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**TRANSCRIPT
OF PROCEEDINGS**

PRODUCTIVITY COMMISSION

INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

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

TRANSCRIPT OF PROCEEDINGS

AT CANBERRA ON MONDAY, 30 NOVEMBER 1998, AT 9.06 AM

Continued from 25/11/98 in Melbourne

MR BANKS: Good morning. I'd like to open this first day of public hearings in Canberra 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 my colleague is Robert Fitzgerald who is associate commissioner for the inquiry. The commission's inquiry started in August. We've already talked to a range of organisations and individuals and we continue to have submissions coming in. The purpose of these hearings is to give people the opportunity to discuss their views and their submissions on the public record. That's intended to help us in our task of understanding the economic and social impacts of the gambling industries and the role of different regulatory approaches.

The transcripts for these public hearings are available from the commission. You can also locate them on our Web site and submissions are also available from the commission. I think here in Canberra, having already conducted several rounds of hearings so far, I don't need to give any more detail about the processes than that, and perhaps just welcome our first participant this morning, Senator Grant Chapman. Welcome to the hearings. Could you please just confirm your name and your position just for the record and then we will have some discussion about your submission.

SENATOR CHAPMAN: Senator Grant Chapman, Liberal senator for South Australia in the Commonwealth parliament.

MR BANKS: Good, thank you. Thanks for coming along. You've sent us a submission which I think formed the basis of a previous address that you gave and is quite interesting, and you've updated it with some more information that we will be keen to talk to you about, but why don't I give you the opportunity to perhaps just summarise the key points.

SENATOR CHAPMAN: Thank you, Mr Banks and Mr Fitzgerald. Thank you for receiving my submission and giving me the opportunity to speak with the Productivity Commission this morning. The paper to which you referred was a paper that I initially presented to a gambling and technology conference which was jointly arranged in May of this year by the Institute of Criminology and the Institute for Gambling Research. I did this research paper and presented it at that conference in Sydney and I was very glad that the Productivity Commission was called on by the government at about that time or I think just prior to the announcement being made that you would be inquiring into gambling on a national basis. So I then decided I would basically use that as a submission to the inquiry. Then I've also submitted some dot points which add some information to that. It's updated and has some additional aspects.

I came to the issue in the sense I suppose by chance in that a couple of years ago the Joint Statutory Committee on Corporations and Securities, which I chaired, began an inquiry into the implications of electronic commerce for cross-border securities trading, fundraising and that sort of thing. In some of the background reading I was doing to commence that I came across the issue of the development of gambling sites on the Internet and with the problem that was obviously developing in

South Australia, particularly with poker machines and the concern developing there in the community, I saw this, if you like, as the next phase or a next step in the development of gambling that could have serious social consequences. At that stage I decided to do some work on it and then subsequently was invited to present to that conference, so that's just the background to the development of my interest and the development of this particular paper.

As you would see in the paper, one of the main concerns is the attractiveness of Internet gambling, particularly to young people - and I used the example there at the outset of a test match with Shane Warne about to bowl his next ball and, with the capacity that electronic systems, computer systems or interactive television provide, the capacity to gamble on each and every ball that Shane Warne might bowl. That's something that, apart from the problems with adults, would potentially have real appeal I think to young people and could get them involved in gambling in this way. The link to that of course is the pervasiveness of either interactive home television or Internet gambling. It's not like a casino or even a poker machine where you've got to at least go down the road to the pub or the club to have access to it; it's sitting there right in your lounge room and you switch your television set on or switch your computer on and you've got instant access to it.

So there's not even a degree of social control over it that there might be with more traditional forms of gambling, and again I think that's a real concern for potential problem gamblers in the development and the expansion of the number of problem gamblers in the community and again for young people and children, because I think we all know that young people are probably the most computer literate in the community. They've grown up with it, they have ready access to it and therefore I think the dangers there are multiplied for young people.

I suppose in a sense I'm taking what I believe is a realistic view. It's very difficult to wind the clock back. We may be able to introduce some greater degree of restriction to some of these traditional forms of gambling, particularly poker machines and so on but, as I say there, placing a bet is as Australian as meat pies, kangaroos and Holden cars. To try and turn the clock back against existing forms of gambling would be very difficult in terms of enforcement and so on, but with Internet gambling where it's still a relatively new phenomenon, there is the capacity there to nip it in the bud if we act sufficiently early. Obviously, as you've seen from the paper, I'm advocating a ban and I believe that is feasible, notwithstanding some of the arguments that are put against it, which I'll deal with in a few moments.

In terms of economics I don't believe there is much in the way of redeeming features for gambling generally - Internet gambling in particular. To me gambling is a zero sum game, whatever someone wins, someone else loses, so it's not an economic activity that facilitates production or creates additional wealth, traditional real wealth. I suppose the only sense in which that might occur would be in terms of Australia's domestic economy - if you had people from offshore either visiting Australia physically or on the Internet to gamble and their money was coming into the country and being lost and stays here - but certainly in terms of Australia's domestic

population, to me it's a zero sum game. There's no real wealth creation resulting from it. It's simply a transfer of wealth from one person to another, usually from those who can afford it to those who can better afford it.

In the paper there, there's material I've presented about the economic effects of particularly the poker machines in South Australia. Attributed to them is the impact on small business retail turnover and so on. There was a recent South Australian survey that attributed to poker machines the decline of small business turnover ranging between 6 and 25 per cent. There have also been some studies done in America about the detrimental impact of gambling on regional economies.

The paper then deals with a select committee in the Northern Territory which I describe as being blissfully blasé in terms of the examination they've done of Internet gambling and the conclusions they've reached. The main conclusion there that I object to is their claim that the development of Internet gambling will simply substitute for other existing forms of gambling; that people will transfer from their existing forms, whether it's betting on the horses or on the pokies or whatever and substituting Internet gambling for that. I believe that ignores the research which shows that whenever there's a new form of gambling introduced more people gamble, so there's a net increase in gambling in the community and more people become problem gamblers. That's why I've called that conclusion of theirs blissfully blasé, that they're simply assuming it will just be a shift of the existing gamblers from one system to another. I think it's pretty clear there will be a substantial increase in the number of people involved in gambling.

MR BANKS: I think your paper was saying that it would be targeting perhaps a new market but wouldn't currently be accessed in any other forms.

SENATOR CHAPMAN: Yes, that's right.

MR BANKS: Who would be in this new market?

SENATOR CHAPMAN: There would be a lot of people who currently, for one reason or another, don't participate in gambling; people who are homebound or don't go out, who just, for whatever reason, haven't had access or haven't taken access to those forms of gambling external to the home but who spend a lot of time watching television or spend time on their computer. I've examined some of the existing sites and they are very attractive, they're dressed up very fashionably with a strong marketing emphasis. They're not just there and if you find them you might participate or not; they actually make an active attempt to entice people into the system.

MR BANKS: I think they probably intentionally do that. The medium probably has some advantages which they'd see over, say, the poker machines which are relatively static, aren't they, and for most people probably not all that exciting.

SENATOR CHAPMAN: That's right. The existing physical gambling venues, as I say in my paper, have become highly skilled in building information bases on their

clients and their potential clients and, whatever they're capable of doing, Internet site providers in the field would be even much more skilled at doing. I then go through the fact that it's already in operation but it's still early days. I deal with the problem in a bit more detail with details of young people. Particularly important there I think is the fact that one of the United States studies shows that 90 per cent of problem gamblers have gambled since their mid-teens, so problem gambling becomes entrenched at a relatively early age. Again, with the skills and the interests that young people have in information technology and computers, that just multiplies the vulnerability which they have to this form of gambling.

MR BANKS: You had a quote there from Pokies Anonymous who said that pokies hook you so quickly. We've also heard from others that, while that point might be right about people starting quite young, problem gamblers have often become - their gambling has become a problem to them quite quickly when they've been using poker machines. Would you see that as a similar problem with the Internet?

SENATOR CHAPMAN: I would think so. As I say, the sites that I've examined, the way they operate, have a high degree of attractiveness and I think people would very quickly get hooked if they have that potential. An important point which reinforces the all-pervasiveness of Internet gambling is the fact that it's available 365 days a year, 24 hours a day, where at least the physical gambling starts - whether it's the pubs or the pokies or casinos - there might be extended hours of operation but at least there's some limit on the hours of operation which adds to the fact that you also have to go out of the home and make an effort to get there. So again it's that immediacy of availability which I believe is a real problem with the Internet situation.

There's the issue of credit betting. Again people say you can institute controls on that but we've already seen, particularly with young people, getting around those controls in relation to other matters on the Internet and spending their parents' money and credit cards and so on. Again it's difficult to ensure that those controls apply and there have certainly been examples where people have self-imposed restrictions or attempted to put self-imposed restrictions on their gambling habit, and the casinos and so on simply ignore that and try and entice them back into the system. Again that would be even more of a danger with Internet availability.

It's worth quoting, I think, what John Olsen, the South Australian premier, said nearly a year ago now in relation to poker machines. That's on page 9 of the submission. He said:

We made a mistake with poker machines in South Australia and I think it's time we admitted it. 5 years ago the Gaming Machines Bill was a mistake. It was ill conceived and ill considered. It's a fact that easy access to gaming machines has led to a level of gambling in this state that no-one foresaw. It's a fact that easy access to the machines has led to a level of compulsive gambling that was not and could not have been foreseen and that has certainly shocked me.

He goes on to say:

Even those who rail against the concept of the nanny state -
which I certainly tend to do - a free marketer generally -

which legislates to protect people from themselves must be shocked at what this gambling freedom has in fact created within our economy and our society. It is a fact that easy access to poker machines has destroyed individuals, families and businesses. Poker machines can turn the most unlikely people into gambling addicts. The devastation that poker machines have caused in this state has reached a level where we have to say enough is enough.

John Olsen said that devastation could not have been foreseen. I think there were people in the community warning at the time that this is exactly what would happen if poker machines were legalised. It's also my belief that if the state parliament was now revisiting that issue with all of the experience gained over the last 5 years, they wouldn't in fact have passed that legislation to legalise poker machines. It's on that basis, I say, all right, we made a mistake with poker machines but we ought to draw the line there and not go the next step and allow this even more pervasive form of gambling develop.

MR FITZGERALD: Can I just ask question that - and I know your paper is basically dealing with home gambling, but we're about to go to South Australia next week, which you may be well aware - you obviously share the view that there was a mistake in relation to the introduction of poker machines but was it the way in which it was introduced, in other words the caps across hotels and clubs, or was it simply the introduction of poker machines outside of the casino itself that you think was the error?

SENATOR CHAPMAN: I think it was the introduction of poker machines outside of the casino. Maybe if it had been limited to clubs and not pubs so that there was a relatively limited supply, the extent of the problem wouldn't have developed. Obviously the pubs put up a very strong argument in terms of the favourable treatment that clubs would have received if they had only received provision of poker machines and they'd been excluded from pubs. So that would have been a difficult argument to meet.

MR FITZGERALD: When we look at say South Australia where there is a very large number of venues per capita, although not necessarily a large number of machines compared to say New South Wales, the industry of course would simply say that there was a latent demand, a pent-up demand, that they're simply now meeting. This is an argument obviously that you hear all the time. If you looked at the level of use by South Australians, for example, of poker machines, they would say, "That demonstrates we were right because demand is now being met." How do you respond to that just generally?

SENATOR CHAPMAN: I believe if you look at the way the issue was debated at

the time, there was no outspoken public demand for poker machines in the community. The demand was coming from the poker machine industry but you didn't have a community outcry saying, "We want poker machines." You might say because they're being used, obviously there was this latent demand. I think the demand in a sense has been created since they were introduced and it's extended and developed from there. Certainly with hindsight I think the community would have been much happier for them not to have been legalised, and if they hadn't been legalised at the time you wouldn't have found a great community outcry saying, "We want poker machines."

MR FITZGERALD: Later in the document - and I just want to link it to this - you make the point that everyone has made about the very substantial reliance that state governments now have on this as revenue source. I was just wondering, in your view, if the state governments were not so reliant on the revenue, if there was some other mechanism for that not to be the case, do you believe that the policies in relation to the expansion of gambling would be different?

SENATOR CHAPMAN: I think they might be. In fact it might be worth quoting a letter I got from John Olsen on that. I wrote to him about the issue when the state government made the announcement that they were going to move in fact to legalise and regulate Internet gambling on the basis of the national draft regulatory control model. I wrote to him expressing concern about that, and if I can just read the last paragraph of his letter which is probably relevant to what you say:

If the Commonwealth government were to change its policy and decide to ban gambling on the Internet, then I am prepared to revisit the South Australian government decision to legalise and regulate interactive home gambling within this jurisdiction. However, you will also need to persuade all the other state and territory governments to do likewise -

obviously if there was a Commonwealth ban, they would be forced to, I would assume -

because I am not prepared to sit back and watch South Australian dollars flow out of the state if other states or territories permit interactive home gambling.

That's a very strong indication that he's concerned about the loss of revenue to South Australia if they went it alone and banned it and all the other states were in fact getting a piece of the pie. So, yes, the revenue implications have weighed very heavily on state governments' decisions, and one might hope that, if we can successfully introduce a goods and services tax, with the revenue going to the states, that might help alleviate their dependence on gambling revenue. Perhaps just to conclude that section, I think it's important to take action now with regard to Internet gambling, otherwise in 5 years' time we'll find ourselves in exactly the same position as we are now with poker machines saying, "We should have never let this happen." We need to nip it in the bud.

I then deal with the draft regulatory model and other aspects of government responses thus far to the issue and what I regard as the inadequacy of that and that's why I was particularly pleased to see the Productivity Commission inquiry established as an initiative to really examine the impact of gambling and what might be done about it. The next section of the paper looks at what's happened in some overseas countries and most particularly in the United States where Senator John Kyle has introduced legislation to ban Internet gambling which effectively extends their current controls on gambling by telephone and so on to the Internet. It makes it illegal.

MR BANKS: Yes, I wasn't aware of that until I read your submission that there were controls currently against gambling over the telephone wires. Is that right?

SENATOR CHAPMAN: Yes.

MR BANKS: I had been led to believe the opposite was a problem in that trying to ban the Internet use of gambling they might have run into constitutional problems in terms of freedom of use of the telephone wires.

SENATOR CHAPMAN: No, they already have that delegality in place so that in effect in America you can only gamble in a state if you're within that state that has legalised gambling, such as Nevada and New York.

MR BANKS: Over the phone you mean within that state is okay?

SENATOR CHAPMAN: I would assume so.

MR BANKS: Okay, we'll look into that.

SENATOR CHAPMAN: You have to be physically within a state where gambling is legal to be able to gamble. Whether it's by phone or physically, I'm not quite sure, but I would assume that if you were within the state, you could probably use the phone wires to gamble, as long as you don't go across the border.

MR BANKS: I see, okay.

SENATOR CHAPMAN: Perhaps just to update what's happened with the Kyle legislation, and in my dot points I've dealt with that, firstly it's had very strong support in the community, including from the National Attorneys-General Association, which is all of the state attorneys-general from the various states in America. They have given a statement of support, which I am just looking to find now. Yes, they've written a letter of support of 20 March this year saying:

As members of the Internet working group of the National Association of Attorneys-General, we write to express our support for section 474 of the Internet Prohibition Act. As introduced by you in March 97 the bill closely modelled the changes in federal law suggested by a resolution adopted by the National Association of Attorneys-General in June 1996. Although the bill has

undergone several substantive changes prior to reaching the Senate floor, it continues to be the most appropriate measure to address the growing problem of gambling via the Internet.

They go on and detail various aspects of the problem, so you are welcome to have a copy of that letter.

MR BANKS: Yes, thank you.

SENATOR CHAPMAN: The other group which has sent a letter of support is a combined group, the National Collegiate Athletic Association, National Football League, National Hockey League, Office of the Commissioner for Baseball, the National Basketball Association, Major League Soccer, which says - and is addressed to the Honourable Trent Lott, majority leader in the United States Senate:

We are writing to urge you to support the passage of s474, the Internet Gambling Prohibition Act of 1998. As amateur and professional sports organisations we believe s474 would strengthen existing enforcement tools to combat a growing national problem of illegal sports gambling conducted over the Internet. Sports gambling tarnishes the integrity of athletic competition, taints the way fans use sports contests, creates suspicion and cynicism about game and performance outcomes, and degrades players in the eyes of fans. The amateur and professional sports organisations have long understood this problem and have progressively policed the relationship between gambling and sports.

Then again it goes on and provides other details of their opposition. I suppose I could reinforce that by referring to the cricket scandal in Pakistan as another example of that, so you're welcome to have a copy of that letter as well.

MR BANKS: Good, thank you.

SENATOR CHAPMAN: The Kyle bill was attached as an amendment to the Senate Commerce Justice State Appropriations Bill by a vote of 90 to 10 in the United States Senate but then unfortunately when the House and the Senate bills were merged at the final Commerce Justice State Appropriations Bill it was dropped from that combined bill because the matters hadn't at that stage been considered in the House of Representatives. So with a 90 to 10 vote there is obviously very strong support for it in the Senate but it still obviously has got to be looked at in their House of Representatives. It is going to be reintroduced, as I understand it, when the new Congress first meets at the end of January or February of 1999 following their recent election. Certainly in the most recent discussions I had with Senator Kyle, he's still very confident that legislation will pass.

