



**TRANSCRIPT
OF PROCEEDINGS**

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PRODUCTIVITY COMMISSION

INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

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

TRANSCRIPT OF PROCEEDINGS

AT BRISBANE ON MONDAY, 9 NOVEMBER 1998, AT 11.15 AM

Continued from 2/11/98 in Perth

MR BANKS: Good morning, ladies and gentlemen. Welcome to the Brisbane hearings for the Productivity Commission's national inquiry into Australia's gambling industries. My name is Gary Banks, I'm chairman of the Productivity Commission and presiding commissioner on this inquiry. My colleague on the right is Robert Fitzgerald who is associate commissioner for the inquiry. The purpose of these hearings is to give interested parties the opportunity to discuss views and their submissions on the public record. This will help the Productivity Commission in its task of understanding the economic and social impact of the gambling industries and the role of different regulatory approaches.

After these hearings in Brisbane, we proceed to conduct hearings in Darwin, Sydney, Melbourne, Canberra, Adelaide and Hobart. We've already had one round of hearings in Perth, so we're covering Australia. We will then be working towards concluding a draft report for public scrutiny in April next year. We will then have another round of hearings, receive more submissions and produce a final report which goes to government at the end of August next year. Copies of the report will be made available to anyone who makes submissions or registers an interest in the inquiry. You will see that the hearings are in fact conducted as informally as possible, although a transcript is made to provide a record of the discussions. There's no formal oath-taking requirements but the Productivity Commission Act does require participants to be truthful in their remarks.

The transcripts and submissions are public documents and can be consulted at the commission's offices and in the hearing rooms. Copies are also available for purchase and order forms available from staff here today and by contacting the commission. They're also available on our Internet site. I should add that participants are not confined to making submissions at hearings. We will be continuing to accept written submissions and of course participants can also comment on the submissions of others or the comments of others including at these hearings today.

With those preliminary remarks, I apologise that we have started a little bit later today than scheduled. The Reverend Tully was scheduled to be our first participant and has been delayed a little bit but in the meantime I'd like to call M.F.D. Davis please. Good morning and welcome to the hearings.

MR DAVIS: It's a pleasure to be here, thank you.

MR BANKS: We had a brief discussion before the hearing started in which you expressed an interest in this inquiry and I might just leave it to you to indicate some of your views in this area and things we should be taking into account.

MR DAVIS: My particular interest has been in casinos since I was a young fellow - 20, 21-year-old. I've visited many of the illegal clubs that didn't exist in Sydney and so forth and I started playing them in the mid-seventies and I made a successful living out of playing blackjack, not a lot of money but we used to win consistently and we weren't very well liked so we were refused the opportunity to play in clubs etcetera - so-called banned or barred or whatever the case may be. As time ticked away, I took

particular interest in Hobart when it first opened. I was one of the first customers down there when it opened. I enjoyed Hobart, I thought it was extremely well run and they had proper regulatory hours and proper dress standard. I thought tables were run very well.

When casinos seemed to move on to the mainland they seemed to deteriorate a little. The operation of 24-hour gambling tables was always a concern to me. I always thought from a personal point of view that they could have an emotional effect by allowing players to stay on premises too long. I know from my own personal experience as a blackjack player, I've played many extended hours of games on tables. I found this was a problem as a gambler. It was something that I would not teach anybody to do and I used to discipline myself very well to an hour or two's play at the very most. On some occasions I would break that rule but with the closing of clubs in Sydney and so forth, I had a lot of player interest wanting me to teach them how to play blackjack, so that's what I did. I taught blackjack, I wrote about it and so forth.

With the pursuit of the Wran state Labor government to push casinos, Lusher J was engaged by the government then to look into the possibility of opening. Lusher J's findings were the recommendation of clubs in cities, not 24-hour Las Vegas type casinos, which I personally agree with. I think they should not have them either. The operation of a blackjack table has to be run very seriously. I believe so. Problem gamblers can be identified, they can be spotted. They can be asked to leave. There are a number of steps that they could put in place to limit the problems. Underage gamblers can be identified and I believe everyone that looks under age should be questioned about their age etcetera on a table, not just left the doorman to have droves of people walking through where they can sneak in and then the staff not policing them at the table.

You can't get away with this type of thing in Nevada. An example is Mirage Casino. They're very strong on policing the age limit on the table and they run their tables very well and tight. There would appear to me to be a deterioration of betting standards on blackjack tables over the years. It used to be that only two players could play on one box. The player in front, the first player, always had priority on playing the hand. As time has ticked away we've got up to three players on one box. This creates a little bit of a scenario of people who play behind, disagree with the first player's decision on playing the hand, creates argument and ill will. Secondly, to lean across another player to place a bet on another box is something that's never been acceptable in my experiences in casinos but it has become a practice throughout Australia that you can lean across two or three players to place a bet up the other end of the table. I believe that surveillance would have a very difficult time detecting cheating under these circumstances because they wouldn't be able to observe the bets at all times. This sort of thing creates ill feeling on the tables as well - players leaning across each other etcetera. It becomes a little bit unacceptable to many. It certainly does to me and anyone that I know.

There are other areas that I believe are of major concern. I believe primarily one of them is the gratuity system. While it's quite legal for the casinos to offer free meals and drinks to a valued customer, accommodation to the bigger players etcetera, air fares etcetera, it could be an area that could be exploited by casino operators to encourage people to gamble more strongly than they should. I know there are case examples. I've spoken to several people that have had problem gambling and are enticed back to gamble through the use of the gratuity system, so I think that is a problem on its own.

The young ones don't seem to be policed on the table at all and I think there are case examples of the young ones being exploited on the table, playing for several months before they're ever found out. I know I've been in casinos and it's not hard to spot them. You can spot them. It's not hard to ask them a question and ask them to leave. They do have a problem with false IDs but I don't think it's a major problem. So they're the sort of things in the area that I believe are a major problem that could sort of minimise problem gambling. It's not any one particular casino operator, it's a number. Unless these things are run and governed and policed properly - and the Gaming Commission, I believe it's their responsibility to see that they are - they're going to continually have financial problems, family problems, family-related violence and crime. There are case examples, I believe, of family-related violence. I think it would be silly to say there won't.

So with proper regulation and control of the table - betting spreads is another area that is a problem. \$5 tables have a maximum bet of 500. While gaming is emotional - particularly blackjack - very emotional to many players, a lot of them try to go for the big win, so to speak, gamble it all away. Whatever they have won, 300, 500, 1000 or whatever the case may be, then they try and get it back. It was easy once so it was easy to get it back, so they gamble more strongly again. So I believe regulatory hours are a must. Probably with the complexes as they are I don't think the hours I would recommend would be satisfactory but a midday opening and a closing at 3 am I think would be more the criteria and probably 4 am on weekends would bring a little bit of sense into it.

MR BANKS: Could we just pause on the question of the opening hours of the casinos. Is Australia unusual in having 24-hour casinos?

MR DAVIS: I believe so, but the trend for these types of casinos to move into other cities in recent years is to follow the line of what Australia has been doing. I think they would be a bit naive and have their head in the sand, whether it be me or anybody else, to say there aren't problems in the industry and I think the wonderful thing about our system is that you can learn by these problems and minimise them. You will never eradicate them but you can minimise these problems. I believe their regulatory hours is one of them. I've known of people being on premises for 3 and 4 days. I had a young girl recently come to me, wanted me to teach her to play blackjack; I wouldn't. I spoke with her on two occasions and wouldn't teach her. She was amazed. She said, "I'll pay you." I said, "No, you've got a gambling problem." She's an addict. She's only a young girl. It was interfering with her home life. She's of Arabic descent,

of Moslem religion which was anti to her religion. Not only did it start with her, it also drew her mother in. So she had major problems in the house, arguments and fights with the father. She'd be at the casino for 2 days at a time.

MR BANKS: So by implication you're saying that Australia is somewhat laxer than, say, the US, say Nevada in this respect. But is there a distinction between the sort of destination-type gambling city like Las Vegas and what we have here in Australia?

MR DAVIS: Absolutely. I think Nevada is a unique case. It's a major industry that thrives on gambling. It was the middle of the desert. If you're going to have it I'd put it at Birdsville here. That's what I'd more recommend for it. But if you want to gamble it, go out and play it - you go to Nevada on your own accord. You go out on your own. If I go there and lose a few bucks, I lose a few bucks. I'm not blaming Nevada one minute. But I think what they're doing with those type of complexes in urban areas is a major problem. It always was going to be and they will be unless something is done about it. These games are extremely emotional to many people - many people - even card counters. I have had many counters. I had one fellow that won 82,000 in 8 months, lost 80,000 in 3 days, because they shoot for the sky, right.

There's an old saying: eat little fish, you can get fat. Try and put the big one in, you choke. So you just take your time and nibble away. I was the guy who nibbled away at a table and made a profit. I was happy with the profit. So yes, they have a problem with 24-hour operations. They have people who stay in the casino sometimes for days, on many occasions sometimes for days. The gratuity system, free meals and that, particularly with a problem gambler, is not a very good thing at all. It entices them to go back and then try and exploit the casino for free meals, drinks or whatever the case may be. It's not a desirable thing to have 24-hour operations.

MR BANKS: You've mentioned that you think - well, taking the point that you feel that some of our regulations are laxer than they should be, could you just identify some of the areas where you think the regulations in Queensland specifically or other jurisdictions need to be tightened. You've mentioned the regulation of hours. What are the other specific regulatory areas that you're concerned about?

MR DAVIS: Well, I believe that the young ones should be identified, policed at the table. The gaming age should be definitely policed at the table or any point of purchase of chips, right. It's one which is not happening today.

MR BANKS: At the moment we've obviously conducted a large range of informal visits and inquiries throughout Australia. Many of the industry people indicate that, you know, the under-age gambling is not a significant issue; you're indicating otherwise.

MR DAVIS: Absolutely. How can you spend \$1000 million building a complex and not encourage the young into gambling, because you have to finance it. They have to get their money back. Gamblers are a funny thing. While you have one casino in a holiday destination - let's take Jupiters, okay. It was the one casino on the Gold Coast

and primarily the one major holiday destination of Australians. Now, the guy coming from Sydney every 6 months or 12 months had a punt, or it's like me going to Nevada or anybody who goes to Nevada has a punt every couple of years or something. They love the place after a few days - go away, they might have lost a few bucks, not a harm done - had a good time, loved to play blackjack or roulette or whatever the case may be.

You put it next door to him, put it in his local area where he can visit it regularly, that 500 or 1000 or couple of thousand that he takes to a casino soon runs out when he bets continually. So eventually he gambles less. Instead of taking 500 he takes 300. After several months it will be 200, 100. So he gambles less and less. So the casino industry has a problem in financially sustaining over the long period that regular punter, so they have a major problem in that area. The more they built the worse it became because they had to spread the high rollers etcetera over a great number of complexes. As time ticked away they got smarter. They gambled a little smarter, they read a bit more, read some interesting books, gambled less and their money lasted longer. Most of them lose in the long term; nearly all of them do.

Even most card counters fail in the long term because they don't discipline themselves. The scenario of card counters has been taken out of hand for years. I don't know of anybody in America that really puts their cards on the table when it comes to writing about what happens to blackjack players - excuse the pun.

MR BANKS: But can I just come back to that in a moment. Just go back to under-age gambling. You've made the assertion that you believe that there is a problem within the casinos in Queensland. What measures would you recommend that the casino operator should take to minimise the problem?

MR DAVIS: Well, policing of age at the table for starters.

MR BANKS: How would that be done?

MR DAVIS: You know, you can always ask for ID. If they're young enough it's easy and Nevada do it all the time. I've seen women being upset and aggressive because they were 28 years old, they're asked for ID. So it's important absolutely. I think it's a critical part of keeping the youth off tables. I don't believe anyone under the age of 21 can financially sustain a regular casino gambling habit. They are expensive games to play, even \$5 tables. Young people can't do that, especially young fellows. Then they get intoxicated. They seem to be policed at the bar that they can't drink - serve intoxicated people, but if they're intoxicated they can play on blackjack tables. I think that's something that should absolutely not be allowed.

MR BANKS: You mentioned earlier that problem gamblers could be detected. Could you tell us a little bit about how you would go about it if that was your job, to detect probable - - -

MR DAVIS: The reaction of players on a table on their own, when they're winning everyone is happy and excited; when they're losing, aggression sets in and they get quite aggressive. Some players go to the point of punching tables etcetera, foul language to staff, those sorts of things. So yes, they should be policed properly. I don't believe that they are policed properly. There are some very good casino operators. I know that in Melbourne they do an excellent job of stopping that type of thing. In other cases I've seen it go on regularly and I don't believe it's acceptable. Young women, 18-year-old, dealing cards don't want to be called all the foulest language under the sun. Some of them clamp down on it and some of them don't.

MR BANKS: In terms of problem gambling - I mean, I suppose we'd associate problem gambling with an ongoing condition, not somebody who might be a bit emotional on their one outing of the year. But I mean, what you're saying is you could still tell from that, as you put it, punching the table type behaviour that this is more likely to be a person who has got an ongoing problem with gambling.

MR DAVIS: Well, it's not hard to identify your regular customers and it's not hard to work out what they do for a living, and it's not hard to work out how much they play for to work out whether they have got a gambling problem or where they're getting the money from. So, you know, a case example of that's in Melbourne where the young bank teller - I think she lost \$200,000 of her parents' money. Now, it wouldn't be hard. She was a valued regular customer who played in thousands of dollars a game. It's quite obvious they'd know what she did for a living, right?

MR BANKS: So even in large casinos where they have got 10 to 13, 15 thousand people coming through a day they can still- - -

MR DAVIS: Absolutely. They have only got seven people sitting on a table, right. It's not hard to work out the regulars and the first thing that they do is that they enter them into the computer system with a gratuity system for free meals, accommodation. So it's not hard to work out who has a problem or not. So this is - - -

MR BANKS: But see, they might say to us, and they have indeed, that the amount somebody spends or loses on gambling isn't indicative of whether they have got a problem or not. I mean, Mr Packer obviously would be betting large amounts.

MR DAVIS: Well, I gather Mr Packer can afford it. No, I don't go along with that at all, not at all, and they know.

MR BANKS: If they know, and you're indicating a view that is contrary to the industry's view, why is it? Is it a lack of desire to do it? Is it a lack of training? Where do you believe the deficiency is?

MR DAVIS: Money, it's about making money and I believe in a lot of these huge corporate structures that the staff are put in a position that they have to - "Your job's on the line," and I believe that a lot of people shut a blind eye for that fact.

MR BANKS: It gets back to the point you made earlier about a number of casinos being overcapitalised and, you know, in a difficult situation in order to get a reasonable return on funds. Is that - - -

MR DAVIS: Well, the overcapitalisation of the industry is in the punting dollar that's going to - what I believe is going to decline. So, you know, a Nevada-type operation of the size of Crown Casino, while it's a beautiful complex, to me seemed a little ironic or unusual to put that kind of investment into a casino that the punting public are going to continually over the long haul gamble less. See, a horse race is very different to a blackjack table. I'd just like to - a bloke at a horse race goes to the races. Sure, you've got racing addicts and there would be many of them. But he might put his \$50 on a horse or 30 or 100 or 500. The next race is another 20 minutes so he has time to gather his thoughts. He can hesitate, walk, might get brassed off and leave.

These games are very rapid and a guy doesn't have much time to think. He's getting criticised by other players on the table that say that, "You know, you don't know how to play. You're doing it all wrong." Personal pride gets into it. They get frustrated and angry. They try to recoup their losses quickly. They get themselves into deeper trouble very quickly. That \$50 that the horse punter might have punted with or 300 becomes 7, 8 hundred to a blackjack player very quickly.

MR FITZGERALD: Of the games you indicate that you specialise in all games of chance. Are there particularly games that have particular problems in terms of exacerbating gambling problems?

MR DAVIS: Blackjack would be the worst. Blackjack would be the major one that creates the major problems.

MR FITZGERALD: Why is that worse than any of the other games of chance?

MR DAVIS: Well, the other ones, there's a pause time between placing the bets that is longer. You know, there's a larger time that they can place bets and it's the most popular game. There's more time between placing bets. Roulette is a fast game, sure, but as a general rule players tend to - they can buy dollar chips on a roulette table. They can't do that on a blackjack table. \$5 a round every 30 seconds or so is quite expensive.

MR FITZGERALD: What practices would casinos be able to adopt to moderate the harmful side effects of that game?

MR DAVIS: (a) I'd bring the betting spreads down to a maximum of one to 20, so \$5 to \$200. Right, that would be one primarily. The first thing I would do is (a) police gambling tables for the young straightaway. They would have to be ID'd if they looked any reflection of young. I'd lift the gaming age to 21 years in casinos. That would be one thing I would do.

MR BANKS: Why would you do that, relative - - -

MR DAVIS: I don't believe the young can financially sustain a regular gambling habit. The argument of saying, "It's all right to go to the casino with \$50 and have fun," is a bit of a myth. That's the wowsers' way of excusing themselves for permitting them. I don't believe that's the case and I don't believe that's what's happening. You know, it's all very well to go and play with 50 and it last you 3, 4 hours and go home and be happy. But that's not the reality of it because they turn around and they lose 50 in the first few minutes. They pull out another 50.

MR BANKS: Your point earlier about the spreads and amounts that can be bet, I mean, is Australia's experience different to that overseas?

MR DAVIS: These tables are operated with betting spreads the same as they use in Nevada. No, I don't think I would have these betting spreads in an urban area casino. English casinos, although - and I've not been in English casinos but I know their principal operation. I'm dealing with players that have been to them regularly etcetera. It's not how they operate their tables, right. They have proper - there's a pause time before. You have to become a member before you can get in etcetera, so there's a lot of regulations and controls, and I don't believe that they would have a casino gaming problem in London anything like we would have one here. I believe we have a major problem here.

MR FITZGERALD: Just on these spreads, clearly the casinos would say that there is an entitlement for players to be able to place higher bets if they so choose. So how do you do this? Do you simply have a range of tables at a 1 to 20 and everything other than that is the high rollers or how do you actually do this?

MR DAVIS: Yes, you can have 5 to 200 and \$10 to 200 and 25 to 500 through the range and then I'd have the high rollers room. I would clip the larger tables from the floors very quickly unless you were a high roller.

MR BANKS: Just one question. You indicated on your card that you also specialise in areas including poker machines and what have you. Do you have any particular views in relation to card machines and/or poker machines as we currently know them?

MR DAVIS: No, the best people qualified for that would be the Break Even people and Rev John Tully has been dealing with them for a long, long time. I get calls constantly from gamblers with problems. I refer them to John Tully or Break Even. My interest was mainly in the mathematical analysis of the games and breaking them down and looking at how players can get an earn out of them so to speak. While we can't win a fortune playing blackjack - some do; it depends on how big they play - we can get more enjoyment out of playing blackjack by card counting than any other method.

MR BANKS: Yes, it would be probably true to say that up until now probably the dominant view we've had is that the major problem has been the poker machines rather than the table games but you're putting quite a different view, I think partly based on experience and that people that you've seen. What accounts, do you think, for this view that we've heard up until now, that it's been mainly in the poker machines rather than the table games that's been the problem?

MR DAVIS: We don't have casinos on every corner but we have clubs all over the place that have poker machines in them. I have a personal friend actually. He's a bricklayer. He never gambled in his life until pokies came in. Now he's in dire straits and can't leave them alone but, you know, he's a grown boy and he has to wake up to the fact that he can't beat them. He's come over to me and said, "What will I do?" I said, "You've got to not go back. Go anywhere that doesn't have a poker machine. You've just got to give them a miss." Yes, there will be more poker machine problems because just my personal view of it was that the welfare recipients and that sort of haunt them and the pensioners etcetera because they have the time and they have cheap meals etcetera so there would be a problem in that area. I don't have any doubt about that.

