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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 HOBART ON MONDAY, 14 DECEMBER 1998, AT 9.03 AM

Continued from 8/12/98 in Adelaide

MR BANKS: Good morning, ladies and gentlemen. Welcome to the Hobart segment of the commission's hearings for its national inquiry into Australia's gambling industries. My name is Gary Banks. I'm the presiding commissioner and chairman of the Productivity Commission. My colleague is Robert Fitzgerald, who is associate commissioner for this inquiry. As you may know, the inquiry started in August. We've already talked to a wide range of people and organisations, and we've now had public hearings in every capital city of Australia. We've also received a large number of submissions - I think at the last count it was around about 120 or 130 - including a number of submissions from individuals of a confidential nature, which we're also taking into account.

The purpose of these public hearings is to give the interested parties an opportunity to discuss their views and submissions on the public record, and to help us in our task of understanding the economic and social impacts of the gambling industries and the role of different regulatory approaches. We do try to conduct these hearings as informally as possible. Although a transcript is made to provide a record of discussion, there's no formal oath-taking required, but the Productivity Commission Act does require participants to be truthful in their remarks.

The transcripts of these hearings and all the submissions we receive are public documents and they can be consulted at the commission's offices, and I believe there are submissions here for perusal at the hearing rooms. Copies can also be purchased and there are order forms available here for that purpose, and of course everything is available on the commission's Internet site. That's all our submissions and all the transcripts from the public hearings.

Okay, with those formalities out of the way I'd now like to welcome Anglicare Tasmania Inc. Welcome to the hearings. Could I ask you, please, to give your names and your positions with Anglicare?

REVEREND JONES: Gary, my name is Chris Jones and I'm the CEO of Anglicare.

MR BANKS: Thank you.

MS HUTCHISON: And I'm Jane Hutchison, and I'm a financial counsellor.

MR BANKS: Good, thank you. Well, thank you very much for taking the trouble to come along this morning. As we discussed earlier, perhaps we might let you outline the main points that you want to raise with us, and then we can discuss with you some of the issues that arise.

REVEREND JONES: Thanks, Gary. We've got a submission to give to you. We thought it would be good in terms of what you said about the public record, and we know you're towards the end of your first stage and you've probably been overwhelmed by information, but we want to say something about Tasmania's case because we do think there are particular facets of your inquiry in the economic and

social impact of gaming that are peculiar to the Tasmanian situation. I understand your submissions are huge, but also that I'm sure you'll give due weight to all that you hear as you go along.

Anglicare is the Anglican Church's welfare organisation in the state. Our budget is over \$6,000,000, and it makes us the largest non-government provider of community services, and we're particularly concerned about fullness of life and social justice, and as an organisation we've made a commitment to research and act in the social policy arena, and we've committed resources to be able to enable us to do that.

One of the policy areas that we've been working on for a number of years is in this area of problem gambling, and to that end Jane, who is a financial counsellor with many years - I didn't write how many years' experience - in the area, has really had a hands-on involvement in this sort of area, and we've seconded her into our social action research unit to do some additional work for us, so we'll take her off-line for a time and try to focus some of her attention into the particular concerns that we have, and so she'll read through the submission and sort of provide some anecdotal evidence as well in support of our case of the particular concerns we have.

MR BANKS: Good. Thank you.

MS HUTCHISON: Thank you. Well, I'll start going through our submission now, and first of all we'll look at the social impacts and particularly the financial hardship, which is obviously an area that I get to see quite a bit of. What I was going to do is quote from the Tasmanian Break Even services which have only been in operation now, what, since the beginning of last year - the beginning of 97 - with the introduction of the EGMs into the clubs and hotels.

The first evaluation of that for the first 18 months has actually found that 73 per cent of the clients with a known income have an income below 30,000, and 50 per cent below 20,000, so it's really impacting on the lower socioeconomic groups. The national figure of net gambling losses representing more than 3 per cent of household disposable income is significantly higher in lower income groups because if you're looking at sort of 3 per cent of household income, if you go down to a very low income, that 3 per cent actually specifies there isn't any fat on the lamb, so to speak. That 3 per cent is actually for actual needs of the family.

In Tasmania with the introduction of the electronic gaming machines into Tasmania during 97-98, we saw an increase of 400 per cent in the turnover of the electronic gaming machines - now, this to me is a huge worry, it's showing a lot of money going through those gaming machines - and a total gambling turnover of 1.3 billion. So I think that's why it's very obvious that we're seeing an increasing number of people in financial hardship, and I believe that the emergency relief organisations are starting now to be pushed to the absolute limit.

The other thing I will point out - and I think it's quite relevant - I noticed in this morning's paper they were saying that yet again private bankruptcy figures are

escalating throughout Australia. I would actually like to draw a relevance between bankruptcy and gambling, except the other thing is you're not going to actually find any figures on it, because at this stage it is actually illegal to declare yourself bankrupt due to gambling problems. I know that there are people out there - that it is the cause of it, but you're not going to find it because of those - nobody is going to put it on a form if it means that they could very easily be prosecuted. But I know from my own experience and what I see that bankruptcy does cause a number of those cases.

The other thing I just wanted to point out is that the impacts are greater on families of problem gamblers, but even average income families losing average amounts are now seriously impacting on their capacity to pay essential bills and provide opportunities for their children. Also I think it's worth taking into consideration that in Tasmania the median income is actually over \$100 a week less, according to ABS statistics from 1996. Really where we need to measure family - after gambling family income has really now become the real measure of poverty in Tasmania.

One of my other favourite bugbears is actually the promotion - is the fact of where the taxation system in this state heavily relies on gambling revenue. Gambling now provides about 10 per cent of the state revenue, so government support and promotion of gambling therefore represents promotion and dependence on a tax which effectively acts as a regressive income distribution system. We actually in counselling terms have a name for it. We call it co-dependency. The fact that the government relies on 10 per cent of its income from gambling is a worry. They actually factor that in.

MR BANKS: I will just mention that the cameras are just taking film, not audio, if that's okay with you.

MS HUTCHISON: Okay. We're also seeing a growing impact on young people and women, particularly with the electronic gaming machines. There was a very good report put out a few years ago in Victoria on the actual effect of these, called Queen of Hearts, and it actually goes into the fact that venues actually are made to be women-friendly. They make them very nice and warm and fuzzy to make women feel comfortable within them to get more people in there.

The other thing I think - we haven't significantly addressed in our report, but I would bring into it also Internet gambling, which is starting to raise its ugly head. I think it's already on line in Darwin. I think they have some sort of gambling on the Internet, and I know federal casinos here are actually looking at launching into the Internet. I think with this we're going to open up another huge Pandora's box of problems because of the fact that there's no proper legislation governing it. We have some very strange legislation in Tasmania that allows for - we're not actually allowed to use any Internet gambling that's provided for in Tasmania, but we can certainly go elsewhere and use Internet gambling.

There's huge worries - who collects the taxes - and the other huge worry for me

with Internet gambling is of course the use of credit in gambling, because how else do you gamble on the Internet? At least we have some provisions at the moment with the fact that it is supposedly illegal to gamble with credit. I just wish people didn't find ways around it.

The other big thing I've found particularly with my work in working with problem gamblers has been with the impact of the electronic gaming machines into hotels and clubs, although it's my personal opinion we haven't really felt the full impact of it down here yet. It's already making a difference into the way that I actually do my work with therapy with people. At least once upon a time when there were just the two casinos to go to you could put lots of different strategies into place to keep them away from the casino, whereas when they're in just about every pub and club at the corner of every street it's very difficult. Let's face it, going to clubs and pubs is part of our social structure, and one of the most effective ways I know of stopping people gambling is to actually complete cessation of gambling, and how do you do that when it's all linked so extraordinarily now with every form of entertainment that there is about.

As I said, the other problem is that once upon a time, yes, you can bar people, and we have self-barring abilities in Tasmania. It was much easier to bar people from either casino because it was only one structure you were barring people from. I've had the experience of barring people from an outer satellite area of Hobart, New Norfolk. It barred them from all the pubs in that particular place that was providing gambling, so what happened was they then drove to the next place, and what do you do? You can't bar somebody from every single hotel and club in Hobart. So therefore it's making our work a lot harder and also, as I said, it's becoming so intrinsically meshed into our whole entertainment or way of living. That is I think a big problem.

We see that really with taxation reform hopefully there will be a way of addressing the states' co-dependency on the gambling revenue that it raises, and we just address that with maybe the GST and how maybe with smaller states their revenue needs can be properly addressed through that way, and not having to come out of areas like gambling.

REVEREND JONES: Not that we're advocating a GST.