It provides for fines of at least \$US20,000 and 4 years' imprisonment for people operating Internet casinos and 6 months' prison terms and at least \$2½ thousand in fines for those betting on the Internet. It was initially sponsored by 12 senators

altogether, including Senator Kyle - seven Republicans and five Democrats - and, as I say, although it hasn't been debated in the House it has been introduced there with the support of 44 members. I've already mentioned the support of those sports groups and the National Association of Attorneys-General. There is also a statement from the FBI in support of it, which I think I quoted in the dot point so you've probably got that. Yes, at the bottom of page 3 of my dot point submission - you have that there - bottom of page 3, number 3, Louis Freer, a director of the FBI says:

I think it's a very effective change. We certainly support it.

There's some other comments there again from the National Association of Attorneys-General and from the chair of the National Coalition Against Gambling Expansion. Singapore on the technology side has introduced the concept of filters for their Internet which allows them to filter out undesirable material, and that certainly to this stage has been directed against pornography, but certainly that technology, I believe, is applicable to filtering out Internet gambling if we choose to do so. I will deal later with that technology aspect.

MR BANKS: Yes, it's quite an important point. I think the McRae report deals with that.

SENATOR CHAPMAN: Yes, I was going to refer to the McRae report. My final comment on the international situation is what I might regard as the bastion of liberty and free enterprise. You know if the states can see fit to ban Internet gambling, then I don't think we can have a lot of philosophical objection to it. Certainly Prime Minister Howard has made known his concern about the proliferation of gambling in Australia and the detrimental social impact that it's having.

MR BANKS: One could say that the US also had the prohibition period and that probably had some unforeseen consequences in terms of crime and so on.

SENATOR CHAPMAN: It did.

MR BANKS: Do you think there are any parallels here in considering banning this form of gambling?

SENATOR CHAPMAN: There may be to a limited degree. My view is if it is banned, then certainly there will be some illegal operators. I would be surprised if you'd find a lot of illegal operators in Australia, if any, but you may find some of the offshore sites still don't deny Australians access to them. I think making it illegal will restrict that to a large degree, and again I might talk about that a bit later. I then deal with the capacity of the Commonwealth government to act in this area, unlike their capacity to act in relation to other forms of gambling where the Commonwealth government really has no jurisdiction over poker machines or horseracing or other forms of gambling. Because this involves communication technology under that head of power, the Commonwealth clearly has constitutional jurisdiction in this area to act on it and I believe should act.

There are basically five initiatives that I've proposed the Commonwealth government should take to effect a ban. The first of those is that it should be made illegal for interactive and Internet content providers to make available any gambling products, including games of skill using telecommunications. Secondly, it should be made illegal for service providers to transmit such gambling products by telecommunications; thirdly, that it should be made illegal for consumers to engage in gambling through these services; fourthly - and this is one of my additional points which wasn't in my original paper - that it be made illegal for financial institutions to facilitate payment by users of this form of gambling.

So they're the four domestic initiatives that I think should be taken by way of legislation, and then finally I believe that the approach that's envisaged in the Kyle bill in that the federal government should initiate negotiations with offshore home gambling service providers and their host governments for compliance with the ban in Australia. So that's involving more of an international cooperative effort rather than a legal situation.

Now, I believe if particularly those four domestic initiatives were taken, then we could have a reasonably effective ban. As I said, you're not going to stop everyone or someone who's absolutely determined to gamble through this medium doing it, because they will get to an international site and do it, but I think the average Australian does take cognisance of the law, doesn't wilfully seek to flout the law, and if they know that through these four mechanisms it's illegal to gamble, I think by and large the bulk of the community would abide by that. The law, I believe, does have an educative and a moral imperative effect, apart from its actual black letter effect. I think it would benefit in that way.

And particularly I think the fourth proposal to make it illegal for financial institutions to facilitate payment would make it extremely difficult for people to gamble on the Internet, because unless they've got some means of paying by credit, whether it's credit card or some electronic arrangement through their financial institution, then there's really no way of paying for gambling over the Internet, so they would I think find it very difficult to circumvent that particular aspect.

Perhaps if I come to the technology, because this is an issue I think that's been raised by even people who say, "We're sympathetic to your view that you should ban Internet gambling because of its potential detrimental consequences" - they say, "Well, because of the way the Internet operates, it's virtually impossible to do so, and so therefore we've got to accept the fact that we can't stop it; we've got to try and regulate it and control it," and my response to that has been, "Well, if you reckon you can control it - if you've got the technology to control it - you can use exactly the same technology to eliminate it, to eliminate access to it," because if you haven't got the technology whereby you can control and regulate the Internet system, you certainly haven't got the technology whereby you can ban it. Equally, if you think you can regulate it and control it through technological means, then you can use exactly that same technology I think to prevent access to it altogether, because if you can't do

one, you can't do the other. If you can do one, I believe you can do the other.

MR BANKS: Can we just talk about that a little bit. I paused on that one because it's quite a challenging point and made me think it through, and I suppose when I look at what people are saying in terms of regulating it they're mainly talking about I suppose - well, to get back to your argument, they're saying, "Let's provide it in Australia under more regulated circumstances to protect the consumers so they won't feel the need to gamble offshore." So once it's onshore, presumably they can regulate the providers, because for example one of the providers might be Jupiters Casino, so that's a physical entity established under Corporations Law and so on in Australia, so they could presumably regulate that side of it, and in terms of what games they provide and all of that, equally I think they can regulate and check that. So I think there is a certain amount of regulation that could occur. It depends on how much regulation you would say would be controlling it, but there's more scope of regulating it if the providers are based in Australia than offshore

SENATOR CHAPMAN: Yes. In fact when I was saying if you can do one you can do the other, or if you can't do one you can't do the other, I'm referring to the offshore sites.

MR BANKS: Right, okay.

SENATOR CHAPMAN: There's no doubt you can regulate in Australia, because you can require the service providers to be licensed and all that comes within your domestic jurisdiction, and so I don't believe there's any problem - again there's no problem banning it within Australia. I mean, if you make it illegal - - -

MR BANKS: No. Ban provision of it.

SENATOR CHAPMAN: Yes, provision of it in Australia, just as you can regulate it. The problem is dealing with potential offshore sites in terms of either regulation or banning. Now, what's you're saying is if we at least allow domestic sites, regulated sites, that will stop people going offshore.

MR BANKS: That's what the argument is.

SENATOR CHAPMAN: That's the argument. That may be the case. I mean, it may still be that people for one reason or another find the offshore sites more attractive. Maybe they're offering better odds to try and get people into their sites rather than using the domestic sites or whatever.

MR BANKS: Who is saying at the moment that they could try to regulate access to offshore sites? I think most people have been saying to us that that would be quite hard, and that's why they're saying, "Have it domestically provided." But you're right. If they're arguing that they could regulate access to offshore sites, then your point would follow, that if you can regulate it presumably you can go further than just regulate it or control it, but I wasn't aware that that argument was being put strongly,

but this might relate to this McRae report which I've not yet had the chance to read.

SENATOR CHAPMAN: Yes. The McRae report deals with the issue, and again it's dealing with it in the context of regulating material on the Internet generally.

MR BANKS: Generally, yes.

SENATOR CHAPMAN: I wrote to Richard Alston asking that the issue of Internet gambling be included within the CSIRO's consultancy, and he responded that in fact whatever conclusions the CSIRO consultancy reached on this issue generally would be equally applicable to controlling or dealing with Internet gambling as it might be to pornography or other matters. The consultancy essentially looked at the potential of filtering software and blocking devices, and the McRae report concludes that it's technically possible to block internationally Internet delivered content at two distinct levels, at the application level and at the packet level, but they raised difficulties with that, and it's on page 4 of my dot points, where I've just summarised the relevant parts of McRae.

The report states, however, that both of these alternatives, that is, the packet level and the application level, would be ineffective and neither of the above approaches should be mandated. But they do provide two other alternative solutions, either of which they regard as acceptable, one which would be relevant in the short term, and the other for consideration and development in the longer term. The two short-term options are, firstly, what they call a clean service, which is a filter including a list of permitted uniform resource locaters only, and requests to all uniform resource locaters outside this list would be refused. Several such proxy-based filtering schemes are currently available, providing access to a universe of thousands of permitted pages.

The second alternative is what they describe as a best effort service, where the proxy filter blocks a set of known sites rated according to a prescribed criterion. The result is based on a best effort approach by an Internet service provider and so cannot be guaranteed. Best filtering software claims to have a blacklist of hundreds of thousands of pages. It says the Internet service providers will incur some costs in setting up either of these alternatives, but these costs are negligible in respect of the long-term social detriment of Internet home gambling. That's my point.

MR BANKS: Yes.

SENATOR CHAPMAN: And it may be possible to provide some incentives to Internet service providers to operate such differentiated services. So essentially you have to have a service provider here to gain access to the Internet, and if you require them to have that filtering system applied, then you could filter out undesirable sites, including Internet gambling sites. For success to be achieved, the McRae report says it's essential that initial access to the Internet service provider should be to the filtered service, and individual users could also acquire client-based filtering software.

Their longer term solution is that Australia should participate in an international forum to create the necessary infrastructure to formulate international regulation to ensure that organisations which host content would be able to determine the jurisdiction of the client, and having determined the jurisdiction, for example, Australia, the Internet service provider can find out whether the requested content is legal in that jurisdiction. So what they're saying there is that by international agreement each host country would in effect legislate to make it illegal to deliver material to another country if that material is illegal in that other country.

MR BANKS: I see.

SENATOR CHAPMAN: And they believe that's a better way of controlling it in the longer term.

MR BANKS: Yes, because again you're dealing with an entity that's on your own soil.

SENATOR CHAPMAN: That's right, and they argue in the longer term that content from Internet service providers in Australia shouldn't be handled by blocking techniques but by law, and that is if locally hosted material is illegal, then the hosting organisation, which can easily be identified, should be required by law to remove it. Within Australia that can be done under the Broadcasting Act or the Telecommunications Act, and there would be similar capacity in overseas countries to do that.

MR BANKS: Well, certainly it sounds like the McRae report is something we should see. This is the CSIRO report?

SENATOR CHAPMAN: Yes.

MR BANKS: Okay. How long has that been out?

SENATOR CHAPMAN: I think it's only recently become public, although they've got a June 98 date on it, so it's probably been with the minister for some time, but I think it's only been publicly released fairly recently.

MR BANKS: That sounds right, because I think your original paper was referring to it being in train.

SENATOR CHAPMAN: That's right.

MR BANKS: It must have just come out since then.

SENATOR CHAPMAN: Yes.

MR BANKS: Yes. Well, certainly we need to look at these issues because, as you rightly say, a lot of what we're hearing is the sort of pragmatic judgment that you can't

really stop it, and therefore providing a regulated alternative is perhaps the best option, and also in terms of just keeping revenue onshore, I suppose - we come back to that revenue issue all the time. So the feasibility of it is actually an important issue.

SENATOR CHAPMAN: Yes, I think there's enough in McRae to indicate that it is technically feasible to block it, so I think that aspect of it can be dealt with, and as I said I think earlier, if we had that four-pronged legal approach, plus the international approach, I believe there would be enough suasion on the community that it wouldn't develop as a problem, although, as I say, you might still have a small component of the population that would seek illegal access to sites.

MR BANKS: Yes.

SENATOR CHAPMAN: I think the sort of problem that we've seen with poker machines would not develop. You wouldn't get that sort of epidemic, if you like, developing.

MR BANKS: It seems to me with a new law of this kind - and perhaps it gets back to the prohibition thing - that for that argument to be true, that people wouldn't willingly disobey the law, there has to be a general perception that it's a good law and that enforcement is feasible and likely - the sort of number of levels at which it operates. If it was not possible to exclude providers, if people had them in their home and they could bring them up at any time, then you have got that dilemma, but if you could exclude them, then those other issues would be less important. I suppose the other concern I'd have might be that if you couldn't exclude providers and they were offshore providers, the people who are possibly most likely to go that extra step might be the problem gamblers. So again you'd have perhaps the most vulnerable group who are made even more vulnerable by accessing these offshore sites; we've heard about the Cayman Islands and so on. Apparently there are many sites, but very few of them have any regulatory rigour about them.

SENATOR CHAPMAN: But I think if you had the filtering and so on, with the increased difficulty of gaining access, you are not likely to get the exponential growth in problem gamblers that would otherwise occur. I mean, you might have some existing people who are currently problem gamblers because of their involvement with poker machines or whatever who say, "Well, gee, I've got this new opportunity, I'll be into that," but I think the real danger with the Internet is that if it's openly available and legal you're going to get a whole new crop of problem gamblers that you otherwise wouldn't have got. Now, I think by banning it and therefore having a relatively limited access to it, an illegal access in effect, I think you're going to deal with that problem or avoid that problem.

MR FITZGERALD: You've obviously spoken to the legislators in the USA and you've spoken to Senator Kyle.

SENATOR CHAPMAN: Yes.

MR FITZGERALD: Why do you think America has taken this approach and many of the Australian governments, the state governments, are taking a different approach? What is it that is fundamentally different in our approach to gambling and particularly this issue of Internet gambling?

SENATOR CHAPMAN: I think it may be historically Australia has been more tolerant to gambling. It's perhaps been more of a part of the Australian way of life for more people than it ever has been in America. I mean, America has always had a fairly restrictive approach to gambling. As I said, it's only legal in a few of the states. So that may be a factor.

MR BANKS: I suppose our first settlers were convicts and America's first settlers were Pilgrims.

SENATOR CHAPMAN: Yes. You asked about how people would perceive legislation to ban Internet gambling, and you said it's got to be perceived to be good law if people are going to obey it. It might be relevant there just to quote some Roy Morgan research on that that was actually done for the Australian Medical Association - in terms of people's reaction to some of the gambling problems - and the first statement they dealt with in that research was that - the date of this was July 98 - responses to the statement, "Gambling-related problems have got worse in the last 4 years." Adelaide, 98.6 per cent of the Adelaide metropolitan community agreed with that statement. None disagreed, 1.4 per cent didn't know, and in rural South Australia and the Northern Territory 82.1 per cent agreed with that statement, 2.7 per cent disagreed, 15.2 per cent didn't know.

Now, that's certainly the highest of any, but Brisbane had 76.2 per cent agreeing, rural Queensland 85.3, Sydney 73.7 per cent agreeing, 75.5 per cent of rural New South Wales, Melbourne 97.3 per cent agreeing, rural Victoria 93.2. Perth was down lower, they were 71.3 per cent agreeing, 66.9 per cent for the rest of Western Australia; Tasmania, 70.7 per cent agreeing.

The next statement was, "Gambling institutions have a responsibility to detect problem gamblers." Again metropolitan Adelaide 58.4 per cent agreed with that, 62.4 per cent of rural South Australia and the Northern Territory. Brisbane was 77.1. That was the highest. Melbourne would have been the lowest at 54.3. So it ranged from 54.3 up to 77 respondents agreeing with that statement. Disagreement was from around 17 per cent up to 36 per cent.

MR BANKS: I sometimes find with those surveys there's a bit of a puzzle there in that you often get, as you say, a high response rate to community concern indicators, you know, and the facts are that a lot of people are gambling at the same time.

SENATOR CHAPMAN: Yes.

MR BANKS: And it's hard to reconcile those two things.

SENATOR CHAPMAN: It is.

MR BANKS: It's a bit like - you remember the famous inquiry into passenger motor vehicle assistance, where people are saying - when they were surveyed, they said the tariff was important and so on, but they were buying foreign cars.

SENATOR CHAPMAN: That's right. I understand that.

MR BANKS: So there's a kind of dilemma there.

SENATOR CHAPMAN: Perhaps just the final one, the statement, "Gambling is a serious problem" - again in Adelaide 91.6 per cent agreed with that, only 8.4 per cent disagreed, and apart from Brisbane, which was 77.7 per cent in agreement, all the others were in the 80 to 90 per cent range of agreement. Disagreement was only 7 per cent up to 14 per cent. So I think even among gamblers - and this might deal with the issue you raised - even among people who gamble there's still a recognition that it has become a community problem.

MR BANKS: Yes.

SENATOR CHAPMAN: And I think it just goes to the issue of whether people would accept legislation. I believe they would accept legislation to ban what is a new form of gambling. As I said at the outset, I think it's difficult to turn the clock back. I think if you tried to legislate even to remove poker machines in South Australia - notwithstanding the extent of community concern about those - you'd find great difficulty. I think it is feasible to limit and maybe even reduce the number over time, but I think it would be difficult to completely eliminate them, but this new form of gambling I think people would accept it not being made legal.

MR BANKS: As Robert said, we'll be in Adelaide next week and Nick Xenophon will be appearing, hopefully, so we'll hear about progress with his bill and so on, but I understand that that provided for a sort of a claw-back of machines.

SENATOR CHAPMAN: I think that's what he's seeking, and I think over time you could achieve that.

MR BANKS: I just wonder if there have been any surveys that have actually tested community attitudes to something like a claw-back. A lot of them have been attitudes in a sort of way where they think it won't impact on them and their gambling - you know, their concern. If you sort of said to them would they support a claw-back of machines which meant they had less access to poker machines, say, it would be interesting to see what kind of reaction you'd get.

SENATOR CHAPMAN: I'm not aware of any survey. I don't think there's been any survey done at this stage.

MR FITZGERALD: One of the issues with Internet or home-based gambling is

that it already exists for racing, wagering, now in most states and I suspect in South Australia. So in one sense we already have Internet gambling for a limited range of wagering products, and currently in Australia I think Centrebet was certainly available on the Internet, although I'm not sure that you could actually - for sports betting. So in a sense would you see us moving back on those areas or would you say that wagering, horse racing and greyhounds and so on, would be able to be retained on the Internet?