I think history has shown that but I think New South Wales has catered for it very well when you consider the fact that New South Wales has had poker machines since about 1956. So the analysis of study and reports into poker machines, we could learn so much just from the work that's been done in New South Wales. There seems to be a big panic in Queensland and other states to suddenly automatically analyse poker machines. Again, I think the clubs there - while we have a problem there, the clubs don't open till 9.00 and close at midnight or 3 am or whatever the case may be but it's the hours consumed on the machine that do the damage.

MR FITZGERALD: It's been suggested to us, for example, casinos and other clubs opening longer hours now caters for shift workers who are not able to avail themselves during other times and what have you. Do you believe that's a reasonable argument or not?

MR DAVIS: No, not at all. I wouldn't even - no, not at all. I wouldn't even entertain it.

MR BANKS: You mentioned earlier that the lass who reported, advised clubs is the approach rather than casinos.

MR DAVIS: Yes.

MR BANKS: Could you just elaborate on why that would be better, given the point you've just made about accessibility of poker machines through the clubs?

MR DAVIS: I think the 24-hour operation of gaming tables was a problem. I can't recall the - - -

MR BANKS: So it's more the opening hours problem than- - -

MR DAVIS: Opening hours and the gratuity system. The gratuity system is not a very good idea. While it's good to buy your customers a drink and a meal and accommodation, it could put a player in a very compromising position and it's done legally.

MR BANKS: Yes, but isn't there a form of gratuity system through the clubs as well in that they have cards and the regular members get benefits?

MR DAVIS: Yes, but I don't think it's anything like the casino gratuity system, right. There's a very big difference to limos and airfares and accommodation etcetera.

MR BANKS: Yes, but isn't that targeted more at the premium player end of the spectrum?

MR DAVIS: It's targeted at anyone who has money, who gambles. It doesn't matter whether they're a big player or if they're a smaller player and they're gambling regularly they will give them anything basically they want, according to the amount of dollars they gamble in. The bank teller in Melbourne, for example, it wouldn't be hard to work out she would be getting a good gratuity - be on the gratuity system pretty healthily, I should imagine but it wouldn't be hard for the casino to know that if she's a bank teller and gambling those sorts of moneys something would be wrong. Something has to be wrong. You don't have to be a mathematician to say she's a bank teller gambling in \$10,000 a game.

MR BANKS: Just in relation to gamblers generally, do you believe gamblers have a clear knowledge of the amount of money they spend, the losses they're making? It's been put to us that gamblers by and large are well-informed - understand not only what they're doing but also the losses that they're making.

MR DAVIS: I totally disagree with that. I think for the first hour's play they might. After several hours, absolutely not. I'd pull teller machines out of casinos very quickly.

MR FITZGERALD: So why is that? Is it because of this emotional lapse that you talked about?

MR DAVIS: Absolutely, and nine times out of 10 they're gambling with money they can't afford and over the years I would have had very few gamblers that had the sufficient bank roll to go and play blackjack, right. In actual fact, now I've discouraged blackjack lessons for 10 years unless they're quite good counters before they get to me. They have to be good counters before they come because there's no point me sitting down with someone who can't count. So from that point I discourage them. I like them to learn and practise. That's a problem card counters experience with 24-hour operations. In my day the casinos didn't open till 9.00 at night so if I got up now and was nice and fresh I would practise all day. I had done many hours'

practise before I got to a club whereas most of them now will practise for 5 minutes and then run down to the casino and be there for hours and that's not how it works.

That's just with card counters and they're pretty knowledgeable. A lot of them are very clever and very knowledgeable and very few have the proper discipline to handle it. So the average gambler who has a bit of a problem who wants to - who has some mythical system that thinks is going to work has got a major problem and the inducement of the gratuity system coupled with that is not a very healthy situation.

MR FITZGERALD: We've heard a bit about gratuity systems right throughout Australia both in clubs, pubs and casinos. Some have put a view that the problem gambler is really not interested in the loyalty and gratuity programs. They're just interested in playing and that's it and whether you had them or you didn't have them, you know, may not in fact have any impact on those people with particularly high levels of problem gambling. What's your view about that?

MR DAVIS: Yes, I tend to agree to a certain extent. Most of them on the smaller scale have no interest on it because they can't get it and once they start losing heavily they get quite aggressive about it because they can't get it. So they're appeased by a meal or drinks or whatever the case may be. They have tightened up in recent years on the gratuity system because the casino profits aren't as high. They used to be quite liberal with them some years back but I just felt I would limit the gratuity system to exclusively high rollers and not to the gaming floor so it doesn't induce them to go and try and basically con a free meal etcetera.

MR FITZGERALD: The other point that you made I think was quite interesting in terms of the amount of break time there is between actual gambling activity where you say that with some games there's less time and therefore - and that's something we've also heard in relation obviously to pokies where, you know, there's very little time between plays. So you would see that in table games too. There's also in a way a defining characteristic of whether there's likely to be a problem for certain players?

MR DAVIS: Absolutely. Blackjack in particular is a very rapid game, a very rapid turnover. Players don't have much time to gather their thoughts whatsoever so this is a problem. It's a very fascinating game and as I describe it, intoxicating for players at the table. It's like alcohol. It gets them gripped in, mate, and they can't walk away from it. They can't leave it alone. I've seen many of them - many of them - most of the skilled card counters, they're quite good. They're not too bad at all but I can walk into a casino and pretty well spot them. They're not hard to spot, people who have got a problem. Minors in the casino and carparks and things like that - the people go up to the tables. They're going to be there only for half an hour but they're there for 4, 6 hours, 8 hours. Then the casino has a problem with minors locked in cars etcetera. So there's evidence, I believe, that they certainly have a gripping and intoxicating effect to players at the point of play. When they're losing they stay there trying to get that run to get it back and it fails. Consistently doing it is going to get worse and worse.

MR BANKS: Thank you very much for that. I really appreciate you coming forward at short notice to give us those views and I think you indicated earlier that you may put some of this down on paper to send to us but we appreciate it very much. Thank you.

MR DAVIS: Yes, sure. Thank you.

MR BANKS: We'll just break for 1 minute before our next participant, thank you.

MR BANKS: Our next participant today is John Tully. Welcome to the hearings here. Perhaps if you could give your full name and tell us the capacity in which you're here today.

REVEREND TULLY: My name is Selwyn John Tully. I am a minister of the Uniting Church who in 1985 was seconded to work with the leisure industries and now on an ecumenical basis. I've been interested in addictions and addiction counselling for over 40 years, but specifically with problem gambling and have done a great deal of work in that area that I'll speak to later.

I'd just like to say the first point that we're coming to grips with is the crisis of the last years of the 20th century and increasingly through the 21st century will be the crisis of leisure, to put it bluntly. William Stringfellow was a lay theologian and lawyer working in Harlem in the 1950s, thereabouts, and he said:

In the centre of our cities work is migrating to the edges of the city, on the outside of the city. In the centre we have Harlem and places like that, where people have plenty of leisure, and it simply means more booze, betting and brothels.

Today of course he would add to that crack cocaine and heroin and all that goes with it.

So I believe we must face the crisis of leisure. The gaming industry advertises leisure, advertises fun and promotes a use for leisure, but we have to look at how leisure can be used more appropriately rather than simply amusement, dulling people's minds so they don't have to muse and think and ask big questions. The Gold Coast where I come from is the centre of that amusement industry, and in that lies the crisis of the Gold Coast as increasingly people look for comfort and ease and, thankfully, some are asking questions.

MR BANKS: It's interesting that you've opened up that way, because I think we've found that the industry itself has in a sense justified its existence as an entertainment industry in parallel, the implication being that they are providing a form of entertainment which is similar to other forms of entertainment, cinema, sports and so on, and that in that sense it's a relatively benign activity as part of the spectrum of entertainment.

REVEREND TULLY: Exactly.

MR BANKS: I take it, though, that you differ in some respects on that point.

REVEREND TULLY: Certainly, very, very much so. You'll see in my written submission and an address I gave both to QHA, Queensland Hotels Association, and even more in a clubs association address, that I believe the facilities of clubs and hotels should be used much, much more in getting toward a more appropriate use of leisure. I once did some work with people who run pinball parlours and argued

strongly that these should be used as educational centres, and shortly afterwards the "believe it or not" sort of thing arcade opened up along with it and more educational games about driving and things like that. There's a direction that we should explore and should push at in that way.

A word that could well be used for many of the clubs, there should be much more "infotainment" - information, entertainment, joy out of life, stimulation, people questioning their own spending. It seems to me that for hotels and clubs to run financial management sessions would be a very, very good idea. I want to say that the gaming industry, the gambling industry, gambling-gaming industry, is a socially polluting industry, and if we don't understand that nature of pollution, which is of the nature of in about 1910, 1920s they were saying, "We have to get more motor transport into cities to stop the pollution from horse-drawn vehicles and animals through the streets," but within 50 years we were worried about an invisible pollution. It's exactly that way with the gambling and gaming industry, an invisible pollution.

MR FITZGERALD: When we started this inquiry some say that gambling is just another industry. You're indicating through fairly strong language that you actually believe it to be very different.

REVEREND TULLY: A very different industry.

MR FITZGERALD: For the majority of people who gamble, they would not be regarded as problem gamblers. How do you justify a statement that the industry itself is socially polluting? Is this a moral basis or a basis that it can be concluded from some other position?

REVEREND TULLY: A couple of things I'd like to draw your attention to to answer that. In the daily papers of 24 December 1998 the Australian Broadcasting Tribunal placed a notice of inquiry in response to my work and quest that certain activities should have restrictions placed on them, namely gambling advertising. They called for submissions and the inquiry released its report in July 1998. If you would like that, it's 1P/88/212, Decisions and Reasons Inquiring into Betting and Gaming Advertisements on Commercial Television and Radio, July 1989.

One of the interesting things you will come across is this: I as an individual initiated that inquiry. I provided a lot of information to it and my reasons for saying that - advertisements for betting and gambling lack reality, they do not include the statistical odds of winning and losing. The implications of losing are never mentioned in the advertisements, which in the ministry's view include loss of possessions, increased reliance on welfare agencies and, in some cases, suicide. The amount of advertising for betting and gambling has increased. It's believed that gambling is the only major social vice or activity which does not carry an education or a health warning on any of its advertising. It's the least governed by consumer protection of any industry, and as such it is a special industry, a privileged industry, taking its privilege from being the sport of kings. In the 1880s it was said, "Gambling is being

ruined because ordinary people are gambling more and the aristocracy know how to gamble. These people are getting gambling a bad name."

The absence of education or community awareness advertising concerns about excessive gambling, perpetuates ignorance and leaves sufferers and their families with feelings of hopelessness, despair and the belief that the community is insensitive to their plight. The community is insensitive to their plight, because while ever a person has money they're having fun. Had a person in just the other day who had received an inheritance of quite a lot of money, had gone through the inheritance, lost it all, suddenly thought, "What have I done?" and started taking money from another source, a scrupulously honest person. That person pulled back short of suicide, but if anybody had intervened while she was losing that inheritance and when she'd started to embezzle money - she was having fun. She was just an ordinary gambler. She was just a valued member. It was only when that person had hit rock bottom that that person contacted a family member and split a family, all sorts of things, and children's inheritance has been lost. A second generation's inheritance has been lost.

So the industry is a privileged industry. It's different to other industries. Gamblers often do not seek help or accept responsibility for their problems, which means family members must be educated about the facts and how they can restore the health and happiness of their families, the extended family. So it means going into the public domain, major educational program similar to, "Don't drink and drive. If you drink and drive you're a bloody idiot." If you gamble to the point of hurting yourself, you're whatever you want to call it. That means investment of huge amounts of money, quite different from the peanuts that are being invested at the moment.

MR FITZGERALD: Why do you believe that there is such a lack of spending and investment in what we might call community education campaigns for gambling in this state or other states?

REVEREND TULLY: It's historical. When Walter Raleigh brought tobacco to England, the king smoked and was one of the first victims of lung cancer. Nobody noticed the epidemiological effects of tobacco until large populations started smoking after Woodbine Woolley distributed them free in the trenches. So 50 years after the First World War the epidemiology of lung cancer became real and governments realised it was costing them more to collect the tax than they were getting from the tax.

With regard to drink driving, Sam Jones was minister for transport, Mr Everingham was minister for health. Same Jones was a personal friend and he said, "John, you're quite right about so and so drinking." He said, "The figures I've just seen, it's costing us more to collect alcohol taxes than the amount we're getting from them when you take road accidents and everything else in it." So then they had the Senate inquiry under Senator Baume and those very vital inquiries that highlighted drug alcohol problems and they have eased up to some degree - we can say eased at the best. Governments believe that the tax they get from gambling is costless to them. They don't want to see the taxes. When over 10 years ago I started lobbying for this sort of education, I was in a minister's office in this state and I heard him say to

somebody in another office, "We must keep the lid on this thing or it will cost us more than alcohol is." They don't want to know the cost, because it's costless taxation. They don't want to know that it's regressive taxation, taking it from the poor.

The community supports the statement, or in a draft report by the Department of Territories social impact study, Civic 19, Development of Casinos in Canberra, at which I gave evidence, 162:

If a community legalises and takes revenue from gambling, then it has a responsibility to assess and assist those to whom the regular availability of gambling facilities results in excessive gambling and its related harmful effects.

The interesting thing is this: from an individual initiating that inquiry, 83 submissions were received, 27 from private individuals; 22 from groups with particular interest in community health-welfare, such as City Mission, church groups and Gamblers Anonymous; 22 from groups involved in betting and gambling industries, such as casino owners, TABs, racing clubs etcetera; and 11 from the advertising industry. Actually, the casinos and clubs and TABs spent hundreds of thousands of dollars on the advertising industry to put their submissions together. It will be interesting to see how the industry massages all the evidence that you're taking to put the best possible spin on it and continue robbing the public.

MR FITZGERALD: This inquiry that you refer to, I missed earlier on, who conducted this inquiry?

REVEREND TULLY: Australian Broadcasting Tribunal. I suggest it would be worthwhile looking at, because there is another vital point to come out of it. Submissions supporting placement of warnings on television and radio advertisements relating to betting and gambling were 42 in number. Eight of these referred to the banning of these advertisements but believed that the addition of educational warning messages be the next best thing. 22 of these submissions were from private individuals, about half of which were from individuals or family members who experienced some aspect of life with a problem gambler.

MR FITZGERALD: What is your approach then to the advertising? It's an area we wish to comment on.

REVEREND TULLY: I'm aware of that.

MR FITZGERALD: Is it one of prohibition on advertising for gambling or is it in fact harm minimisation advertising? Where do you see this balanced approach?

REVEREND TULLY: I think in the first instance if we get harm minimisation we'll be very happy but, as in the tobacco industry has proved to be costly enough to ban all advertising in some jurisdictions, I think we should go straight there.

MR FITZGERALD: Even though on the evidence that's currently available - and the commission is doing its own studies and research - the percentage of those who would be deemed to be problem gamblers in Australia is very small; we could argue the percentage, but between 1, 3 and 5 per cent.

REVEREND TULLY: Much higher than that. The South Oaks Gambling Study is inadequate for this reason: for instance, the person I spoke of earlier who is in a great deal of debt and has to get family members to get loans together to pay back money that has been taken, that person hasn't got a 3-month or a 6-month problem, as South Oaks gambling measures it. They have got a lifetime problem.

MR FITZGERALD: Why would banning advertising - and I will come back to your issue about the South Oaks study - why is banning it an appropriate response?

REVEREND TULLY: Simply because the industry is selling dreams. They deliberately set out to sell dreams. They create the dreams. What would it be like to have a million dollars? Many, many people who can't afford the \$10, two or three lotto tickets etcetera, are buying dreams. It is subtle, destructive manipulation of people who are helpless, hopeless and powerless, and the only way they see through is to take the chocolates in the window.

MR FITZGERALD: We were recently talking to people involved in the lotteries area just in relation to advertising. It was put to us that if the advertising is designed to actually create illusions and dreams, that is less harmful than ads that actually deal with reality. In other words, if it says, "You can solve your debt problems tomorrow," or, "You can buy a new house," that's a problem, but if you push the advertising to the point where it's an illusion, it's a dream, it's something that is so impossible, that is less problematic.

REVEREND TULLY: I suggest they should say that some of the dreams will become nightmares and they should show some interesting nightmares as I have seen them over 40 years.

MR BANKS: I think someone else also said to us that gambling advertising is inherently misleading, in the sense that they only show the upside.

REVEREND TULLY: Exactly.

MR BANKS: Is that the point you're making?

REVEREND TULLY: That's the point I am making; it is inherently misleading. I would say this: the cigarette industry for years was saying, "We are not advertising to get people to start smoking. We're advertising to get them to change brands" - yes, simply from no brand to their brand or any brand. We forget the nature of addiction. It's tied up in the nature of addiction, of repetitiveness, at times of stress and a high proportion of the population, probably 25 per cent of the population, are inherently at risk to addictive behaviours.

MR FITZGERALD: Just pushing this point, because it's actually a very interesting point about the advertising, in Queensland, can you comment on whether there are forms of advertising or advertising in relation to different forms of gambling that are more problematic than others?

REVEREND TULLY: For instance, "Have a winning day," "Get the adrenalin rush." I'm not familiar with the advertising industry. I'm working too hard helping the victims of it, so I'm not familiar with the forms of it. As I hear them, they're ones that are particularly savage. "What would it be like to win a million?" "We're selling dreams." Let them show some nightmares. I would like to say I personally object - in the submission, in the written response, the ABT said:

However, most submissions from private individuals in support of warning messages did not blame advertisements of the problem of compulsive gambling.

That was on page 3 and 4. I personally object to the word "detering", page 4 of the report, in the following sentence which says:

They argued instead that because advertisers benefit from the profits of betting and gambling, they had an obligation to contribute to deterring compulsive gambling advertising when help was available for it and educating the community about it.

I don't like the word "detering" for this reason: I personally object to that word and believe that the reader of the information missed the point, namely that providers of the activity, namely gaming and gambling activities, have a duty of care to those who respond to the advertisements. Duty of care demands that advertising advising where help is available is certainly one aspect of the duty of care. That has been taken up with the tobacco industry and it has been taken up with the liquor industry and is generally accepted as a point of tort.

MR FITZGERALD: How do you balance your so-called "duty of care" by the industries that benefit from gambling with that of personal responsibility? Where does this balance lie?

REVEREND TULLY: I think that balance lies much more to the other side of the pendulum than where it lies at the moment. For instance, to get any sort of warning about gambling, it has taken me a lifetime of work. It's starting to hit the public domain in information and so many other things. It has to go a long, long way and I would advocate that every gambling venue, including soft gambling such as bingo, contribute 5 per cent of turnover. 2.5 per cent - I will say something about that in a moment, if I could just get some other notes please.

MR FITZGERALD: Yes.

REVEREND TULLY: That's why I didn't race out without them. 2per cent spent on research and community education similar to advertising and health promotion on tobacco and alcohol drug education; .5 per cent set aside for treatment of individuals and families negatively affected by gambling. We may need to change that slightly. Here is the novel one: 2.5 per cent of turnover set aside to compensate the victims of gambling-related crime, forming the basis of a victims of gambling-related crime compensation fund. That would put the industry in a position of having to correct the social pollution that is caused. So that if a lady comes along to me and says, "I have absolutely no food, I can't pay school fees," etcetera, I should be able to have some sort of access to such a compensation fund to help in that welfare situation, rather than getting people who have never gambled or something else to foot the bill.

MR BANKS: How do you define crime then in that case? Is that even within the family?

REVEREND TULLY: I will speak to that a little later. I will speak to that very specifically, so keep it in mind.

MR BANKS: All right.