MS HUTCHISON: No, no - just because it looks like a fait accompli.

REVEREND JONES: I have a view about that but - - -

MS HUTCHISON: We won't give it here. Really what's happening in my opinion is with the way the taxation is set up with so much coming from gambling is a few are paying an awful lot of taxes. The other huge worry for us at the moment also is the fact that they're talking about lifting the limits on the electronic gaming machines in the clubs and hotels at the beginning of January. At the moment there are set limits and you can only put so much money into an electronic gaming machine at one time.

From 1 January they're talking about lifting all of those.

This is a huge worry, particularly because the people that I see with problems - there are people normally from very low socioeconomic backgrounds, and basically it's their pension or their benefit that they're going to be spending, and if you lift the limits then - at least at the moment while there are limits on, it takes them a fair while and you've got a chance - it's going to take a number of days to actually dispose of your income. If you lift the limits, they can dispose of their income in a morning, and I think we're really going to notice huge problems after that.

As I mentioned earlier, we're already starting to notice the effects on people who can't pay their electricity bills, cannot provide food for their families, purely because of the fact that the money is going in gambling. The other difficulty with gambling is it's often a very hidden problem. When you're dealing with these people they become very very good at being able to hide it, and that's how they keep going with it, and it becomes very secretive, and it actually can take quite some time of working with them to actually work out what really is happening before you can actually start working with them.

The other thing that we would also like to see in Tasmania is - at the moment the community support levy which goes to providing some services for problem gambling is only across the clubs and hotels, the electronic gaming machines. We would actually like to see it broadly over all other forms of betting as well, because they do cause problems. The TAB and the casinos cause just as many problems. And of course improved education and community support services I think are extremely important.

So that's basically what we're calling for, that the proposal to remove all betting limits on electronic gaming machines in Tasmania from 1 January be abandoned, that the community support levy be extended, and that taxation reforms reduce state government dependencies on gambling taxation revenue.

MR BANKS: Thank you very much for that. As I think we were saying earlier, each state has its own particular characteristics, and I think these limits that you have in Tasmania in terms of expenditure on the machine - I think it's only the Northern Territory where I've seen similar limits applied. Perhaps we could just elaborate a little bit on that. Have you looked at the experience elsewhere in terms of statistics on problem gamblers and how much they spend and how quickly, and whether there are any differences with the people who are coming to you, which bears out your point about the current arrangements being in a sense a bit of a protection for problem gamblers themselves?

MS HUTCHISON: This was actually one of our arguments to start off, the fact that we don't feel it's actually been looked into properly on the mainland. I know that colleagues of mine in Victoria, particularly with their influx of gambling there in the last few years, have really been looking at it and watching, and all I can do is relate to what they're seeing. It's just appalling what's going on there, you know. I haven't

actually got any statistics at my fingertips, and as I said, I don't think there has actually been a proper report done about that yet, which I would like to see done, but I know that the impact it's had over there has just been colossal, and that's not just from the casino. It's from the electronic gaming machines. Well, it was so great that the government actually stopped electronic gaming machines actually going, because they were actually going to put them into shopping malls, and I think the impact it had on the society just from going into the clubs and pubs was so great, there was such a huge outcry from the community that they realised that they had to stop it there.

MR BANKS: The other point you made was about self-barring, where again there's experience elsewhere on that, and I believe the approach in Tasmania, if not been modelled on, has some affiliation with the arrangements in Victoria. What you're saying is that there's still a problem where you've got a number of venues that somebody who's barred from a particular venue can go to any other? There's no way of coordinating that?

MS HUTCHISON: Yes. The Australian Hotels Association coordinates it, but on the forms you actually have to list the actual venues that they're barred from, which is fine, as I said, when I did it within a specific area. That wasn't a problem. There were only three or four venues. The difficulty as I said then was that - the actual person then was a young mother. She got into her unregistered car and drove to another suburb, which then caused all sorts of other social problems along with it by doing that. So that is the main problem at the moment. I don't know how you bar somebody from absolutely every hotel and club in the state basically.

MR BANKS: But is it already a help though if you can bar them from the venues in their vicinity?

MS HUTCHISON: That's a start but, as I said, my experience has been - and as I said, before we had all the EGMs I just used to bar people from the casinos, and that of course was very effective, because there were only two venues, but now to actually have to bar somebody from every venue - and really it's up to the publican at that venue then to make sure that they're willing to be very careful about who they let in.

MR BANKS: In the venues where you have had self-barring, has it operated reasonably effectively?

MS HUTCHISON: Once again it's up to the publican, and there are some publicans who take it very seriously and are very good about it. Also the document that we use here to self-bar people is fairly onerous. It takes about an hour to go through it. It's very legalistic. So if nothing else, it scares the person with just the talk of it, and so I make sure they realise it's a very serious thing and I suppose play on the fact that it is so legalistic, and hope that that might have some impact.

MR FITZGERALD: In terms of the profile of the people presenting, previously you only had the two casinos, both of which had some form of EGMs available.

MS HUTCHISON: Yes, they did.

MR FITZGERALD: And then a couple of years ago you had the introduction both into clubs and pubs at the same time, and I think there's about 1200-odd machines around the place at the moment. What was the nature of the changing clientele? Some people would say to us for example the problem gambler would simply find the avenue to gamble, and if that were true they would have been going to a casino. So what's changed between the time when the casino was able to provide gaming machines and the introduction to pubs and clubs? What's happened to the people who are vulnerable to problem gambling? Has it changed or is it the same people just accessing different venues?

MS HUTCHISON: I think there are more, and what I think I'm seeing are more women, because it's easier while the kids are at school for a few hours to nip round to the local pub than it is to travel quite a few miles to get to an actual gaming venue, and I think young people are more affected by it as well - but definitely more women.

MR BANKS: Just on the women, we've heard - and I think also the report you referred to in Victoria sort of acknowledged that there are some benefits for women too - that this is a relatively safe environment and one in which there is some society, but they're not compelled to interact with people and so on. Would you agree with that?

MS HUTCHISON: Most definitely, particularly with women I see going there's normally - well, with every problem gambler there's normally an underlying reason why they're gambling. Particularly with women it's often loneliness or lack of any other social activity, and, yes, they can go along to these venues, they can be safe, they can be warm, they can be comfortable, they can lose themselves into these machines, and it's quite interesting to walk through because people do. They're not there, they're somewhere else. And they can escape their boredom and dullness of their lives for a few hours with these machines.

MR BANKS: I notice from the statistics, particularly here in Tasmania, that for the Break Even group it's now almost a fifty-fifty ratio of women to men, or it might even be slightly more.

MS HUTCHISON: And I think that's a sign of the fact - you know, prior to the people that I used to see, the majority of addictions were men with probably racing, TAB or something like that, with the odd person with the EGM at the casino or card playing at the casino, but I would actually be very interested in another couple of years to look at those statistics, and I think we'll find a huge increase, particularly in younger women rather than just older women.

MR FITZGERALD: As you say, previously problem gambling was mainly associated with men and the TAB. Has that group continued to exist? In the figures of course they now appear to be only a small percentage - - -

MS HUTCHISON: I still see them.

MR FITZGERALD: - - - but has there been a change in that group or they've just been swamped by a new group of gamblers?

MS HUTCHISON: I think they've been swamped by EGMs. Certainly the amount of money being spent on gambling in Tasmania hasn't gone down, it has gone up, and it's just the way it's distributed is probably slightly differently, but certainly the male who's very serious about his gambling is probably more likely to be found at the TAB.

MR FITZGERALD: Just on the TAB, because, as you know, the inquiry covers all forms of gambling, have there been any trends at all or changes in the way in which that particular group of people have responded? For example, we've now got phone betting, we actually have Internet betting with races, we also have Sky Channel dedicated to 18 hours of racing. Has there been any discernible change in that area of gambling activity in the consequences of those changed activities?

MS HUTCHISON: I think I would have to say I definitely saw an increase with the introduction of telephone betting, and a slight increase when they went into the pubs as well, with Sky Channel, etcetera. We've got them in most of the pubs. But I definitely did see a slight increase, but no statistics really were kept in those days of problems arising from - and some of the worst cases of problem gambling I suppose I've seen have been actually monetary-wise through TAB.

MR FITZGERALD: Just in relation to keno if we're coming back to EGMs, do you have a particular view about keno, where it's going, the various forms, the nature of it?

MS HUTCHISON: My main worry with keno is yet again it is another form of gambling, and I think when they advertise it they need to be very careful that they do not avoid the fact that it is gambling.