SENATOR CHAPMAN: No. What I've said in fact at page 15 of my original paper, after I outlined the areas - or in the process of outlining the way in which the legislation should apply, I've said:

I acknowledge that long-standing traditions relating to traditional TAB telephone betting and traditional products offered under bookmakers' licences, together with authorised trade promotions and close network games, should be excluded from these provisions.

MR FITZGERALD: And that would include obviously extending that to the Internet where the TAB has now moved?

SENATOR CHAPMAN: Yes, if you're betting on the existing TAB system. Again I suppose that's part of my acknowledgment that to turn to the clock back - - -

MR FITZGERALD: Sure. The industry would say to us - if I can just put it to you - - -

SENATOR CHAPMAN: If I can just highlight the way in which I sort of looked at that, I've said the ban should apply to those items identified for the proposed scope of legislation under the draft model of regulation. So what I'm saying is those items that have been identified in the draft model for regulation - I'm saying they're the items that ought to be banned, and they don't say regulate TAB because that's already controlled.

MR FITZGERALD: Yes. The industry will say to us that this approach in relation to the Internet is an overreaction to the problem that exists within problem gamblers. On all the surveys problem gamblers represent a small percentage, 3, 4, 5, it doesn't matter what the figure is, but it's very low, and so the constant recant is why are we trying to disadvantage the vast majority, 95 per cent, an even higher percent of people. So in terms of this you obviously don't believe that there can be a case made out that it is an overreaction to a problem for a small percentage of the Australian community.

SENATOR CHAPMAN: I don't believe so, because I believe the problem is growing and it grows more every time you expand the range of gambling facilities, and I think earlier on I said when pokies came into South Australia, as a result of that you got a whole new breed of problem gamblers, more people gambling and more people becoming problem gamblers - a higher percentage - and I believe that again the

next stage will allow that to grow further, so I think that really is the answer to that argument, and for those who want to gamble we've already got enough facilities available, and at least by having it as a physical activity, there needs to be an effort to go and do it, and I think the pervasiveness of Internet gambling, its availability - that problem area would grow much more than it has under the existing forms of gambling and their expansion.

MR FITZGERALD: Earlier in your presentation you made mention that you doubted whether there was substantial net economic gain from gambling, except where the situation would be that we could attract export dollars, more people coming here. The industry would say to us that the Internet provides just that opportunity for highly regulated and highly respected gaming organisations in Australia who are internationally already well acknowledged to be able to gain those export dollars. Do you have a particular view about that?

SENATOR CHAPMAN: It may, it may, but I don't believe it would make sufficient gain for us as a nation to offset the losses and the costs of Australians being involved in the activity.

MR FITZGERALD: Would you have any view about providers being able to provide Internet services for non-Australians, those that are outside - a bit like the Tasmanian option, which, as long as you're not a Tasmanian, it's okay.

SENATOR CHAPMAN: I think it's better not to be involved with it at all, but if there was a limited position wanted to be adopted, certainly that would be better than allowing domestic access to it, but I would prefer to eliminate it completely. I think morally it's very difficult to sustain the argument, "We'll allow it for offshore people but not for our own people." If it's bad, then it's got to be bad for them. It would be seen to be very exploitative I think in moral terms to say, "We'll let overseas people gamble, but not our own."

MR FITZGERALD: Yes, it's a bit strange, I have to say. You mentioned the National Office for Information Economy. Just clarify for me what your understanding is. Are they currently specifically examining the issue of Internet gambling as well as the Internet generally? What's your current understanding of their role?

SENATOR CHAPMAN: My current understanding is they're generally examining this issue of controlling Internet content, not specifically Internet gambling, but anything that might be regarded as socially undesirable. I think probably the strongest emphasis has been on pornography and those sorts of issues rather than Internet gambling.

MR FITZGERALD: Right, okay.

MR BANKS: Could I just ask a general question? As a politician you're obviously intimately involved in the policy-making process, and obviously you must have some

reflections of how policy has been made in this area. Do you have any thoughts on how good policy should be made in an area like this where you've got social and economic costs and benefits, not always a hundred per cent predictable in advance either, but a situation in which once you do make policy, as you said yourself, it's very hard to claw it back, very hard to undo something that's been badly done, in a sense? Do you have any thoughts on that process and how it could be done better?

SENATOR CHAPMAN: Well, I think you have to try and obtain as much information as you possibly can from all sources before you make a decision and implement that decision through the legislative process, and in regard to this issue that would be examining what the current situation is, what is happening with gambling in Australia, because the issue of gambling is obviously applicable to this area of extending gambling activity, and that's why I suppose I've looked at what's happened in South Australia, particularly with the poker machines, because I see that as, if you like, an example of what is likely to happen with Internet gambling, and as I said if 5 years ago people had been more fully aware of what was likely to happen with poker machines, I don't think state parliament would have legislated to make them legal.

So I think you need to look at the history of what's happened in this issue, the history of what's happened in similar activity, and try and make some projections based on that. You obviously need to have a look at what's happening in other countries overseas, what approaches they have adopted, what the attitudes are there, what results have eventuated from whatever action they've taken, and then try and make a best judgment, give it wide consideration among parliamentarians.

MR BANKS: People have said to us - you hinted this, and in fact Premier Olsen made the same point, implicitly saying that policy wasn't well made at that time, and I think you say there perhaps wasn't sufficient public consultation. Some have said to us in terms of the draft national code, the draft model for Internet gambling, that similarly there wasn't a lot of public consultation feeding into that draft code. Do you want to comment on that?

SENATOR CHAPMAN: Well, I know Jan McMillen believes that the regulatory code just won't work, and I think on balance from discussions I've had with her, she's a person who's in favour of regulation rather than banning, but she still believes that this regulatory model that has been proposed won't work, and I know she's one who's said there hasn't been proper - wide enough consultation with people with some knowledge in the field and so on to get a better model.

MR BANKS: Was the period leading up to the development of that draft model prior to your interest in it, or did you have an opportunity to make an input to that?

SENATOR CHAPMAN: No, I had no opportunity, and in fact it was only after I sort of started researching the issue that I became aware of the model, so I hadn't had any prior knowledge, so if I wasn't aware of it as a parliamentarian, the wider community would have had very little likelihood of knowing anything about it.

MR FITZGERALD: Do you believe that the Commonwealth government generally or the Commonwealth should have a wider interest in gambling activities generally? I notice you say that in relation to this it should exercise its constitutional heads of power in various ways, but what do you believe the role of the Commonwealth should be in all gambling-related issues - ignoring the constitutional issue for a moment?

SENATOR CHAPMAN: It's probably difficult to ignore the constitution issue in a sense. I think, given the national nature of the problem and the issues that have developed in relation to gambling, and the international aspects of it, too, it's probably an area in which the Commonwealth should take greater responsibility, but the current constitutional provisions don't allow that, other than in this particular field.

MR FITZGERALD: I suppose we're conscious that in some senses up until now gambling has been very much a states issue. What seems to be emerging from both submissions and what we're hearing, or informally, is that more and more of the gambling is in fact cross-jurisdictional - wagering now, the Sky Channel TV, the likely cross-ownership which will start to take place in the next few years with this group buying into another state. I suppose it's a change in the environment in the way the industry itself is operating, and therefore whether that creates a new environment which we haven't previously had is something that's preying on our mind at the present time.

SENATOR CHAPMAN: I think there's certainly that aspect, and the other aspect is certainly the state revenue aspect which has meant that even if a particular state felt inclined to be more restrictive than another state, they'd find it very difficult because of the revenue implications to them and the very lucrative revenue that they're obtaining from it.

MR BANKS: I think we've probably detained you long enough. You do refer, however, to a couple of things which - if you're able to let us know later the source of them, we'd be grateful. One was on page 2 of your submission where you talked about a recent South Australian survey - this is in the third paragraph on page 2:

A recent South Australian survey has attributed to poker machines a decline in small business turnover ranging between 6 per cent and 25 per cent.

SENATOR CHAPMAN: Yes.

MR BANKS: If it was possible to give us the name of that.

SENATOR CHAPMAN: Yes, I can probably give you that.

MR BANKS: Then down on the same page, the second-last paragraph, the Australian Tax Research Foundation talks about gambling taxes providing 3.5 billion but then says, "with more than 1 billion of that contributed by some 200,000 hard core gamblers". Is that the Julie Smith piece, I wonder?

SENATOR CHAPMAN: I can check that.

MR BANKS: Again, the source of that would be useful to us.

SENATOR CHAPMAN: Yes, okay.

MR BANKS: The only other thing, as I mentioned, is that you made a number of points in your submission comment about concern about access of young people and so on. I think you said earlier about a young person getting hold of their parents' credit card and whatnot. I guess it would be true to say that the providers have been pretty keen to convince us that there are many safeguards in place that potentially can be used through this technology.

I'd refer you to a submission made by Access Systems. They also appeared before the hearings in Sydney and we'll send you the transcript if you like. You might just like to look at that and if you had any further comments on what they say about that - I mean, basically what they alert us to or a point they've made is that actually through the Internet the technology allows a greater level of - well, if not control, oversight and accountability than we've observed so far in the use of poker machines, for example. They make the point that there could be monthly statements, that any player could at any time bring up the whole record of their transactions and activities, including hand-by-hand activity for particular games that they played and so on, and trace that all through.

They see some of that as actually protection on a young person making havoc with dad's account and that regular accounts would be provided and so on. They also say that for a young person, unless they were just being mischievous, they wouldn't actually be able to benefit financially from it because the money would be sent to the account of the parent anyway. They make a few points like that which are interesting points and you might just like to have a look and perhaps respond. That would be great.

SENATOR CHAPMAN: Certainly.

MR BANKS: The last point here is the government's broadband services expert group. Have you had any dealings with that particular group? If so, what's its function in relation to this issue? You refer to them on page 3 in your third dot point under Other Findings of the Committee. This is in your main paper.

SENATOR CHAPMAN: That's the group that I think is looking at - and again it comes under Richard Alston's department but they're looking at the potential growth of broadband services, as distinct from radio and television, which is narrow band, narrowcast, basically computer-provided, Internet-provided services across the board in the economy, and areas of growth and potential economic benefit and that sort of thing. So they've looked at what sort of industries are likely to develop out of the growth of information technology and the Internet.

MR BANKS: All right, thank you very much, Senator Chapman. If it's possible to get back to us with those things, we'll make copies of the documents you've provided us there and get them back to you.

SENATOR CHAPMAN: You can keep those. They're spare copies.

MR BANKS: I think there were some letters there as well. I don't know whether it might also be possible to copy them. You quoted from - - -

SENATOR CHAPMAN: They're the ones.

MR BANKS: They're the ones, are they?

SENATOR CHAPMAN: What other documents were you referring to?

MR BANKS: I think that's probably it.

SENATOR CHAPMAN: That was it.

MR BANKS: All right, good. Okay, thanks very much. We'll just break for a moment before our next participant, thank you.

SENATOR CHAPMAN: Sorry, can I just give you one more - - -

MR BANKS: Just hold that. I haven't closed this segment yet.

SENATOR CHAPMAN: The Social Development Committee of the South Australian parliament conducted an inquiry into gambling which they tabled in the Legislative Council of South Australia on 26 August 1998. They concluded, in relation to Internet gambling, that - recommendation 4(1):

The preference of the committee would be to see interactive home gambling banned and it recommends that the national task force investigate the technical feasibility of achieving this. However, should this be impossible, the committee recommends that -

then it goes on to say:

National task force, workplace, for state and territory governments to investigate methods of regulating gaming on the Internet and interactive home gambling and that the task force comprise legal, financial, regulatory and gaming industry expertise, provide assistance to state regulators in enforcing legislation, and that it establish links with the national regulatory body.

So they've acknowledged there in their primary recommendation that they would like to see it banned but they are concerned about the technical feasibility of

whether that could be enforced, which we've dealt with earlier. So I think that's a reinforcement of the point that I make.

MR BANKS: Is that a spare copy as well?

SENATOR CHAPMAN: No, that's not.

MR BANKS: We will seek a copy of that and get the details from you.

SENATOR CHAPMAN: It's the 11th report of the Social Development Committee of the South Australian parliament, gambling inquiry report, August 1998.

MR BANKS: Good, thank you very much for that. We'll just break now for a moment.

MR BANKS: Our next participant this morning is the Gambling Crisis and Counselling Service Inc. Welcome to the hearings. Could you just please give us your name and your position with the service.

MR GOSLIN: My name is Ralph Goslin. I am the president of the Gambling Crisis and Counselling Service.

MR BANKS: Thanks very much for coming along today. You've provided a submission to us which I believe is a copy of a submission that you've already provided to the select committee hearing into the ACT.

MR GOSLIN: Correct.

MR BANKS: It's quite a useful one. It raises a number of issues and recommendations. Perhaps one way of starting might be just to ask you a little bit about the Gambling Crisis and Counselling Service, when it got started, how it's funded, and whether there have been any trends in the number of people or types of people it's been seeing.

MR GOSLIN: Basically the service started in 1992 as a result of the Casino Austria trying to get an input into the ACT and provided what I suppose you could call key money to the then Follett ACT government. I think it was a figure of something in the region of \$16,000,000 that they offered to give the government. The government at that stage said that this money would be used for the community, for the arts, and that a certain percentage of this money would be used to assist with problem gambling.

At that time the organisations which were running in the ACT were Gamblers Anonymous, but under the international charter of Gamblers Anonymous you are not allowed to solicit for funds nor advertise in the media. So a few members of Gamblers Anonymous thought that we could probably provide a service which was greater than the general public meetings which were held by forming this organisation, so that's how the organisation started.

It was assisted by the Licensed Clubs Association, it was endorsed by the then government, who said that funding would be provided. When it came to the crunch and the funding applications went out, they looked at our organisation and said, "We're terribly sorry" - and this only came basically afterwards - "terribly sorry but you are not professional people. You don't have a degree in sociology or psychology, so therefore we cannot give you the funding. The fact that you may be all ex-gamblers and you know exactly how a gambler feels and operates, and can probably assist a person that has got problem gambling, you have no legitimacy with respect to" - how can I put it? - the fact that these grants were being presented by the Health Department, so therefore they were looking for somebody with a piece of paper.

So we received no funding. Lifeline received funding and set up their gambling crisis and financial counselling service. Over the years we have received no government funding whatsoever, although we have put a number of submissions in. The only funding we receive is from some of the larger clubs, who provide enough funding to keep the telephones operating, but the rest of the service is done voluntarily. I'm now retired and I do this as a voluntary service.

MR BANKS: What sort of service do you provide?

MR GOSLIN: We provide a service which is fundamentally telephone counselling to start off with. We give people recommendations and advice. We also, if people feel that they want to talk to an individual or they want to do a meeting with, say, a gambler and their spouse, then I will arrange a face-to-face meeting in their home or wherever they feel may be convenient for them. We provide assistance with regard to advocacy as well. We have a solicitor who is acting as our honorary solicitor, so if we have people with any legal problems we can send them to him. So we provide that assistance and, as well, after discussing with the individual and finding out the reasons associated with their gambling, and the background, we also recommend - if we feel it's appropriate - that they join a Gamblers Anonymous group. So we sort of cover the whole spectrum from that point of view.

MR BANKS: Do you collect any information on how many calls you receive?

MR GOSLIN: We would average about a hundred calls a month.

MR BANKS: A hundred calls a month.

MR GOSLIN: And that is increasing currently.

MR BANKS: In how many of those cases would that then proceed to some other kind of more face-to-face or group type of meeting?

MR GOSLIN: I would say about 20 per cent is face to face. People seem to be coming more and more attuned to face to face and I'm finding that I'm booking appointments virtually every day now to see people. I operate differently to other organisations. I'm not limited to 9.00 to 5.00 because I'm an individual, so therefore I can meet people in their homes at any time which is convenient to them. Yes, I'm finding my diary is getting booked all the time. That's why I made the point that I could be here this morning, because I've got bookings this afternoon.

MR FITZGERALD: In the ACT is there a community benefit fund or a community support fund?

MR GOSLIN: No.

MR FITZGERALD: Nothing at all?

MR GOSLIN: No.

MR FITZGERALD: So no gambling revenue at all is dedicated to research services.

MR GOSLIN: No.

MR FITZGERALD: At the time that the casino was granted do you recall whether there was a push for that sort of fund that now exists in many other states?

MR GOSLIN: It was offered but then, you see, we've had many changes of government since that period of time.

MR FITZGERALD: But it was never put in place with the legislation which occurred in other states.

MR GOSLIN: No, there's no legislation, like say 1 per cent of revenue - - -

MR FITZGERALD: Yes.

MR GOSLIN: No, that does not exist here in the ACT.

MR FITZGERALD: Do you have a particular view about that as an organisation?

MR GOSLIN: That type of operation?

MR FITZGERALD: Whether there should be some form of dedicated or hypothecated amount into a fund that funds services - - -

MR GOSLIN: In principle I agree but it depends on how it's administered, because I have heard examples where - I think, for example, in Queensland 2 per cent of all gaming revenue goes into a fund but that fund is then used to build basketball courts. They've got a room full of money they don't know what to do with, but the people at grassroots level are not getting access to that money to help people with legitimate problems. It's being administered by bureaucrats who effectively don't understand the gambling scene. I might be being very critical when I say this but this is the feedback that I have received from other states where the money is not legitimately going to the people that need the help. That concerns me.