MR FITZGERALD: Are you proposing, just in relation to the duty of care - we have seen comments made in our visits interstate by some that believe that the onus of proof should be altered, such that the onus of proof is on the industry provider.

REVEREND TULLY: Certainly.

MR FITZGERALD: Is that a view that is shared by you and others in Queensland or not?

REVEREND TULLY: I would certainly share it myself. I think I initiated it with a paper I wrote a long time ago on duty of care in tort and the gambling industry.

MR FITZGERALD: Thanks.

REVEREND TULLY: The interesting thing is this: the tribunal stated, page - no, I haven't got a page number here. The tribunal stated it is -

in no doubt of the aim of betting and gambling advertisements on television and radio to encourage members of the public to use the services of casinos, clubs, lottery commissions, TABs and suchlike and in so doing, to part with their money in the hope of a return on that investment, nor is there any doubt that the betting and gambling industry is a large employer of labour and a large contributor to the general revenue. The tribunal accepts that compulsive gambling is a severe problem with serious repercussions for individuals and society in general.

They went on to have an offer from the Federation of Commercial Radio to give gratis certain advertising, so long as they didn't legislate to make it necessary. I was able to get advertisements across commercial radio, some stations only, for about 3 months, and haven't had any success since, so I'm asking your inquiry not to be fobbed off by, "We'll be good boys, we'll self-regulate, we'll put some money in." Don't believe it.

I have here a paper about gambling and suicide. It involves the wipe-out of an entire family here in Queensland, gambling related, I believe, and all the evidence points to that, and the coroner saw fit not to hold a public inquiry. It disturbs me greatly.

MR FITZGERALD: Thank you for that.

REVEREND TULLY: There is also a trial of a particular case coming up involving homicide, where I know both sides of the family. It may appear before a Coroner's Court that gambling wasn't related, but over many, many months, I believe gambling was related.

MR FITZGERALD: Have you made representations to the state coroner in relation to the examination of reasons involving gambling to be more fully explored and have you had a response?

REVEREND TULLY: I've had no response from that letter.

MR FITZGERALD: This is in relation to a specific family. Have there been responses - - -

REVEREND TULLY: I have made general inquiries. That letter provided generally that there has been criticism of the Coroner's Court recently that they don't get sufficient information. If a person dies from alcohol poisoning, it is well evident in the body; if a person dies drowning and alcohol is involved, if it's a car crash and it's involved - but nobody has yet discovered betting tickets in the heart of a man who committed suicide. The evidence is invisible. The surgeons could pick up the instances of drug addiction.

MR FITZGERALD: Are there processes that the coroner and/or investigating officers could adopt that would shed greater light on that issue? Given that, as you have indicated, it is not visible, and we have heard this in most states from counsellors, have you got recommendations that could be adopted as to procedures that would enable that to be analysed more fully?

REVEREND TULLY: It would mean analysing all circumstantial evidence, bank accounts, betting tickets, where withdrawals were made, who was talked to etcetera. It's very difficult when it involves circumstantial evidence. It would mean placing more emphasis on family members if they chose to speak truthfully about it, because this is a shameful thing and families generally wish not to speak.

I am reminded of several addresses I have heard by leading police officers who have said, "We're only interested in catching criminals. We're not interested why a crime has been committed." One paper I wrote I handed to a leading detective; I called back later to see how it was and he said, "Oh, yeah, great, I'm using it to educate my students." He said, "But we're not interested in knowing why people commit crime, we're just interested in catching criminals." So that sort of evidence is lost, and that's why people like yourself with such an inquiry just cannot get the evidence. I will speak to that in a moment.

You're going to Darwin. I would like to hand you a paper that speaks of my experiences in Darwin in an entire month of January 1985 and that I concluded that existing demand for gambling in Darwin was always there, but when the government legalises it and promotes it, it explodes immensely. There are diverted demands as things come from other places, substitute demand - people said for instance, "The long dinners in Darwin were a thing of the past after the casino came." Restaurants closed. One restaurant remained in Darwin in those early years after La Don opened. Everybody wanted fast food to get into the action. Latent demand has increased. There's an induced demand due to advertising. Recreational resources provided a very interesting one where many, many yuppies - as we may call them - go to the bar where there's free music and so many other things. They never gamble, they just watch the passing parade, they get the most benefit out of the entertainment.

MR FITZGERALD: You've used the expression "induced demand" and "latent demand". One of the issues in this inquiry has been that there has been a huge rise in the amount of gambling across Australia. Some would say that the industry is simply meeting this latent demand that's been there and all they're doing is providing a service which the community wants and that's evidenced by the fact they access it. Others have said to us, "No, it's being supply driven," almost your concept of induced demand. Can you just give us a bit of a view about your- - -

REVEREND TULLY: Certainly supply driven but people have not been encouraged to use leisure more appropriately. For instance, we're getting some people who are looking at a bit more gardening - that's being looked at - but invention, initiation in the whole world as to what can happen, many people in it, I believe - for instance, pinball machines are a breeding ground for young compulsive gamblers. But I believe in a whole lot of our entertainment, especially Darwin and the tropical coast along the Queensland coast, those places, like waterslides should be provided as a venue for leisure and with those there should be informal teaching facilities for the drop-outs at school to be able to be picked up by expert teachers and informally induced into the educational process. That's a concept that I believe should be used with the leisure entertainment industry, because the person who has grown up in a dysfunctional family, the chances of them using their potential for contributing to a community is very, very slim and their only contribution will probably be to a few friends and selling dope and a few things like that.

Community dynamics change completely with the advent of the casino. Family dynamics change very, very largely. Economic costs and benefits - the casino was a substantial employer of people. About 300 people are employed there and this is in a state at that time that had about half a million people. We have no reliable knowledge of any jobs that have been lost in the industries affecting the opening of the casino. Jobs may have been lost in the cafe trade. Certainly the greyhound track, it suffered terribly and any business that came under financial strain because of the increased opportunities of 7-day a week gambling at the casino. I believe, in looking at inquiries in New Zealand and everywhere else, the plea from pathological gamblers was, "Please, no 24-hour gambling." You can't cool down, you can't get a handle on things when you're chasing. I told that to Sir Ronald Street in his inquiry in New South Wales but the New South Wales government still went ahead.

MR BANKS: What did Street say in his report?

REVEREND TULLY: Certainly he had a whole chapter on consumer protection; the first statement in the world that had a major chapter on consumer protection. I was gladdened to see that. The other thing to look at is the mystery of the changing licence of the casino in Darwin. I didn't have time to do actual research on the companies but certainly they reduced the casino tax that was planned. They invested much more government moneys in supporting the racing industry to keep it up to speed to cope with the competition. Learning that, the late Russ Hinze invested vast amounts of money to improve racetracks before Jupiters opened and took out a very large overseas loan that had to be paid off by governments later on. So the competition within gaming and gambling etcetera, 24-hour gambling or the extended hours, 7 days a week, wrecks traditional gambling such as racetracks and so many other things.

I would mention that government expenditure through the Department of Community Development maintenance program showed an increase from 85 per cent from 1981 to 1983. There was a fall in this expenditure in 1984 - this is welfare expenditure - 85 per cent, from 81 to 83. The overall expenditure from 81 to 84 increased by 49 per cent and reached a figure of \$609,043 in that year. There was just a huge jump in welfare expenditure by the government and they had to take special steps to cut it back because in New South Wales a few years ago you could no longer go to welfare and get sustenance payments the way you could. Working in Sydney I saw people who were poker machine addicts. One family I knew were paying \$2 a week rent; they couldn't pay it; could get taxis to the poker machines, to Newtown Leagues Club but had to go every week or every time a power bill came in, a phone bill, to get sustenance and the government had to cut that off and a great deal of pain was caused in that poorer community because of that sort of cutting off the honey flow. But governments had to do it because it was just costing too much.

It's almost impossible to estimate the extent to which the church-based social welfare agencies had to support counselling. Criminal activity - yes, there was an increase of criminal activity. The conclusions I came to, there was a gambling increase in the Northern Territory. It had increased dramatically in the Northern

Territory. Experience indicated that the number of people in the community who gamble is increasing and where the amount gambled is increasing, the number of compulsive gamblers in the community will increase also. There's been at least one major business failure that has been documented within the gambling community in the Northern Territory. The indications in that instance were that the reported behaviour of at least one of the persons involved was not inconsistent with that of a compulsive gambler.

When I read the paper reports, the judge just had no idea of what compulsive gambling was but the whole picture was there - a guy future selling shares to get money to be able to gamble. Despite the fact that the casualties in the gambling industry are usually concealed - as the gambler is sure that the next big one is very close at hand and he assumes will be out of difficulty - there are casualties among gamblers. Reports of business failure have been too numerous for them to be disregarded. The need is very great for the Aboriginal community - all ethnic communities, whether they be East Timorese or New Guineans or the Aboriginal community. The reason why addiction is a prime problem in indigenous communities is this: "If I have story and land and family I am someone." But the moment we come to a western society where it's expected you will also be an individual - and few members of the western community know how to be individuals in their own right - the indigenous community is particularly at risk because personal control, personal responsibility is something they have never been geared to take.

MR FITZGERALD: Can we just deal with this for a moment - and obviously the inquiry was keen to look at issues, particularly around indigenous communities. We understand that gambling is already fairly substantial within indigenous communities.

REVEREND TULLY: Very.

MR FITZGERALD: The illegal gambling, I suppose, but anyway community gambling. How should governments in terms of public policy terms deal with gambling regulations in the state of Queensland where you have a high level of indigenous population? Are there specific measures you believe that the governments should take into account in terms of extending regulations visa-vis gambling activities?

REVEREND TULLY: Huge amounts of public education - huge amounts. We haven't touched the edge - because I'm not in favour of prohibition as such. We must remember that when gambling first came to the Aboriginal communities - and you may have a key in this - it was used as a means of distributing funds in the community. The pay cheque would come in, the dole or whatever it was would come into the community, they would gamble for it and the one who won was expected to keep the rest of the community till the next cheque came in. But then gradually as young men wanted to buy landrovers and Toyota landcruisers and all sorts of other things, it would be arranged for him to win the card game, he'd go off to buy his landcruiser but get waylaid at one of the card games outside the community and he'd come back without money and without a landcruiser.

That's the sort of thing that's been happening far too much. So I think perhaps - and there are numerous instances of fraud of Aborigines who had been involved in indigenous businesses. I don't know about the present time but certainly 10 years ago, and I believe that's where compensation should be claimed from the gaming industry for that. Just make the industry itself responsible for such exploitation of people who are unsophisticated and they would pull their horns in a bit.

MR FITZGERALD: If you don't believe in prohibition how do you then deal with the increasing spread of other forms of gambling activity into indigenous communities? In one state we heard of the view that there should be the right of local indigenous communities to themselves exclude the extension of gambling activities. Is there a particular view - particularly in relation to Queensland where each state obviously is very different in relation to this issue?

REVEREND TULLY: Yes, I certainly believe the community itself should have a say - should have a very strong say - as to who can spend money outside the community but that would be fairly difficult. But certainly I just can't stress enough: education within the community; making people aware of their responsibilities as individuals; what individuality means; what is the responsibility of an individual to the entire community. I believe we have to embark on real educational programs, not Clayton education programs.

MR FITZGERALD: From what you've said though, the education program would have to be somewhat tailored to get the message through to different groups.

REVEREND TULLY: For each community, particularly in Asian communities. Asian communities are particularly at risk of gaming because they don't have the Christian background. Where Protestants tend to say, "All gambling is stealing," as Martin Luther said; Roman Catholic communities tend to say, "It's permissible providing you don't spend too much." But still you have to consider the whole community. That element is not within Asian communities where members of the Asian community quite often are related to various streams of Buddhism and Buddhist thought and each is dependent on karma and gambling becomes a test of karma. But once compulsion grips the person, they can no longer test karma, it's just all bad karma and the huge problems of gambling in Taiwan is distressing authorities there immensely.

MR FITZGERALD: We're going to eventually run out of time and I was wondering whether we might just look at counselling services and it's related to that last point. Can you just describe how you view counselling and services in Queensland that are available for gamblers and in particular as it affects ethnic and indigenous communities or more generally? Is it substantial?

REVEREND TULLY: Could I speak to something else first?

MR FITZGERALD: Yes, sure.

REVEREND TULLY: Instances of crime in Jupiters Casino from November 1985 to October 1994. In my own counselling service I have never kept notes of individuals. We're starting to keep a few names and addresses now. We have to but we have more security now. When we started, without money, without funds, we had absolutely no security and when I was dealing with some large frauds there were times when security firms had broken into our place looking for information. They never got any because it's locked up in the top of my head. The interesting thing is, I had to search through eight different newspapers to get these pieces of information. I'm restricted in interstate newspapers, restricted in overseas newspapers and one thing that happens is this: the casino industry tends to export its problems. So that a person exploiting labour in China or Taiwan or the Philippines, is a big gambler, they come to Australia and drop so many millions as often here, for the benefit of Australians, and that person has to regain their wealth, the problem is exported offshore.

So in a global village it's not ethical and it's not fair. I have certain evidence to suggest that many of the high flying drug barons need their sales of cocaine and heroin to be able to be high fliers at various casinos. To get full information on that is very difficult but there's sufficient information around to suggest there are high probabilities there. So as I deal with a set of notes that I left at home, I have documented instances of fraud and those who look at it might say I overestimated by just taking paper reports. But for every instance of fraud I've been able to take out of the public domain, I've known of hundreds of instances from my own counselling experience that I haven't kept records and don't intend to keep records of. So the only way I could get information for people like you was to try and keep some record of that which came into the public domain.

So any overstatement that's in these records of mine would be compensated for by the instances of fraud in the general public, but the most frequent form of crime I come across is intra-family crime from within family businesses, where nobody is going to take his father to the police because he took 12,000 out of the son's business.

MR FITZGERALD: Given that you don't keep records, what is your estimate of those clients you have that come to you with gambling problems would have engaged in some form of criminal activity?

REVEREND TULLY: At least 30 per cent. 30 per cent is a general figures that comes across and it could even be much higher.

MR FITZGERALD: Yes, that's right. That's a figure you would agree with as an estimate - - -

REVEREND TULLY: Yes, I certainly agree. It's at least 30per cent but when it comes to intra-family crime it could be even higher. But 30per cent registers much higher with intra-family crime. I know of instances where the gambler forged his wife's signature on a house deed and took out a loan. I tried to get her to get the

bank to meet the bill because of their duty of care. She refused to and she took a second job to pay the bill.

MR FITZGERALD: So does the 30 per cent include that kind of case?

REVEREND TULLY: No, that would be over the top.

MR FITZGERALD: Right.

REVEREND TULLY: A minimum of 30 per cent would be formal. So I picked up 76,000,000 here out of newspapers across the way. When it came to armed robbery, 990,000,000 and I'll probably give you an updated copy of this. When it comes to stealing at the casino, when it comes to cheating at the casino, when it comes to drugs at the casino, miscellaneous crime, children left at the casino, I'd like to speak of this. In all social research, the adult children of dysfunctional families or families connected with those who were afflicted with alcoholism is very, very evident. It's in my experience over 40 years that the children of the gambler are much more profoundly affected because in the alcoholic home dad is sometimes sober, dad sometimes speaks the truth or mum sometimes speaks the truth, but when there's a gambler, that compulsive gambler doesn't speak truth at all.

Sometimes he'll say, "I've got a pocketful of money," but he doesn't tell them he lost it all on the last race. Sometimes he'll say he has absolutely no money. It's betting money that he needs for the next race to start again. So truth is never spoken where there's a pathological gambler and those children are profoundly affected. I've got notes here: the adult children from a family of origin where there is pathological gambling, they are parented by a compulsive gambler. As adults they lack appropriate achievement levels at school, achievement levels well below potential, confidence and self-esteem, not knowing what is normal. They may become an over-achievers while living as a victims in life and go into breakdown and burn out early on in life. They lack a sense of personal power and personal dignity, feel helpless, hopeless and powerless, lack a sense of personal security, become an excessive worriers. They lack a defence mechanism to avoid becoming addicted to gambling, alcohol, drugs or food. They lack experience to help develop emotional intimacy, quite often have multiple marriages. They lack confidence to ask for personal needs to be met, are deeply unhappy as codependent persons and they lack skill to break out of powerlessness and poverty and pass the lack on to their children of another generation.

MR FITZGERALD: Just in relation to this, some of the opinions that we've been given by counsellors is that many problem gamblers actually move through a phase. The problem gambling can be lifetime but for many it is in fact a period of time. How accurate then is your assessment. Sorry, how related is your assessment of the impacts on codependents related to the period of time of gambling or the recurrence gambling?

REVEREND TULLY: Wherever the whole family has therapy rather than just the person who stops gambling, the repair can be very, very well. We can look forward

to very good results from whole family counselling. But I believe that too often there is not whole of family counselling. Quite often that person has abandoned two wives and two lots of children before he gets help and that's why the public domain must be activated to get people to get help long before this happens, so that there's an 80 per cent chance of repairing a family rather than a 5per cent or a 2 per cent chance.

MR FITZGERALD: Would most of the counselling taking place within Queensland have a whole of family therapy approach or is it an individual therapy and counselling approach?

REVEREND TULLY: Quite often it's an individual approach but we certainly try to look at the whole of family approach. Another one I would ask you to look at is casinos and car crashes. The gambler is going home, lost his pay packet. What story is he going to tell the missus? What story is he going to tell the boss? I've got evidence here of an increased number of car crashes. After a casino opens it takes time for it to normalise but gambling is still a feature in car crashes. I would hand over this. It may be slightly updated later or if you have any questions about it.

MR BANKS: Thank you.

REVEREND TULLY: I have a paper here, Crime, Fraud, Corruption and Confidence Tricks. I'd like to edit it a little better but it's fairly complete. One area you must look at with regard to crime, if a person has a gambling debt that person is very susceptible to somebody saying, "You pay it. Here is a plane ticket and a gun. Get me the money."

MR FITZGERALD: Have you got any evidence at all of illegal loan activity associated with problem gambling in this state or is it a very minor issue?

REVEREND TULLY: It's a major issue.

MR FITZGERALD: Can you just explain why that is because most of the evidence we have is - - -

REVEREND TULLY: I'd like to speak to it this afternoon.

MR FITZGERALD: Yes, okay. All right.

REVEREND TULLY: I have here two sheets saying people who gamble in excess, pathological gamblers to obtain money to gamble, obtain the necessities of life appear to be a successful gambler, appear to be a generous person, gambling related crime occurs under the categories of fraud, certainly intra-family crime. I don't think I've mentioned in particular, confidence tricks, larceny, theft, shoplifting, consumer fraud, intra-family crime and domestic violence is a major one. Problem gamblers can be helped to learn to control their behaviour. All state governments are offering too little financial support to help agencies too late. Gambling tax is regressive. The cost of

crime falls disproportionately and most heavily on the poor who cannot have security lights and cameras that you see around the homes of the rich. It's the poor who get exploited again and again and again. Victims create victims and the poverty trap is a victim trap.

Small business pays a price. Whenever gambling increases, small business is more likely to say, "Yes, you can buy them for the kids, yes, you can buy the milk on tick," and dad has to leave town and businesses are going broke one after the other because of the change. You have difficulty getting welfare parcels out of the supermarkets and they have cash on site. Small business is suffering terribly because of the shift in gambling spending. Family businesses suffer. There are figures that vary and if one takes a situation like Western Australia Inc, the whole nation suffered because a number of gamblers were there in one big heap with a lot of compulsive risk-taking deals, each one better than the other and one day somebody said, "Look, the emperor has no clothes on."

I have here a brief history of consumer protection. I may like to update that before I send it to you, a paper here given at Adelaide. Have I given you the Darwin report?

MR BANKS: Not yet, no, if you add that to the pile there.