MR FITZGERALD: Let's explore a bit further. When you say the advertising, can you give me some - - -

MS HUTCHISON: I cringe sometimes when I watch some of that advertising on TV. It's just that sort of idea of - you know, gambling is a form of entertainment, and any form of entertainment has to be what you can afford, and I suppose the other thing is I get very upset, and I suppose it's normal that they would, that they actually show gambling as a way of making money because in my opinion gambling is not a way of making money. It is entertainment, and for every type of entertainment you do, you pay for it. It's not a money-making revenue for the individual. And that's the other thing. Wherever you go, every pub you go into actually has keno, I think. Even the ones that don't have electronic gaming machines have keno. I find it very offputting actually, all those figures going all the time.

MR FITZGERALD: One of the things as we've gone around is that lotteries and

keno are fairly benign, they don't show up in the statistics as causing particular difficulties.

MS HUTCHISON: They probably cause less problems because it takes a little bit longer to spend the money on them. People get just as hooked on them, particularly their Tattsлото ticket or something like that. I know many people - budget in their Tattsлото ticket because they'd be dreadfully upset if they didn't get it.

MR FITZGERALD: Some people however have said to us that they believe that it's actually a conditioning process for other gambling, and in advertising most of the complaints actually in relation to advertising relate to the promotion of lotteries and keno, surprisingly. Do you have a particular view about where you see this continuum of gambling activity and whether or not lotteries and keno are part of that continuum or not really?

MS HUTCHISON: Very much so, yes. No matter what we say, they are a form of gambling. They might be apparently innocuous compared to some of the other forms, but they are definitely still a form of gambling. I think that is what I was saying earlier, that what worries me with the advertising is that they're not pointing out that this is actually gambling.

MR BANKS: Yes, but in relation to the Patron Care programs and what have you which Anglicare actually prepared on behalf of the Tasmanian gaming and gambling industry, there were codes of advertising practices developed within the state of Tasmania, and I notice in the submission from the Tasmanian Gaming Commission they have also referred to the various codes that have been developed and so on. How effective do you believe the advertising codes of practice have been in this particular state?

MS HUTCHISON: I have seen an improvement I think with that code of practice however I would always say there's room to move there. There's always room for improvement.

REVEREND JONES: And that's one of the things that we've been trying to work with the Gaming Commission on, the community education side of it. At the Gaming Commission's most recent meeting we had a further application in and we haven't heard from the commission yet, but the intention is that we really need to increase the community education work being done, both with licensees and their workers and in the general community, because I think there's more work to be done in trying to educate and facilitate a process in the community whereby the issues can be explored.

MR FITZGERALD: In the submission from the Tasmanian Gaming Commission they refer to the community education, and Anglicare actually has a part-time community education officer. Can you explain - - -

REVEREND JONES: About to finish.

MR BANKS: About to finish? Okay. One of the trends around Australia has been the lack of money put into general awareness about the problems of gambling. There's been some advertising of G-Line in various states, or the equivalent thereof. What has been the experience here in Tasmania in terms of broad-based community awareness campaigns? Have they concentrated on where to seek help, or have they concentrated on some of the risks associated with excessive gambling, or have there been very few at all?

REVEREND JONES: The program and the community education officer were funded by Anglicare, but the Break Even service I think took some time to get going, and I think that was part of the problem. Where do you focus the attention? We did some work on the self-exclusion orders, we did some work on different forms of advertisements or brochures that could be published, and then we did a program about the G-Line. What I think we found is that we need a better and more adequately resourced community education program.

I think that's the experience the Gaming Commission seemed to have identified as well; that the current position we hold will finish, and that they are actually going to do a review and look towards the future. But we need something that's more integrated and more closely connected to the providers of the Break Even service in particular, so that those who've got problems know where they can receive some assistance.

MR BANKS: I read somewhere that G-Line was going to have a burst of promotional activity in November and I just wondered whether you were aware of that and whether it had flowed through in terms of people referring to your organisation. Or did it not happen?

REVEREND JONES: I didn't think it had happened yet.

MS HUTCHISON: I haven't seen it.

REVEREND JONES: It is due to happen before Christmas but I haven't actually heard that it's happened yet. The boost into Christmas was really the idea that we should be promoting, particularly the G-Line number.

MR BANKS: Yes. I seem to recall when I visited Tasmania last there was some question as to how effective G-Line had been in terms of generating referrals for the Break Even network. Have you any comments on that?

REVEREND JONES: I think we have to do some work about that, and I think it's a finetuning of the system and the referrals themselves. The evaluation report on the Break Even services I think highlights some of the dilemmas we've had and some of the particular problems. In a state this size I think one of the advantages is to try and actually appoint people who have got particular expertise or interest in the area that provide a referral point, and I think once we can get those sorts of systems in place the G-Line referrals I think will flow more accurately as a response to that.

MS HUTCHISON: It's also new for Tasmania and we are a conservative state by nature, and it takes us a while to get used to different ways of doing things. As I said, G-Line is also very new for us and I think a lot more publicity about it would help, and also people having some understanding of what's at the end of it. Also, as I mentioned before, we really are in the very early days of the electronic gaming machines being out in the community and I really do believe it will be another 12 months or so or maybe even longer before we see the real impact of that. However, I think with the lifting of the limits probably it might be even earlier.

I think the limits have probably helped soften the blow somewhat here, but I think with G-Line it would be easier to have a lot more publicity about it. You do see a little bit of it when you go into the casinos or the clubs and pubs and things, but who's going to pick up a big brochure and stick it in their pocket or something like that? I think there are better ways of publicising it.

MR BANKS: Yes, although I'd heard there were little cards apparently that people can take. In fact, I've heard the expression "convenience advertising" being used, and I discovered it meant putting little cards behind toilet doors. That seems to work quite well.

MS HUTCHISON: Yes, but that I think needs to be improved upon because - that is I think the way to go.

MR BANKS: Right.

MR FITZGERALD: You have services in some of the regional centres of Tasmania - Burnie, Devonport, and so on. Are there any variations in trends or patterns of behaviour occurring in the more regional communities?

MS HUTCHISON: I checked that with the financial counsellor on the north-west coast, particularly up there where they haven't had access to casinos quite so regularly, and yes, they saw a large increase in people presenting with problems from gambling - and fairly immediately as well.

MR FITZGERALD: In what way? When you say "fairly immediately" it was straight after introduction?

MS HUTCHISON: It was within a few months of the introduction of the electronic gaming machines, definitely; there were signs that there were more people fronting up. I think particularly with financial counselling you don't always pick up the fact that there's a gambling problem - I think I mentioned this before - at the first visit. It might take two or three visits until you work out that something is not quite right and then you start exploring other avenues and finding out what's really happening.

MR FITZGERALD: In terms of the services that are available we have seen various debates about the approach that therapeutic counselling should take -

you know, they're basically based on a behavioural model or a medical model - and I presume you're using a behavioural approach.

MS HUTCHISON: Behavioural, yes.

MR FITZGERALD: What about that very small percentage of clients who require some medical intervention or the next level of care? What are the services available in Tasmania beyond counselling? In other words, are there residential services available, and is that something that people require? Is access to psychiatrists and psychologists readily available? Are there gaps in that area of service?

MS HUTCHISON: Access to psychiatrists is through the normal mainstream medical system and if they do need hospitalisation or whatever then it's also through the normal medical system. We have a ward at the main general hospital and there is a private hospital. But that's it. We don't have, probably, the expertise here at that level that you maybe have in some of the larger centres.

MR FITZGERALD: In terms of the funding for the Break Even services this is provided basically out of the levy which applies to some parts of gambling.

MS HUTCHISON: Only EGMs in hotels and clubs.

MR FITZGERALD: And clubs?

MS HUTCHISON: That's what I was saying before: I would like to see it actually across the board.

MR FITZGERALD: Across the board?

MS HUTCHISON: Yes.

MR FITZGERALD: There's also a differential between hotels and clubs. Is that correct?

MS HUTCHISON: Yes, there is.

MR FITZGERALD: Have you got a particular view about the differential that exists between pubs and clubs?

MS HUTCHISON: I don't understand it.

MR FITZGERALD: You don't understand the rationale behind it?

MS HUTCHISON: No.

MR FITZGERALD: Chris?

REVEREND JONES: There's the question about community support and to what extent clubs are servicing the community and when it comes to the gaming machines I reckon it ought to be a flat rate and a lot higher across the board.

MR FITZGERALD: Are you recommending a particular rate increase? No, you're not in your submission.

REVEREND JONES: No, we're still in negotiations with the Gaming Commission at the moment.