MR BANKS: Just coming back to the approach of your service, you say that basically you've grown out of the sort of Gamblers Anonymous - - -

MR GOSLIN: That stills functions. We were just individuals who were ex-gamblers, you see.

MR BANKS: I see, yes.

MR GOSLIN: That had a concern for the greater public because the guidelines of Gamblers Anonymous are very strict. It's basically a principle: "You will stop gambling." There's no grey area. There's no looking at why a person has gambled; what's the trigger point. They may have fallen into gambling because of other pressures. That's never looked at, so we look at the total picture, if you wish to put it that way.

MR BANKS: So while you may not be trained psychologists, you have an approach which is different to Gamblers Anonymous and tries to get a bit behind the motivation.

MR GOSLIN: Yes, yes, try and find what the motivating force is.

MR BANKS: If you sort of had to summarise your approach in terms of trying to deal with a gambler's problems, how would you characterise that?

MR GOSLIN: Basically the main thing is to try and understand, by talking to them, why they started gambling and then see what pressures there were applied because in a lot of cases we find that it can be due to a dysfunctional childhood, dysfunctional family overall. There could be financial pressures, there could be marital pressures. It could be the fact that a person has suffered a job loss, been made redundant. All these situations can drive a person into an attitude where they just want, to use a term, cop out. So they'll, say, go and sit in front of a poker machine and won't have any interest in the world in general. They just want to go and cocoon themselves from all their problems.

We could find that somebody has all of a sudden developed a bad gambling problem but the problem is the fact that they've got marital problems, so we then suggest that they go and see a marriage guidance counsellor because solve the original problem and the gambling problem goes with it, you see.

MR BANKS: Yes.

MR GOSLIN: The gambling problem in a lot of cases is the end product of something else.

MR BANKS: Yes. That's why possibly some people would say that you need professionally trained people to be able to detect some of these underlying causes. Even co-morbidities where there is some other related problem - - -

MR GOSLIN: Don't get me wrong. If I can see that it's something outside of my field, then I suggest that they go and see other people. That's the whole idea of the organisation. I will suggest that they see a psychiatrist or they go and see marriage guidance, family planning, or in a lot of cases it's financial counselling as well. So many people today have no idea how to budget, how to maintain their funds - even to the point where I make appointments with bank managers because people are

frightened to go and see their bank manager because they've got themselves into trouble. For some reason there is a perceived fear in the general public of bank managers. I don't know why.

MR BANKS: I think they're less fierce now than they used to be, aren't they?

MR GOSLIN: But there is that perceived fear, and I'll make arrangements for them to go and see a bank manager because they're frightened to ring up themselves, and it's their account.

MR FITZGERALD: You mentioned that your organisation is being approached by an increasing number of people for assistance. Can you just give us a profile of what you believe is happening in terms of gambling within the ACT in the last several years?

MR GOSLIN: Yes. In summing up, I suppose to start off with, the gambling industry, especially with respect to poker machines, has become more and more sophisticated to the point where people are under an illusion to what poker machines will do. We've gone through the period, which you're probably aware of, of what was termed the one-armed bandits where you actually physically had to feed money into the machine. In the old days, if I can refer to some years back, you had to put coin by coin in, if you were playing a 10-cent machine, and pull the handle. There was a time interval for every one of those actions to occur. From the time you put the coin in and pulled the handle, all the wheels stopped rolling, it went clunk-clunk-clunk, and if you managed to win something the money came out in the tray. Then you did it again.

That had a certain time-frame. Nowadays you've got the situation where you can put dollar coins and load it up with credits and just sit there pressing the button, and we've now got this sophistication that you can actually put notes straight into the machine. So we've got past the old situation where people went to the clubs to play poker machines and they'd say, "I'll put 5 or 10 dollars through the poker machine," and they went to the change box and they changed \$5 or \$10 into a tube of coins and then they went and sat in front of a poker machine. Today they can walk into the club with absolutely no money in their pocket, pull out a plastic card, go to the EFTPOS machine, pull out anything up to a thousand dollars in one day, walk into the gaming area and feed hundred-dollar notes straight into a machine, and sit there playing 20 lines at maximum credits.

They ring up and say, "I don't know why I'm losing all this money. I only play a 1¢ or a 2¢ poker machine," until you say, "Well, how many lines by how many credits?" Then when you tell them they're playing the \$4.50 machine they have an awful fright. They don't realise they're doing that.

MR BANKS: Is that right?

MR GOSLIN: Yes.

MR BANKS: But what the industry tells is that players are quite sophisticated and they'll even gravitate to the machines that have a slightly higher payout regime.

MR GOSLIN: No, the highest payout ratios are the \$1 coin machines. Most people play the 1¢ or 2¢ machines, so I don't agree with that at all. The number of people that ring up and - if I can use an illustration, elderly people, pensioners that ring up and say, "I've gone to the club for the last umpteen years. All of a sudden I've done my whole pension this fortnight. I don't understand why. You know, I used to be able to go there and sit there for a few hours and only spend 10 or 20 dollars," and I say, "Well, you know, what machines do you play?" "Oh, only the 1¢ machine." Then you start talking to them like, "How many lines are you playing?" "Oh, 20 lines." "Well, you're playing a 20¢ machine, to start off with. How many times do you bet?" "If it looks like it's going to win, I might go for a hundred credits." So then they're playing a dollar machine, and this doesn't register. As far as they're concerned, they're playing a 1¢ machine.

MR FITZGERALD: In relation to the design of the machines themselves, what recommendations do you have in terms of the change in the designs of them?

MR GOSLIN: That's very hard, to try and change a design on a machine. All I'm saying is that they've become more sophisticated than what the public perceive them to be. My biggest problem - and if I can use it as a trend, the biggest concern today is the plastic card and the fact that there is no interaction of club staff with the player. Before there was, as I said, a situation where you went to the change box and you changed your money. There could be the reaction of people who went there and were known by the staff - supervisors. They could say, "Don't you think you've spent enough money today, Mr Jones? Are you on a winner? Did somebody leave you some money?" It could be in an offhand sort of way, but today a person can walk in and has no interaction with staff whatsoever.

It's rather furtive, in a way. They can go straight to an EFTPOS machine, which to me is the biggest bane of my life with respect to dealing with the end product. Ever since the introduction of the machines into clubs the increase in gambling problems has risen exponentially. The reason behind that is that they are not ATMs, they are EFTPOS machines, and as such they do not give you a card, as the hole in the wall at the bank does, saying "withdrawn X amount of money, balance such". It gives no indication of your balance in your account and people get into a semi-hypnotic state, if you could class it like that, where they just go back, they have a few drinks, they can't remember, and because they've got no card there's nothing physical that they can look at and say, "Gee, I've been to the machine four times already." Until they put the card in and it says "insufficient funds" they have no idea that they've drained their account.

When people ring me on a Thursday and say, "I went to the club last night and I've done the whole of my fortnight's pay - \$1000 I took out" - which you can do in one night, but if you stay till after midnight that's a new day, so you can take another

thousand. So effectively you can go to a club here in the ACT and in one evening you can take \$2000 out of your account.

MR BANKS: What do you mean these are EFTPOS machines and not ATMs? I thought they were ATMs in the clubs that we've seen.

MR GOSLIN: No, they're actually classed as EFTPOS machines because they are linked to whatever bank. I mean, it's not run by the ANZ or the Commonwealth Bank or anything of that nature, and it doesn't give you a balance of your account. In fact a lot of them don't even give you a printout, and this is where people are getting caught. It wasn't so bad when the limit was \$400 a day. Now it's a thousand dollars and we've noticed a dramatic increase in problems since that's occurred.

MR FITZGERALD: These EFTPOS or ATM machines - you actually believe that the change to that limit from 400 per day has made a significant difference?

MR GOSLIN: Yes, it has, very much so.

MR BANKS: What are you describing? Are you describing people who just simply aren't capable of managing their financial affairs?

MR GOSLIN: Correct.

MR BANKS: Or are you describing people who have got such a problem with gambling that any kind of normal sort of reticence goes out the window when they're sort of in the grip of that - - -

MR GOSLIN: That's an interesting phenomena inasmuch that when I talk to people I say to them, "Did you realise that you were spending all your disposable income until such time as the machine said 'insufficient funds'?" and they said, "No." I say to them, "Well, in that case then, if I could design a system where you'd put your plastic card in and you got Monopoly money out and you could go and take that to one of the change machines where you put a note in and get a bucket full of \$1 coins out, and that gave you brass washers and you could put brass washers into the machine and it gave you the credits and you could keep playing, would you be happy with that?"

And they say, "Yes," so I say to them then, "Well, do you realise that your money has now become a commodity and it has no intrinsic value?" They don't realise that this is the result of a week's or a fortnight's wages after tax and this is what they've got to pay their rent and buy their food and whatever they may use their money for. They say, "I've never looked at it that way." To them it's just a tool, if you like, to keep playing, because they've been enveloped in this sort of hypnotic state by watching the credits.

MR FITZGERALD: You talk about educating the public on what they're really spending. We've heard a lot of people that are service providers, such as yourself,

indicate that they believe there needs to be better education on the machines or around the things, but one of the difficulties we've had is what is that information? In other words, is it the odds? Is it an amount per hour that you are likely to spend on average? Is it more just general signage? What is it that people would take notice of? For example, the industry say to us, contrary to the picture you're painting, that by and large poker machine players are well informed, they know which machines to go to. They don't go to this machine, they go to other machines. They say that they're not interested in the odds - all those sorts of issues.

Others say to us the only thing that's relevant is, "How much am I likely to spend in an hour or half an hour or 15 minutes' worth of play?" So what is it, in your experience, you believe that they need to be educated on? What is the information that would make a difference?

MR GOSLIN: First of all, the information which is generally on poker machines here in ACT which says that each machine will return 87 per cent of the money. Most people sort of have the illusion that, "If I put a hundred dollars in, at least I'm going to get 87 back." That's incorrect because, as you're probably aware, under the Gaming and Licensing Act each machine is checked on its monthly figures of all its input and output counters.

So that 87 per cent represents the return to the players over a period of one calendar month, not one night. So you can go and put a hundred dollars or a thousand dollars in the machine and get virtually nothing out, and then the dear old lady comes along behind you, puts a dollar coin in, goes for the maximum hit, and says, "I'll just go for one", and hits the jackpot. There was a statement I read in one of the articles on gaming saying that it doesn't matter how you perceive a machine, whether you think this one's going to pay or its not going to pay, every time you press the button it's equivalent to you being the first person that's ever played that machine, the first time it was ever powered up from when it came out of the factory, because the random generator in the machine has no recognition whatsoever of who's the person playing. I think there needs to be a lot more education.

MR FITZGERALD: So that being the case, what information do you think you could display which would have meaning?

MR GOSLIN: That's very awkward because you can't over-regulate what a person wants to do.

MR BANKS: Would information on average spend rates on particular machines make sense if it was possible to do that?

MR GOSLIN: I think there should be some literature put out on the operation of machines as such - you know, just general information on "Do you know that poker machine does this, this and this?" And "It doesn't matter whether you're sitting there watching the last player, the effect is this."

MR BANKS: For example, the independent events problem.

MR GOSLIN: Yes, I think that would be of some interest; just not targeting any one particular organisation, whether it be the poker machine manufacturer, the club, the hotel or whatever, but just a general statement as to what machines do as far as their operations.

MR FITZGERALD: The 1 and 2 cent machines seem to be a phenomenon in Australia; it doesn't exist anywhere in the world, we understand. In fact, we have the most sophisticated machines in the world. Even in America they're still using the pull-the-arm and three wheels, one line. Why do you believe we've moved to what are by world standards the most sophisticated machines, and that's increasing all the time? What drives this? Is it the industry driving it? Is it the demand by the consumers?

MR GOSLIN: I think it's the industry driving it, and as you probably may have noticed, in other software developments Australia is in the forefront of software development in the world at the base level, and I think we have some very, very clever people in the IT industry that are developing the software for these machines. It's only the mechanics that are required to follow up on that. Okay, Australia is a clever country when it comes to making poker machines. I don't like it as a flag waver but yes, we are very sophisticated. That's why I said earlier that the machines have become more sophisticated than the people who are playing them. They don't understand how they're working today.

MR BANKS: You say there should be no poker machines in hotels. Every jurisdiction has its own special issues, and hotels versus clubs, however, is perhaps a theme that has come through, I think, as we travelled around, but again each place has its own different circumstances. So currently, as I understand it, the hotels in the ACT don't have poker machines, they have some card machines and so on, and inevitably they will be pushing to have poker machines. Why wouldn't you allow that extension?

MR GOSLIN: First of all, 3 years ago if I had half a million dollars I could go out - or even probably less - and buy a run-down hotel in the country. You couldn't give them away, nobody wanted them. Now, if I wanted to go and buy a hotel in a country town that had 20 poker machines, the asking price would be somewhere in the 3½ million bracket; the reason being that statistically in New South Wales they are saying that the poker machines are generating a revenue in the vicinity of \$50,000 a machine per year.

MR BANKS: Net revenue.

MR GOSLIN: Net revenue. So therefore as a lessee of a hotel, or an owner of a hotel, I have got a very good cash flow from 10 or 20 machines. I now have a commodity which I can sell, put on the market. I'm a member of a club here in the ACT. That club can't be sold; you can't go and buy the club, it's not a marketable item

because all the money that is generated within that club has got to go back to the members of the club; it can't be put on the market as a saleable item. That's the difference between the two that I see - plus the fact that services are provided to the members of the clubs, whether they are subsidisation of drinks and meals and putting on shows, things like that, and running other clubs whether they be bowls clubs, fishing clubs, whatever. I don't know - and you could probably tell me about this, and probably Senator Chapman could tell me - that in South Australia where there are poker machines in basically every hotel in South Australia, are they providing free beer to the patrons?

MR BANKS: I suspect not. I mean that is actually in itself one of the issues, where some people say they should be doing it.

MR GOSLIN: There's nothing going back to the patrons.

MR FITZGERALD: I understand that, and we've heard a lot of submissions from the hotels and clubs and some of it has been very interesting in terms of its intensity in conflict with each other. Does it matter in terms of a problem gambler, or the issues around problem gambling, whether there are a hundred pokies in hotels or a hundred pokies in clubs? The industry will say to us, "Those people will still gravitate to where the machines are and what you're doing is simply creating an artificial barrier in the marketplace between clubs and hotels." But in terms of where they should be located, does it actually matter? What makes the difference to having poker machines in a pub versus a club? Ignoring the community benefit - that I understand. But is there anything?

I'll just expand a bit. We've heard, for example, that there is a view that when poker machines have been introduced to hotels, the age of problem gamblers has dropped; that there is an increasing incidence of students now suffering from problem gambling because it is in the hotels and all that. Are any of those reasons valid or invalid in your mind?

MR GOSLIN: Yes, I can see that there would be a different strata of people gambling. This may sound rather high-handed, but if you're a builder's labourer, you knock off at 4 o'clock, and you've got your concrete boots and your blue singlet on, you can go into the public bar and have a beer. You can't walk into a club and have a beer and start playing the poker machines. So that individual will not be spending money on poker machines by going and having a beer at a hotel. Provide the hotel with poker machines, then you have got a completely new strata of workers, if I can use that term, who get paid in cash in a majority of cases - and it amazes me that the building industry still pays in cash - that they could be spending their whole pay packet on the poker machines before they get home. That's just a single example; that you've got a different strata of people who are patrons of a hotel straight after work. You mentioned students; you know, they congregate in hotels; there's another example.

MR BANKS: We've had it put to us that people such as yourself are dealing really

with the problems; they're dealing with that end of - - -

MR GOSLIN: We deal with the end product.

MR BANKS: That's right. This is one of the issues we're looking at: to what extent problem gamblers account for a significant proportion of the population or not. Some of the numbers are pretty low and there are some questions about that. But would you agree that for most people - I mean, that brickie's labourer, say, who goes into the hotel, he might actually enjoy putting a bit of money through the poker machine. He might have a couple of beers and then he might go home.

MR GOSLIN: Yes, but the point is, it's not the brickie's labourer that rings me. It's his wife who says, "We've got no money to pay the rent and buy the food."

MR BANKS: Are you saying that every person who goes in will spend their pay packet?

MR GOSLIN: No, I'm not saying every person, but all it's doing is it's putting it before more people. I mean, I'm ex-South Australian myself but, mind you, I haven't lived there for over 30 years, but one of the sayings of South Australia was there was a church on one corner and there was a pub on every corner. There wasn't a club on every corner. If you wanted to go to a club you had to make a physical effort to go to a club but you can walk into a hotel anywhere. So you're putting it in front of the people and conditioning them, if you want to. It's there in front of them all the time. It's a bit like scratchies at every newsagent, if you want to put it in that sense.

MR FITZGERALD: You make a reference here to limiting the trading hours of clubs, and you've given that you believe it particularly disadvantages shift workers and what have you in terms of exposure. Of course that has been put to us on the basis that shift workers specifically have different social hours and they should be catered for.

MR GOSLIN: Who's putting that? The industry?

MR FITZGERALD: Generally. I mean, where do you draw the line in terms of - if we are now going to a society that accepts extended trading hours in a whole range of different environments, including retailing, what is actually wrong with clubs and/or pubs or casinos offering a 24-hour service to its members in the community at large?