REVEREND TULLY: Gambling, A Cost to the Community, an address given in Adelaide. I asked questions some years before and nobody answered the questions so I set out to answer my own questions and it would take a lot longer to speak to that. Identification, intervention and management of problem gambling within clubs, club managers. I have one here to the Queensland Hotels Association and I want to say that in Queensland I found the Hotels Association much, much more socially concerned. I send information to club managers. I have received it back as if it had been unopened and I've never had a hotel manager refuse to take information from me. So I just want to say the hotels generally I believe are much more socially conscious than club managers. In New South Wales in earlier years it was the clubs that lifted standards in community but they have become, in my mind, increasingly exploitive, chasing the dollar as hungry as any casino.

MR FITZGERALD: When you say that the hotels are more socially responsible, much of the information we've received from counsellors has been concerned about the extension of poker machines into hotels. Do you have a particular view about that?

REVEREND TULLY: Certainly so. If it goes it must be limited, it must be tightly controlled, but wherever the hotels in Queensland particularly have developed the patron care programs with regard to drinkers, that has increased that sense of social responsibility at least among some of the hotel owners and I would want to say that that must grow. I would urge advertising on the public domain because if a club manager - and they voice the problem - go to intervene for somebody they know quite well is gambling too much and they get him out, "Hey, look that person came in after.

You pulled me off that machine and he got a jackpot. You robbed me." You can only intervene where there's adequate self-identification. There has to be information in the public domain for that person's family, for that person to identify himself and say, "Hey, the fun I've been getting out of this game lost its use-by date, is past its use-by date and the fun is costing me too much." Yes, I think that's it, and Crime, Fraud, Corruption and Confidence Tricks. There's much more stuff I'd like to give you, but you have other people here.

MR BANKS: Feel free, apart from what you give us today, to send us - we'll give you our card and you can send on material to us, and of course we can always come back to you once we've read that material, if you don't mind getting a phone call from us, and we can talk some more about the points that you've made.

REVEREND TULLY: I'm happy to.

MR BANKS: I'm conscious that you have also some things to tell us of a nature that aren't suitable for the public transcript, so we'd be happy to do that with you as well today. So I think at that point we'll close this formal presentation. Thank you very much for participating.

REVEREND TULLY: A privilege.

MR BANKS: We look forward to reading the documents you've given us, and we'll break now for lunch. If there are any people here who would like to participate in the hearings today, there is an opportunity at around 2 o'clock. We've got another participant coming on at 3.00. So if you could make yourselves known to us or to Ross Wilson, standing at the back, please do so. You'll be very welcome. Thank you. I'll break now.

(Luncheon adjournment)

MR BANKS: Our next participant is Dr Myles McGregor-Lowndes. Welcome to the hearings. Could you please give us your correct name and affiliation.

PROF McGREGOR-LOWNDES: Associate Professor Myles McGregor-Lowndes, Queensland University of Technology.

MR BANKS: Thank you very much for coming along today. As indicated, you apparently have sent us some papers but we haven't had a chance to see them yet and perhaps the best way to proceed is for you to summarise the main points you'd like to make.

PROF McGREGOR-LOWNDES: Yes, the papers were done on the introduction of poker machines, gaming machines, into Queensland. They were part of a very extensive research project commissioned by the Queensland government on the impact of poker machines on charitable fundraising. There were concerns at the time and afterwards that the introduction of poker machines would have an effect on charitable fundraising in two respects: (1) in terms of charitable gaming which has a long history in Queensland of art unions, raffles, bingo, particularly in schools, which generally raise money for their organisation. It was, up until the last 10 or 15 years, a monopoly run by the charities and in fact initially the caskets were run by the government for hospitals and gradually that has changed.

You will see there chronicled that the impact upon charities of the introduction of poker machines was varied but overall it had an adverse impact upon their gambling activities, basically because it was the last nail in the coffin of charitable gaming in that there had been other commercial and competition pressures on bingo, for bingo was restricted by regulation to dusty old halls and whence you have clubs with airconditioning, alcohol being served, other games, extensive advertising, bigger prizes, bigger prize pools, they largely were not able to compete and this took a lot of money, discretionary money - not tied government money, but discretionary money - out of the hands of non-profits.

So governments and philanthropists are reluctant to pay for the electricity bill or the photocopier bill because they see it as administration. They would like to pay for hands-on service delivery. So many charities lost that discretionary income to put carpet on, to put airconditioning in or something and that hit them fairly badly, except those that were able to meet the challenge and able to compete with these new glitzier, more consumer favourable methods of gaming. Although we haven't done any follow-up studies, anecdotally we believe that the charitable gaming in small, provincial Queensland has not resurrected itself. There's always the small raffles and art unions. There's bingo, but nowhere to the same extents as it once was.

In the metropolitan and some of the larger provincial cities the bingo centres have tried to reinvent themselves. Those that were well managed and tried to compete on market principles have managed to stay or prosper. Those that didn't have quickly exited the market. Those papers are there for you to have a look at. We did also have a look at the money that may flow back into the sector through the

Community Gaming Benefit Fund and you might find of historical relevance a list of the first grants out of that organisation, to whom they went to and for what they went to, and we've always thought it would be an excellent follow-up research project to go and revisit the Community Benefit Fund and see whether it had become any more sophisticated in the groups to whom they gave money or for what the money was there.

You will see in that working paper which has a list, in the initial grants there were quite a few grants to sporting organisations who were already created through the sporting fund, but they were various ways. Now, whether that has changed, whether it has got more innovative funding rather than just mobile phones and photocopiers and things, I'm not sure. The other concern that we raise in that, which would be a good research issue, is whether that funding has at all replaced line government funding. Now, I've heard anecdotal stories that it has in some instances, or people have been told, "Well, you won't get money out of the government for that but go to the Community Gaming Fund," or so forth, and I think that bears some scrutiny. But we've been beaten by this inquiry to go back and do that research.

What I really wanted to raise with you today was the taxation aspects of clubs and I see that the commission has been given terms of reference to look at the different taxation rates which apply to non-profit clubs, the mutuality principle and other exemptions from income tax. You will see a paper there done by Prof Ulejens Omstadt, a Norwegian non-profit tax specialist who spent some time at QT and he was rather taken by the exemption of large poker machine clubs from general income tax under the sporting classification. I think he has some quite unique remarks there from an international perspective on how he sees that and integrates it into tax policy worldwide, which may have some interesting food for thought for you there.

What I would principally like to put before you is that the commission ought to be very careful in its recommendations and governments ought to be very careful in playing around with the tax exemption of no-profit organisations, and if it is felt - and I'm don't want to predetermine the issue. But if it's felt that certain gaming clubs, non-profit gaming clubs, are to pay or should pay taxation, be part of the tax system, you should make very sure that isn't extended to a whole raft of other organisations. The government in the past, when it has found that organisations which don't have to pay tax because of the principle of mutuality - that is, that the seeming income really is capital contributions by members - what the government has done is taken that specific industry out, such as cooperatives and friendly societies.

I would think that it would be adverse to many small non-profit organisations to say that the principle of mutuality should go for all non-profit organisations. So quarantining it in a realistic and ascertainable definition which the Tax Office can't expand would be, I think, most appreciated by the rest of the non-profit sector. I note in Taxing Relaxing, which was a report on the inquiry of impact of Australia's taxation regime on the tourist industry - I don't know whether you've seen that but it was some time ago. They had a recommendation in that report that mutuality should be referred to the Industry Commission for comment and I don't know whether it actually ever

got there. But there, there was pressure on clubs which were bringing in high rollers, into poker machine clubs and running tourist businesses on the side, and there were a number of quite excellent submissions both by the club industry and hotel interests about the taxation imbalances there and what should be done.

But back to mutuality, it is important that it not be broad-brush and be targeted specifically at clubs or whatever, if you decide that way, because to decide otherwise will be to bring a whole range of non-profit and community organisations into the tax system where I think the Industry Commission in its report number 45 into charitable organisations said that really the administration and the returns of taxing community service organisations would be minimal and it ought not to proceed and I'm of that view with respect to that. I want to impress upon you that to broadly say mutuality ought to go by the wayside is not appropriate and you should make - if you are going to make recommendations it should be specific to the club industry so you don't catch up these other organisations.

The other major exemption is an actual exemption from taxation by sporting clubs and I suspect that you, because of the profits that are generated in some clubs and when they're seen as directly competing with full-profit enterprises it may be suggested to you that they ought to be taxed on a level playing field. Well, I'd say that may be so but there are good arguments and Prof Ulejens Omstadt mentions some of those, as why they should not be taxed that way.

But in any introduction of this you should give such sporting bodies time to reorganise their affairs so that which is going to be taxed can be separated from that which is beneficial to the community and ought not to be taxed. So the Junior Sporting Football Club which still continues supporting junior sport in football clubs and is important in the community - but as it has got this huge bubble of gambling enterprise attached to it now there should be sufficient time for them to be able to separate so that the gambling part is taxed but the sporting side still continues, and give them time to reorganise their legal affairs.

Non-profit organisations, in my experience, with reorganising their tax and legal affairs are pretty slow and cumbersome. They're not as fast to react as full profits because of the expense of getting the advice, the impediments of going through board committees and telling members why they have to rearrange the structures. In some cases they may need to go to court in order to separate and get cy-pres applications. So it can be quite a lengthy and difficult operation and if you don't allow them time they will just find it all too difficult and come to some arrangement which may be quick and dirty but doesn't preserve the sporting community part of their activities and we'd be much the poorer for getting a bit of tax from poker machines but essentially hurting a part of civil society which we ought to preserve at all costs.

MR BANKS: Thank you for that. Now, I take it from the way you've phrased your remarks in terms of quarantining and so on that you have sympathy with the arguments that some of these clubs in a sense should be taxed because of the large scale of their commercial activities. Is that - -

PROF McGREGOR-LOWNDES: Well, I mean, just look at Tweed Heads v Federal Commissioner of Taxation which occurred in 1992.

MR BANKS: What page is that?

PROF McGREGOR-LOWNDES: That's on page 1 of Prof Ulejens Omstadt's paper (indistinct):

The club derived 90.3 per cent of its revenue from poker machines, bar trading and catering. In the disputed year of income the revenue from poker machines alone was in excess of \$5,000,000.

You know, there was just \$100,000 or so from green fees from the bowling club. I think there was about 4.5 million which was generated from the others. But because they did some sporting activity and because the profits of the sporting club was ploughed back into the bowls club and they could show that it would be used for bowls club purposes, then it should not be taxed and the Federal Court judges have held that line, and very successfully, against a number of concerted ATO attacks, that this sort of arrangement really should be taxed. In that sort of unrelated - in other places they would call that unrelated business income and it would be taxed in the UK, US.

Now, whether Australia wants to be different and say that although it may be unrelated business income, if it's ploughed back into the community organisation that's fair enough and that then it doesn't take the form of income tax or shouldn't be income tax - on the other hand the economists would argue that really they're in the marketplace to give them a shelter, a tax shelter - is to distort the markets and we don't get an efficient outcome for the whole of the commission. But it raises questions of, you know, how you fund on profits. If non-profits aren't able to do this how are they going to fund themselves? So it's a difficult concept.

But I think in terms of the large wealthy clubs it's going to be difficult for them to justify their position, particularly with the attack of the hotel lobby and the other accommodation industry lobby who can say, you know, "What's going on here? Why should we be taxed when we have to compete with them?" That's a difficult road. They have done it fairly successfully in the US on a whole number of quite complex economic reasons, but I think practically the writing is on the wall.

MR BANKS: Yes. How difficult in practice would it be to tax these non-profit organisations, though?

PROF McGREGOR-LOWNDES: From a clinical tax perspective it's not all that difficult. Other places round the world tax them. From a practical point of view it's going to be extraordinarily difficult. (1) You've got to have clear definitions of what's income and what's not. (2) Generally the accounting systems in non-profits in Australia, where most of them don't even put in a tax return, is very unsophisticated

in that line, so there's a lot of education that you have to do. It's difficult for the Tax Office to go after your local St Vincent de Paul that's running an art union or a bingo to get them to pay tax. It's just not good publicity for the ATO and they just don't like to do it, and there are other more juicy targets to go off with which can provide some good publicity for tax compliance.

So, whilst clinically legally you can do it and it has been done, practically in Australia's climate, particularly with the whole tax debate, it's going to be very difficult, particularly when you see high-wealth individuals being able to use the force of law to escape with paying very little tax and the government saying to the non-profits, "We can't support you any further because we don't have enough tax revenue," and then the government telling them to go to business for a handout to subsidise their service to the Australian population. There are problems.

MR BANKS: I imagine for the clubs also there would be a problem of strategic behaviour, wouldn't there? Wouldn't they have scope to minimise the tax anyway, given the nature of their activity?

PROF McGREGOR-LOWNDES: Indeed. They don't have to make a profit, they don't have to make a return, so they will just spend more on lavish lounges and - -

MR BANKS: Even more lavish lounges.

PROF McGREGOR-LOWNDES: Yes. As I understand it, in order to maintain the throughput in a poker machine club you have to refurbish on a very regular - just refurbish more lavishly rather than to pay tax. I mean, why pay tax when you can just refurbish more lavishly and increase your throughput? It's a question of who are the owners of these organisations.

MR BANKS: Could they also make losses on some of their other activities - restaurant, bar, shows, that sort of thing? Would that still - - -

PROF McGREGOR-LOWNDES: Indeed.

MR BANKS: That would complicate it further?

PROF McGREGOR-LOWNDES: Yes, or make donations to other non-profit organisations, so they would separately incorporate the club and have their sporting organisation, which was non-profit, and donate at the end of the financial year to balance off so they didn't have to pay any taxes - quite a common tax minimisation scheme. In fact, if you have a look at some of the commercial sporting bodies and they all have non-profit clubs, there is a bit of that going on, I would suspect, even now.

MR FITZGERALD: In terms of the taxation regimes between not-for-profits and the profit organisations in Queensland, you're obviously talking about income tax

arrangements. What are the major differentials on gambling taxes? We will get that information, but are there substantial variations between the two?

PROF MCGREGOR-LOWNDES: Yes, there are substantial variations between hotels and non-profit organisations, substantial variations in the number of and the denomination of machines that hotels are going to have. You also have a variation, I believe, between high turnover clubs' number of machines and low turnover clubs.

MR FITZGERALD: The argument that there should be a level playing field between not-for-profits and for profits in terms of taxation policy generally - what's your view about that argument? Just let's break it down into two areas. One is in terms of gambling taxes and then secondarily in relation to income taxes. Do you have a particular view in relation to those two?

PROF MCGREGOR-LOWNDES: It's difficult. In gambling taxes non-profits were originally given a monopoly on raising funds through gambling, and perhaps the thin edge of the wedge was justified in that, "Well, we know it's a social bad but we'll allow it to happen here because the proceeds will eventually be a social good." What's happened is that those social bads being masked by a social good have incrementally proceeded in our society from the Casket which was run to fund hospitals to eventually get thrown in not to hospitals but to consolidated revenue and then you let other organisations - so it becomes bigger and bigger.

If you take those arguments away and purely see it not as justifying a social bad or something, then I think there is an argument to be made that this form of revenue could be monopolised by charities in order to provide social infrastructure. I believe in Canada that many of the casinos are in fact run by non-profit organisations. I think they may even have an exclusive licence that only non-profits may run, and so on the Indian reservations I think you'll find casinos which plough the money directly back into the community because they have nowhere else to spend it apart from themselves. But if you take a fairly rationalist economic view you could well say, "Well, they're all in the market for the gambling dollar. They should all be on the same platform."

I would rather go outside the square of thinking in that I think Australians as a sort of a meta-argument or a meta-discussion have got to decide what's good in the community and what bodies are good. The definition in Australia of "non-profit" is fairly wide, so you have everything from - it can be charitable for somebody to tend their relative's grave - to public benevolent institutions where to be involved in advocacy on behalf of the poor is not seen as being a public benevolent activity. So my preference would be in terms of what gets tax exemption is who should the state favour with this exemption from taxation. I think the whole thing has to go back to a general community discussion about what is good, who are good organisations and who should be favoured with the exemption. I know that goes right back to the beginnings and the core roots, but until we have that discussion we will be merely incrementally fiddling at the margins, depending on who has more lobbying power or what's the latest policy thrust of particular politicians. But we merely need to go back to a fundamental understanding of whom should the state favour by exemptions.

They are in fact starting to do this in the UK through a revision of the Charity Commission of every charity that's registered as a charity on their register. They are starting to do this in Canada. Canada is waiting for a decision of its highest court about the definition of charity. In the US there's also some thinking about what should receive favours of the state.

MR FITZGERALD: You're saying that the question should be: who should the tax favour? If I can just explore a couple of things. Under the proposed goods and services tax in relation to not-for-profit organisations, as I understand it is not the nature of the organisation, it's the nature of the activity, that will determine the taxing base, whether it be a commercial activity or a charitable activity, not the nature of the organisation. As I understand it in relation to gambling taxes it's the nature of the organisation, not the nature of the activity. So where do you believe good tax policy should sit? What should it look at? Is it the organisation, is it the use of the money that is raised, is it the nature of the activity or where do you get a balance?

PROF MCGREGOR-LOWNDES: Yes, it's really interesting about the GST. It's going to cause some real problems for charitable gaming, because they're going to GST the margin. Is it because there are some areas of non-profit charitable gaming that have a pure monopoly, so there's no competition reason; only they're in it? So that argument goes. Part of the funds are earmarked into community benefit funds or sporting funds. There's a suggestion that the states will give away all that taxing and it will just be all subsumed into a 10 per cent GST rate. What happens to the community benefit fund and the sporting funds? Will they disappear? Will the trade-off for charities being able to allow in poker machines mean that they have lost it in the GST? They are some quite important issues about GST-ing the margin. I think some of the major art unions which are run out of Queensland for charities are going to become quite marginal.

But, yes, should it be the transaction or should it be the organisation? I guess that's the real question. I think there are arguments for both. For the immediate benefit of the non-profit sector I'd say it depends upon how they use their income and whether it's related to their business or not. But where it's unrelated I think they're going to have real difficulties defending that it should not be taxed unless they run very, very strongly on the line that it's not income per se but it's what you use the income for.

MR FITZGERALD: I'll just push that a little bit further. In one of the papers which you've given us - the one that's working paper number 51, which is the Charitable Grants and Donations - there's a table that appears on page 11, table 6. It gives the percentages of gambling machine income expenditure or surplus that has been donated by the clubs. These are not-for-profit clubs, I presume the definition, and in 1993 donations to income was 0.2 per cent, donations to expenditure was 0.2 per cent, donations to surplus was 1.65. Without making a judgmental comment, they're very low figures. Do you have any views about whether or not the clubs - I presume these are Queensland clubs?

PROF McGREGOR-LOWNDES: Yes. There are two things to note about that: (1) it's a limited survey; (2) the responses weren't good. That was because the survey was done at a time when the government was introducing I think a higher levy, so the responses weren't good. The other thing to note is that the accounting standards for those clubs and non-profits generally just don't make the distinction, so who would really know? But from those figures that's the best we could do, even with consulting with the clubs and asking them to come up with more. But that's external to the clubs. That's donations from them. They may well use income for their junior league football team or whatever else they had, but that was external. I mean, some of the classifications that I found which were clearly odd were capitation fees to other sporting bodies, which you could hardly say were donations, or flowers to a former member's funeral. They are donations, but they're not really in the spirit of it.

Until we get accounting standards which enable - until pressure is put on clubs and non-profits to account more accurately and according to a common standard, then the research is going to be pretty problematic. You can do that. They have done it both in the UK and US. They have accounting standards which are quite intricate and you can get decent figures out of such organisations.

MR FITZGERALD: If the not-for-profit sector or the clubs specifically are to have differential and favourable taxation regimes, is that a requirement, do you think - that accounting standards in that sector more accurately reflect this issue?