MR FITZGERALD: Okay. What would you say about resource availability for the work you're doing with problem gambling counselling? Is it adequate, is it structured appropriately in terms of appropriate percentage and so on? Have you any views on that?

REVEREND JONES: One of the difficulties of course that we've found with the Break Even services - and it may well be in the Gaming Commission's material to you - is that we did not get the referrals, certainly in the south of the state, in this last year. I actually think that's more to do with some internal problems about staffing that we had, but also some marketing and community education work. Once we begin to attend to some of those things the resources will not be enough. I think the problem - as Jane has indicated - is increasing, and so I think the resources to be made available need to increase.

But I actually think we need to do more of that community education work, and we need to develop a key position with someone with some expertise in the area. I'm not suggesting Jane doesn't but I'm suggesting a person dedicated who has done some work in this area. One of our other service providers in the Break Even network has. I think in order to provide choice, which is what the Gaming Commission said they want, there will be a need for that sort of position to be created in our agency like it is in the other one so that we are then in a position to be able to respond more appropriately to the increasing need.

MS HUTCHISON: The other thing is that financial counselling isn't funded at all out of the community support levy at this stage.

MR FITZGERALD: Is there a particular reason why financial counselling is not supported financially by the government?

MS HUTCHISON: We get funding from other areas, but not through the community support levy.

MR FITZGERALD: Not through the community support levy. Okay. In this implementation of the Patron Care program and strategies I noticed that there was to be a review and evaluation undertaken between July and December of 1998. Has that been carried out, are you aware?

MS HUTCHISON: No.

REVEREND JONES: No, I wouldn't be aware. It may have been undertaken, but not by Anglicare, remembering that we did the work for the industry, and so the industry may well have taken that on. I actually understood they had done some work in that area, but I don't know the detail.

MR FITZGERALD: Okay. In terms of your view of the way in which Patron Care programs have been implemented, are there significant gaps and weaknesses that need to be addressed generally? For example, I am very keen on your comment about the credit betting and people getting around this, and I noticed a fair bit of Patron Care was about the placement of EFTPOSs and ATMs and so on and so forth. Can you just give us your feeling in relation to those areas.

MS HUTCHISON: It's still a huge worry that people can actually access funds without having to get more - they don't have to go with enough cash to keep them going, they can actually get more cash on the premises. This, to me, is a worry. It once again makes it very difficult when dealing with somebody, and I think it's also an enticement to overspend. So that was one of the reasons we argued that ATMs and EFTPOSs should be away from the gaming area. I suppose in a small hotel it's hard to have your EFTPOS away from the gaming area; it tends to be in that area. The casinos have sort of done it a little bit more, but they're still a bit too close for my liking.

MR FITZGERALD: Have you seen examples where people have been able to access credit through any of the venue operators?

MS HUTCHISON: Yes.

MR FITZGERALD: The cashing of cheques?

MS HUTCHISON: Yes.

MR FITZGERALD: Can you give us some examples, not specifically, of just how that has been operating.

MS HUTCHISON: Particularly the more affluent gamblers seem to be able to run a sort of credit - I don't quite know what you would call it - account. I've actually had them tell me that they can write cheques and say, "Don't do anything with this cheque for a week or two." They will give them the money for the cheque, which would be postdated, and they would actually not bank it for a week or two.

MR FITZGERALD: Would this be a reasonably common occurrence or a very rare occurrence in your experience?

MS HUTCHISON: It is not uncommon. Also people still seem to be able to access

their Visa cards or whatever to gamble on as well, although not actually specifically handing over the Visa card to pay for that item. I had a case where a woman about a month ago blew over \$2000 in a week on her Visa card, and that was purely through gambling. She was able to access that money.

MR FITZGERALD: And she used the Visa card at the venue, are you saying?

MS HUTCHISON: Yes.

MR FITZGERALD: That contradicts the code.

MS HUTCHISON: It does, doesn't it.

MR FITZGERALD: So there are examples of the code of conduct not applying in that sort of venue.

MS HUTCHISON: Yes.

MR FITZGERALD: I've only got one other general question, but it's a big question in a way, and that is just your views on how policy in this area is being made in Tasmania. When we came here last time we went out to Wrest Point Casino and recalled that at the time of the establishment of Wrest Point there was a referendum, I believe - the ultimate in community consultation and participation - and maybe that's a high standard to maintain, but do you have any views on the extent to which there is adequate consultation and the extent to which there are adequate assessments of social and economic impacts before decisions are made about the extent and nature of gambling?

REVEREND JONES: I'm not convinced that we've had those sorts of studies done. I remember Tony - and he'll speak later - recently had occasion to take the minister to task about it, and the minister I found was actually left wanting, being able to respond. In other words, Tony specifically asked the question about where is this information, where is the analysis of the social and economic factors that are going to support removing, for instance, the betting limits, and he was left wanting. And to me that is the real problem, that they are continuing with the policy - and that's what they're saying, that they're continuing with the policy - but in a vacuum. They have actually not attended to the question about what effect that's going to have.

This is why we're using the opportunity to say to you that we think the betting limit ought to stay until we get that sort of work done. But I would have thought that is typical of what is happening in this area in this state, that we actually have not had the work done to actually satisfactorily attend to what the social and economic response is. Jane's phrase about co-dependency in gaming I think would appear to be the primary motivating factor when it comes to setting policy in this area.

MS HUTCHISON: I was just going to say I think I'm cynical enough to say that because of the amounts of money raised by this area government is loathe to change

things too much. It's a wonderful way of raising revenue without hurting the taxpayer, so to speak. Yes, I agree with Chris that it's very ad hoc, the way that any studies are done in this area.

MR FITZGERALD: Where are the studies actually done from? Where are they funded from, out of the community services levy?

MS HUTCHISON: That's so new that there hasn't been a study funded out of that so far. The only other real study that's been done is the one that Anglicare did, A Bob Each Way, prior to the introduction, and that came from a very small grant from the government, from Community Services.

REVEREND JONES: No, DPAC.

MS HUTCHISON: DPAC, sorry.

REVEREND JONES: Department of Premier and Cabinet.

MS HUTCHISON: That's right, Department of Premier and Cabinet, and that was because we made a thing - you know, "You're bringing in these gaming machines. What are we going to do about it?" and the fact of what was happening in Victoria at the time, so they funded a small amount of money for that report.

MR BANKS: That was the report into how to organise the problem gambling services?

REVEREND JONES: Yes.

MS HUTCHISON: That's right. That's purely been it, except for Prof Dickerson doing his work down here as part of his general, overall national work.

MR BANKS: The baseline studies.

MS HUTCHISON: The baseline studies. They are the only studies that have been done here.

MR FITZGERALD: I understood there had been another study done related to the roll-out of EGMs that was of a cost-benefit impact-type nature. I must admit I don't have it with me. I'll have to look into that. But you're not conscious of that?

MS HUTCHISON: Not to my knowledge, no.

REVEREND JONES: There may well be that sort of study, but what are we going to do now? You know, we've rolled them out this far, but let's have another look at whether that study was right and whether the results it was suggesting would happen are right now before we go to the next step of the roll-out. To me, that's what

I would be wanting to have done. Before going forward now and removing the betting limits altogether, say - or whatever other changes might be made in this area - let's actually have a look at some of that work that's being done.

MR FITZGERALD: As I understand it, the Tasmanian Gaming Commission administers the community support levy and makes recommendations to the treasurer on the allocation of funds to appropriate projects and services. Do you have a particular view about that structure? You may not, and that's okay.

REVEREND JONES: I would have actually thought that they could be empowered to make some decisions themselves without having to have the treasurer sign off on them. There may be some questions about how the board is formed given that the under-treasurer, as I understand it, chairs the commission, but there may be - - -

MR FITZGERALD: Sorry, the under-treasurer chairs the commission, does he? Is that your understanding? The under-secretary?

REVEREND JONES: Yes, the department secretary, as I understand it, chairs the commission, and so there is some high involvement of the department in that process which, given the fact that we currently have an application before them, may or may not be useful.

MR FITZGERALD: Is there a body that represents both the service providers and the industry? What is the way in which the community sector influences decision-making in relation to gambling in this state?

REVEREND JONES: Anglicare and TASCROSS and the Salvation Army for instance are doing some work today about the betting limits. It tends to be centred around working with TASCROSS and then of course there are other parts of the community - Tony and others - and we will try to work with them to maximise and do the best we can.

MR FITZGERALD: But there's no collaborative body sanctioned at government level in the sense of some sort of community - - -

REVEREND JONES: I'm not aware of one, but that's not say that it might not include others.

MR FITZGERALD: That's fine.