MR GOSLIN: Because people can stay there for so long that they lose touch with reality. I've had people who have rung me that have spent all weekend in a club. That seems a bit ridiculous, it seems hard to understand that somebody would sit on a stool in front of a poker machine for 36 hours to the point where the staff will provide them with a roll or whatever, but the only time they will leave that machine is to probably go and get a drink or go to the toilet or something of that nature. People become so obsessed.

As an outsider it would probably seem ridiculous but as an example, I had one client who had a very highly paid job as a consultant, and he had a real problem with poker machines. If it didn't pay, he would move on. Then he'd go to the next machine and if it didn't pay he'd move on. When he found a machine that paid, it wasn't the machine that was good, he had a lucky stool. He would use that stool, and if he wanted to get a drink he would physically pick that stool up and take it to the bar with him so that nobody else got that stool. This is where you're getting out of the realms of reality. He admitted this; this is how bad he was.

MR BANKS: How would you deal with a person like that?

MR GOSLIN: Badly. I mean, it's very hard. As an example, that's how people can get.

MR FITZGERALD: The industry would say to us that this is reminiscent of the period where we had pubs that were forced to close at 6 o'clock or whatever it was.

MR GOSLIN: Your 6 o'clock swill.

MR FITZGERALD: And yet we still had problem drinkers, they just drank differently or they consumed more in the limited time. How do you counter that argument?

MR GOSLIN: I think there has got to be a breathing space for individuals so that they can come back to reality; where things are closed down so that they come back into the real world. But if it's there continuously people will just stay if they've got the means, especially the addicted people.

MR FITZGERALD: You refer to inducements but by a different name. You talk here about a case where a client of yours or somebody was given a bingo card for a midnight game. Can you just give me a bit more detail?

MR GOSLIN: That was a person who - and this is another example of - you were saying inducements by the industry. I have many women, and I would mainly find them in the latter age group, who play bingo. And they go along with all good intentions of playing bingo. I honestly don't know how much a bingo card is, it's probably 10 or 15 dollars. So they would go along with that purpose in mind, and they seem to gravitate from the bingo game to the poker machines; half time, down to play the poker machines. After the bingo is over, down to play the poker machines, and they will use that as a cover to their spouses, and quite often in many cases the spouse has no idea. "Okay, my wife is going off to play bingo, she's going with the lady down the street, it's something that they do. Off they go, I have my bowls" or whatever he does. And not until he finds that his joint account has been drained does he realise that it's not the bingo, it's the gambling, and the bingo was just used as a cover for the gambling.

As I said, dealing with one client, she mentioned one particular club that was

giving out free bingo cards with the possibility of a 500 or a thousand dollar jackpot, and that game started at midnight. She physically left home at half past 11 so that she could get there because she could possibly win that jackpot. The husband was - you know, "What do I do? She walks out of the house at half past 11 at night because the club is going to have a free bingo game on at midnight."

MR FITZGERALD: Do you find many examples of what you would regard as inappropriate indifference by the clubs?

MR GOSLIN: Yes. The advertising, I think, is absolutely ridiculous. If you look at the advertising on television currently here, you would get the perception that everybody's a winner. There's no losers. Absolutely everybody is a winner. Whether you go to the casino and you've got your last \$2, everybody's a winner. It's all made glamorous.

MR BANKS: When you ask people as to why they gamble, to what extent is that advertising a factor? What you seemed to be implying before is that it was other more deep-seated things quite often. Are people actually induced by that kind of advertising?

MR GOSLIN: A lot of them are induced by the big pay-out figures. There is a certain perception of greed. There are the problems associated with people who are on very low incomes, or especially those who are on social service benefits, who are trying to - if they've got say a spare \$50 - "Well, let's see if I can make that into a hundred dollars" because they haven't got enough money. There are certain numbers that I basically say to them, "The sole purpose you're playing poker machines is the greed factor; you're trying to win money." In a lot of cases a lot of people are in the don't care category. Even if they won a jackpot they'd pour it straight back in again. They don't take the money and run, if I can use that term. It just gets fed back in because to them it's just all part of - you know, the credits are the thing. "That's how many credits I can get. Gee, I've got 10,000 credits left - see if I can make it 20,000 credits." Again, as I say, it has no intrinsic value. It's just a number, it's like playing a pinball machine.

MR BANKS: Yet if you had another machine over there where you could put tokens in or something in that didn't really cost you any money, do you think people would move over to that machine?

MR GOSLIN: Yes, some people would play it. Some people ask me, "How do I buy a poker machine so that I can have it at home? At least I'd get the money back out again." That's a fact.

MR BANKS: We have heard that and I guess what it shows is it's very hard to stereotype people or just stylise it, because I mean the industry would say they're just there buying time and they know the odds and so on. You know, people such as yourself give a much more complex picture, I think. Would it be true to say that you're seeing many, many individuals; that they have many different ways of dealing

with these things or addressing them.

MR GOSLIN: Yes. There's a whole multitude of reasons why people play poker machines. The senator mentioned earlier the concern about young people. Young people play card machines usually to start off with. It's amazing, and don't ask me why, but I find that if I'm talking to a young person from 18 to 20 and I say, "Why did you start playing the poker machines?" they say, "I went in a couple of times" and invariably they hit a jackpot very early in the piece. They may get a jackpot 1 or 2, and if you can sort of relate to an 18-year-old who has probably come straight out of college and virtually been living on pocket money, all of a sudden he's got a few dollars in his pocket, probably from a part-time job at Woollies, he goes into a club, he puts some money into the poker machine and he wins a \$500 jackpot - "Hey, this is great. Who needs a job? I've never earned so much money in my life. I'll be back tomorrow to do it again." They only have to get a couple of them and then they're hooked.

Then the machine doesn't pay for a while and they find they're running out of money, so then they have to start betting bigger because they say, "Well, I've lost that amount of money. I've got to recover that and try and get back that jackpot again" and so they start betting bigger to try and recover their losses. This is where the cycle begins and this is where the hooks go in, if you'd like to use the term, and they're caught. I don't know how statistically you could work it out but invariably they're caught by getting a jackpot very, very early in the piece.

MR FITZGERALD: Finally you just talk about education for students, year 10 to 12 students and what have you. Do you have a particular view as to how that education could take place? Some have suggested through mathematic classes, you know, probabilities. Others have talked about it as a lifestyle issue.

MR GOSLIN: I think it has got to be looked at as lifestyle, because another perception we've noted is that a lot of the problems associated with people in, I would say, the 30-year age bracket - and I'm talking about young marrieds or couples - is that their whole social life revolves around the club. I know with my own daughters, we were members of clubs and they were brought up in the club atmosphere - and so many people have no other social outlets. If they want to go out to dinner, "Let's go to the club." If they wanted to go to a show, "Let's go to the club. We're bored, there's nothing on television. What shall we do? Let's go and play the pokies." They're blinkered, they have no other perception other than entertainment in a club.

When people present with this attitude, I say, "Okay, we've just now had an industrial dispute and every club in Canberra is closed for a month. What are you going to do with yourself?" They say, "Oh, I haven't got a clue. Gee, what can I do with myself? I don't know what to do." They can't think past the club. This concerns me, that you've got people of that age bracket who have been brought up as children knowing nothing other than the club industry as a means of entertainment or a lifestyle.

MR FITZGERALD: Does your organisation have any particular views about other forms of gambling other than poker machines, for example, the Internet and so on that we've been hearing about?

MR GOSLIN: I'm concerned about the Internet inasmuch that - at one stage I was very concerned because I had a client who had a TAB account, was running a book at school; he was 15 years of age. He had used his mother's credit card to establish a phone account with the TAB. If that can be done then it's very easy for young people with their ability to use computers - and I still classify myself as being computer illiterate because I've had to learn how to use them. They've got the ability to manipulate them extremely well and they only have to get hold of their parent's credit card and they can book it up.

Possibly they're not concerned whether the winnings go back into the account or not, it's just the ability that they can do it. That really concerns me because so many people are careless with cards. It's one thing to take somebody's credit card and forge their signature if you're going to use it - you know, to perform a transaction outside, but you don't need it when you're using it over a telephone or over the Internet, you just type in the numbers.

MR BANKS: The sort of people you're dealing with though, the sort of people you're talking about, are probably not the sort of people who are going to have an Internet gambling problem, are they, with the lack of sophistication that you describe?

MR GOSLIN: No, we're talking about a different class here now, we're talking about young people. I'm very concerned about that because we do get a lot of young people in the 18 to 20-year-old bracket who ring up and say, "Hey, I'm scared because I've lost all my money." I mean, like all young people, the moment you turn 18, you're going to try and have a beer or you're going to try and play the poker machines because it's now legitimate, you can do these things, but in a lot of cases they get hooked very, very quickly, and a lot of them get very scared. The percentage I see is probably only a very small portion of what's actually happening out there. I mean, I get the percentage who ring up and says, "Hey, I've got a problem" or the family rings up and says, "So-and-so has got a problem." But there's all those people out there that say to themselves, "I haven't got a problem. I can handle this."

MR BANKS: Okay, thank you very much for that. We really appreciate it.

MR GOSLIN: That's fine.

MR BANKS: We're going to break now. We're resuming at 2 o'clock. Thank you.

(Luncheon adjournment)

MR BANKS: Our next participant today is John Beagle. Welcome to the hearings. Could you perhaps just tell us in what capacity you are here today?

MR BEAGLE: Yes, Gary. I am here as an individual but I represent a viewpoint that I believe is fairly extensive amongst practitioners in the gambling field. That means people who actually participate, who are the end users of services provided by the various forms of gambling, whether it be a church-operated lottery or raffle, right through to the professionals who frequent our racecourses and, to a lesser degree, casinos.

MR BANKS: Thank you very much for taking the time to come and talk to us today and also for the submissions we have read, and on which we both have some questions but we will give you the opportunity perhaps to make some overview remarks.

MR BEAGLE: I think the preamble states it fairly plainly. I didn't know what format this would take and so I refer you to page 2 of that and if I may quote:

The crux of such an inquiry as this in my opinion depends on whether the right people are seen and listened to and whether the emotive arguments of vocal pressure groups receive only their due recognition. In other words, it is essential in my belief and experience that unless the feel of the gambling industry in this country is understood and appreciated by you gentlemen your results are unlikely to reflect a true and accurate picture and I state that this statement is not meant in any disparaging sense but rather express a widely held view by gambling professionals in this country. Those of us intimately connected with the day-to-day gambling scene, particularly as participants in various forms of betting, are seldom consulted and rarely take the trouble to express our viewpoint in a forum such as this inquiry.

I have presented and spoken, written papers over numerous years in this and other countries and we have people who come from various angles, particularly people in the problem gambling field. They produce all sorts of recipes and formulas. There is a special one that gets a lot of significance called "the SOGS" - the South Oaks Gaming Survey or something - absolute garbage.

MR BANKS: Screening.

MR BEAGLE: Screening - that's right - has absolutely no relevance to this country. Now, people in this country pick up what is written in the papers and particularly what they see on television and film from America, which I contend is light years behind us in the casino field, for openers, and in most gambling, so I think people's prejudices are pre-formed, and I welcome this opportunity to speak to you because I take it upon myself to represent a lot of people who would be far more eloquent and able to provide far more experience.

I know, gentlemen, that part of your careers, both as individuals, have been in other capacities and, in those capacities, you would have seen a lot of people, as I have done, in situations where you provide a social service and where all the figures and everything else means nothing until you sit down with a case that is in front of you of the family that has been abandoned and needs immediate assistance, the same with being in an environment, in a commercial environment, listening to petitioners who wish to have a certain degree of underwriting of their activities, and we all know that everything that is seen to be isn't always the case.

It comes down to that I hope that you gentlemen will have the opportunity to go to places, frequent the racecourses, frequent hotels and casinos. Don't depend on what you're told by a whole host of people, including myself, but go and experience for yourselves what goes on, and a particular case in point would be this deplorable casino in this city, which I have made mention of and which I am most happy to elaborate and, as it so just happens, it is just - it says, "The Lord works in mysterious ways" - this appeared in my letterbox today.

This casino in my experience - and it is fairly extensive - is the only casino I know that markets to young people and markets around drink. This is a promotion that has appeared apparently in every letterbox in Australia and it speaks about seven references on the first two inside pages to drink. It is a recipe for disaster and I am sure you will find other people in this environment in Canberra who will tell you that there has been an increase of young people gambling, purely because the casino provides a place for them to go, associated with drink; they don't have to be members to go into it; they have a nightclub called Deja Vu, which solicits young people by cheap drinks.

Mention has been made in this excellent paper given to you this morning from the Gambling Crisis and Counselling Service from Ralph Goslin, and I don't always agree with some people who work in that field but I must say that this gentleman has prepared an extremely accurate picture as to what is happening, and I can't argue with any point that he raises here, particularly about the trading limits of clubs, but a club - you have to be a member, the casino you don't. Now, this casino, in my book, is a deplorable blot on the landscape in this city, and I can elaborate ad nauseam but I won't. I will be quite happy to answer any questions that you might like to put to me but we have examples where the reverse is the situation and I mentioned in my submission - Adelaide and Christchurch.

Adelaide has a casino - and it is now coming back to where it was at another time - that was the pride of Adelaide, not for people to go and gamble but for people to visit, to take their friends with a degree of pride in such elegant surroundings; to be able to walk in there, not have to gamble, go and have dinner - if you were to go there right at this moment in Adelaide you would find a couple of hundred people, quite elderly and, in the main, having enjoyable luncheons and then, later on, might stay and listen to a bit of music or have another drink or something; maybe they'll take a Keno ticket. The same case prevails in Christchurch, New Zealand, which is arguably the best casino in the world in the terms of its involvement with the local community.

It came on board 3 years ago - I think that is how long it has been in operation now - maybe four. It came on with the expectation of employing 400 people, it now employs 600 and is expanding. I have physically been present in the office of the CEO of that company where the Anglican archbishop has rung up and asked if the casino would run a fundraising night for the cathedral restoration fund. Now, that place enjoys a 100 per cent acceptability as evidenced by a 1500-person inquiry from around the city as to what they thought about the casino.

There is nothing like that in the world. Canberra would be at the reverse end of the scheme. I would challenge anyone who may be listening to me to tell me that they go in there on a regular basis and enjoy it and look forward to taking people in there: that is not the case, and apart from when it first opened here in its temporary premises it has had very little going for it. I would be most surprised if that employs 200 people now. That came on with firm promises of 650 people - all of these things I am quoting I can produce evidence to substantiate, so I might leave it to you gentlemen to start quizzing me.

MR BANKS: What about other casinos around Australia then? You have mentioned Adelaide: Adelaide Casino may be atypical in some respects. I think it is a government-owned casino at the moment as well. Are there other casinos in Australia that you think come close to the kind of model you have in mind or are we atypical in Australia in the type of casino we establish?

MR BEAGLE: This particular casino - - -

MR BANKS: No, generally in Australia. I mean, would Jupiters on the Gold Coast be the kind of casino you think should be held up as a model?

MR BEAGLE: No, most assuredly not. The casino in the Gold Coast was an American casino about 100 per cent. It modified its activities and is now approaching somewhere near where it could have been 5, 6, 10 years ago, in the sense of being able to attract people and the local people in particular, rather than just cast its net on what initially were people coming for holidays, bringing an extra couple of hundred dollars to lose at the casino because they were going to have a good time losing it.

Now, those days are long past because people going to the Gold Coast don't need to go there to gamble. They have gambling facilities in the major cities they may come from. It started as a destination casino, was actively American-based and run. They have, as evidenced by their share prices, got a pre-eminent position in Australia in the investment field for what they've done and done well, so that isn't the case. The authority in the world on casinos has written extensively and visited here in Australia and some of us in the industry have had a lot to do with him, including a lady that you know, called Prof Jan McMillen. This person is Prof Bill Eadington who called the phrase "urban casinos". We're the only nation on earth that had casinos of the size of ours in major population bases, ie, major cities. That has now spread to other places but we were the pioneers of that, as we are in a lot of things to do with casinos.

The model that I would see as being appropriate to Australia and Australian conditions doesn't really exist in Australia. I am just blown away - as Jan McMillen and everyone else who has studied the Christchurch example, and I could add there that it stands in stark contrast to the American-inspired casino in Auckland, and if you gentlemen haven't been to Christchurch and Auckland I would suggest that it would be an educational process that you should consider going to because you will see chalk and cheese. You will see what we in this country should have and what, in particular, in this city we should have and could have with adequate management.

MR FITZGERALD: Can you just sort of describe the key features of what is so impressive about the Christchurch model as distinct from the casino here? What are the defining features that makes one much better and one substandard?

MR BEAGLE: If you wanted to put it to one single - you can't put it to one single thing but the predominant is the dress code. In New Zealand they made a practice from day one they would not allow anybody in Christchurch Casino with jeans. Now, that means that effectively you have a security force that embraces the city, so when you are going out and you're in a hotel and you're going down and you get a cab and you say, "Take me to the casino" or, as is the case there, they have shuttle services that you just ring up and they'll pick you up - the moment the cab driver sees you he'll say, "Look, they won't let you in. You can't go in with jeans. It doesn't matter if they cost you 300 bucks a pair, they won't let you in."

I had an instance of that - a senior executive of Crown went over there last week and his wife was refused entry and was quite irate until he came back and had a look at it and said, "This is amazing. My wife and I have eaten there on a number of occasions and one of the things that really throws us is the number of young people who will go there for a night for dinner with other young people or older people and invariably they're well dressed and that sets the tone for it." The other thing is the premises, the physical premises. These premises here in Canberra are an absolute disaster. The casino now has shrunk to the stage where it occupies approximately a third of what it initially did, and that is because of the physical confines of that building. It is a disaster. It has a restaurant that is not visible, it has none of the ambience that would encourage people to come in there.