PROF McGREGOR-LOWNDES: Yes, I think so, and the Industry Commission report 45 recommended that such be done and it's gone nowhere because it required a contribution of government and an equal contribution of the accounting bodies. We really are the poorer as societies for not having non-profit organisations being able themselves to report so they know how they're going and for society to be able to answer quite important questions such as this.

Also I've noticed that the clubs, apart from a few exceptions, haven't developed any pattern of philanthropy. In the US you see some quite systematic philanthropy rather than, you know, the treasurer gets in 10 letters, one from the ambulance, one from someone else, and some board member is on another non-profit board that needs some money. I've not run across too many philanthropic plans or plan-giving or developing of relationships, particularly in the city clubs, which are not overtly sort of sponsorship arrangements. In the country and provincial areas it's somewhat more different because they're in very close-knit local communities. That sort of giving with some sort of plan seemed to be largely missing when we were doing our research, and I anecdotally haven't seen any increase in it, although clubs are encouraged and do make note of community facilities that put in.

Also, the other thing we found in our study was that non-profit organisations were able to use club facilities for all sorts of things, and the clubs like that because it will draw patronage in. But non-profits holding their annual general meeting or

functions at a very low rental in these clubs was certainly not to be sneezed at, particularly where other facilities weren't available or were too expensive.

MR FITZGERALD: You mentioned - the inquiry covers all forms of gambling - art unions may be affected by a GST and so on. I notice you've given us a paper on art unions. Have you got any comments specifically around the issue of art unions and those sorts of activities. We've had no submissions made on that; yours is the first one.

PROF McGREGOR-LOWNDES: Queensland probably leads the states with respect to art unions' legislation. Indeed at the moment there's a white paper which is being considered to rename the act to be the Charitable Gaming Act to free up the - charitable art unions haven't been able to compete on the level playing field with the for-profits because they're bound with all these regulations of limiting of size of the pools, not being able to run different gaming things at the same venue. The department assures the non-profit sector but I'm not so sure about, for example, lucky envelopes. It's been the tradition in Queensland for there to be lucky envelope machines for various things and you put in your money and you get an envelope and you open it up and if it's got the number which is on the board you can redeem some sort of prize from the shop or certain services. I mean, they directly compete with the scratch-its and because of the regulations they have been restricted to the old machine without the flashing lights and the ease of scratch-it use. So there's an example of non-profits being hampered by regulations. So it's a disadvantage rather than an advantage.

I think the licence fees for non-profits in their charitable gaming were quite high, quite onerous, so it made a marginal return. The other thing is that certain returns were specified. They had to get a certain return on their art union or they wouldn't go ahead. Various innovative products which they might come up with were largely bound up by red tape and they couldn't proceed very effectively at all. The white paper does deregulate that a fair bit but they still really can't compete in the market, so it's a dying sort of end to the fundraising- - -

MR FITZGERALD: Do you have a view as to whether they should be able to more effectively compete in the open market or do you have a view that the regulation is appropriate?

PROF McGREGOR-LOWNDES: I think the regulation is a hangover from the time when government said, "It's a social bad but we'll let non-profits do it because it's a good end but we're going to regulate it very, very closely to make sure it doesn't get out of control." I think since that regulation has stayed because of lack of inertia in government to reform it, lack of power in the industry to make it attractive and get government to put it there, I would think in today's climate that they should be allowed - if they want to do it - to innovate so they can compete with other gambling markets. You will find - it's my view - that charitable gaming most competes against government - the Golden Casket, the government scratchies - and although the bureaucrats and policy-makers continually tell the non-profit sector when they're

asked the question, "Are you merely protecting state government revenue, your gambling activities?" they say, "No." But I think there's a pretty good case to make that they haven't moved as quickly as they could to free up the market if the Golden Casket and scratchies people weren't there.

MR BANKS: You spoke earlier also in a similar vein about the bingo situation or the demise of bingo activity in the state. Robert and I have just come back from Western Australia where we saw the largest bingo hall in the southern hemisphere - 2100 bingo players simultaneously playing bingo, although we only got to see 300 that night.

MR FITZGERALD: We almost got thrown out for talking.

MR BANKS: So we learnt some of the appropriate behaviour in a bingo hall. What's the situation here in Queensland? I mean, what they were telling us there is that there was a certain amount of regulation but it obviously wasn't holding them back - and this was the Institute for the Blind, I think, that had organised this one and they obviously were very successful at it. But I get the impression from what you're saying that it's not so favourably- - -

PROF McGREGOR-LOWNDES: I think it is held back by advertising regulations being able to run lucky envelopes and art unions and raffles at the same time - limit of prize pools, excess of perhaps fees and paperwork to be charged on it. I think that holds it back generally.

MR FITZGERALD: So in relation to these community gambling activities, would it be right to say that you believe there needs to be a freeing up to some extent of the regulations governing the community gaming area?

PROF McGREGOR-LOWNDES: If your premise is that gaming is good and that non-profits ought to be able to earn an income from it then, yes, it needs to be freed up and put on level. Just as a personal note, I'm a member of the Uniting Church. The Uniting Church doesn't permit gaming as a fundraising and in fact they have incredible attacks of conscience even accepting money out of gaming machine funds from the proceeds of gaming. So I personally would not endorse it at all. In fact the only time I had a go at a poker machine was during this study and I put 50 cents which I borrowed from my co-researcher and got out \$2 and I've never been back since. But, yes, if you take that premise then yes, but otherwise I think it's - - -

MR FITZGERALD: I think it's fair to say we do notice different religious approaches or approaches of religious bodies or organisations to the issue of gambling around the states. Just in conclusion, from my point of view, going back to the issue of mutuality, your major concern there is that if the commission were to make recommendations about the change of mutuality that you would be very careful about how far you removed the exempt status, if at all, in order to protect, I presume, what you would regard as legitimate community welfare, substantial community benefits - - -

PROF McGREGOR-LOWNDES: Yes.

MR FITZGERALD: I just want to explore one thing. You said that overseas they have a definition - and I'm not sure if I've got it right - which is non-related.

PROF McGREGOR-LOWNDES: Unrelated.

MR FITZGERALD: Unrelated. Can you just explain that to me a bit further?

PROF McGREGOR-LOWNDES: If an organisation, say, in America sells goods or enters into a commercial transaction which is unrelated to their core business, they will have to pay tax on it. As all things American, they have taken it to the nth degree and it's a bit like our sales tax where yoghurt in ice-cream is one sort of sales tax and frozen yoghurt is another sort of sales tax. So if you go into a museum shop in the United States - a shop attached to a museum - if you buy a guide to the museum that will be core business. If you buy a picture or a postcard of something that's hanging in the museum, that will not be taxed. But if you buy the same picture put on a T-shirt that will be taxed. If you buy a science game in a museum that will be taxed, but if you bought the science game in a shop which is attached to a science museum, it wouldn't be taxed.

The feeling I get from America is that it's incredibly complex in terms of definition. Most people don't comply. The IRS are reluctant to enforce it because there's no money in it and its bad publicity. The IRS has got bigger fish to fry. Therefore the regulatory honour and the regulatory sense of people doing the right thing, because it's crappy law - you know, people don't mind abusing it. So you get into this spiral of having silly laws which don't raise any money and becoming overly complex. So that's where I think the Industry Commission got it right in report 45 which said this: particularly in the community services sector, any unrelated business income was minor, they would be able to duck it anyway and it would be silly to close off that source of funds.

I think in the club industry you've got such large profits coming out of gaming which does have various social effects and they do compete rigorously with hotel and other accommodation services that it's going to be hard for them to mount a successful philosophic and practical campaign against it but they may well do it.

MR FITZGERALD: If you were to do this, if you were to remove the exemption for clubs, not-for-profit organisations, in relation to gambling activity, you would have to disaggregate the income and expenditure so that you're only taxing a net surplus from gambling activity, if that were regarded as an unrelated or commercial venture which as you said before there are techniques by which that can be minimised.

PROF McGREGOR-LOWNDES: They all are because gambling itself is not an exempt purpose. Sporting clubs that say - I mean, it would be interesting with horseracing clubs, is gambling such a part of the club that it goes together as part of

its core activity or is it unrelated? I mean, you start to dream up that which is a tax lawyer's and accountant's field for more money, more complexity. Less volunteer treasurers, less volunteer board members wouldn't have anything to do with it. The thing becomes professionalised and we lose clubs and societies and civic life.

MR FITZGERALD: At the present time, in terms of a not-for-profit club, the income tax it pays is what?

PROF MCGREGOR-LOWNDES: If it's an exempt organisation, such as a sporting club, nothing. If it's a club which is not exempt through sporting, you may have the mutual principle. So income which is derived from its members' trading with it will be exempt. But visitors will be taxed and the Tax Office has a series of horrendously complex formulas to calculate who visits and who's a member and - -

MR FITZGERALD: Yes, I'm aware of that. Okay, that's fine. Are there any other parts of these papers that you want to refer to today that you've given us?

PROF MCGREGOR-LOWNDES: No, I don't think so.

MR FITZGERALD: The separate paper that you've written in relation to the GST, is that relevant for our inquiry or not?

PROF MCGREGOR-LOWNDES: Working paper 89, it raises the issue of non-profit gaming and the possible application in the GST to it. I mean, I don't think anywhere else in the world there's GST on gaming. I think it's a first, isn't it?

MR FITZGERALD: Your understanding is, what, that the GST - I mean, this is supposition at the moment because we have to wait to see but your understanding is that the GST would apply to - - -

PROF MCGREGOR-LOWNDES: The margin.

MR FITZGERALD: - - - the margin. At the moment the states would argue that there should be some - - -

PROF MCGREGOR-LOWNDES: No, the Commonwealth - in the fact sheet which goes with gaming on the Web site and they hint in the tax reform document that states might like to rationalise their gaming taxes by- - -

MR FITZGERALD: Yes, that's what I was just about to say. The states would then reduce some of their gambling taxes in return for- - -

PROF MCGREGOR-LOWNDES: Well, give it all away just for the 10per cent but of course that means for non-profit.

MR FITZGERALD: Sorry, just your last statement, "give it all away", is that in the fact sheet to which you're referring or is that your- - -

PROF McGREGOR-LOWNDES: You can draw the inference in that fact sheet that they want to simplify - - -

MR FITZGERALD: Sorry. The fact sheet is the fact sheet from whom?

PROF McGREGOR-LOWNDES: If you go to the tax reform Web site www.taxreform.gov.au, they've got them all there in a list. If you have a look at the one on gaming - no, you get misled by that. It only has half the story. The rest of it is on the Web site.

MR FITZGERALD: That's why I raised the question because I'm sure that document doesn't say what you've just said and I just want to ascertain where you've got that from.

PROF McGREGOR-LOWNDES: But you can get it from reading between the lines in that one. But I think they were probably put to the premiers in order to simplify it, "Just put a 10per cent tax on GST and we'll give you the money back," but the taxes which have been quite specifically given to community benefit and sporting things would presumably go.

MR FITZGERALD: Can I ask a question related to that which you may or may not wish to give a comment on, is if that occurred, if the Commonwealth government were able to reimburse state governments for the forgoing of say gambling taxes, if that were to occur - and as I indicated this is still hypothetical - do you believe that gambling policy or policy relating to gambling would change dramatically in this state and other states?

PROF McGREGOR-LOWNDES: I don't know. It may well be. I mean, it's been seen - as the commission pointed out - as a huge indirect revenue-raiser for the states and I think my personal opinion is it's a poor policy. It's a bad regressive tax. It has too many adverse social consequences and there are better ways of raising taxation than through this method. Whilst you could overlook small amounts of charity gaming that went to a good cause, gaming is being seen as just another commercial transaction that can be entered into and taxed like anything else.

MR BANKS: Thank you for that. I might just mention for the record, given some of this conversation, that in fact this inquiry will not be making formal recommendations. It's an information inquiry. But clearly it will have findings about a whole range of things that will have policy relevance. Thank you very much for attending today.

PROF McGREGOR-LOWNDES: Thank you.

MR BANKS: We will break for a moment before our next participant, thank you.

MR BANKS: Our next participant today is Relationships Australia. Welcome to the hearings and thank you for coming. Could I ask you, each individual, to give your names and your position or the capacity in which you're here today.

MR MacDONALD: I'm Ian MacDonald. I'm the executive director of Relationships Australia.

MR BANKS: Thank you.

MR DALY: Brian Daly. I'm the coordinator of client services for Relationships Australia.

MR SOARES: Alan Soares, the senior supervisor trainer in the Break Even program with Relationships Australia.

MS MARQUASS: I'm Mary Marquass. I work for Relationships Australia on the Gold Coast as the Gold Coast manager and I work in the Break Even program as an addictions and financial counsellor.

MR BANKS: Thank you very much again for attending today. We also benefited from some discussions with you, or two of you, here in Brisbane earlier in the inquiry. As discussed, perhaps the best thing is for you to make some of the key points. I'm sorry that we haven't had a chance to read your submission but we've just quickly glanced at the recommendations and obviously we'd have some questions for you. But let's proceed that way.

MR MacDONALD: If I could introduce our submission, Mr Banks. Relationships Australia is the auspicing agency for three of the six government funded Break Even programs. In Queensland we provide Break Even services for gamblers and their families, in Rockhampton, on the Gold Coast and in the greater Brisbane area with an extension service to the Sunshine Coast. Our submission to the inquiry will be presented by Alan Soares who is a senior clinical supervisor in the Break Even program. Alan has had a long and distinguished professional career in the area of addictions particularly. He will be followed by Mary Marquass who is the manager of our Gold Coast branch. Mary was one of the foundation members of our Break Even program and provides both addictions counselling and financial counselling to gamblers and their families.

Mary will speak to the statistical analysis of clients using the Gold Coast Break Even program. Mary also asked a small group of Break Even clients to respond directly to questions within the issues paper, believing that these people are in a unique position to speak about their personal experience as problem gamblers. We've included this as a separate submission since we didn't want it to be relegated to the status of an appendix, believing that it's important that our clients speak with their own voice. Mary will also have a brief comment on the Bankruptcy Act as it relates to gambling.

Then Brian Daly will speak about his responsibility for linking the Break Even program across our branches. He will speak particularly about the Rockhampton service and about our involvement with the pilot program to establish a gambling help line in Queensland and then finally, and even more briefly, I'll speak from my perspective as one of the two Break Even representatives on the Responsible Gambling Advisory Committee.

MR BANKS: Good, thank you very much.

MR MacDONALD: So if I can hand over to Alan, thank you.

MR SOARES: Perhaps I'll just select some of the topics that I have mentioned in the submission. The accessibility to gambling on page 2 I think would be a major one. One of the things which I think can be drawn from experiences in other areas of addictive behaviour would be to look at the experience of people drinking alcoholic beverages. The more accessible alcoholic beverages are to people, the larger the number of people who make use of that service and much the same sort of thing seems to happen with gaming machines. The more accessible various forms of gaming are, the more people who will use them - and amongst those people that use them is a certain percentage that have problems with their gambling use. The larger the percentage of users, the larger the number of people with problems.

There is that paradox in many ways. There's a prevention paradox in that perhaps we need to be more concerned not just with the people who have a very significant gambling habit that has landed them in a great deal of strife, but I think we also need to be concerned about those people who have a problem with gambling but it hasn't yet reached the stage of leading them to be contemplating suicide or bankruptcy or something like that, but it's meaning that they're not able to pay their bills, to replace their car or fix the washing machine or whatever it might be. There's that level of problem that's occurring in their life and because there are so many people in that category I think we ought to be directing some attention to that particular group.

Now, the size of that group isn't clear. There have been various estimates of the number of the percentage of pathological gamblers in the country and somewhere about 1 per cent, sometimes 2 per cent, has been suggested. But if we look at a wider range of problems rather than just the extreme then perhaps the figure may be more properly 5 to 8 per cent, something like that, and I think it depends upon how the problem has been defined as to what the extent of it would be. But I think we really need to have some very good data available so that we do know how many people are in the community who are having problems, and if that could be related to their income rather than just to the amount that they gamble that would be a better thing still.

MR BANKS: Would it be fair to say that a lot of those people that you're speaking of now who are further back live on the continuum and not the people who are coming to see you?

MR SOARES: I think there are some who should be coming to see us but aren't. But then that's probably because they don't know that the services are available and quite a lot of people have said that and one of the reports that Mark Dickerson did on behalf of the Department of Family Services in Queensland indicated that there wasn't enough awareness of Break Even services amongst potential clients. So some of them perhaps wouldn't need professional assistance but I think an awful lot of them would, but perhaps not major or long-running assistance. They might be able to get their act together fairly quickly with fairly brief intervention.

Another area that I'd like to draw attention to is that of advertising. I think we need to look at some of the advertising and some of the messages that are being conveyed to gamblers in the community. There is a lot of advertising going on and people are being directed or encouraged to gamble. Now, I think there's a need to examine some of the actual words that are used. I have indicated some of those that have been used here in Brisbane. But I had a client write to me in the last few days making that comment, that the gambling establishment needs to be more closely monitored in the manner in which they attract and hold their gamblers and he comments further:

I don't personally believe that ignorance of gambling is significant. What is of more concern is the advertising campaigns which tend to feed the compulsive gambler's tendency to go into the dream world.

I think that's a significant comment by somebody who has become a victim of excessive gambling. I'd like to draw attention to the graph on page 5 which particularly looks at gaming machines.

MR BANKS: Just before we get to that, while we're talking about advertising, we've had it put to us that to some extent advertising that's more in the realm of fantasy is more benign than advertising that gives a kind of realist impression that your day-to-day problems are going to be solved through gambling and that, for example, lotteries type advertising that has you in sort of clearly outlandish situations and so on, a bit of humour in it and so on, is more benign. Would you, from your professional point of view, like to comment on that?

MR SOARES: I'm not an advertising executive but I would imagine - -

MR BANKS: No, that's why I'm asking you.

MR SOARES: It's a bit hard to believe that that would be the case, that they would be spending good money to do something which is very benign. I think they're advertising because they want customers, which is fair enough. That's the business they're in.

MR BANKS: Yes. But I guess what they're saying to us - and again it's one particular state lottery that's telling us this - that people go into it in a sense with a

pretty realistic sense of what they're likely to get out of it. Again, remember it's lotteries and the way the odds are and so on, so that they're not in a sense deceiving people even though they're not being explicit about the odds.

MR SOARES: Well, I think they're raising their hopes a little bit. I did quote from one advertisement which said that, "Machines have made work easier. Our machines may make it unnecessary."

MR BANKS: Yes. So I think you've answered my question in a way. You don't see this as very different as a form of advertising, thank you.

MR SOARES: Yes, I think particularly as a psychologist I remember when I first was learning about (indistinct) conditioning after having visited New South Wales and being with some friends and played a poker machine, and he was very successful and shouted us all to dinner. I then studied psychology and I realised just how closely the poker machine resembled the principles that Skinner explained about conditioning behaviour and it exactly follows the paradigm. It's no wonder I think that people do get addicted to the experience.

MR BANKS: Are you aware of any studies drawing that parallel or looking at the psychology of EGMs in those terms?

MR SOARES: I can't quote any offhand, but I'm sure there must have been.

MR BANKS: Yes.

MR SOARES: I mean, even if it occurred to me as a student I'm sure some of the professors of psychology who seem to be very interested in the subject these days would have had students looking at various things and, you know, how much difference - I've heard of it, I can't remember the references - how much difference the awareness of the odds makes to the gambling behaviour of the player, those sorts of things, or even their knowledge of some of the factors that cannot - just for them to be aware that it is random chance there and some of the superstitions that they have just don't apply. You certainly hear people saying that, "This machine must be about to pay off because it hasn't paid off for hours or days," or something, and they're very sure that it must be about to pay off. Now, although there's accurate information around about the random nature of payments it doesn't change their behaviour.