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

MR BANKS: We'll start again, thanks. Our next participants this morning are the Local Government Association of Tasmania and Brighton Council. Welcome to the hearings. Could I ask you, please, to give your names and your respective positions.

MR WARDLAW: My name is Stewart Wardlaw. I'm the executive director of the Local Government Association of Tasmania.

MR DODGE: My name is Geoff Dodge. I'm the general manager of the Brighton Council.

MR BANKS: Thank you.

MR FOSTER: And Tony Foster, Brighton Mayor.

MR BANKS: Thank you very much for taking the trouble to appear this morning. We also had some discussions with some of you I think the last time we were here in Hobart and learned quite a lot. Why don't you perhaps present the key points you'd like to make and then we can have some discussion after that.

MR WARDLAW: Thank you, Mr Banks. I'll start off from the perspective of the Local Government Association of Tasmania. Of course gambling in any form or another is something that is quite controversial in all communities and in Tasmania that is no different. With respect to this particular matter at hand, there was quite a deal of concern that arose approximately 18 or so months ago with the placement of electronic gambling machines in hotels and clubs. A number of councils - and Mayor Foster will elaborate on this in some detail - were of the view that the placement of these machines in hotels and clubs were subject to the provisions of what we call the resource management planning system, but in reality as it turns out the state government has legislated in such a way as to almost exclusively deny the placement of that type of activity in premises to come within what we call the resource management planning system or RMPS.

It was that position that resulted in a motion going to the association's annual conference in 1997 and it was the unanimous resolve of conference that there ought to be firstly an inquiry of some sort of made into the associated economic effects of gambling in communities and, secondly, that there ought to be some mechanism of third party appeal rights or similar to enable particular communities to address and place conditions upon the introduction of gambling in communities. If you please, I probably will finish my representation there because Mayor Foster and Mr Dodge will actually elaborate, I believe in some detail, on that particular issue, about the effects of gambling in communities and about the prospect of how hopeless communities are to even in any way sort of defend themselves from the introduction of such facilities.

MR BANKS: Thank you. In your submission did you refer to this conference and

the declaration about third party rights?

MR WARDLAW: No, I don't believe we did, no, not in that.

MR BANKS: I'd be quite interested in that, even if you had some record of those recommendations just written down. That would be quite useful.

MR WARDLAW: Yes, I certainly will do that straightaway today.

MR BANKS: Thank you, good.

MR FOSTER: Thanks, Gary. I'm probably going to jump around all over the place. I'll read a little bit and then speak on I guess how I feel at the time. Brighton Council first got involved in this in January 1997. I'll come back to some figures on our community a little later, but in 1993 the state government gave local councils a new suite of legislation when we changed the Local Government Act, and there were objectives in our planning processes in local government that gave us more direct ways that we could do things in our community without the state government having that decision.

There were a couple of things in the land use planning approval schedules that we used in 1997 to bring about the debate that got us involved for the last couple of years. I'll come to that in a moment. But in 1996, before the video gaming machines went out into hotels, the commissioner for licensing in Tasmania - Mr Renouf Middleton at the time - sent a letter to all the licensees who were planning to put in poker machines and it says:

Dear Licensee, your premises have been notified to me as one of those likely to install gaming machines in the first round with a view to commencement in January 1997. This letter is to remind you of some of the things you will need to do. The installation of VGMs into hotels and clubs will in most instances require preparation for plans for approval by local councils and the office of the commissioner for licensing.

So people before that were aware that local councils would have something to do with it.

Brighton Council received a development application from the Derwent Tavern, which is in the midst of the Bridgewater and Gagebrook community, which I'll speak about a little bit in a moment. They lodged their application. They felt that was what they were directed to do. When we got that application we had a good look at it and went back to our planning processes. There are two sections in the objectives of planning that we felt this did not meet in our community. They were item C which says:

To ensure that the effects on the environment are considered and provide for explicit consideration of social and economic effects when decisions are made

about the use and development of land -

and part D said:

To require land use and development planning and policy to be easily integrated with environmental, social, economic, conservation and resource management policies at state, regional and municipal levels.

Our argument was that we could refuse that development application which asked for 15 gaming machines based on that requirement. Before I move on - as I said, I'm going to move around a bit here but that's the nature of it.

To back up our argument in why we refused that on social and economic effects was that the area that this was going into - Bridgewater and Gagebrook - and I'll just give you a quick background of it because you'll have it there. This was a housing development area set up in 1972 by the state government. Housing policies changed with successive governments and they basically walked away from the area, and the local council for the last 20 years has really been picking up the pieces and trying to develop a better quality of life for the people there. We were making huge ground, and we've continued to make huge ground despite what we're having to go through at the minute.

We saw that as an obstacle which we did not particularly require or need at that time. For example, in Bridgewater and Gagebrook the population is only 8700. The median age in Bridgewater is 22, and in Gagebrook 17, but in the overall Hobart metropolitan area it's 32, so we've got a lot of young people with young families out there, and 41 per cent of the people are under 15 years of age. As far as families go, in Bridgewater single parent families are 28 per cent, Gagebrook 35½ per cent, so across those two communities about 32 per cent are single parent families, and the median for Hobart is 18 per cent.

The median family income in Bridgewater and Gagebrook is - 21,400 - Gagebrook - 17,360 - so about 19,400 for those two communities compared to 32,360 in Hobart. These are ABS statistics. Unemployment in our area out there - Bridgewater is 34.6 per cent, Gagebrook 51.8 per cent, an average of 43 per cent across the two communities, and Hobart at that time was 12.4. So over half the population of the area is not in the labour force and relies on welfare services. Education, people with qualifications of any kind - Bridgewater has 31.8 per cent with some qualifications, Gagebrook 27 per cent. The average across Hobart is 38 per cent.

So reflecting on all those statistics that were available at the time, we felt that we had a very good argument to say, "No, we do not need that in our community. It will exacerbate the problems that we're already dealing with," and I don't think I need to go into any detail because those figures speak for themselves.

MR BANKS: Is there any obvious public demand for the machines that you're

aware of from the council at the time - from your community?

MR FOSTER: No, absolutely not.

MR BANKS: There weren't any petitions asking for the machines to come - - -

MR FOSTER: No.

MR BANKS: - - - or letters being written to you?

MR FOSTER: We just took out some of the letters that we received - and I've got a stack at home at my place that I got that high - letters, we got one against, didn't we?

MR DODGE: There was only one that was opposed to - - -

MR BANKS: So the letters were predominantly - - -

MR FOSTER: Supported - against the introduction of - - -

MR BANKS: Supporting your stance.

MR FOSTER: Yes. One supported it, thousands were against it, and we've given you some sample copies of those. This development application - when it came to the council we refused it, and at the same time we put forward a motion on 21 January 1997 to write to the state government to immediately put in place an ongoing social and economic impact study into gaming machines across Tasmania, particularly rural and country areas and areas of low socioeconomic standing. We even indicated at the time that our area would be a good place to do that.

That first letter went off in January 1997 to the premier. A couple of months later - you've got all copies of these, so I won't go into exact dates but we got a letter back from Mr Cornish at the time saying there was no need to have an impact study done in Tasmania. Prof Dickerson did one in 1994 and that was a baseline study on gambling altogether. In 1996 he did an update on it as well, but that was prior to the introduction of gaming machines. So what we were saying to the government of the day is it's fine to have baseline studies but we need to have ongoing studies, so if we were going to address a problem down the line, we would like to know where the problem areas are.

We produced all the anecdotal evidence that was available from other states across Australia, and certainly from other countries. We had anecdotal evidence where machines had been taken out of - countries had just taken them out. France got rid of video gaming machines, Denmark had just got rid of theirs. States right across America were pulling them out as well. So we said to the government, "Look, there is a worldwide trend away from these things. Let's get some information and have a look at it."

I produced copies of the Queensland inquiry that they were doing up there. They introduced a 3-year study which has now been completed. They came out at the end of each year with a detailed economic and impact study on what was happening at the time. I gave copies of that to the state government - the third one they haven't received - but it showed where all the problems were and how they could be addressed in Queensland. So I continued to write to the Liberal government and I think we wrote three or four more times and they kept refusing it. I debated it on radio with Mr Cornish and so forth but I was told that there was going to be one available by the end of 1998, and to date that still hasn't been done. So we're 2 years down the track and no independent study has been done on what we're asking for.

That really to me is reprehensible. It's an abrogation of responsibility from the government, as I told them, not to do that; not to at least get that under way. So naturally I will be taking that up with our new government now to try to get them to enact them. But it has to be an independent one. We don't want Prof Dickerson and we don't want the Tasmanian Gaming Commission doing it. It's fine for the services to do their own but we need an independent one done from outside the state, just like Queensland has done. I believe that's the only way we'll get the true picture down here because quite frankly - and this will be on record anyway - I don't trust any party that we've got down here in Tasmania.