MR FITZGERALD: So when you talk about - you make reference, for example, to Star City Casino being less than satisfactory, following the American model and so on. Describe to me what you believe is the American way as distinct from some other ways - the European way. You talk about European elegance and sophistication and so on and so forth, so what do you see as a casino? How do you describe it? Where does it sit in the market, if I can use that expression?

MR BEAGLE: A casino should provide a venue in the city in which it exists for the bulk of the population to enjoy as another facility in that city to which they would be proud to go themselves and take visitors, irrespective of whether they are going there to gamble. Now, that is the critical feature. Christchurch is infested with older

people who do not gamble. They go there as a lovely, elegant place, and I suggest the same case can be made for Adelaide. There are a lot of people that go in there that do not go to gamble. They go as a venue when they have been to some function or some event, they don't wish to go home. They have a weekend in front of them and they want to go somewhere where they can listen to nice music and be in nice company and in a safe environment, so that is the distinction.

MR BANKS: What is special about gambling that it has to be combined with elegance and dress codes and other things? I mean, some might say in the gambling business, "Well, this is a business like any other. We're offering gambling as entertainment. That's our core business."

MR BEAGLE: Well, that is the erroneous viewpoint held by a lot of people that come out to this country and it typifies the American attitude because Americans base their casinos on the fact that, "They're suckers out there." Now, suckers in America - you will be astounded to learn that most people - a visit to Las Vegas is a visit of a lifetime. They have machines 20, 30 years old that our people wouldn't play, they are so far behind the band they can't hear the music. Their regulations allegedly are very high. They don't have government inspectors in their casinos, let alone the presence of a state police force, unless there is some very, very upsetting thing going on and they have to bring them in. It is laissez faire - the market rules, they can do what they wish in American casinos compared to ours.

MR BANKS: It comes back to that point though - - -

MR BEAGLE: You mentioned about gambling and elegance and all the rest of it.

MR BANKS: Yes.

MR BEAGLE: Most people's perceptions of casinos in my belief - and I have been involved in this industry actively for over 40 years - are based on what they read and what they see on television before we had legal casinos. I can go back to when illegal casinos were rife in Sydney and Melbourne and other capital cities and I can tell you the casinos in Sydney far outweigh in benefits provided to the patrons than the Sydney casino does now but, anyway, that is an aside, but most people had all sorts of ideas when casinos came into vogue. In 1973 the first casino was set up in this country at Wrest Point, which followed a plebiscite of the people in that part of Tasmania to set up a casino.

It set the ground rules basically for the world casino scene in the sense of oversighting and provision of something outside the American model that was very suitable for the people of Tasmania and for Australia, and that again set a pattern where people thought you had to dress up to go there and that was initially the case. You don't have to have elegant surroundings to run a casino and to have it as a viable situation. Jupiters you spoke about - that is a very light, airy, bright sort of place, which basically very much suits the customer who goes there - either lives on the Gold Coast or visits. Brisbane is in a heritage building that again is quite elegant and

they have stricter dress codes than they would have here. It is not a requirement - the elegance part.

MR BANKS: But is it designed to filter out people who can't afford to gamble?

MR BEAGLE: No way in the world, no.

MR BANKS: Because often dress codes can be just a form of filtration device socially.

MR BEAGLE: We have no right to refuse people anywhere, provided they satisfy basic requirements. People's dress code and adherence to that does not indicate whether they're going to gamble or not. The majority of people that you see at first nights and various functions that are held in casinos would no more put \$10 on a gaming table than donate an organ to a hospital. These people are there for show. The majority of people that keep any gambling enterprise are probably consist of 10 per cent or less of the permanent regular players. Now, Jan McMillen and her organisation could give you far more factual figures, but I have seen people without shoes on in American casinos betting in thousands, so elegance and surroundings doesn't equate to money that they may have to spend.

MR FITZGERALD: In terms of the ACT casino - the Canberra casino - if the casino, as you indicate, is in fact not trading as well as was expected and the causes of that are related to some issues that you have raised, why would there not be a market imperative, a business imperative to improve? Why do you believe - - -

MR BEAGLE: There is but they're too stupid. I can't take it any nicer than that. I have been threatened on two occasions by the foremost legal firm in this country because of my vocal condemnation of their practices and I am doing it here in open company because everything I have ever said can be substantiated. They just do not know, as evidenced by their experience at this casino, how to run it for the local people. They have no local knowledge.

MR FITZGERALD: You indicated in one of your points on page 6 of your submission that the government, the ACT government, should take a more active role in the commercial oversighting of the casino's operations.

MR BEAGLE: Yes.

MR FITZGERALD: Most governments - and we have not yet spoken to the ACT government, so I am not indicating that - would say that their role is simply to be a regulator, that it is a commercial venture subject to certain regulatory requirements. You take a view that the government here should be taking a greater interest - - -

MR BEAGLE: Uniquely here, because, as I have indicated, these people copped a 19 million windfall. If they had got four or five million they would have been dancing in the streets, they got \$19 million out of the air. Now, having taken that they have

sat on their hands. They even as late as a year and a half ago passed more legislation to assist these people to attract high-roller gambling in by lowering the rate to 10 per cent. To my knowledge, nothing has come out of that. These people have proven not to be able to do the job. I believe that this casino could employ within 6 months another 200 full-time employees here in Canberra if it was managed and marketed.

The key to it is marketing - casinos are marketing - but the government has done has done a Pontius Pilate and said, "We've got our money, we've got the Casino Surveillance Authority looking after it," and they obviously look after the probity and there is no question of the probity. I am saying that this is something that this city should have, and attract people to it. In effect, I would be astounded if anyone in this room would ever want to take anybody into it, and that is the crux of it. You don't have to be a rocket scientist to change it but these people looked at the easiest market to hit into and what was that? Young people, especially of a weekend - Thursday, Friday, Saturday nights. Free drinks, lower-priced drinks, bring them in, and so you can talk to people in the problem gambling field and you will find that that mark is going upwards. It is not from the slot machines in the clubs - it will be if you allow pubs to have slot machines.

MR BANKS: Yes, but if you think about what is different about the ACT casino compared to every other casino that we have been to, I think in Australia, and it is most of them, it doesn't have any slot machines.

MR BEAGLE: No.

MR BANKS: You don't think that that accounts for the relative lack of success, because what we have observed in other casinos is the income from slot machines has been growing, if not burgeoning, as a portion of their total income over time.

MR BEAGLE: Probably up to 65 per cent in some casinos.

MR BANKS: That's an activity that this particular casino has no access to and you think that has no - - -

MR BEAGLE: These clowns, when they paid the 19 million, took this on with that, knowing that they, with their expertise - that would not be a problem. Now they are crying, "They moved the goalposts, we should have it." These are the same people that had years of notice from Sydney casino and Melbourne casino coming on stream and did absolutely nothing to preserve their player base. I believe that this community deserves interference - if that is the term that can be used - in this unique instance because the people who own and run it have proven themselves unsuited to do so in the best interests of the community.

This place is now probably profitable, which it wasn't at some stage. It is profitable based on the younger people who are going in there. You go in there on a Friday or Saturday night you will find that the place is infested with young people and

that, to me, is disastrous. Casinos are not designed and built to attract young people. They are there to attract, in the main - in my opinion - people of a certain degree of maturity in age that have disposable income that they can well afford to pay if that is the cost of the entertainment.

MR FITZGERALD: When you look at some of the other casinos around Australia, for example, the Melbourne Casino Crown, which actually sits within a massive entertainment and hospitality complex compared to what we would otherwise describe as "destination casinos" such as Burswood or what have you, do you have a particular view about the way in which casinos should have been placed - their location? Do they sit as stand-alone units or do they sit as part of something else? In one sense the horse has bolted, in that we have them, but do you have a particular view about those sorts of issues?

MR BEAGLE: Well, Adelaide has proved to be a successful casino and it doesn't have a hotel - it didn't have, it does now have one adjoining it - but you don't need necessarily accommodation. It can in fact provide a revenue stream to other enterprises if you don't have a hotel associated with a casino, but it needs to have more to offer people in the form of entertainment and a reason to go there - as I stress in this - for non-gambling people, and that is basically - when Walter Burley Griffin designed this city in 1913 he made provision for a casino opposite the site where the Lakeside Hotel is, actually, if you look at the original plans.

A casino in those days referred to somewhere where you could relax, meet people, have drinks and play cards. It wasn't meant as a gambling casino. This city was built around a vision that included something that we haven't got and, on present indications, very unlikely to get unless the government moves. These people have proven incapable of doing anything. I can absolutely quote you verbatim from the man who was the director of that casino's operations in Australia when I suggested to him that they needed to market and make the place more attractive. He said, "But, John, that costs money." Now, that would epitomise the attitude of these people.

MR BANKS: Okay. I mean, if we could move - - -

MR BEAGLE: Move wherever you wish.

MR BANKS: - - - from sort of any deficiencies in management to perhaps issues that we can think of more widely in what is a national inquiry, you say in terms of the steps that should be taken none of these steps are management steps. I mean, one of them is lowering the taxation rate from 20 per cent to 10 per cent.

MR BEAGLE: Yes, that's the government.

MR BANKS: Yes. Is that on all of their income or - - -

MR BEAGLE: I would suggest it would be an opportunity for the government to work with these people. They have already set a precedent by giving them

10 per cent on high rollers, which they haven't utilised, to my knowledge, because they're incapable, seemingly, of attracting high rollers because there is nothing in the place to offer them.

MR BANKS: I mean, we know, again from having talked to all the casinos, that only a minority of casinos have had any success in that area at all, and they are ones that enjoy some advantages of proximity to Asia and so on.

MR BEAGLE: Wait a minute. We had better define the term "high rollers". High rollers are not approximately 40 or 50 people that may satisfy that term in the term of being people who would bet in millions over a comparatively short period. There are many people who would be prepared to come down with a bankroll of \$10,000 into this place and it was the case at one stage, but they have gone away from that because there is a risk involved, obviously, but it might be better to say "higher level gamblers" than "high rollers" because nobody can properly define to you what a high roller is. It is different things for different people. Sydney is now gearing up to get into the market that they think they are going to attract from Asia.

MR BANKS: I mean, it must be well-defined because there is a tax rate that applies to it.

MR BEAGLE: It is defined by the magnitude of their betting but, here, they possibly have defined it - I saw the legislation. I don't know how they did define it, from memory.

MR BANKS: Okay, so you think that high-roller rate should be applied to anybody who loses - - -

MR BEAGLE: Only on the condition that this casino takes steps - and with a government oversighted body to look at those steps - to enhance the attractability of this casino. Just lowering the rate and letting them go on and make more money is not the solution. It needs direct government involvement in enhancing this. There are a lot of other enterprises in this community, I suggest, that the government assists in one way or another and it wouldn't take a quantum leap to do it with this casino. They just do what they want to do.

MR FITZGERALD: Just on the regulatory side which you just touched on, you are making a recommendation that there be an overarching organisation to oversee regulation of gambling in the ACT generally, similar to what has been recommended in New South Wales.

MR BEAGLE: Apparently I was speaking to - there is another concurrent inquiry being held today, as you may know, and I wasn't aware of that until last Thursday. I spoke to the young lady who is the secretary and she said there was some announcement made yesterday that the government had agreed to such a committee in this city or some body. I made that suggestion in 1977 in this city, but I believe there needs to be a federal body overseeing all of this to make uniformity.

There are meetings held several times a year now of the gaming ministers of the country and they formed a group to try and harmonise, as best they could, on various aspects of regulation, of testing particularly gaming machines, where you have a situation where a gaming machine will be acceptable in one state and it will cost them 150,000 to get the same machine approved in another state and so on and so on. These things, to me, are very obvious, but because of our unique situation we need to have an educational process, in my view, and an overriding body of professional people who know what they're doing.

Most people wouldn't be aware that when the TAB started in this country it started in Victoria, and the way they got it off the ground - and it become a model for others to follow - was that they didn't go out and get a group of public servants and do-gooders to say, "How should we run this?" They went out and they got the very people who were running the SP bookie and brought them in to run it. The old business about set a thief to catch a thief. Until such time - and that's what I would gently suggest to you gentlemen - as you speak to people like me who are prepared to put their hand up and express a point of view, which may or may not be correct, and until such time as we have a body that oversights all forms of gaming, we're not going to get the best that we should get out of things.

But I hark back to the educational thing - this gentleman who gave this paper this morning, Mr Goslin, is referring to the fact that he believes that people in years 11 and 12 should be educated - is far too late. Those kids have been through half a lifetime seemingly by then. They need to know much younger than that what gambling is, what it consists of, and the incredible damage that can be likened to irresponsibly driving a motor car if you don't know what you're doing and professionally trained to look out for it. To my mind, that is something that can't be told to children too early.

MR BANKS: You've got a section here on training of casino gaming personnel, and you talk about Crown Ltd having been accredited for their training. Is that the only casino that has such an accreditation?

MR BEAGLE: Yes, on the gaming side - gaming, gambling, dealing side.

MR BANKS: The table games.

MR BEAGLE: Yes. I'd like to make mention of two things on that score, now that you've given me the opportunity. First off, they didn't do it because they felt they were going to get some money at the end of the rainbow. They've done it, and they've outlaid an enormous amount of money - probably a seven-figure sum already - because they wanted to train the best dealers and have the best set-up. They've been able to prove that to independent bodies that have accredited them. If the subsidies - and God forbid it does - happen to be pulled, they're not going to change their training regime. They've proven it to be extremely satisfactory, they've given a lot of people - and I mention a figure of 250 new dealers a year come in.

By satisfying the requirements of accreditation they get certain advantages. They do get a sum of money but they also get exemption from payroll tax and from WorkCover. They also have - and you gentlemen may or may not be aware of this - in the current environment of employing people you two gentlemen employ me, and I'm on a 3-month probation. At the end of 3 months I'm either satisfactory or unsatisfactory - I stay on the job. After 3 months I revert to what I am and that's not very satisfactory to you and you say, "We've got to get rid of this guy." But to get rid of me is very difficult.

In this traineeship/apprenticeship program, which is a national one, there are 12 months in which time that assessment period takes place. That is an extremely desirable feature for anybody and any government providing funds towards training. The government is only doing this because it's taking them off the hook by the provision of an independent training provider. So I would hope that is something which perhaps you gentlemen could make a particular point of so that the government doesn't pull the pug on that subsidy. Whilst Crown is the one that I'm homing in on, there are numerous other people in the leisure and hospitality industry and, when you think about it, they are the young people without necessarily high educational qualifications.

They're the type of people - in my youth when "I didn't like the look of you because you wear glasses," and you'd say, "Well, stick your job, I'll go and find another one," I walk around the corner and I could get one. But these young people these days don't have those opportunities and this supplies a very major component to employ young people.

MR FITZGERALD: What do you believe to be the level of standard of service to gambling consumers by employees of casinos and other activities around Australia? You're talking about the need for training, but I was just wondering if you had a particular view about whether the gambling consumer is well serviced by most operators?

MR BEAGLE: Yes. I think Crown is setting new standards in that regard. I think in the main most of the young people working in casinos in particular - and that's the question you're asking about - casinos?

MR FITZGERALD: Sure.

MR BEAGLE: - - - are motivated to do their best and by and large our casinos have the best educated people in the world. For instance, in Crown 60 per cent of their dealers have tertiary qualifications, which is quite astounding. By and large it comes down to the management. Everything in casinos comes down to two words - M and M - management and marketing. It doesn't matter how good your employees are if you don't have adequate management of those employees.

I don't want to bucket anyone in particular. I'll talk about the young kids here in

Canberra, who are almost invariably well motivated. They have, in the main, extremely low morale because of where they work, but they do a very good job. They're almost unfailingly courteous and I don't wish any of my previous remarks to be thought of as against individuals in this casino. I'm talking about head office and overseas management. But in the main I think you'll find that our casino people increasingly are realising that they're in a service industry and they get far more pleasure out of a job by being pleasant and helpful and assisting people.

MR FITZGERALD: You've made reference in here that Australia is a sophisticated marketplace and you say by far the best and fairest in a sense. Could you just elaborate on why you think we have one of the fairest systems? That is a comment that's been made, I think, universally in our submissions even by people who are opposed to gambling.

MR BEAGLE: Basically it's because it's modelled on the British system. The British system of casinos is very strict, far stricter in many cases than perhaps it needs to be. But historically in 1973 when Wrest Point opened its doors it was staffed by people in the management area from England and English casinos. Some of them happened to be Australians who were working over there. So they based things on English standards - ie, no tipping. Tipping is the greatest bugbear in the casino business because tipping can lead to collusion and all sorts of things.

You may or may not be aware that in our casino industry since its inception there has never been a case of money laundering proven. What people and the newspapers write up ad nauseam about money laundering is basic bullshit. It doesn't happen. There have been very strict controls, and I use that word advisedly. I was privileged to be on a secret committee including representatives from the National Crime Authority and others, and this was with the Department of the Attorney-General, federal attorney-general. The NCA made that statement and have provided it in writing. That's something which is not generally known.