On that graph on page 5, the white hatched section shows gaming machines and this is just amongst the clients of our service at the Gold Coast over a 5-year period. You'll notice there's a bit of a dip there in 96, 97 when there were changes in the staff and it wasn't fully staffed for a while. But there's been that steady increase there between 95, 96 with a dip there, 97 and 98. But 98 only represents 4 months of this year - 98, 99. So it looks as if it's going to be well over the top of the graph by the end of the time.

So I think as far as electronic gaming is concerned it's on the up and up and that's one of the reasons why our recommendations that we have suggested there on page 6 suggests that the rapid growth and the number of people who are reporting problems in the use of electronic gaming machines, suggests this form of gambling needs to be restricted, perhaps by setting a limit on the present number, perhaps reducing that by a percentage per year for a number of years. The concentration of machines per head of population should be carefully monitored, so it's within a particular region. The number of gaming machines in that region I think needs to be very carefully monitored.

MR FITZGERALD: Can I just ask the question, are you talking there reduction in the numbers irrespective of the operators so you see - if you were to adopt this approach - a reduction across both hotels and clubs, for example, or do you draw any distinction between the nature of the venue?

MR SOARES: I haven't drawn any distinction. I haven't really an opinion formed on that one.

MR FITZGERALD: The other issue there is, you talk about the concentration of machines per head of population. One of the things that's been put to us is that it's not only that but it's actually the number of venues that actually makes the difference, that in some senses the actual number of machines is less significant than the number of accessible venues. Do you have any particular view on that - because they can be quite different.

MR SOARES: I think venues would certainly be a point and then the number within the venue I think too.

MR MacDONALD: I think we would also view with some concern the move to extend the nature of the venues, such as the extension of gaming machines and to shopping centres and so on. We would see that as quite unnecessary to extend it in that direction.

MR FITZGERALD: Just on that, if you capped the number of machines and in fact do what you're doing, reducing, there has been a contrary economic argument that you're advantaging the current operators in a very substantial way so that they actually generate all those super capital gains and/or profits in your proposal. I presume that is of secondary concern to the - - -

MR SOARES: Yes, I thought probably the detail could be worked out by people in the Productivity Commission. They would have more expertise in that area.

MR BANKS: Am I right though that currently in Queensland there's no regard had for the density of machines, it's more the number of machines per venue and if there were 10 venues in a particular square area then so be it? Another area might have only two venues, so you would have 10 times as many or five times as many machines per capita in one area than another, that you're getting that kind of outcome?

MS MARQUASS: Yes.

MR SOARES: The second point is developing a code of advertising practice and that compliance with that should be mandatory, to ensure compliance in relation to mandatory signs about help for people with gambling problems. In some cases they're very diligent in putting up signs; in other cases it doesn't seem to be the case and it does seem to be a need to be monitored.

MR FITZGERALD: Do you see that as a requirement such as a condition of the licensing issue?

MR SOARES: It is a condition now but I don't think it's monitored.

MR FITZGERALD: So it's the monitoring of it rather than the actual condition that currently applies. Can I ask another question in relation to signage. Is the signage to which you're referring there only advising people of where they can seek help or does your signage go beyond that to other sorts of mandated advertising?

MR SOARES: We were particularly referring to signage about help there. But I think some of the other signage might be useful but I wouldn't want to disagree with that. A workable system of self-exclusion from venues for patrons who recognise that they have a gambling problem - now there is that system for the casinos. There isn't a workable system for the clubs and hotels and we recognise that there are some difficulties there but those people who are trying to stay away from gaming machines or the TAB do find it's rather hard and they would like something to strengthen their resolve. The idea of establishing some guidelines for responsible gambling is something which we think could well be taught. There have been suggestions that perhaps what could be considered responsible gambling would be one's income, less one's necessary expenditure and 25 per cent of what remains would be considered responsible.

I think there was an English gentleman, Moody, who suggested that and for the want of anything better, perhaps some advertising of what could be considered more responsible approaches to gambling might be a worthwhile idea to consider. Certainly the public needs to be more aware that there are dangers in excessive gambling and they need to be made aware of services for problem gamblers and family members.

MR FITZGERALD: Can I just ask, the balance between the voluntary compliance and mandatory compliance, you've specifically mentioned that the code of advertising should be in fact mandatory and mandatory signage. In relation to some of the other aspects, such as self-exclusion and so on, do you favour a particular approach? Some people have said to us that voluntary codes are the appropriate way for this industry to start with and that regulation should wait, or do you have a view that given the experience so far, one needs to go to a regulatory regime area?

MR SOARES: I think we need to go to a regulatory regime fairly early because sometimes the people who should be advising their clients and have responsibility for machines at a particular venue aren't aware themselves, even to the extent of sometimes that person having had a problem and not being aware of the procedures that they should be following.

MS MARQUASS: I'm going to talk about some of the data that I've presented to you. I've worked on the Gold Coast from May 93 up until to date and we've collected a data set from all the people that have come to see us with gambling problems and we put it in a computer and decided to crunch the numbers and get it all out. I thought that might be more meaningful than me sitting here and saying I think this and I think that. It's as an appendix to the main submission. There's a few things that I need - as you look at all the various types of reports that I've supplied you with, there's a couple of things that you need to be aware of and I guess that Alan has alluded to those.

But when you review the data from the Gold Coast for the year 1996-97 that if you reflect a change in the number of people attempting to seek assistance, the large number of clients that we saw in that year actually reflect a change in staffing, rather than a change in problems. We had a period on the coast where we were without one staff member and then we had a period where we had a new staff member who was just learning. All the data that's presented for the 1998-99 period is for only the 4-month period, July through to October. So that's really important to have a look at that. There's a lot of reports there and I'll probably take up too much time if I go through in detail every one. I've tried to leave you with some explanatory notes that may highlight some of the reports.

I guess it's also important to look at, particularly in the year gambling report and the gamblers' favourites which is the main type of gambling that each client prefers, it's important to look at the information in relation to the gaming industry and that is that gaming machines have been available in the northern New South Wales area of the Gold Coast since 1956. Conrad Jupiters Casino opened on the Gold Coast in November 1985 and at that time poker machines were not allowed in Queensland. The casino only had keno machines and card machines when it first opened. Then in May 91 the Gaming Machine Act was passed authorising operation of gaming machines in Queensland licensed clubs and hotels. The first machines commenced operation in clubs in February 92 and in hotels in April of the same year. At that point, gaming machines were also introduced into Jupiters Casino. If you have a look at the year's gambling report you'll see that there's a large percentage - 53 per cent of our client base - actually fall into that bracket of the 1 to 5-year period of developing problems with gambling.

Alan was alluding to the difficulties, the area of people who have problems with gambling and he was talking about a much larger population who may experience some small problems. Looking at the assessment data from the Gold Coast branch, we're looking at 84 per cent of the gamblers interviewed indicating "yes" to five or more of the questions in the DSM4 which indicates that there's compulsive,

pathological gambling. So we're seeing down there the high end of the scale of people who are experiencing problems, coming for help. I guess the term I used "recidivist rates" is perhaps the wrong terminology. When I'm talking about that there, I'm talking about the number of people that have actually returned to the service. That's total number of clients, that's not gamblers, so that could have been a family member and it could have been for any reason. So it was perhaps the wrong terminology to use in there.

MR BANKS: Just on that, to what extent is it possible to get an indication of success rates if we turn this on its head over a longer period? I assume that you would need to check after, what, 6 months, a year, 2 years?

MS MARQUASS: At the moment we're just putting in place some evaluation data that will be added to the database that we have. At this point in time it's not operational but we do have some data that goes back to 93 and once the software packages - we should be able to get some different ideas about outcome data.

MR BANKS: Would there be any value in a proactive data collection of people who had been to your service and then left, presumably cured or in control of their gambling problem and then do a follow-up sometime later?

MS MARQUASS: Yes, absolutely. That hasn't been done at this time but - -

MR BANKS: But it would be useful - - -

MS MARQUASS: - - - it would be useful.

MR BANKS: - - - if it was funded.

MS MARQUASS: Absolutely. On the top of page 2 I'm talking about referral sources. I'd like to highlight the fact that in October 1995 a patron assistance program was launched at Conrad Jupiters Casino and that program involved a series of promotional items in the forms of posters, brochures and business cards being made available to patrons in the bathroom areas of the casino. Looking at our database, since the introduction of this initiative by the casino, we've seen a distinct increase in referrals from the gaming industry and we attribute this directly to the success of the project. So I guess that says to us that we believe that kind of signage in a venue is appropriate and that it works because the project has been running now for over 2 years and there are some good results from that.

Looking at income reports and occupations, I think it's important to also have a look at some of the demographics of the Gold Coast, and we've tried to highlight that in the report - the type of the population that lives down there. We have a lot of low-income people living there anyway. You'll see that a lot of the client base are very low income people, but that may not reflect the client base per se; it may reflect the Gold Coast community. So it's important to have a look at some of the stats that

we've tried to highlight together with our stats that have come from the Australian Bureau of Statistics.

Similarly with the birthplaces, we have a very high rate of Anglo-Saxon heritage people coming to see us, mainly Australians, New Zealanders and people from the UK - 90 per cent of the people that we've seen. I think that when you draw that with the Queensland population it's fairly representative. So I think it's important too to have a look at that. There's a lovely map that we've done. Alan was talking about numbers of machines. What we tried to do on the map was overlay the number of clients in each area that had seen us and directly look at the number of venues that are around the places where the people are living, and I thought that was quite an interesting way to view that.

MR FITZGERALD: Just on that, is there a correlation emerging between the number of clients and the number of machines within the clubs? I mean, I'm just trying to scan it down here. You obviously have examined it. Is there any correlation at all?

MS MARQUASS: There's actually a postcode report further down that highlights the actual suburbs where all these people, our clients, are living. You will see there's a very high number of them in the Tweed area and there's a very high number of them in the centre part of the Gold Coast, which is around Broadbeach, Surfers Paradise, Southport, and moving west through Robina and Mudgeeraba and Carrara, there seems to be a very large pocket of clients coming from those areas. Our best guess now, as we've tried to count the number of machines on the Gold Coast, is somewhere around 6000 machines on the Gold Coast, which is a really high number of machines for the population, when you compare it. South Australia has I believe 11,000 machines in the whole state, and we've got a population of 420,000 people. I might leave the rest of the statistics for you to peruse at your leisure. If you need to ask me any questions about them, please feel free to give me a ring.

MR FITZGERALD: I was just going to say, the birthplace reports - from what you're saying there is no one particular sector of the community is being overrepresented.

MS MARQUASS: Yes, that's right.

MR FITZGERALD: That applies across all of the ethnic backgrounds.

MS MARQUASS: Yes, that's right. I guess that's saying that no ethnic community has a higher or greater or lesser propensity to problem gambling or it's saying that we've done a really good job of getting ourselves known in the Gold Coast area. I don't know which one it is, or it could be both.

MR FITZGERALD: The numbers are still too small, so it's one of those - -

MS MARQUASS: Yes, that's right.

MR FITZGERALD: We've heard varying reports from counselling services about the percentage of people they feel are fronting agencies for assistance compared to the overall so-called problem gambling population. Have you got any particular feeling about how much of the problem gambling group you attract, either Gold Coast or more generally? We've heard certain figures but have you got any feeling? Some people have said they think it's 3 per cent or 5 per cent or some such number of people with gambling problems who are actually fronting the agencies. Do you have a view?

MS MARQUASS: I guess that if I looked at something I did a while back on the Gold Coast population and I took the very old figures that said 1.3 per cent of the population has a propensity towards problem gambling and I worked those numbers on the population, there's somewhere around 5000 problem gamblers on the Gold Coast. If each of those impacts on eight to 10 other people - and I took the number of eight, trying to be very conservative - that means there are around 50,000 people who are being impacted on right here, right now from problem gambling. There's another study called Drug and Alcohol that says about 3 per cent of those people will ever front up in any one year for help. When we did the number of this - and I'm going from memory because it's rather a long time ago - I think it worked out that we should have been seeing something like about 1700 people a year. There's no way that we'd see anywhere like that. We don't have the resources to do that.

MR FITZGERALD: So how many people would you be seeing a year roughly?

MS MARQUASS: We're seeing about 300 roughly.

MR FITZGERALD: So it's really, from your point of view, the tip of the iceberg that you see?

MS MARQUASS: But on the other hand we have a very large waiting list, which we are getting a 50 per cent drop-out from. The waiting list is about 8 weeks at this point in time.

MR BANKS: Notwithstanding your earlier point about the extent to which you reflected the general community, would you feel nevertheless that some people self-select in terms of those who come to you, either say women over men or certain ethnic communities being more reluctant to come to your agency for help? Are there any patterns like that?

MS MARQUASS: I think that the statistics show fairly clearly that we've seen pretty equal numbers of male and female clients over the period, slightly more men than women. In the early years it was a lot more men than women and in recent times it's come down to about three to two males to females, and that certainly is fitting with the rise in the number of problems coming from electronic gaming machines. If you have a look at the age report and the gender report, you'll see that they're women that are mainly falling in those categories.

The other report that was sent to you was from a little survey that we did with several of our client group and they discussed one of the questions that were raised in the issues paper, the one that says, "What is the nature of each of these specific problems in relation to - gambling problem may manifest itself in a number of ways: health problems, job loss, crime, domestic violence, poverty, homelessness and family break-ups, even suicide." So a small number of our clients came to the service and we had a 2-hour group session and we invited the clients to participate in giving their views on those issues in relation to that question. There is a little summary there of the people who came, the information that they provided in relation to health problems, job loss and job problems, crime, domestic violence, poverty and homelessness, family break-up.

Then they felt that they needed to say something about the effects of increasing access in relation to different forms of gambling, particularly the recent one with the introduction of cable television with racing all day on cable TV, and the effects on their social life and sense of self-worth. They also had quite a lot to say about automatic teller machines, the availability of EFTPOS in hotels and clubs and the TAB, and also about the machines that take notes. There's quite a lot of information there from clients about the note-taking machines, which seem to assist the clients to stay longer and be less embarrassed about going up and asking for more change because they can just slip another note into the machine.

MR BANKS: There are less constraints in that sense. That will be very useful for us. Thank you for that, for going to the trouble of doing that. I mean, one of the challenges for us really is to get a proper sense of the nature of the problem, so I think you've hit the spot in terms of the sort of information we need.

MS MARQUASS: Then the last little piece that I wanted to talk to was a section of the Bankruptcy Act, section 271, that I've highlighted there at the top. It's only a very small two-page document. Under that section, if gambling has materially contributed to a person's insolvency, the penalty for that upon a conviction is imprisonment for a period not exceeding a year. I feel that that particular penalty in the climate that we have now is harsh and unconscionable punishment. I've highlighted a case example from one of my clients that I actually saw. This is a man that I've called Max. He arrived in Australia in 1948 from the camps in Germany after World War II and he's now 65 years of age and he's divorced and lives in shared rented accommodation. He's currently receiving a benefit from Centrelink and his income level is under \$10,000.

This man retired with a superannuation payout of 250,000, from which he purchased a house and a car. He had always gambled and in his retirement he continued to do that. The first big win was from the Casket, so he won 200,000 on the Casket, and then later he won a further 250,000 playing card games in the casino. Today he owns nothing and he has depleted his entire savings and the gambling winnings, and he's only been retired for 4 and a half years. So this is a 4 and a half year period. This man has two credit cards and on both of them, added together, he

owes about \$15,000. He has no way of repaying this. He's on social welfare. He can only afford \$20 a fortnight to pay this debt off. That means he'll never be able to pay the credit cards off in his lifetime. He'd like to consider bankruptcy but he fears the consequences of section 271 of the act. Does this man really deserve to go to prison under the circumstances?

MR FITZGERALD: To your knowledge have you had any clients at all who have become bankrupt that have actually been prosecuted under 271?

MS MARQUASS: My understanding is that there was one prosecution in Queensland in 1992, and I haven't been able to get the case information from ITSA. They have just put on two new investigators at ITSA and they will be certainly looking at the issue of gambling and bankruptcy prosecutions down the track.

MR FITZGERALD: I suppose the legislators might argue that this is here as an inducement not to gamble. In your opinion would the removal of it have any adverse consequences in terms of public policy?

MS MARQUASS: I'm talking about removal of the incarceration. I'm not - -

MR FITZGERALD: Can I just clarify that. In 271 you're removing the penalty. Are you simply removing the actual punishment, the incarceration?

MS MARQUASS: The incarceration.

MR FITZGERALD: But not the rest of it?

MS MARQUASS: Not the rest of it. I think that people need to accept the consequences of their actions, but I still feel that it's a very harsh punishment in this climate to have people run the risk of incarceration because of a gambling addiction.

MR FITZGERALD: Going on with that, you make the point that, had the person been involved in- - -

MS MARQUASS: A heroin addict.

MR FITZGERALD: A heroin addict or something else, there would be actually no penalty at all.

MS MARQUASS: No, not under that section of the act.

MR FITZGERALD: Why have you drawn the distinction between removal of the punishment, being the imprisonment, but not the removal of the balance of that document? Why should gambling be an offence at all within 2 years preceding a bankruptcy?

MS MARQUASS: That's a pretty good question. I don't know why it should be.

MR FITZGERALD: That's all right. I just wanted to clarify it because other people have raised this with us and it hasn't been until just then that I understood there was a distinction between withdrawing the entire section and/or just removing the imprisonment part, so that's something we'll concentrate on.

MR BANKS: I can see a sort of a logic there but as you say, it's sort of - when you extend it to look at something like other ways in which that - other forms of illegal activity and so on, it's a bit hard to see that.

MR SOARES: Or even legal activities. You know, if they just spend it at restaurants and high living they just go bankrupt, no penalty.

MR BANKS: Yes, I suppose they figure that you can only eat a certain amount of food but I guess - I'm naive in these matters and apparently there's unlimited amounts of expensive food that one can eat and other ways of spending one's money.

MR FITZGERALD: I'm intrigued it captures speculations. Okay, good. Thank you.

MR DALY: Brian Daly. I just want to make a few comments, brief comments - I'll keep them as brief as I can - about the effect on rural communities of gambling. It would be fair to say that the Break Even service has not really made any significant inroads into the Aboriginal communities and we certainly know that there are problems there but we have no service model at the present time that would seem to be effective in reaching those areas. We certainly believe that in the area of publicity regional Queensland needs much more information regarding responsible gambling and safe gambling. The information may be in the larger centres but it's not filtering out into those rural communities. There needs to be recognition that gambling can have a greater impact on a stagnant community. What I mean by that is a community that perhaps is ageing, there's no growth, a lot of the younger people are leaving, there's high unemployment and in those communities there already may be a sense of hopelessness and the introduction of gambling can just entrench the problems into that community.

In Rockhampton we certainly are seeing that many clients are presenting with health problems, particularly mental health problems, and this only amplifies the issues for those clients. All communities in Queensland have access to a variety of gaming opportunities but access to services such as Break Even are limited and telephone counselling is only a part answer to that. It may be beneficial that all communities be given an opportunity to participate in finding their own solutions; that their involvement is essential to the recognition and acceptance of responsibility for the problem in their community. We certainly found that in the community groups that were formed as part of the introduction of the gambling help line, that that stimulated interest and you don't need to talk to many people in all local communities to see that there is a recognition of the problem but no way of those people getting a say about it.

You get in a cab and the cab driver talks about everyone spending too much money on gambling and that's without any problem. People in restaurants or in other community organisations are talking about it but there's no sort of sense that they can do anything about it and there needs to be some sort of avenue for that to occur.

It may be that before additional gambling opportunities are introduced or extended into a particular community that there needs to be a specific impact statement for that community undertaken and that the community needs - you know, they certainly get a chance to object to a high-rise being built on the foreshore or a new freeway but they don't get any chance to comment on the effect that gambling will have on their small and local community. So that may be something that perhaps the government might consider - looking at giving people a greater opportunity.