I will just make a quick comment on that too while I remember it. I'll just quote a couple of things here of what problems we have in Tasmania. In 1992 when Mr Lennon - who is now the minister for gaming and now in government - was in opposition and was speaking against the introduction of poker machine legislation, he made some comments like this - I'll just give you a couple of quick ones:

As all members opposite would be aware, if introduced into Tasmania, poker machines would mean that each and every Tasmanian family would need to lift their spending on gambling by \$290 per year to take us to a level of slightly in excess of \$500 per family.

He says:

I see the premier smiling. I do not know why you're smiling. I suppose it is because poker machines will give the government a net \$18,000,000 windfall but -

and this is critical - he says -

what will they do in the meantime, the family unit in Tasmania?

And he goes on to say:

The more I look into it the more I become concerned about the introduction of poker machines.

Mr Lennon says:

I certainly hope the government does not make the same mistake in respect of the introduction of poker machines that she has made -

and that was referring to Joan Kirner who introduced them there -

I certainly hope that it can explain to us where the economic advantages to Tasmania are because at every turn we take it is a disadvantage.

He goes on to say, and it finishes off his final paragraph:

And we have not even touched on the social effects of these machines.

One more line I will just quote:

Dear Deputy Speaker, I hope you will use your influence to make sure this evil form of gambling is not introduced in Tasmania.

That was Mr Lennon when he was in opposition, and the Labor Party policy was totally against gaming and poker machines as well. While I'm on Mr Lennon, I've since taken this up with him since he's been in government. I wrote them in August. I wrote to Mr Bacon and I wrote to Mr Rundle, asking them for their party positions on the lifting of the bet limit because I knew that was coming up at the end of 1998 and I wanted the community to know what each party's position was on that prior to the election. Mr Rundle wrote back to me at the time and said it would be difficult to change the legislation because I guess at the time he felt he was in government and would get back in again. Mr Bacon at the time did not respond.

Since then though I've had a letter from Mr Lennon. I can't find it, but basically what Minister Lennon says is he had to maintain the - the words in the deed basically said that the bet limit would remain until the end of 1998. My view on that was okay, it's only saying that it will remain to 1998, it's not saying that it has to come off and not go back on. There's nothing to say there you can't extend it. Legislation can do that. So I say, "Okay, let's extend until the Productivity Commission has handed down its report on this inquiry and then the government would be in a better position to make a decision on that." He wrote back to me and said, "No, sorry, we believe the deed should be maintained." Even though it wasn't explicit, there was some sort of meaning in it that they would come off and it would be open slather. And he said he had to do that to keep good faith with the industry.

I basically fired back at him real quick - "Well, what about good faith with the community?" But they switch. They change. You know, you're in opposition and you'll say one thing, and you're in government and your view totally changes. Mr Rundle would not have a bar of even doing a study when he was in government. He didn't want to support the deed sort of thing. But last week, now he's in

opposition -

Dear Tony, thank you for writing to me on 18 November about gaming machines -

because this was the third letter I'd written to him:

The Liberal Party shares your concern about the social and economic impact of gaming machines. It would be sensible to continue the current maximum bet limit on gaming machines until such time as the reports by the Productivity Commission and Gaming Commission have been received and considered. We will be pressing for this to happen. Tony Rundle.

So this is what we're dealing with, and this is why in my view local government - right across the country, not only in Tasmania - have got to have more of a say in our communities as to whether gaming machines should be placed in it. We are at the coalface, we know which communities can support them and we know which can't. The very fact of the matter that they continue to allow them to go in areas where the people are the most vulnerable - and as I've always said they don't put them in the heart of Sandy Bay, Double Bay or Toorak, they put them in areas like we've got to deal with.

So it's all about greed, it's not about looking after our communities, that's our role. We're trying to do it through proper legislation, planning and looking after people, we keep coming up against these hurdles of governments. I read about what they're like on the mainland so I think they're pretty well the same, but they chop and change and lie to suit their own requirements of the day. We can't do that because we're out there looking after the wellbeing of our people.

I think the thrust of what I'm trying to say to the Productivity Commission is that right across Australia - and I know this for a fact because I talk to councils on the mainland - we want to have more of a say in our local councils about whether video gaming machines and other forms of gambling should come in. As was pointed out, the gaming machines in clubs and hotels lost \$7.61 million last year with a bet limit at a maximum of 30¢ as it is at the moment. At Bridgewater and Gagebrook there are 15 machines. If I just take an average, \$93,000 went out of that community. The Derwent Tavern Hotel, which is in Bridgewater, rates in the top two or three across this state just about every week, and that is a story in itself, I guess, with all that area across there - it is very high up in turnover every single week.

So at the very least I would have to suspect that just about \$100,000 is coming out of that area, out of families and homes that can absolutely ill afford one dollar, and that is there. Since we've had another hotel put in 15 gaming machines - they didn't put in a development application because the government of the day said, "No, you don't have to any more even though we said it originally. We've got this little provision in the Gaming Control Act that overrides councils having any say," so we've since then got another hotel that has put them in.

MR BANKS: That hotel didn't require any expansion of its building or anything like that?

MR FOSTER: No, they just went into existing structures, so it just put the machines in. Council had no input into that at all, and by all accounts it is doing very well as well. So there's probably now \$200,000 going out of this community of ours that can really ill afford it. So there is a facility there for more to go out of a community that can ill afford it.

MR BANKS: Just on that briefly, are there any clubs in your area that have got poker machines?

MR FOSTER: There are no clubs, and that just touches on another point, Gary - the area that I probably don't get involved in too much. Through the levy and so forth, so much is supposed to come back to clubs. Well, we haven't seen anything to show that one dollar has ever come back into our community. It's all going out but there doesn't seem to be anything coming back through for community facilities or so forth. The community that we represent doesn't have a lot of infrastructure for sporting things, other than what the council has done. As I said, the government hasn't done too much towards that. So we would like to see some of that money.

But as Chris Jones said, the chairman of the Tasmanian Gaming Commission is also the secretary of the Treasury Department, which really should be addressed because they are the ones who are having the say in where the money comes back. So there are a lot of things like that, I think, in Tasmania that we keep trying to highlight but we can't get too far with. As I said, the only other thing that I've been pressing for the last few months is this bet limit, which I think is just going to absolutely exacerbate the problems that we have out there - and I can certainly speak for my area and I believe that will be the case - whereby we can take off a maximum bet limit, where someone can just at the moment only put in 30¢ to where you can go and put \$100 in. It is just going to make our work so much harder.

MR BANKS: Tony, are there any strong signs bearing out your concerns since the machines have come into your community? Are there any things you can tell us in terms of the impacts that you've observed or any evidence that you've been able to accumulate?

MR FOSTER: There have been a couple of small businesses close out there. It's really hurt one shopping centre which Geoff might elaborate on, but it's certainly affected small business. I think as far as families and all that go, I hear stories but I think the services, the Salvation Army - and I talk to them regularly just to get the feel of what's happening and certainly in that area they're getting a much bigger increase of people seeking services. But that's another area that I think the other organisations can highlight better than I.

MR FITZGERALD: Let's just go back a bit, I suppose, and talk about the role of

local government. You're saying that in the gambling legislation itself clubs and pubs are no longer required to obtain development applications. In other words, the state government has basically said if you're a club or a pub you have an entitlement subject to whatever conditions they impose. Why do you believe local government has been specifically excluded from having a final say in relation to the expansion of gambling activity? What drives that as a public policy in this state?

MR FOSTER: It was by accident, Robert. There's absolutely no doubt it was by accident because it took them a long time to find this when we were arguing the case on planning grounds. They went to the Gaming Control Act of 1993 and there were seven words in there that basically said, "This act overrides every other act or legislation," and they used those seven words - it ended up in the Resource Management Planning Appeal Tribunal because the applicant, naturally enough, did not agree with our decision that council took us to the tribunal and the government found that - seven words - took that as their argument to the resource management and subsequently we lost.

So even though the Resource Management Planning Tribunal handing down its decision said that Brighton Council acted totally correctly, and if those seven words hadn't have been in there, we would have been able to deny the application. So I don't believe that the government set out, when the Gaming Control Act was written, to purposely deny councils, otherwise they wouldn't have given us all this other stuff. The licensing commissioner would never have written to every licensee. So they've hidden behind those seven words and we actually asked for that to be redressed and maybe the Gaming Control Act altered, but we've got no show of getting that done, I don't believe.

