentious. I mean obviously there are certain tribal groups that say it's completely inappropriate but then there are other groups that are saying this is actually leading to a vehicle for re-empowerment, and there are statistics quoted there from various tribal groups that are suggesting that it's leading to opportunities for employment and lower dependence on welfare, which is important for pride as well. It's not just about money, it's actually about sufficiency, which is really important. But again, it's completely different to this country because we're looking at a completely different population. We're looking at a different historical context of gambling.

**MR FITZGERALD:** Just one question - and I don't think it's in these comments - are the tribal people able to actually access and gamble at the facilities that are on the land themselves or not?

**MR McCABE:** In North America?

**MR FITZGERALD:** In North America.

**MR McCABE:** It's my understanding that yes, that - - -

**MR FITZGERALD:** It's just that we weren't too sure because in some areas you've got this strange thing that others can gamble there but not people that live there. It's not in your paper but I'm just wondering whether you might be aware or not.

**MR GLENN:** May I comment, sir, that it is quite legal on an Indian casino campus for the residents to gamble at there, even if they work there.

**MR BANKS:** Just for the record you have just heard from Vin Glenn in the audience that it is legal on these Indian casinos for them to do that.

**MR McCABE:** I guess the point there might be that if you're connected to a particular community intimately and you have obligations to people in that community, are you going to see that person and their family suffer. It's very

transparent if that person is gambling in that way - then there are systems within the group to go about addressing that, you know.

**MR BANKS:** Yes. I guess the big difference too between this and say the card games that are occurring here within our communities is this is bringing a lot of money in from outside the community rather than just recycling money from within. So it's probably net wealth creating for the community because of that.

**MR McCABE:** It is, yes.

**MR BANKS:** It's a very interesting issue and it's one that we will look at. Whether we can make much progress on it remains to be seen, but thank you for drawing it to our attention.

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

**MR RANDALL:** As far as these casinos on Aboriginal land I don't really see that happening because there are just far too many tribes in too many small areas here, and ownership would be a nightmare, I think, in trying to get something like this happening here.

**MR McCABE:** Just in conclusion. Overall looking at the draft - and obviously we haven't absorbed the whole draft report but we've had a fairly good look through it - it seems to be a very comprehensive and broad attempt to look at what is actually happening in this country with gambling. We really welcome that. It helps us in our job to be able to quote certain statistics and, I guess, give people facts which is really important because we believe that that is one pathway to prevention and minimisation of harm. Basically what we would hope is that any reference to indigenous people and gambling could sit in the main body of the report as well, rather than sit in the appendices, because we believe it is an issue and it would be nice if people could get it in the same volume.

The other issue just in conclusion is that obviously you had terms of reference about the impacts on the social welfare system, like government and non-government in addressing the impacts of problem gambling. Within the indigenous community it is more likely that people will seek out assistance through family than they will through an agency as such. So I guess if you're looking at recommendations and channelling resources into government and non-government organisations, there needs to be some thought about how those resources can actually hit a community level as well so the community then is in a greater capacity to look after each other as well; not relying on agencies to do that for them because it may or may not get to people who need it.

Again we just hope that through our participation in this process it does lead to positive things happening down the track and that's it in a nutshell. Did you want to say anything in conclusion?

**MR RANDALL:** No, that's about it.

**MR FITZGERALD:** Can I go back almost to the beginning in terms of the card games and that sort of stuff. As Alan and you have both indicated, there is a positive and negative side to the card games and what have you. In one sense you do see that they can be harmful within communities, notwithstanding - is there any way that the harm can be reduced within communities? This is an issue that also affects other communities in Australia which we haven't got in the report yet but we hope to have in the final - in Chinese communities it's particular forms of mah-jong and others; each community seems to have different informal games. But I am left a little bit querying how would you reduce harm or are there ways by which informal gaming that takes place within communities can be less harmful to those communities or individuals? Is there any way forward on that?

**MR RANDALL:** One of the most difficult things with things like card games is, in communities, if they don't see it as a problem and if that is primarily their main source of entertainment, they may not embrace any kind of - - -

**MR McCABE:** I think definitely not from above.

**MR RANDALL:** - - - outside kind of - no, it has to come from within. In communities there are so many negatives that are happening which would not be happening in other societies, like petrol sniffing - - -

**MR McCABE:** DV.

**MR RANDALL:** - - - domestic violence. There are so many other things that people say, "Well, cards probably are the more positive of the negatives considered with the rest of the social things." It's like any program: unless it comes from the community and they decide they need to address it because they've identified it as a problem, it's very difficult for any outside intervention. We have communities where they're saying, "We'd much rather bring back card games. At least we are holding people in the communities and they're not leaving the communities. We can see them and we can at least care for them while they're here." So actually how you - or anyone - would address it, I tell you what, I wouldn't like to just come straight off my mind and make a comment.

**MR FITZGERALD:** The other thing that just arises from the case, a licensing application is in the consultation processes with the ATSIC community. People always describe the conflicting views and people have this view or that view. That's exactly the same in non-Aboriginal communities as well, so it's no different. Do you think that case actually helps us understand better how to consult? You say here "to consult local ATSIC councils". In the Northern Territory and in some other parts there are both land councils and councils per se. Does that case give us guidance as to how one actually does consult and how one actually does get genuine input from local communities? Or are we still likely to face the problem that even if you were to

get the right of consultation, people would then be able to use a divide and conquer strategy so that that consultation process became less effective?

**MR RANDALL:** Yes, because of the structure, there is so much diversity. That's one thing which I cannot express enough: amongst the Aboriginal culture there is diversity and the power structure is very different. There are certain people that use power like anyone else for their own personal benefit because power is control. So very much in my dealings with communities I actually go out to each individual community and tap into what structure is there and utilise the structure. At times you get ATSIC commissioners and they've got far too much on their plate, they're spread so thin they may not adequately be able to address issues. Gambling may not even be on their agenda because they've got land, native title and other problems. So it depends on the community and what they identify as the needs.

**MR FITZGERALD:** But from that you believe there are ways by which effective consultation can take place in the process of licensing applications? You think that is something which can actively be achieved?

**MR RANDALL:** Again, it needs whoever is doing the consultation to identify the appropriate structure within the community and to go through that protocol in order to get the most effective consultations.

**MR BANKS:** Thank you. Are there any other final comments? Good, thank you very much for participating. You have provided useful information in an area that you've identified we need more information on. We will take that into account and hopefully we will get some more research. There are some other studies being done which we have had access to since putting out our draft report so hopefully we can do some more in our final report. Thank you very much.

**MR McCABE:** Thank you.

**MR RANDALL:** Thank you.

**MR BANKS:** I will just ask for the record if there is anyone else intending to participate here in Adelaide today. There being no-one, I will just indicate to you that we next appear in Sydney next Thursday morning, 16 September. I now adjourn these hearings. Thank you.

AT 4.45 PM THE INQUIRY WAS ADJOURNED UNTIL  
THURSDAY, 16 SEPTEMBER 1999



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