Why is it best and fairest? It's best because the government has got the greatest interest in these casinos running properly, and also the scrutiny that we have in these casinos is exceeded by none others. Nobody else in the world has such scrutiny, nor have they ever introduced such things prior to Australia doing it in Wrest Point, of videoing the counting of the money. That would be unthinkable. Having said that, the governments get more out of casinos than anyone else - shareholders, players or anyone else. So the government has a vested interest in making sure they're run correctly. That's why the Casino Surveillance Authority in this city is in its position. That sees that everything is done according to Hoyle. That's the bottom line.

There are certain bets you can't make in Australian casinos that you can make in America. American casinos do not pay the same odds. But as I said earlier, to many Americans a visit to a casino is a visit of a lifetime and, not only that, they are incredibly ignorant of what they're doing - as most Australians are when they first go there. That's the bottom line.

MR FITZGERALD: So as a consumer of gambling services you would say that there are few problems in the operation of the casinos in terms of what the customer gets for their dollar, in terms of odds, in terms of the fairness of the game - those sorts of issues?

MR BEAGLE: Yes.

MR FITZGERALD: You mentioned - or you have a substantial portion of your submission around poker. Can you just explain to me what the significance is of - from our point of view - the introduction of the increased poker activity within casinos? What are the pluses and minuses?

MR BEAGLE: The big plus - let me give you a factual illustration of this parable, as it were. I walked out of the chief executive's office in New Zealand, Christchurch, and I bumped into an elderly, extremely well-groomed lady. I said, "Sorry, madam, I almost bowled a maiden over." She laughed at me and said, "Oh, I wish." I said, "Look, what's a nice woman like you doing in a place like this?" She said, "I'll tell you. I've been widowed for 18 years. I didn't go out anywhere, there was nowhere to go. So now I can come in here maybe two or three times a week. I come in with my friends, or I meet friends, and I don't come to gamble." She said, "I come in for the cheap meals, to sit around and have a nice time." She said, "I might put a few bob through the pokies sometimes." I said, "Righto, what would you say if I told you that they're going to put a poker room in here?" She said, "I would love that. Do you mean just playing poker amongst other people?" I said, "Yes." She said, "Everyone my age limit plays cards or has played cards. I'd love to do it."

I've had meaningful discussions with the club industry in New South Wales and one of the things - I know this a roundabout answer to what you're saying but I think it needs to be illustrative of what I'm saying. We all know about these lonely people who in the main, when you go through bigger clubs, you will see many, many older ladies on their own playing machines and they don't appear to be enjoying themselves, they are filling in time, they are buying entertainment, shall we say. It is to many a mindless pursuit with absolutely no chance of winning in the longer term playing slot machines.

Turn that around to where you have people in a social environment where they must have interaction with other people. For, say, 50 bucks they can sit down and play in an environment with up to 10 or 12 other people of similar type where they talk. They have interaction. They have social enjoyment. That is something that most of us had some experience of in our life, playing cards at some time, or if we haven't we know of people who play on a regular basis, not so much for the money they're going to make or concerned about the loss, but rather it is part of their lifestyle and an entertaining and enjoyable pastime.

That, I believe, will be the case when it is realised what poker can do for places such as clubs. Clubs, because of their community involvement, are far more concerned about the wellbeing of their members than, say, the hotel industry who

don't really have any social conscience with regard to the patrons, because the patrons are not in any way organised to be a member of a pub to play. So they're not members of pubs to play, whereas in an environment where people can sit on a regular basis and have social intercourse with others I contend is something that when people see the opportunities from poker - and you've only got to look at, as I said, the expansion in the United States and in Europe - and now it can happen in this country because Crown have eventually bitten the bullet and spent a staggering amount of money to train dealers, and they're now getting the money back, because they looked down the track.

There's a lot of criticism made of Crown in newspapers, but the reality is that Crown is a world leader in lots of things to do with technology and particularly with training and a whole host of other things. They mightn't be the world leader in the stock exchange stakes, but that's another aside.

MR FITZGERALD: Finally, your comments on Internet gambling. I'm not completely sure what you're actually suggesting. You've indicated that you don't think certain things are possible, for example, the banning of it and so forth, and you're sceptical about 100-point identity checks and what have you.

MR BEAGLE: Yes.

MR FITZGERALD: What would you be recommending to governments in relation to the handling of the Internet gambling?

MR BEAGLE: I'd be recommending to governments that by the time you gentlemen complete your inquiry the uptake in the Internet in this country compared to the figures that I quote in here - I think they ended in August - will have doubled. People have not realised what a medium this is. I'm in the software aspects of gaming. That's not necessarily gambling. I'm talking about quiz shows and all other sorts of gaming.

The Internet is just the tip, or what we see of it is but the tip of what's going to happen. People have no real perception - I'm sure people listening here would have a far better idea than I how the Internet is going to proliferate - but with gambling we have a golden opportunity, a once-off opportunity - because of all the things I've spoken about previously - we are positioned in the world, and I've spoken extensively on this and given papers in America in particular where people are absolutely open-mouthed as to what we offer in this country in the way of safeguards. We can do that with the Internet. There is no way this 100-point scheme can work.

We have in this state, for instance, licensed effective bookmakers that went on line on Saturday and are accepting bets on the Internet without a 100-point scale. Centrebet in the Northern Territory have been doing this for some time. Incidentally, they've just been bought out by Jupiters, so there's no way a 100-point scheme will work. That's the bottom line. There's no way you can ban betting on the Internet. There is a lot of emotive talk given about protecting people and all this sort of thing.

It's not for me to argue that there are - and these are in many cases Australian-designed mechanisms to prevent a lot of these problems that people are seeing. If you gentlemen are interested in seeing the foremost Internet software in the world, the like of which there does not exist anywhere else - and this is Australian-born and bred - I can provide you with that opportunity, to do that in confidence later on. But the bottom line is that very, very few people - particularly in the government area, and a lot of well-meaning people are expressing viewpoints which are very reasonable, but in reality are not practical. That's the bottom line.

MR BANKS: We've actually had the opportunity to see - it might be a rival software - but I think we were quite interested in the extent to which the technology can be used in various ways to screen people and even to provide a level of accountability in that kind of area.

MR BEAGLE: We've got software that can tell you what you bet, what you bet on, when you did it, going back to the entire history of whenever you bet. That, of course, is for government because we're working with government. This is a government initiative, and again coming back to the point, repeated ad nauseam, Australians have the best control, we have the best set-up. But this 100 points is totally unrealistic and it makes the whole thing non-viable.

MR BANKS: So you think an acceptable level of security could be achieved to prevent underage gambling and so on at significantly less than the 100 points?

MR BEAGLE: There are always going to be people who slip through. There are kids who are 15 years old driving cars. There are kids whose parents are stupid enough to provide a credit card that they might be able to find somewhere and access somewhere and they can get pornos and they can ring up the phone on an 055 number or whatever it is. You can't prevent everything. That's the bottom line. You can't prevent kids borrowing cars and having accidents.

MR BANKS: Good, thanks very much for that.

MR BEAGLE: Thank you.

MR FITZGERALD: Thanks, John.

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

MR BANKS: The next participants today are from Lifeline Canberra Inc. Welcome to the hearings. Could I ask you, please, to give your names and the capacity in which you appear today.

MS GRANT: My name is Joanne Grant. I work 20 hours per week as a financial counsellor at Lifeline Canberra's Gambling and Financial Counselling Service.

MS BADAWEY: My name is Elizabeth Badawy, and I work for the same service. I'm a gambling counsellor.

MR BANKS: Thank you very much for coming along today. As we indicated earlier we have seen one submission which we've both read, and perhaps you'd like to summarise the key points. I believe Elizabeth also has some other remarks to make that we've only just received, so we'll perhaps go through a bit more slowly on those. Then we will have questions for you on both. In some cases we might just stop you, if you don't mind, as you're going through. It might be more timely to discuss some of the points that you've raised in that way.

MS GRANT: Our service exists for the estimated 1 to 3 per cent of the adult population who experience problems as a result of gambling. I have talked a little bit in the paper about how gambling becomes a problem for some people. I have discussed who is more likely to develop a problem with gambling, and the main point from that is that it can be anyone who is experiencing some problems in their life and who has had a positive experience with gambling. It's a combination of their relationship to gambling and the relationship to the problems in their lives.

I've talked a little bit about the kind of problems we see, the social impact, how gambling impacts on people that attend our service for counselling. I've outlined quite a lot of different social impacts there such as depression, anxiety, stress-related illness, financial problems, etcetera. I've talked about our statistics which reflect some of the issues which might inform others about the social and economic impact of gambling. We see 119 new clients each year. During the 1997-98 financial year 84 per cent of those individuals who attended the service were experiencing harm as a result of gambling on poker machines, 62 per cent earned less than 30,000, and of those who earned over 30,000 most were over-committed financially as a result of gambling debts.

MR BANKS: While you said earlier that it can strike anybody, in fact it's not evenly distributed across - would it map the distribution of income levels within the population generally, or would it tend to be a bit more concentrated on people with lower income levels? You say there 62 per cent earned less than 30,000, but in the table it shows that 58 per cent were on DSS benefits or under \$10,000 in income. I think that would be larger than the population - under \$10,000 income - - -

MS GRANT: We haven't done a comparison with the general population.

MR BANKS: We can have a look at that, okay.

MS BADAWEY: But I wouldn't necessarily say that the people we see are the only ones affected either. It's just that people on lower incomes are going to be affected sooner.

MR BANKS: Affected sooner, yes. They have less money to waste, I suppose.

MS GRANT: Whereas we have seen some people who have gambled \$400,000 in a year and - - -

MR BANKS: But it mightn't be a problem for them if they're earning a million, sort of thing.

MS GRANT: It wasn't for a while, but yes, eventually their money runs out. Our recommendations are for more research, a need for funding for education to prevent people becoming a victim of problem gambling, adequate funding for counselling and treatment services, allocation of a percentage of gambling taxation to fund treatment, education and research in the area of gambling, the need for a regulatory authority to enforce compliance with various codes of practice. There is a need for funding for quantifying some of the economic costs of the benefits and harmful effects of problem gambling and the need for protection of the consumers of gambling from spending more than they can afford, having some measures which inform them based on the principles of informed consent which are generally accepted and operate in many other areas of our society, and reducing the risk of the gambling product by putting clocks in venues, by informing the patrons of the amount of time and money that they've spent on gambling. They are the highlights of this report, the main points. I'll let Elizabeth expand on it.

MR BANKS: That was an excellent summary, I think. We have some points that we'll come back to and ask you, but we might wait for Elizabeth to make her statements.

MS BADAWEY: This is the ACT perspective mostly, so if I just go through this?

MR BANKS: Sure.

MS BADAWEY: There needs to be some type of measure of the social and economic impacts of gambling in the ACT. There is no doubt that gambling industries offer both benefits and costs to the community, but the balance of these are not known in the ACT. There apparently was a study done on the social and economic impact of introducing the casino into Canberra. However, this would only take in part of the picture because the main type of gambling that people experience difficulties with is electronic gaming machines and our casino doesn't even have these.

Can we keep increasing the availability of gambling opportunities, especially poker machines, without knowing what kind of impact this would have on the

community? In an economic analysis done on the alcohol industry which argued that it returned net benefits to the community, as does the gambling industry, it was found that alcohol actually cost the Australian economy between six and eight billion dollars annually. If it's possible that this may also be true for the gambling industry, then before we expand it we need to take stock and put in place strategies, policies and procedures that will minimise the harm associated with gambling.

The generally accepted prevalence rate of 1 per cent of the population having problems with gambling is small, but just percentages don't show us that there are real people who are suffering. The prevalence rate does not take into consideration that a person experiencing a gambling problem lives in a community which he or she impacts on. The negative aspects of gambling can manifest themselves in individuals and their families, their social network, their productivity at work and sometimes even in illegal acts to finance the gambling in order to make up losses.

It's also important to realise that prevalence rates in Australia have been estimated to range from 1 per cent up to 3 per cent, and this is similar to the prevalence rate of alcohol problems, which is 2 to 5 per cent. This similarity highlights a deficiency in there being nobody for gambling related problems, the equivalent of the National Drug Strategy, which has sufficient funding for research, education, prevention and treatment. Think of the media campaigns of education in schools which look at minimising the harm from alcohol. There is nothing equivalent with gambling.

When looking at the social and economic impacts of gambling, rather than looking at the percentage of household disposable income perhaps it's more useful to look at where the expenditure on gambling is coming from, whether it's savings, household expenses, money allocated for other purposes, and from which income brackets. In conducting a study on the social and economic impacts of gambling I think it's important to note from a report in Tasmania which says that:

The intention should not be to reduce every social cost to a monetary value as this undermines the nature of the personal costs experienced by many individuals and may not necessarily generate meaningful results. Quantifying the social cost is useful in illustrating that social impacts provide a powerful argument for government assistance. However, social costs which cannot be quantified should in no way deter governments from responding appropriately to reduce or eliminate these costs.

The next page is about a paper presented at last year's National Association for Gambling Studies conference and basically outlines minimisation strategies that could be suggested. Shall I go through those?

MR BANKS: Perhaps what you could do is just summarise each of those dots rather than read everything out that's under them.

MS BADAWEY: Okay.

MR BANKS: This will eventually be published as part of your submission obviously.

MS BADAWEY: One of the main ones that I have there is the statement of odds, especially when you're thinking about poker machine gambling or gaming machine gambling. There's a percentage return written on the machine, but that's a bit misleading in that people are expecting that they're going to get money back or some money back, whereas the odds should be more accurate, more informed. The equivalent is, with the alcohol industry they have, "This is how many standard drinks are in this bottle."

It's looking at prevention and education, so looking at early signs of dependence. It talks about having an additional tax which is hypothecated to education and treatment, and basically it's saying that if you only provide treatment services without looking at prevention then it's an inappropriate strategy. You need that whole picture because anyone is at risk.

One point that I made was that there is a need for gambling-free venues. I often get people saying to me, "Look, I just want to go out somewhere for a drink with my friends and there's not many places I can go without being exposed to gambling," especially in Canberra where there's quite a number of clubs. So in the ACT there is a need for an overall government strategy which incorporates research, education, prevention and counselling services. Both Victoria and Tasmania appear to have models which could be incorporated in the ACT and this would enable a means to allocate sufficient funding and an independent regulatory body. I have listed the gaps here that we have identified. Do you want me to go through any of those?

MR BANKS: Why don't you pick out some of those that you think are the most important ones.

MS BADAWEY: Okay. Well, we're under-resourced. I don't think there's enough in terms of counselling services. In terms of looking at family members who are affected there's really not much available. There are no services for ACT regions, so we see a lot of people from Queanbeyan but we're not specifically funded to. There's no educational prevention up there. There's no idea really of what the extent of the problem is in Canberra because there's been no social or economic impact study conducted.

MR BANKS: You're aware of the study by the Allen consulting firm?

MS BADAWEY: I wouldn't say that that was a social and economic impact study though. Yes, we are aware of that. Will that do?

MR BANKS: Yes, that's good. Did you want to make any more remarks on that?

MS BADAWEY: No.

MR BANKS: All right. Thank you for that. One question I was going to ask you: on the first submission we received there's a table at the back which has some statistics. This is the sum total of the statistics that you collect on a regular basis?

MS BADAWEY: That's from our annual report. The last annual report?

MS GRANT: Yes.

MR BANKS: Right.

MS GRANT: We have those statistics for all of our time of operation - 5 years.

MR BANKS: Okay. So when you're interviewing clients, at some point - is it early in the process - you actually go through this?

MS BADAWEY: In the first interview.

MR BANKS: So pretty much face to face you're asking - well, some of it, I suppose, accumulates, but some of it is from direct questioning and observation of those involved. Okay, good.

MR FITZGERALD: Gary made reference to the Allen Committee's report and you indicated that it wasn't really a review of economic and social impacts. They have made a number of recommendations as I understand it: the removal of the restriction on gambling machines say in the Canberra casino and the removal of certain restrictions as distinct between hotels and clubs and so on. What view do you take in relation to gaming machines generally and the removal of the restrictions that currently exist?

MS GRANT: Our main point would be that more research is required on the impact of machines. Does it really increase the number of problem gamblers if you increase the accessibility? And, as Elizabeth mentioned before, there are people in the community who would like to be able to drink without being exposed to electronic gaming machines. Any more?

MS BADAWEY: Well, I don't see how it's possible that you can keep increasing the availability without knowing what the impact is going to be, and that's where we're stuck at the moment. We don't know what the impact is going to be.

MR FITZGERALD: To what extent does that have to be done in Canberra? To what extent would a decision being made in Canberra about that take into account studies that were done elsewhere in Australia, do you think?

MS BADAWEY: So how is Canberra unique?

MR FITZGERALD: Yes. I mean, they might say, "Look, there have been lots of studies done, in Victoria and elsewhere, and on the basis of that we make an assumption that X per cent will be affected," and so on and so forth.

MS BADAWEY: Well, the thing is, the studies have been done but there hasn't been any action taken in Canberra as such really. I'd like to see what the actual density of poker machines is in Canberra, where they're located, how many per capita. I've heard, but I haven't seen it written anywhere, that we have the highest per capita of poker machines per capita - and what kind of effect that would have.

MR FITZGERALD: Yes. I think it's around the highest per capita spending on gambling, a large proportion of which would in Canberra be poker machines I guess, but what's interesting is that when you then relate that to income levels in Canberra, Canberra drops down the list, so because I think the average income in Canberra is a bit higher, the spending rate - - -

MS GRANT: And statements have been made that Canberrans are only spending their savings on gambling, whereas the experience - - -

MS BADAWEY: No, that they're not expending their savings.