MR FITZGERALD: When you say you've got no show of getting it done, why do you think that would be? Why would the major parties or the government of the day oppose the councils now having a say in relation to expansion of gambling facilities. What would be the public policy that they would use to oppose that?

MR FOSTER: At our annual conference, the Local Government Association of Tasmania supported what Brighton had said. This went to a conference and all councils across the state supported it and I think it was unanimous, or pretty well thereabouts, that all councils supported the right through their planning scheme to determine whether video gaming machines or whatever could go in their areas. So that's unanimous across the state that we have that facility. But it gets to the other side of it. It's been pointed out time and time again that for state governments it's a great cash cow and they're not going to back away from that. They haven't got any vision of how they can raise revenue in more meaningful ways. They're not going to take that away and put that in the hands of local government.

MR FITZGERALD: If the government was not reliant on that income, if the Commonwealth government or some other taxing arrangements were put in place, do you believe that the policies in relation to the expansion of gambling would be different in this state, apart from that revenue-raising function?

MR WARDLAW: Just in support of what Mayor Foster has said, I think there is very little doubt that the government is reluctant to chase legislation because of the significance that revenues from video game machines has. I believe that by leaving legislation like it is - and I support Mayor Foster that it was by accident more so than by design - it gives the government total control over the issue of approvals. That's a matter of fact. Whether it's an appropriate function for councils to discharge in their discretions of considering planning approval, it is the view of the councils, and of course the association, that councils ought to have a discretion on the details of approvals of licensed premises. In this case, those details and approvals go so far as to whether or not a particular premise ought to have video gaming machines and if so the number of machines and maybe any sort of criteria about where they would be placed in terms of access, etcetera.

The criteria that councils would use in coming to that decision would of course be reflected as policy in that planning scheme but would also have regard to the circumstances of the community. That is a very very fundamental principle of planning; that planning schemes are there for communities, are there for people, and they would have regard to their local circumstances in considering their discretion.

MR FITZGERALD: We have heard this in a number of states, particularly in Victoria and South Australia of the desire for local governments to have this planning authority. Some have said to us of course however that local governments are in no better position than state governments to actually make good public policy in this area. We talk about economic and social impact studies. What would give the community confidence that local governments would in fact carry them out and, secondly, had the capacity to carry out economic and social impact studies which would meaningfully inform their decision?

MR FOSTER: Social and economic impact studies that we're doing now - they're all about trying to address the problem that's been created. What we want to do in local government and planning is not even get to that stage, Rob. We want to be able to make the decision on whether that community can support those gaming machines. The social and economic impact study that we're all talking about is after the horse has bolted, so to speak, and we're trying to address the problems. In planning, we can stop them before they even get to that stage in our communities. That's what we're saying.

MR FITZGERALD: But what would inform your decision to stop them? Some in the industry would say that you have a predisposition against EGMs and that's it. In other words, what would be the process that councils would use to make that evaluation as to whether a club or a pub, or clubs and pubs generally, should be able to access the limits that the government have placed on it? What's the process at your level that would give confidence that that decision would be a correct one?

MR FOSTER: I wouldn't see it any different to any other development application that every council deals with, no matter what it is. We deal with applications for a

business of sorts and there are conditions and requirements that a council has to abide by. There are guidelines there that we really can't put our own personal view on, otherwise it will end up in the tribunal and it will get overturned, so that doesn't happen very often. Under the original legislation that we were given, I believe that legislation in 1993 was given to us there to address that before we got to that stage where they talk about social and economic criteria to be met. So we are in a position. I think those statistics that I read out about the area support our decision not to allow them there.

It's just going to be on all the evidence that's available and so forth, that we are going to make those decisions and each case would have to be addressed. Each application from a various hotel or club would have to be addressed on its merits. The different communities will all address them differently, I would say. I'm sure the Hobart City Council would probably address it differently to Brighton, but that's only supposition.

MR WARDLAW: Could I just add to that briefly. Since 1993 councils have a statutory obligation to prepare a strategic plan. In fact in 93, when new legislation was enacted for local government, councils became significantly more accountable to their communities rather than to state governments and the intervention in the powers of state governments were reduced then to quite some extent. So they have this obligation to do strategic plans, they have obligations to conduct an annual general meeting. They also have to prepare an operational plan to put the strategic plan into place.

In developing a strategic plan, a council of course has regard for its community and all aspects of it and it actually has a profile of that and that's actually incorporated into the planning process. Taking it through from that plan to the operational plan is of course council has put programs into place to implement the plan. It might be to do with employment, it might be to do with economic development or it might be to do with sort of encouraging more tourism, or it might be in the area that Mayor Foster has spoken a lot about this morning with the social and economic structure of the community and how you really redress that and turn it around. It does have a photograph, if you like of its community which is reflected in the plan and its operational plan really puts that into effect.

That's there. That's in the background all the time, in the back of the minds of mayors, the councillors and the council itself, and the community - because they're really part of the whole process. When it comes down to doing a specific study, councils may or may not need to do that with respect to every single application. Most likely they wouldn't need to do that because they've already formed this impression, this photograph, this sort of vision for their community. It's already been there. It's a question of implementing it. If the community don't like that, then they will lobby and make representations and go to the AGM. I think it's important to have regard to the fact it's not just a study on its own. There's a whole history and a whole culture behind the organisation and behind the community.

MR BANKS: If more control was given to the local government area, do you imagine that you would get quite different policies being made from one local government area to another, some being more liberal in terms of access of machines, or would they all take a comparable view to Brighton?

MR FOSTER: I'd better not say because if the government hear about this, they won't give us the opportunity, but I would probably think a lot would take a similar view to what we have. Particularly, there's a lot of rural communities across Tasmania that are hurting and a lot of rural councils would definitely take the same view because there is no doubt that across those rural councils in Tasmania, in the smaller areas, video gaming machines in the hotels are hurting them just as much as they are us. That's what I hear back.

MR BANKS: You mentioned about the amount of money leaving the local communities. When you say the communities are hurting are you basically referring to the loss through taxation? We put this in a couple of regional areas and of course the publicans and the clubs say, "Yes, but they're spending the money in the local communities there. You're buying services within the local communities. You're employing local staff," and so on. When we talk about the money leaving the communities, is it simply leaving because of the taxes or is it because of the ownership - for example, in one state there are a number of major conglomerates now buying up the hotels - so in Tasmania what is the greatest concern to regional communities, apart from the obvious impact on the families?

MR FOSTER: The AHA are coming in after us and no doubt they will tell you about all this money that is being regenerated back into the community with employment. In my view that's a load of rubbish. It is not. The owners of the Derwent Tavern in Bridgewater and Gagebrook do not live in our community - they live down here. I just want to come back to something else a little bit later to reflect on something in that regard, but the money that is going into the clubs, particularly in Bridgewater and Gagebrook - this \$100,000-plus per year - is not being regenerated back into our own community in any form that I can see; not in employment, not in purchases. We've had, as I said, one complete shopping centre - Geoff was going to say on that - but that is up for sale. We cannot sustain it now because the shops have left there. They noticed the downturn because they needed just the few dollars that those people were spending on groceries and that, but that's pretty well dried up. There are some issues out there like that. I can't really give you any concrete evidence to say that it's not, but when you're out there and about you feel it. It's a feeling you have. You know.

MR BANKS: Could I just clarify what the Local Government Association's position would be in terms of how decisions should be made? Would you have it that the local government - I suppose if you go to the pecking order of what you prefer and if you had your drafters would you see the power residing completely with the local government? Would there be some compromise position where you would see more input for local government, even under the current arrangements where ultimately perhaps the state legislation might take precedence just to get more local perspective

into decisions?

MR WARDLAW: Under the first scenario about councils being brought into the resource management planning system, that is a very fair system because, number 1, the councils set the policy in the planning system in a general sense and that planning scheme is subject to public advertising and objections and they have formal hearings, so the policy document is there. When an application is made to a council and the council has a discretion, which would be the case with these types of machines, number 1 is that the applicant, through the council, is required to advertise. People can make representations on that application before the council considers its position. If the applicant or the people who made representations, the community at large, are aggrieved by that decision of the council, they can then take it to an independent tribunal. That tribunal sits in the shoes of the councils and reconsiders the matter again. If an aggrieved party believes there's been some injustice done, that can be redressed through that independent process. So that's the normal process. That's the one we far prefer - in giving councils more input into decisions.