MR BANKS: Could you give an example of how that might work?

MR DALY: I was at a community meeting on Sunday and certainly it was a very hot issue about prostitution in Queensland and people on the game, but gaming itself - there has been 4 years of consultation about that issue but I don't believe that there has been any great consultation happening for the introduction of different gaming opportunities into the communities. It's just sort of going out there and communities aren't getting a chance to say yes, they would like it in the communities or they wouldn't like it or they would like to see this level and this sort of opportunity. It just happens.

MR BANKS: So essentially what you're saying is that the regulatory environment in this state tends to be a statewide rule which might impact differentially on different communities?

MR DALY: Some communities might decide that they don't want any poker machines or whatever it be in their town but they're not given any chance to actually object that I know of anyway - maybe they are.

MR BANKS: Are there particular communities - you mentioned Rockhampton; are there any others that strike you as being - where the roll out of poker machines has been particularly problematic or caused particular harm?

MR DALY: I think that we haven't got access to that information yet but when the gambling help line comes on stream throughout Queensland we probably will get some information on particular pockets where it is a big problem. I mean, at the moment we only hear anecdotal evidence or information that a particular mining town has a lot of gamblers or whatever but how true or realistic that information is, we don't know. We do certainly see here - do some telephone counselling from our Rockhampton office but it's a small amount. One would assume that when there is publicity around the gambling help line throughout Queensland that areas such as Roma, such as Chinchilla, Charleville - all of those country towns, if there is a problem there that people will start seeking some assistance and we may get some indication as to pockets of particular concern.

Certainly the gaming help line which was initiated by the Break Even network is most welcome and we would expect that that will provide a better link between the gamblers and services such as Break Even because that's one of the problems. You know, when that small window opens up, people looking for assistance can contact someone and speak to a counsellor straightaway. If they ring a Break Even service, if they do get someone - which is only during business hours or opening hours - they will just get the receptionist. They won't actually get to speak to a counsellor who's already involved in face-to-face work.

MR BANKS: In your experience is this window of opportunity often out of hours?

MR DALY: I think it's probably when they have had a down after losses which is probably going to occur outside of our business hours, which we do operate into the night but not every night of the week.

MR BANKS: I think Alan was nodding too.

MR SOARES: Some of the people who have actually used the gambling help line in Queensland so far have acknowledged to counsellors, when they have actually presented face-to-face, that having someone to talk to when they were going through a time when they were nearly relapsing was very helpful for them so I mean, it's only a few examples but then I suspect that it's indicative of what is really happening or would happen.

MS MARQUASS: Last Thursday morning we had three calls before 9 o'clock of people in crisis with gambling problems and indicative of Friday afternoons after quarter past 4. We often get a lot of calls between 4.15 and 5 o'clock on Friday afternoons.

MR BANKS: Yes, we had some discussion this morning about opening hours of casinos, around-the-clock operation and so on which those people appearing at that time saw as a real problem and were recommending that the hours of availability be constrained in some way. From your professional perspective is that a problem - extended opening hours - operating hours of these venues?

MR SOARES: Yes, because I think often people get into almost a dissociated state when they're gambling away and will go on for 36 hours or something like that and to actually break it would be a very significant improvement on the present set-up.

MR BANKS: Okay, thank you.

MR DALY: The same obsessions as they used to have in the hotels. Very briefly, finally, I think that it is true - you alluded to it before - that we do often see the clients who have hit the wall. They have lost their jobs, the car has been repossessed or they have just had their partner leave them or something, and I think that the greater promotion around the gambling help line will hopefully help us to reach that bigger

percentage of people who just have a problem with gambling and haven't really got to the more serious stages.

MR BANKS: Good, thank you. Mr MacDonald again.

MR MacDONALD: Just a very brief word about our involvement with the Responsible Gambling Advisory Committee. We were certainly very strong in our advocacy of setting up this group and I think it has been very important in Queensland that we've had an open three-way dialogue between the gambling providers, the government and the community service providers. I think this is in contrast with what has happened in some of the states where the pro-gambling and anti-gambling lobbies have polarised and dug for themselves entrenched positions, and I think when that happens very little cooperative action can then flow for the benefit of the community. I think the committee has already demonstrated that it's able to deliver quite impressive outcomes, such as the ability to achieve 100per cent cooperation by gambling providers in the three areas where we've piloted the gambling help line, so that the gambling providers in all forms of gambling have advertised the existence of that help line number, and I think that has been very directly because of the kind of dialogue that has been established between the three groups.

Certainly we and Break Even would also applaud the change in emphasis in that group from problem gambling to responsible gambling and that is, from where we see it, consistent with the argument that Alan has put, that the emphasis should not simply be on the few pathological gamblers but we should be looking at the issue of gambling as a community health issue and in the same way that we've tackled many other community health issues, we should be addressing preventative messages about responsible approaches to gambling. The work of the committee on developing material on responsible gambling for inclusion in the school curriculum we see as a very important advance and I think it's the kind of approach that we should be applauding.

It has been interesting as a community based member on that committee to find that we've got one very strong concern that we share with the gambling providers and that is a common belief that more of the taxes that are taken from the gambling industry be applied to the minimisation of harm. We've been extremely concerned about what has happened to the Charities and Rehabilitation Act. We believe that there was something like 23,000,000 a year going into that fund. I beg your pardon, I've called it an act - it's a fund. Yet from our knowledge, something around about \$1,00,000 has been going into the minimisation of harm from gambling. That seems to us to be altogether out of kilter and I know that the gambling providers themselves believe that more of those funds should be going into the minimisation of harm.

We believe that there is a need to increase community representation on the Responsible Gambling Advisory Committee. Certainly two Break Even representatives and one QCOSS representative are a very small voice in the face of the other groups which are made up of powerful and influential players. We have

suggested that the committee should include representatives of the churches and of local government and of academia at least to balance up that group.

MR FITZGERALD: If I could just ask - the issue about funding of community education programs, you know, harm minimisation, advertising strategies and that generally, do you have a particular view as to how that money should be (1) collected, and (2) distributed? In other words, do you have a particular view about community benefit funds or any other form of body to collect and administer the distribution of those funds?

MR MacDONALD: The short answer is no. I think the existence of a tripartite committee which is in the position to give advice to government - I think it could have a very strong role in recommending the disbursement of funds from taxes that have been raised for that purpose.

MR FITZGERALD: Do you believe that you need to go further than recommend? Do you believe there's any argument to actually establish a separate independent funding body which has certain discretion itself?

MR MacDONALD: I think that would be the preferred course of action, yes.

MR BANKS: The other question I was going to ask was just generally what views you had about self-regulation versus imposed regulation, I guess, in this area, for example, in relation to harm minimisation strategies and so on. Would you care to offer any views about that?

MR MacDONALD: I'm aware that Prof Jan McMillen has drawn a parallel between problem gambling and driving education programs and educating the public in the responsible use of alcohol and so on and her view, which I share, is that whereas self-regulation is always going to be the preferred method, that should be backed up with some regulatory monitoring and so as far as driver education is concerned, we've got defensive driving programs and so on. But we've also got regulations about seat belts and the two need to go together.

MR BANKS: Just the other question I was going to ask of those who have been dealing directly with problem gamblers is to what extent - we've talked about information, signage, in relation to help, where they can go for help. What about signage in relation to understanding the nature of the beast or the animal with which they're dealing in relation to odds, loss rates over periods of time and things like that? Would that be useful with that group or are they in a sense past that kind of receptivity?

MR MacDONALD: I would be inclined to take the point of view that they're past really wanting to hear that message.

MS MARQUASS: Although I guess that what is not generally well-understood by the gamblers themselves is the method by which the gaming machines operate in

Queensland. They think 85 per cent goes back to the players and then they think, "But it doesn't. I sit at a machine and I don't get my 85 per cent back." They don't understand the linking into treasury. They don't understand that it's over how many games that the 85 per cent comes back, that this is really the information these people don't - and when they find out this information, how it works, they kind of are quite horrified and I think that information may be more important than the odds, because they kind of know, "Well, I get 85 per cent back." But they don't and then they say, "Well, someone has rigged these machines. They don't pay 85 per cent back," but they do, but they don't understand the system.

MR SOARES: I think it would be good to educate people about those sorts of details before they get hooked.

MS MARQUASS: Yes.

MR BANKS: You mentioned - - -

MR DALY: The odds on some things like Lotto and scratch-its might be useful though, because I think many people get the wrong impression from the advertisements that are on TV where a lot of people come on and say, "Oh, I know someone who won this and I know someone who won that," and the odds are quite - you know, whether you say high or low, but large for actually winning on some of those things.

MR BANKS: Yes. What we've heard a number of times is that a common characteristic of problem gamblers is this syndrome of chasing the losses which in probability terms is illogical and obviously not going to succeed by definition. It's just hard to know whether that's something that they could rationally understand or whether it's emotional and beyond that. But I guess what you're saying is at some point it may be beyond that but at some point there may be an opportunity for people to pick up that message and learn to be responsible gamblers.

MS MARQUASS: And I guess when I've been working over the continuum I work with a lot of people at this high end of the scale. But I also work with people at the low end and those people are in a mind set that they can understand and they can do something to minimise the harm that gambling is causing them - and as we are able to increase our resources, if we can reach more of those people that Alan was indicating.

MR SOARES: I suspect that just as with smokers - there are a lot of people who are addicted to smoking who give up without getting professional help. I suspect if there was more education about safer gambling procedures some people would read that themselves and think, "Yes, I need to change my gambling behaviour." The early stage, people would, and I think that's the good target market that could be affected by a well-planned intervention of an educational nature.

MR BANKS: If you had to summarise what you were trying to achieve when you're counselling problem gamblers, very briefly what would you say?

MR SOARES: To face the reality of some of the things that they need to change in their lives. Usually there's some trigger which brings them in, in the first place. That might be pressing financial crisis, it might be a separation in their family relationship, and they're fairly desperate to want to do something about it. They have often tried in the past and haven't succeeded but perhaps they're more motivated when they come to see us than they are before. Very often they have said they have tried to cut it down and they're happy to look at abstinence as the best way. So our strategy is to work with them to put into place cash control strategies so they stop the gambling behaviour and then work on the underlying issues - more than a few words.

MR BANKS: No, it's not a simple thing to talk about.

MR SOARES: Yes.

MR BANKS: Thank you.

MR FITZGERALD: The focus group that you conducted, there's a number of very interesting statements in here. When you received this report you didn't actually participate in the actual group.

MS MARQUASS: Yes, I did.

MR FITZGERALD: You actually - thanks. Was there anything in it that surprised you that was unexpected or anything that deviates from your own personal observations?

MS MARQUASS: What surprised me about that? I was a bit surprised about the person who had holes in their socks after 3 days. But most of it was pretty much I guess what my experience from working in this field - I guess it would be 6 years next May I've been working in the field and I've heard all the stories before, so this pretty much reiterates what I've heard before and there wasn't anything that I could really highlight that really amazed me.

MR BANKS: So if you had to say - would you say that this was typical of many more people you're seeing?

MS MARQUASS: Yes, absolutely.

MR FITZGERALD: Yes, and I think that's important because in terms of the section on effects of increasing access this group has highlighted a very large number of issues relating to the way in which venues operate and so on, much of which we've heard before. But I was just keen to see whether it accorded with your overall view or there were things that were unexpected in it.

MS MARQUASS: No, it's pretty typical.

MR FITZGERALD: There seem to be in this report a greater concern with phone betting at home for the TAB and a few things like that than we've been getting. I know that wagering - people who are hooked on wagering rank much less in your statistics as problem gamblers than those with EGMs. But in this there seemed to be a recognition by the participants of concerns around that area.

MS MARQUASS: Well, I guess if you look at the actual participants themselves you will see that there was a 38-year-old male gambler who gambled on poker machines and there was a 64-year-old male gambler who gambled on poker machines and casino table games and there's a 31-year-old male gambler who gambled at the TAB and the partner of the TAB gambler and then a female, 66, who gambled on gaming machines. So there's a fairly even split and so of course you're going to get the viewpoint across the varying types of gambling because of the participants in the group, I would imagine.

MR FITZGERALD: Yes.

MS MARQUASS: And if you have a look at our statistics for male and female gamblers it's still more male gamblers coming down to the Gold Coast and there's still a fairly high percentage of male gamblers with problems with the TAB of gambling and wagering.

MR FITZGERALD: The other aspect is that there was indications in the document about certain practices, questionable practices in terms of obtaining money and loans and what have you for various groups and what have you. Could you just give me any indications of your experiences relating to criminal activity - not so much by the punter themselves actually stealing and that, but accessing of funds through questionable sources? Is there much of that?

MS MARQUASS: Yes.

MR FITZGERALD: Could you, without going into too much detail, just give me a bit of an idea what?

MS MARQUASS: There's some pretty awful loan sharking going on down on the Gold Coast.

MR FITZGERALD: How much evidence is there of this, official evidence?

MS MARQUASS: The people are too frightened to even tell you about it, who they are or terribly much about it, and quite personally I'm also frightened myself. I don't want to be involved in that because of the type of threats that have been made to people who don't pay up.

MR FITZGERALD: Without going into any data, can you just tell me do you believe it is a substantial issue?

MS MARQUASS: Yes.

MR BANKS: Thank you for that. I guess the last thing really that I was just going to ask you to elaborate a little bit on is the question of training in problem gambling counselling, what you currently do and any thoughts you had about how - you know, whether training is an issue generally.

MR SOARES: Well, Relationships Australia is just on the brink of submitting a course to VETEC for approval which is an advanced diploma. It's annexed of course so there's a level for certificate, a diploma and an advanced diploma, and they can do the diploma in either gambling addiction or in substance addiction. If they go to the advanced diploma they have to do both streams but they do whichever one they prefer at the higher level. I think one of the advantages of this particular course will be that the participants in the course will have to do 70, 100 and 120 and 150 hours of practical work with clients at the three levels. So they're getting supervised practice as counsellors besides the theoretical. I think that's a very useful thing and something which has often been lacking in some university-based courses where they haven't been able to provide access to clients, which we are able to in a service organisation.

MR BANKS: What about method? I mean, how uniform are methods throughout the industry? I don't know whether you know beyond Queensland, for example, but I get the impression that there are different ways of treating problem gamblers and some people would say, "Well, the method's less important than the counsellor." Others would say that that's not the case.

MR SOARES: Well, yes, I think so although I think there's a fair consensus amongst practitioners. We do have practitioners' conferences. In fact there's one next week which Mary and I are going to in Adelaide, which will be attracting a number of practitioners from around the country. Similar, there was one on the Gold Coast a couple of years ago. There was one in Melbourne last November which does give opportunities for people to present papers to discuss practice issues within Relationships Australia. In our Break Even program we have a monthly network teleconference. We have a national networking teleconference amongst Break Even providers or government service providers in other states of Australia. So I think there will certainly be a range of different approaches, but I think an awful lot of the practitioners will be fairly eclectic in their approach and there will be a lot of common stuff.

MR BANKS: How would an organisation like Gamblers Anonymous fit into this network? Are they actively, from your knowledge, participating in this kind of networking?

MR SOARES: Yes. Well, certainly I think nearly all our clients would know about Gamblers Anonymous branches. It's a common practice that we will hand out notices about meeting dates of groups in the area where we've got services. Often GA members will suggest that people might like to see a Break Even counsellor. We would regard GA as being a valuable support network for people. Often if people

have a problem at the weekend or in the evening and they want to talk to somebody else who understands where they're at, it's very valuable to have that contact with another GA member and I think it's a very valuable service. I would see it as being complementary really to the professional counselling.

MS MARQUASS: They run a meeting out of our office on the Gold Coast once a week and they actually have the Gold Coast telephone line physically in our office with an answering service, which we don't answer their phone but their phone's physically located in our office on the Gold Coast, so we certainly encourage (indistinct)

MR DALY: They also meet out of our (indistinct) offices. He provides that for some of these clients.

MR BANKS: All right, thank you. We've actually kept you here longer than we should have, but that's because it was so interesting and we learnt a lot I think and so thank you for that and thank you also for your submission and the assistance you've given us outside these hearings. Break for one moment before our next participant.

MR BANKS: Our next participant is the Logan City Council. Welcome to the hearings. Could I ask you please to give your name and your position?

MR COLLINS: My name is Peter Collins. I'm an elected member and I chair the finance and corporate services committee within council.

MR BANKS: Good, thank you. Thank you very much for taking the trouble to come here and also for producing the submission which we have, as you know, not yet read but will read with interest. As we discussed, perhaps you might just like to summarise the key point and we can have some discussion on those.

MR COLLINS: If I can indulge the commission a little bit to say the background to it really came out of an increasing anecdotal story of the effect of gambling, particularly I think the proliferation of gaming machines or poker machines because that's the pre-eminent gambling activity, I suppose, that's in our community. It's also very measurable and tangible. So out of that evidence, myself and other councillors have become aware of a growing problem and so we relate to - as I listened with interest - Break Even Australia and how they're dealing with the end of the train when people have fallen off, so to speak, and picking up the pieces. There was a continuity between what they were saying - and we're talking local community groups like Lifeline, support groups, churches, continually telling me about those things.

So we then sought to get, I suppose, a snapshot consultant to have a look at some of the statistics and really quantify what does this mean for Logan, because I think it becomes more powerful when you have that sort of evidence to back up the claim. I'm sure you are receiving heaps of anecdotal evidence to support that. The end result, I suppose, is why have we got involved. We think it's paramount as our role as a local government authority - third largest in Queensland - that if we can put these things as clearly to the government as possible then we might be able to see some hard minimisation of the practice by really getting some more regulation to be apparent by the state government which was really the owner of the policies, owner of taxation revenue.

We also were very much challenged, I think, to push a political line, I suppose, in raising the issue because to me, starting from the top, the state government in one sense is mainlining on the revenue stream that comes out of gambling. They are the regulator and also the beneficiary. I think that was clearly exemplified when they conducted a review of the gaming regulations I think in November. A white paper was produced in late 97 and it was in July 98 where they looked at the review of the industry and the number of machines per establishment and so on. Basically I think what we saw in terms of the club/hotel industry was reflected a little bit in policy. There was a lifting of the limits, so it was a question of allowing more without regulation.

I concur with Break Even when we would say that we're not going to get rid of poker machines or gambling or whatever, it's a thing that's endemic to Australian society. However, the amount of the community benefit we think is - and the

compensation to charities and the like that are losing revenue out of their fundraising activities and so on, is something that we feel should be increased. In other words, if the state government - I think the figures are over there that we got back this year close to \$600,000 but in my estimate is that between 20 and 30 million dollars is lost from our local economy in terms of discretionary expenditure. Some of it goes to the state government and some of it goes into the financing of new buildings and so on. We have a number of establishments which are in the top 10 clubs, top 10 hotels in Queensland in our local government authority area.

What we see is they now have great lavish foyers but they don't have any more community services provided. The largest sporting club in our city has again lavish foyers and things like that but it's not more children are playing soccer. So I'd suggest the financing of those loans and things is what's really driving it. What I see is there is a net - as we say, 15 per cent doesn't come back, it goes somewhere else in terms of the equation. If we look at turnover - we were startled into action when we saw, firstly, \$188,000,000 in the 97 calendar year and it went up to 260 this time in the next financials. That's from the official stats of the Queensland Office of Gaming Regulation. So when you get that sort of increase in one year we think we have a problem where, I suppose, it's out of control. But more importantly the hidden things: we have only anecdotal evidence and support from the local chamber. On the back page it refers to the local chamber of commerce president. Information from Patrick McKendry who is the president of the Retailers Association of Queensland indicates that that is affecting their bottom line in terms of retail expenditure. So there is a clear net loss in terms of economic benefit, in terms of discretionary spending.