MS GRANT: Oh, they're not even spending their savings, but the experience that we have seen is that people are spending their savings, their salary and borrowed money on gambling and getting into debt.

MS BADAWEY: That's why I made the point that the percentage of household disposable income isn't necessarily a good measure of what's happening, that people are running down their savings, people are getting into debt.

MS GRANT: Even the higher income earners. Because they're desperate to get that big win, the people we see have taken out a lot more credit than they have the capacity to repay in order to gamble to try and win, and we did sort of explain that cycle that they get into, believing that they're going to win, so, "It's okay to borrow because I can pay it back tomorrow."

MR BANKS: Yes. We've heard in some other places that sometimes their borrowing is, I suppose you could say, black market borrowing, or informal finance might be a better way of putting it. Do you get a sense of that in Canberra or is Canberra a bit different in that people are just accessing bank loans or something to try to finance their - - -

MS GRANT: I haven't seen anyone with debts that are what you'd call to loan sharks or something like that. I think I had one person who had taken out a loan with Adam Smith or someone in Sydney with high interest rates, but not any of the type of lending that's underground.

MS BADAWEY: We ask people whether or not they have ever been charged with

anything in the past related to gambling, and that does come out. I'm not sure if it's in that table of ours.

MR BANKS: Sorry, I missed what you said then.

MS BADAWEY: We ask people whether or not they've ever been charged with anything related to gambling - you know, embezzlement or - - -

MR BANKS: Any kind of crime?

MS BADAWEY: Yes.

MS GRANT: And we definitely have seen embezzlement, fraud, that kind of gaining moneys to gamble with.

MR BANKS: Yes.

MR FITZGERALD: Would you know as a percentage of the clientele how many would have admitted to having been involved in some sort of criminal activity even if they have not been charged? We have heard from counsellors that - I might be wrong on this - 30 to 60 per cent of their clients have admitted that they have undertaken some form of minor or major criminal activity, stealing from family, stealing from friends, stealing from employers and so on and so forth. Do your statistics pick that up at all, or not really?

MS GRANT: We've just started to keep statistics on it, but we did estimate 30 per cent.

MR FITZGERALD: About 30 per cent?

MS GRANT: Yes.

MR FITZGERALD: That's fairly consistent.

MS GRANT: Yes. That's the estimate that we gave to the Allen Committee.

MR FITZGERALD: Can I just go back to the Allen Committee's report. Have you made a formal response to that report? You haven't? Okay. I presume that report is a subject of the ACT legislative review at the moment. Apart from talking about removing restrictions between pubs and clubs and the casino in terms of the EGMs, they actually talked about some of your recommendations: a specific purpose tax going across all of the gambling activities to provide support and services, and a 24-hour gambling counselling service and so on. What's your understanding of the ACT government's response so far? Is that still under review or have you had any feedback as to - - -

MS BADAWEY: Well, their response is to wait for the select committee to get back to them.

MR FITZGERALD: So it's all waiting for the select committee, which is having hearings today as well.

MS BADAWEY: Yes.

MR FITZGERALD: Okay.

MS GRANT: And we did make the point that the 0.5 per cent suggested in the Allen report would not be sufficient to fund research, education, prevention strategies, counselling services and evaluation of those programs.

MR FITZGERALD: Because they're estimating a revenue of about 230,000 per year which you're saying would be insufficient to meet all of those objectives. In your report you talk about the need for community awareness and education. Could you just explain to me what sort of education you believe is appropriate for governments or for an independent body to undertake. What are we actually trying to achieve by education? Is it to teach people how to gamble responsibly? What is it? What's your objective?

MS GRANT: Just offhand, teaching people how to gamble responsibly would be one area, what sort of warning signs to look for, to avoid, how to deal with emotional problems in other ways than gambling, and also education of the community, to understand how people can actually become involved with problem gambling and be able to be more aware of what might happen to people, instead of saying things like, "Oh, well, the silly fools - look what they've gone and done."

MS BADAWEY: Basically letting people know that gambling can become problematic, that it's not just a harmless form of entertainment. One of the things that they're doing in Victoria is introducing it into the school curriculum so that young people are aware how gambling works and what the odds are.

MR FITZGERALD: We hear this up here. We didn't hear much of it in Victoria, unless I am mistaken. It might be some pilot program.

MS BADAWEY: It was presented at the last practitioners' conference only 2 weeks ago now.

MR FITZGERALD: The NAGS conference in Adelaide, was it?

MS BADAWEY: Yes.

MR FITZGERALD: We should try and catch up on that, but it wasn't something that was emphasised.

MS BADAWEY: Queensland are also doing it.

MR FITZGERALD: Right, good. We'll have a look at that. Your service provides both financial and other counselling, and there are other services around that have that. Typically do people come for financial counselling first or do they come for problem gambling counselling?

MS BADAWEY: It's a bit of both.

MR FITZGERALD: It's a bit of both?

MS GRANT: Yes. Mostly gambling counselling.

MR FITZGERALD: Right.

MS BADAWEY: I'm usually the first point of contact and if I know, while I'm on the phone with them, that there's an immediate financial issue then I'll straightaway refer them to Joanne, or when they come in for their first appointment I will ask about their finances and if it seems they need assistance then I'll refer them on.

MR FITZGERALD: How do people find out about your service?

MS BADAWEY: We're in the phone book.

MR FITZGERALD: You're in the phone book?

MS BADAWEY: Yes.

MR FITZGERALD: They don't pick up your brochures in clubs and the casino or anything like that?

MS BADAWEY: There was a distribution - - -

MS GRANT: It's only very recent that the brochures have been in the clubs.

MR FITZGERALD: Right. So what is the relationship between say the clubs and the community sector generally concerning harm minimisation or responsible gambling programs? We've seen in most of the other states that there have been committees formed either by the government and/or by the industry and the community sector, or some programs. For example, there's a program called BetSafe in New South Wales. Has the industry and the sector itself started to work together or is it completely disparate?

MS BADAWEY: We've started to work together. Last year there was a working party formed that was initiated by the Carnell government to look at a voluntary code of practice and that's where work started with my involvement, although I am aware

that the previous gambling counsellor started an interest committee.

MR FITZGERALD: Correct me if I'm wrong on this. You're believing that the code of practice needs to be enforceable. In your submission you say, "Codes of practice need to be enforceable," and then the question is, "Is this possible with self-regulation?" The industry tells us constantly that voluntary codes of practice are the way to go. Do you have a view that in the ACT voluntary codes of practice can work or do you have a view that regulation will ultimately be necessary?

MS BADAWEY: I don't see how they can work. If I am seeing people and I am noticing something that seems to be in conflict with the voluntary code of practice, I don't really have anywhere to go with that, and neither do they really. It's difficult. And the thing is, as far as the counselling service goes it's not really our position to police the voluntary code of practice and we're the only people that seem to be - not aware of it but aware of what the breaches are, if you like.

MR FITZGERALD: To your knowledge are any groups within the community sector actually providing training to club staff or to casino staff in relation to responsible gambling practices as exists in other jurisdictions?

MS GRANT: Not that we're aware of.

MS BADAWEY: Although the Casino Surveillance Authority were starting something up I think, but I'm not sure where that ended.

MR FITZGERALD: In your list, under the heading The ACT Picture, there are a number of gaps in service delivery. It strikes me that some of these gaps exist elsewhere, but there seems to be a large number of gaps in ACT. Is there a particular reason why there hasn't been a more coordinated or a more proactive response in this territory? Is there something missing down here?

MS GRANT: We are funded to a lesser amount than other states. Other states, from what we have noticed, receive more funding for demographic areas that are quite similar to Canberra. We have 1.4 staff to service the whole of the ACT, so there's no way we can provide after-hours services, go out and do education, or even time to spend liaising with the clubs.

MS BADAWEY: I mean, technically our time spent here today is taking us away from providing a service.

MR FITZGERALD: From what you're saying in your submission, there have been no prevalent studies done in the ACT at all that you're aware of in terms of the incidence.

MS BADAWEY: No.

MR FITZGERALD: Is there a feeling that the problem doesn't exist or the problem

is so small that it doesn't warrant it, or is there a desire not to identify the problem at all?

MS BADAWEY: We'd only be guessing.

MS GRANT: I'm not sure if this is relevant or not, but certainly in our initial presentations to the gambling industry the response that we received was, "Oh, we don't have that problem in our club" - that sort of thing.

MR BANKS: One thing that's different about Canberra is that there are no poker machines in the hotels other than the card machines, but they're pretty much confined to the clubs. Do you think it makes much difference whether they're in the clubs and/or the hotels? If the total number of machines didn't change in Canberra but some of them were taken from the clubs and put into the hotels, would that make much difference?

MS BADAWEY: To the problem?

MR BANKS: In other words, does a club provide a more benign environment potentially than hotels or not?

MS GRANT: Well, drinking and gambling do not mix, so that's perhaps the only problem with a pub, where people actually go to drink. They wouldn't go to just play the gaming machines. Definitely when people come to us, they soon realise that they're not going to be able to stop gambling unless they stop drinking as well, because after they have had one or two drinks any resolution that they had not to gamble or not to spend any more money goes out the window. That's the only possible link that could be associated with that.

MR BANKS: Yes, to the extent that hotels are a more alcohol focused place than the clubs. What about self-exclusion? I believe there is a self-exclusion policy or program among the clubs in the ACT. Am I right about that, and do you know how effective it is?

MS BADAWEY: Well, we were involved in helping to put that together. I'm not sure if we'd go so far as to say that it's a program.

MR BANKS: A facility.

MS BADAWEY: A facility. We're not aware of how it's working. The licensed clubs were going to be looking to putting in place policies and procedures but I don't think they've been to that stage yet.

MR BANKS: It's just that I have talked to an individual who has gone through that process and is self-excluded from the majority of the clubs.

MS BADAWEY: I don't know if it's well-known, and the clubs feel that it's difficult

to monitor because they offer other facilities other than the gaming machines.

MS GRANT: We have had some clients who have used that facility, and I guess it's been good for them.

MR BANKS: When you're counselling people, what's the objective in the counselling that you provide? What are you trying to achieve?

MS BADAWEY: Well, we say to people that it's up to them, that we work on what's called a harm minimisation model, so they can either stop gambling altogether or they can cut down so that there's less harm involved. So it's their choice. I mean, we work on putting a plan together from there and monitoring that.

MR BANKS: Right. What training do you have as a counsellor?

MS BADAWEY: A background in psychology.

MR BANKS: Right. You have tertiary qualifications in psychology?

MS BADAWEY: Yes.

MR BANKS: Do you have any comments on whether people who don't have such qualifications can nevertheless become effective counsellors?

MS BADAWEY: I think the training is necessary. I don't know if I have a preference for whether it's psychology or social work or welfare, but I certainly think that training is a part of it.

MR BANKS: And the other question that I had is to what extent you have any follow-ups with your clients to determine after some period of time whether they've still got their gambling under control.

MS BADAWEY: Well, we don't have a lot of follow-up. That comes back to resources. We would love to be able to spend time developing a questionnaire and things that would involve informed consent and then going out and following up, but we just don't have the resources to do that.

MS GRANT: We did do a pilot evaluation. We have tried to commence that procedure of following up clients after a certain period of time, but we've only got as far as the pilot evaluation and that was using university resources - or university time, put it that way - and then it's up to us to implement it next year over a longer period of time.

MR FITZGERALD: In terms of further treatment, we had a presentation in Melbourne from the New Zealand Compulsive Gambling Society which made a very strident statement that they believe that Australia was going down the wrong path in terms of treatment for problem gambling, that we had moved away from the medical

model to a cognitive behavioural model, and that in some senses we were going in the wrong direction. To what extent are you able to identify people that require further and more intensive treatment than simply the counselling and, if that's identified, are those services available? For example, we've had representations that there's insufficient residential care, that there's insufficient referral to people predominantly that can deal with co-morbidity issues and so on and so forth. What's your experience with those sorts of issues?

MS BADAWEY: Well, as far as moving away from the medical model to a cognitive behavioural model goes, the reason that that was adopted in Australia, as far as I'm aware, is that it was modelled on the alcohol and other drugs field and it was found that the medical model wasn't necessarily sufficient for everyone, and that's why it was moved across to harm minimisation. So there's still that choice of abstinence and giving up altogether, but then there's also that choice of cutting down.

MS GRANT: And we do refer on if anyone appears to - I mean, that would be in your area, wouldn't it, to assess people if they need further medical treatment?

MS BADAWEY: Yes. I have no trouble referring people to the public health system, but the biggest area that I'm having difficulty with is referring people for generalist counselling, so if they come along and gambling isn't the biggest issue, or "the" issue I should say, then we don't know where to go from there because the health system is getting narrower and narrower in who it will see and so there's not very much free generalist counselling around.

MR BANKS: We've asked you a number of questions to get a sense of whether Canberra is much different to other parts of Australia. One theme I suppose in other places when we've talked to counsellors is to what extent people who come to you have been pretty much at the end of the road and therefore in some way are the tip of the iceberg of problem gamblers. You're nodding, so I suspect that's similar here. But we've also heard that some people, quite a significant proportion of people, had either attempted or contemplated attempting suicide. Could you comment on those points?

MS BADAWEY: I did have some stats from - have you got the current annual report nearby?

MR BANKS: So you have some statistical information.

MS BADAWEY: Some. Only from last year, though, but yes, a significant proportion would at least contemplate suicide and/or attempt it.

MR FITZGERALD: Sorry, just repeating that, you're saying a significant proportion would have contemplated it?

MS BADAWEY: It's higher than the general population. Thank you.

MR BANKS: We should get a copy of that annual report. I'm not sure that we've got it.

MS GRANT: We've left this for you.

MR BANKS: Okay, thanks.

MS BADAWEY: This is just for the gambling counselling: 37 per cent of clients had contemplated suicide and 14 per cent had attempted suicide. That's significantly higher.

MR BANKS: Yes, it is quite significant.

MR FITZGERALD: Are those figures consistent with other figures of counsellors throughout Australia?

MS BADAWEY: Gambling counsellors?

MR FITZGERALD: Gambling counsellors.

MS BADAWEY: I couldn't answer that.

MR FITZGERALD: You're not sure. So 37 per cent have contemplated and 14 per cent have actually attempted.

MS BADAWEY: Attempted.

MR FITZGERALD: Some people have said to us that they've noticed an increase in prevalence of problem gambling amongst younger people. This has been particularly so where gambling has been extended to hotels and so on. Just prior to your presentation we heard that the casino here in Canberra has a specific attraction for young people, which may or may not be disproportionate to the attraction of young people to other casinos. We don't know. The profile of your clients - are they starting to show signs of becoming younger or not really?

MS GRANT: In my area I would say that next statistics could show an increase in the number of younger clients.

MR FITZGERALD: Would there be a reason for that, a causal reason for that?

MS GRANT: I guess we wouldn't know that causal reason.

MS BADAWEY: Again, it comes back to research. I mean, we may be seeing an increased number but we don't know why. It could just be that more of them know about our service.

MR BANKS: You mentioned G-Line here as something that you see as necessary to be funded. I take it that currently there isn't a G-Line facility. We spoke this morning to a gentleman from the Gambling Crisis and Counselling Service which operates a kind of phone service, probably not 24 hours but probably out of hours as well. Why would you think it so important to have that kind of facility?

MS BADAWEY: Well, because people can be in crisis at any time, not just during business hours and they need that support to work out where to go from there. Some people feel that they would need specialist knowledge with the gambling and that's why G-Line would help.

MS GRANT: Also G-Line statistics show that there are - is it 60 a month? 60 calls a month or something from the ACT anyway, and those people are being referred to New South Wales services.

MR BANKS: Right.

MS BADAWEY: That's in the Allen report. It mentions that.

MR BANKS: In the Allen report it mentions that, yes. So in a way do you feel it's an efficiency in the service that you can provide that you are pretty much limited to business hours? To what extent do you have a waiting list of people wanting to see you and how long do they have to wait?

MS BADAWEY: At the moment it's about 2 to 3 weeks.

MR BANKS: Right. So someone calls you in crisis. What do you do? You don't wait 3 weeks to talk to them.

MS BADAWEY: No, I always talk to people over the phone initially, but again, that's limited to business hours.

MR BANKS: Yes. All right. Well, thank you very much for that. That has been very useful because one of the things we're trying to do is get a sense of what is different in different jurisdictions and as I said earlier today, each jurisdiction has its own story to tell, so thank you for that. Thanks for appearing.

MS BADAWEY: Thank you.

MS GRANT: Thank you.

MR BANKS: I should just ask now for the record if anybody else would like to appear at these hearings they should leap forward at this moment. No? If there's no-one else who would like to appear I'll adjourn the hearings. We resume in Adelaide next Monday morning, then the Monday after we'll be in Hobart, and that will conclude this round of public hearings. After that we're proceeding to prepare a draft report which, hopefully, will be released in April next year, and we'll have more

hearings and more submissions in response to that draft report before we prepare a final report. So thank you very much.

AT 3.40 PM THE INQUIRY WAS ADJOURNED UNTIL
MONDAY, 7 DECEMBER 1998

INDEX

	<u>Page</u>
SENATOR GRANT CHAPMAN	653-675
GAMBLING CRISIS AND COUNSELLING SERVICE INC RALPH GOSLIN	676-690
JOHN BEAGLE	691-705
LIFELINE CANBERRA INC JOANNE GRANT ELIZABETH BADAWY	706-720