Our research shows - and I think maybe to get further into the document, it looks at turnovers. I think it's outlined on page 3. Sorry, I'll come back - significantly from 1992 there's 74 machines from our records and now in our statistical district we're up to 1257 this year. So there's been an absolute proliferation of them. Some of the stats which is generic across Queensland says that there was \$221.36 in the 1991 financial year per capita expenditure in gambling-related activities - and it has detailed the breakdown of those things - to \$635 in 96-97. So again we're looking at a threefold increase over that period of time. I was surprised by this but to give some quantity, some of the research found that 25 per cent of Queensland households used gaming machines funded from the expenditure of household costs. In other words we hear about kids without shoes at school, without breakfast-type stories. It indicates that 25 per cent was identified as food, clothing and education - those household expenditures - where a lot of it is being lost.

So those sort of figures indicate as it applies to Logan, that per adult person, approximately is \$1700. The actual figure in the statistical analysis is \$1689 per capita. That puts Logan somewhere in the middle to the high but it doesn't compare with things like Mount Isa with \$3508 per adult which is found on page 6, which details those.

MR FITZGERALD: Just to clarify, on the top of page 6 this report is saying that gambling turnover per adult in Mount Isa is \$3500 and you're estimating in Logan it's what?

MR COLLINS: It's 1689. So I'm suggesting that Logan has a problem, however, I think it's not under extreme problem and it's not under other regions which have much lower. I think if it's happening to our community - when I think of my analysis in terms of how much per adult population, we're sort of middle, I suppose, not extreme per capita but certainly on the higher scale - there is clearly in evidence - and these informations are from the Queensland Office of Gaming - -

MR BANKS: Do these give gambling expenditure data?

MR COLLINS: No, they don't. That's probably the area - part of the document says that we need to have more research into those type of issues from the local level and also on the larger level about where are these expenditures coming from because I think significantly the claims of the industry perhaps is that we're creating jobs, we're creating opportunities and there's no negative impact economically and so on. But I think we need to gather research information and say, "Where is the money coming from?" because we certainly know where it's going and I think they're very good at tracking from the source of origin. All these figures are from the gaming authority.

MR BANKS: Okay.

MR COLLINS: So those sort of figures back up things that we are getting anecdotally because if you take that sort of level of discretionary expenditure - they're turnovers, not the figures but then also there's a loss involved in that and the amount of money going down the slot of a poker machine is larger than our budget, you know, it's half again. So I think we as a council are caught up in terms of rate arrears and things like that. We tracked rate arrears and tracked gambling machine numbers in our city and that's a long bow to draw. But when you're searching for things that are indicators of a symptomatic problem and we as councillors - one of the larger businesses, I suppose, in that city - suffer that sort of effect. Now, we can't put those two causal relationships but I think it's an indication. Also just talking to BreakEven Australia, our council gets contacted, I suppose, because we're involved in community development and have a close relationship with community groups and we refer some people to Relationships Australia, and indeed some of the gambling problems.

As a person being active in the community and raising a profile you might also get phone calls. They went from a part-time 1 day a week to full-time 5 days a week with waiting lists. So perhaps that's because of the fact that they are now more accessible and more known perhaps but also I think it's an indication of a problem that is increasing. So it then talks about, I suppose, the distributional aspects of gambling. On my evidence I think we would certainly say we would refute the idea that we're creating employment. We believe there's a consolidation of jobs around gaming industries, so the local club employs more people and there's been an increase in employment level for that organisation. But as a counter to that, you look at for

example where the largest club in the city, the restaurant Three Doors has closed, so has the one up the road and so the entertainment venues are suffering from that.

If you talk to your local shopkeepers and they say their revenue has - and indeed as I was perhaps intimating with Patrick McKendry from Retailers Association of Queensland that the large retail sector is saying there is an impact upon it. Ultimately, I suppose, if you take money out of a local economy then obviously you create less growth - not just less profit but less growth. I think there is a consistent pattern with the data from the Queensland Office of Gaming Regulation that those with socioeconomic need or stress have an unfortunate pattern of having higher levels of gambling and related activity and expenditure. What the psychological connection of that is, I'm not an expert in that area. Therefore this method of raising basically state government revenue is regressive and it impacts upon those perhaps who can least afford it. Part of the role of government is not to have regressive revenue expenditure patterns and they haven't been checked or challenged enough in my view.

MR FITZGERALD: Is it true to say - just casting a quick look on page 1 and 2 - that your local government area would be somewhat below average in terms of per capita income or household income?

MR COLLINS: Yes, I think if you looked at - there are elements of very above average state socioeconomic indicators but as a whole local authority, Logan would have to say that we do suffer a socioeconomic disadvantage.

MR FITZGERALD: Within the area, which I assume is quite a large area, would there be particular concentrations of lower income people, for example, in public housing?

MR COLLINS: Yes. In the central precinct, for example, the median unemployment level there is indicated that it is double that in terms of a significant portion of our city. It establishes a fringe area of the greater metropolitan area. In some sections of the defined suburbs they have 80per cent housing commission. So you do see that as a significant social disadvantage of any scale in Australia. That is balanced by perhaps more affluence at the extremities of the city.

MR FITZGERALD: Did you look at - there would be a concentration of, say, EGMs in your council area relative to other - - -

MR COLLINS: EGMs?

MR FITZGERALD: Sorry, these poker machines, say, on a per capita basis relative to other areas. This was some information we saw earlier. I don't know whether you've got it.

MR COLLINS: I think from memory - and I'll have to have a quick look because I didn't prepare this report myself - that we have 6per cent of the gaming machines in

Queensland. Page 6, "Logan has just over 6 per cent of all gaming machines," but we don't obviously have 6 per cent of the population.

MR FITZGERALD: Right. You'd have less than 6 per cent of the population, okay, and an average of per capita income or household income probably somewhat below the average for the state.

MR COLLINS: Certainly.

MR FITZGERALD: Okay, that's interesting.

MR COLLINS: I would like policy to take it from the public politic influence type. The local club, or the larger clubs, as we have a number in the city, I think have gained a lot of influence because they have a lot of membership and they have a lot of employment-related activities. Also they become benefactors for the community, dishing out finances and things for the local scout group when they need a tent or the basketball club needs a few to help out with an after school hours sort of training program. I've been and seen quite clearly the influence of that when we were looking at the redevelopment of an old landfill site for the establishment of a sporting club. From the public submissions we obtained there was one where we're going to lease it to an organisation to run the club. That organisation had a history of also having poker machines as part of a licence, poker machines as an integrated facility.

We had significant lobbying by the established clubs in the area and we had the sporting clubs, for example. One was trotted in privately and told them that we're not supportive of the objection by the large club to this new establishment; we want to actually get into this new ground and develop our own facilities. But in a committee meeting when you've got the big club coming to put its case - he was supportive of this new proposal to develop this site and the answer is, "No, not supportive," because, if I can use a name - I don't know if I should be using names; it was a confidential meeting - - -

MR BANKS: You could use a letter of the alphabet if you like.

MR COLLINS: Club G brought in basketball club S. Basketball club S had already indicated it was in favour of this development to go ahead because it was an expansion of its facilities and activities and a great opportunity for it. Club G was the major sponsor of basketball S. Basketball S comes into the committee and says, "No, we do not support this application." They then have because of the financial arrangements or other arrangements in kind - it's patronage, I suppose. There's a lot of political patronage happens when you have a club with 50,000 members. Club G had its bond of \$300,000 waived, which is not a normal commercial response to a development of such kind. The building conditions and so on were looked on perhaps favourably.

Now, that may be just criticism of the process and the calibre of the council that's concerned, or my council. However, it does start to indicate that there's a

centralisation of influence, and it comes from a financial and membership base, which can sometimes be used. When you are campaigning against perhaps what you see as a negative pace in the community, you get double-page spreads in the local paper vilifying you sponsored by the clubs of Logan and you also get the local - "Can't run this story because one-quarter of our advertising budget comes from the clubs and hotels. Therefore we know we can't run this story, so be careful what you do," alongside the more unpleasant phone calls that you might get. But that's part of the politics. I'm not being apologetic for that, but I'm just using those anecdotal examples to say that what we have caused is I think a denting of the democratic fabric because of the activities here, and we really need to look at those issues.

Also there have been groups who then have to look - part of the community benefit fund is that it gives tacit support to the activity. We believe we got \$2.3 million back over the life of the community benefit fund into our city, but when you've got \$20,000,000-plus leaving annually from your local community I say, so what? There is not enough coming back. There is no guarantee in my view if you can track from point of source - and this is one of the big things we are pushing. If you can track from point of source revenue leaving, then you can track back, and we'd be very keen to see that the community benefit fund became localised in its approach to ensure that, as the moneys went out, a certain percent was then in fact returned. I'm probably critical that some of the sport and rec levy is not tracked locally back, because I believe that the revenue that comes from the average punter, if we can use that term, is lost from - the punter might be helping with the fundraising with the meat tray at the soccer club. I'm a member of the blue nursing committee. Our fundraising doorknock appeal is harder and harder to achieve. I usually talk to other charities - it's harder and harder to achieve, and I know we indicated it in our report and I'm sure that is not new to you. So we don't think there's adequate compensation back to that.

MR FITZGERALD: Can I just deal with this, because it raised difficulties I suppose for how you make decisions. You've indicated obviously the local politic that takes place already. Some people have suggested that local government authorities should in fact have a significant role to play in the extension and/or granting of licences for poker machines or any other form of gambling in the area. The other point of view is that because of the local politics that can take place, which are very substantial, in fact you don't necessarily advance the cause of good public policy. Obviously there's no right or wrong answer to it but, just given your comment there, do you believe that in terms of public policy greater authority should be given to local councils to determine the extension or otherwise of gambling, or does that run the very real risk that special interest groups will end up winning the day anyway rather than community sentiment?

MR COLLINS: Part of the push, I know personally, that hasn't been adopted formally by council is what I call social-economic impact assessments of major installations. That is required, I believe, now under the current planning legislation for major retail outlets, so that you can't just plonk one here. In our strategic plans we identify areas of economic development and nodes and so on, I suppose to regulate

those planning issues, because every planning has an economic and social attachment to it.

I gather your point there. I think you could achieve, if you did do that, if it became a planning process with objection, appeal, consultation to develop policy, so you have a policy framework which is consulted in ample stakeholders and regulated, and conditions and so on, and that was there and that was implemented by officers who would technically have no political pressure to one way or the other, it would therefore go through a review process which would be open, as all council committees are open, as all council meetings are open. You would never remove from any decision-making the influence on poor politics - let's use that term. However, I do think if you had the opportunity to regulate economically and socially there would have to be justification why you could open and that would be a performance criterion. They would have to establish that.

Strangely, we get agreement from the major clubs for this sort of push because they're all pretty established and they want the competitors not to arrive in town, so we can get in bed with the devil and we'll both agree on that. But, yes, I do think you need to have economic and social impact sort of assessment or some planning framework. I think there would be a good balance to have some state regulatory control over that progress to moderate any, you might say, local political bias in one direction or the other.

MR FITZGERALD: Should councils have the right then of veto of the extension of family activity within their areas? You have the social and economic impact statement conducted locally, but where does the ultimate authority stand? Is that just a requirement which state governments need to consider, or does council have a view as to where that ultimate power or authority might rest? If you don't have a view that's okay.

MR COLLINS: Obviously this is a personal view. I think council enjoy having that ability to do that, because often in other economic issues we are saying, "Why are they opening another pub here? Why are they putting another service station there? There are five already down the road and you're creating an environmental risk and a social amenity issue?" We have no powers to do that because we can't make decisions based on economic grounds - fair trading type issues - because everybody has the ability in Australia to nail their thing to a shingle and make a go of it. However, I think it's beyond that because, if that was linked to a per capita turnover capping or a machine per capita capping, I think you would go a long way in achieving some of those objects because your local community could I think research and state government regulation would determine, "This is the saturation or this is the level of a healthy exposure to a form of gambling."

We've been pushing very much for that sort of capping to get the money back in terms of community benefit, to levy increases for harm minimisation. But also one of the harm minimisation is to really regulate the level. In the words of a gaming machine officer, "If you can get a liquor licence you can get a gaming machine licence."

It's that easy." I think that's too easy, so we'd like to see the state government in its act regulate that. I don't necessarily think local government would be the best people to do that assessment. Thinking about your question further, I think an independent body separate to treasury, separate to government, would be able to assess I think more fairly any social-economic impact on a new major installation over a certain level, and I believe that part of a good role with that would be obviously having input from the local council, formally or informally, and other stakeholders that are obviously there. So I would be probably moving down that model rather than just the local government. I think it may become too close to the ground to see the large picture sometimes.

MR FITZGERALD: That's helpful. You've made the statement, or the report does, that you believe it is likely that the expansion of gambling has created some economic loss potentially but, as you say, there's no research that actually supports the quantum of that.

MR COLLINS: No.

MR FITZGERALD: You're not aware of any studies by other councils within Queensland that have done economic impacts at all? Are you aware of any by any chance?

MR COLLINS: I'm not aware of any at all. Some would say it's a strange thing for local government to get into. It's certainly about roads, rates and rubbish but I think more and more we're concerned about community development. Considering the advantage that perhaps we have as a local community - I look at that per capita expenditure across Queensland per person. When you're dealing with a low wage or income level of the average person, the higher proportion of that is spent on survival or basic commodities, therefore I think you might be able to afford to lose \$100 a week at the leafy suburbs but you can't afford \$100 in the non-leafy suburbs. So I think it is even more magnified because of our socioeconomic status. Hence that's why we became aware of it probably more quickly or we were attuned to community development as a core part of what councils do. Hence we've got up and campaigned strongly on that.

MR BANKS: When we talk to people such as Relationships Australia about their experience, what they often emphasise to us is the problem of access, that access is leading to obviously more gamblers but in proportion more problem gamblers as well. This raises a bigger question, as Robert was saying, about the extent to which access should be based on socioeconomic studies and studies of impacts. From your understanding of people in your local government area would you say that a lot of this was supply-driven, that there's not really active demand from people for an extension of gambling facilities but rather once they come they obviously then make use of them, or would you see that people are actually quite keen to have greater access to gambling and indeed the greater access is just a consequence of that?

MR COLLINS: I'd certainly say there's a very strong marketing of the opportunity to make a win or a jackpot, really which is in my view a great opportunity for someone else to take your money. So I do think it is very clearly that we have seen, as we said, from 74 machines to over 1000 or 1200-odd machines accessible to our local community locally. There has been an increase, proliferation, in counselling services required. There has been from 190 to 260 million in 1 year. What we're saying is I think it's driven by the industry for their profit motives. For example, I'm saying that if there is so much money a community or a person wants to spend on gambling and if you put in 2000 machines or 1,000,000 machines they will only spend the same amount of money - I don't think that's a marketing trend outside of the gaming industry; I think it's the consistent elasticity of the market and so on. I'd certainly see a clear correlation with an increase in access, which is the number of machines, and the marketing that goes with that has caused a magnified problem exponentially. It's not a linear relationship at all, in my view.

MR FITZGERALD: Can I just ask a question, and you may not know the answer, and that is in relation to the local chambers of commerce and what have you. You've talked about economic impacts and the impacts potentially on some traders. I noticed in your submission, the attachment 1, you have a quote there from the local chamber of commerce president supporting the council's stance against gambling. That's what it states. Has the chamber or anyone else within the Logan area actually done any informal or formal studies as to impacts on businesses? This is something we hear, that the extension of gambling has had an impact. I must say it's increasingly difficult to actually support that with any evidence at all other than - and quite appropriately - anecdotal evidence and what have you. I was just wondering whether in your area the chamber or others have actually, you know, identified something more than a feeling in that area.

MR COLLINS: No, clearly we have - and I think I wouldn't be advocating that before you do any further increasing gaming across your community that that's one of the imperatives that you have to show. So it would have to be a performance driven model of planning. In other words, they have to show that there isn't to get more, as opposed to the onus is on the industry to achieve that, substantiate their claims. So no, it's very hard to track as a council on where they have had loss of money. I suppose if you did a graph of, you know, the turnover of every business and what that was, then the industry would say it's not that; it's an economic downturn that's driving this cycle. It's very hard to quantify but I think there's power in statistics and we all use statistics because they have a currency and a power of their own themselves. But it doesn't mean that the anecdotal evidence isn't as equal and as confronting.

MR FITZGERALD: No, and I wouldn't wish for that to be interpreted.

MR COLLINS: No, you haven't said that.

MR FITZGERALD: I just was wondering whether they had actually looked and said, you know, "We've identified - -"

MR COLLINS: Like the local chamber, it's a collection, a network of local businesses so they're not really into the research mode. Neither are we as a local authority honestly.

MR FITZGERALD: No, that's fair enough. Just in terms of the key points from the submission and given that we haven't had an opportunity to read it all, you're not actually recommending to the commission a reduction in the level of gambling activity in Logan City or Logan area, rather a concern about future expansion. Would that be a fair interpretation or are you actually - do you think there's a case for reducing the level of, eg, gambling machines and what have you?

MR COLLINS: I don't think the council has a formal view on that. I think my personal view is that we've gone very quickly and we have, for example., a disproportionate amount of number of machines per population. So we're already over the average so we would be comfortable going back to the average. I think the reality is you can't turn back those clocks. I think you could put a pause button and let your population catch up. Relatively speaking you're achieving the same end by a different route but we're consistently saying, "Yes, we need some sort of per capita capping for this turnover base, whether it's machine-based."

MR FITZGERALD: I suppose, as I've said to the last people that presented, it's been put to us by "capping" you're creating an environment where the current operators achieve a super profit or a super gain but as perhaps the same answer that they gave, which was, "Well, that's okay. That's a lesser evil than actual further expansion - - -"

MR COLLINS: I think there was some anti-competitive type issues that were addressed in part of the report about - - -

MR FITZGERALD: Yes, there are.

MR COLLINS: That would fall into that and that's why those existing premises are really saying, "Go in and back that. People will support you." Yes, that raises an issue, whether you then unpackaged pre-existing limits per facility as opposed to the increase in ceilings and numbers that you did get through the reform. Does reform wind back the number? Then I think you would have a greenfield opportunity, I suppose, for new players to enter the market which might speak of more equity in terms of economic opportunity for others. I'm not here to advocate more but I think that would be a process which could facilitate both objectives more fairly.

MR BANKS: The summary point that's made on page 15 about a need for increased funding for an improved and integrated local response to people with gambling problems, what is that - again it's a summary point and I haven't seen the elaboration of it.

MR COLLINS: It's basically, I suppose, the fact that we had developed a reasonable relationship with Break Even gambling services. We have also I think people like Lifeline and other church and community-based groups have counselling which is not directly gambling related but some of them, the counselling is because of a gambling problem. But as we look at domestic violence as an issue and less targeted funding and targeted strategy; as we look at youth homelessness or some specific social issue and there is an integrated community response to that across inter-agencies and all levels of governments and stakeholders, we're saying that we would like to see guaranteed and increased funding - and I suppose it comes out of sort of the levies suggestion - that would enable that to occur so that people who have the problem, and I like the term "responsible gambling" - (a) one is an educational response to gambling and the other is to obviously address the problem where now we have a problem situation, crisis sort of intervention and management, rehabilitation.

MR BANKS: Right, that's fine. I don't think we have any more questions. Do you have anything?

MR COLLINS: No, that's fine. Thank you for the opportunity.

MR FITZGERALD: Thank you very much.

MR BANKS: Can I just ask, for the record, if there's anyone else who would like to appear today? If not we propose to adjourn these hearings. We'll be resuming in Darwin on Thursday morning, 12 November, and thank you everybody for your attendance.

AT 5.57 PM THE INQUIRY WAS ADJOURNED UNTIL
THURSDAY, 12 NOVEMBER 1998

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