There are some examples of that. For example, Telstra sort of started to give councils advice about where they wanted to place mobile towers - giving them more powers if you like - but at the end of the day they didn't take any notice. They tried to consult, tried to have input but, if it didn't suit Telstra, they still put the towers up. Similarly marine farming is exactly the same situation where councils are advised of a development, invited to have input and the bottom line is, if they have a fundamental objection and the authorities wish to proceed, they do it regardless. So we would far more prefer it to be brought into the resource management planning system like any other development.

MR FOSTER: Finally, we don't need too much change. All we really need is those seven words taken out of the Gaming Control Act, because the system that is in place is fine but when you've got that seven words in the Gaming Control Act that overrides every other act or legislation, it just takes away what was meant to be.

MR FITZGERALD: Just a couple of questions which you may or may not wish to answer because you may not have considered it: do you think councils or local governments' approaches would be different as between the venue operator; that is between clubs and pubs? We've heard in some communities where there is a view that gambling machines, gaming machines, in clubs at least provides some benefit to the community rather than to private entrepreneurs and what have you. Are they valid issues for councils and governments to consider or is it the impact of the machine rather than the nature of the venue operator? I know these are difficult and you may wish not to answer them specifically but, from our point of view, those are some of the issues that have arisen.

MR FOSTER: I just got the feeling that across Tasmania, when we had this proliferation of them and people got up in arms right across, they weren't expecting that many clubs and hotels to be given the right to put them in. There was an expectancy that it would probably go into clubs, maybe some hotels, but not in the

proliferation we have got across the state at the minute. If it had gone into clubs, the argument that is being voiced would not probably have been as strong. They probably would have felt that some of the clubs could probably have them. There was one club in New Norfolk - they put them in about nine different places in New Norfolk which is a small country town - hotels, clubs, RSLs, all had them put in at one time thinking they were going to raise revenue, but the football club was the first to have to pull them out, and the pubs and hotels have still got them. So it doesn't necessarily mean that because you put them in the clubs they're going to do all right. Having said that, if someone wanted to put one in a club in Bridgewater and Gagebrook, the council would have the same argument there as they did with the hotel, because it was a bigger picture rather than a club versus a hotel

MR FITZGERALD: Are there other forms of gambling activity that are of concern to councils generally? We've heard a lot about the poker machines, the electronic gaming machines. Are there any other concerns that councils have generally in relation to gambling issues?

MR FOSTER: No, we've learnt to live with horseracing and that. That's part of Australian culture and I don't think we will tamper with that or argue that. Quite clearly, worldwide, video gaming machines are the ones that cause the distress and the problems we have got. That is unchallenged. No-one can challenge they are the major problem because the accessibility of them right across a small state like Tasmania is so easy for anyone, 18 years and above, in all areas, no matter where you come from, at your doorstep. You don't have to go out of your way to go there any more. The fact that they are associated more readily with alcohol exacerbates the problems. No doubt you've heard all these things from other people but in areas of low socioeconomic standing, they go more hand in glove - the gambling and the drinking. You see it.

MR DODGE: We'd also express concern about the Internet gambling as well.

MR FITZGERALD: Your view on that?

MR FOSTER: I don't want to say too much about that. My discussion with the state government on that was let's look at why race headlong into setting up Tasmania as some sort of headquarters for Internet gaming. Let's look at what's happening in other countries and all that before you do that. This is the trouble we have here in Tasmania; they live in this little cocoon down here and, wow, see the dollars going around. They don't go and look at what's happened in places like America where it's strictly controlled - well, it's illegal. Internet gambling is illegal but, you know, it sneaks in. We're prepared to make it legal here. Tasmania has had the opportunity to learn, not only from the other states of Australia but what the problems are.

The problem right across the country is, "We need revenue. How do you get it?" Gaming is a simple and easy way to get it. I'd written to the prime minister and asked him to initiate this study - not that he took notice of me - but it was nice when he did announce that we'd actually - because we felt we had to go to the national head

of the country to get somewhere because the problem was the same in Queensland, Victoria was getting worse, South Australia is having major problems, and we're following on. We're glad that this inquiry has actually happened.

I know time is running out but I just want to quickly say one thing, because the AHA are coming in next. It just highlights once again how greed takes control of what happens with gaming. This document I've got here we couldn't even get through Freedom of Information but we secured it through other ways, so you've got a copy of this. This was back in 1993 when the Legislative Council Select Committee had their inquiry into whether video gaming machines should go beyond the two casinos. AHA argued that it should be allowed to go right across hotels and clubs. The two casinos which were controlled by the Federal Hotels - and director, Greg Farrell, said, "No, it should stay in the two." I've given you there a copy of the submission put in by Greg Farrell as to the reason why it should just stay in the two casinos and not go out into the bigger community.

There's just a couple of pertinent points in it where he's talking about economic impacts. In one paragraph he says:

The backbone of the Tasmanian economy is small business which will be required to compete against machines in hotels and clubs of which there is no available response. We believe the proliferation of machine gaming throughout Tasmania offering direct access to the majority of Tasmanians would be disastrous for a large number of businesses which currently fairly compete for their share of discretionary income.

In another paragraph he says:

Overwhelmingly the people of Tasmania oppose the introduction of gaming machines outside the confines of the two casinos. The general public have serious concerns that the direct access to gaming machines in pubs and clubs would have a disastrous effect on the social fabric and special culture of Tasmania.

He goes on in there and argues as to why it shouldn't be, but when the final decision was made - and that select committee consisted of only five people - it ended up 3:2, so that wasn't a real big tick to say, "Let's have video gaming machines in Tasmania because that's how close it was. But they did a deal and what they said to Federal Hotels was, "Okay, if you don't argue against this, let the hotels have them, we'll give you the overall control." So Mr Farrell and Federal Hotels completely changed and didn't argue about the social and economic impact of it now because they've got the other 1256 machines plus their hotels and clubs. All the way down the track you're being deceived by people just worrying about making money, because they chop and change to whatever suit themselves - be it the government, be it people that are involved. So you've got a copy of that and these are the issues that local government are fighting against.

MR BANKS: Just on that, I should say that my understanding of the situation there with Federal Hotels and the ownership of gaming machines in the pubs and clubs was that the statute or the contract in a sense that Federal Hotels had with the government gave them exclusivity over forms of gambling that were included in the casino. I don't know whether that's the case or not.

MR FOSTER: It was. It did give them exclusivity, yes.

MR BANKS: So in a sense doesn't that put a new dimension on the point you're making? It's not as though they were objecting and then when they were given control they changed their mind. They had the control all the time.

MR FOSTER: It's not that. Their view was it shouldn't be in clubs and hotels because of the social and economic impact and unemployment was going up. It's a brilliant thing. It was the best thing I ever got hold of because it supported it. Mr Farrell came out and sat down with us at council to try and work through this process before a final decision was made. One of the things he said to us at the time was these machines were only in there for entertainment - "They are not there for making money" - to take \$30,000,000 out of the state and go to New South Wales where their headquarters are or whatever - "It's not about that, Tony. It's about entertainment for people."

My argument with him then was, "Okay, in the last couple of months, if it's only in for entertainment, why do you want to raise the bet limit to where it's open?" Their argument now is, "We need that off to maintain viability." So it's gone from being an entertainment aspect for our communities to whereby it's got to be viable for the hotel owners so they can rip more money out of our communities. They keep arguing against themselves all the time but, as I said - and I use the word again - it's all about greed by these people. They're not worried about the issues that we have in our communities.

MR FITZGERALD: Is it true at the moment that amusement machines, for kids' parlours and what have you, you have the right of approval?

MR FOSTER: That's right.

MR FITZGERALD: So you've got the strange situation where a children's video - well, not children's but I mean the amusement machines - they have to get approval but for the gaming machines they don't. So you've got that problem you identified in our legislation.

MR FOSTER: Yes, in the planning scheme there is a definition for amusement machines and video gaming machines - came under "amusement machines" in the definition, and that was what this application had to deal with on that particular issue. As I said, the Gaming Control Act just took it right out of that.

MR BANKS: Good, thank you very much.

MR DODGE: Can I make a very quick comment?

MR BANKS: Sure, that's fine.

MR DODGE: The impact on the shopping centre that Tony mentioned - there is a shopping centre that's nearly on its knees at the moment. It has a number of shops that were contained within that shopping centre - the supermarket is on the verge of closing, the milk bar has in fact closed and other shops have been converted into government offices. These have all happened since the introduction of the gaming machines. Also something Stewart mentioned at the beginning - the LGAT conference or Local Government Association conference that was held last year - the resolutions that were passed at that conference are contained on page 7 of our submission.

MR BANKS: You've given those papers to us?

MR FOSTER: Yes, all those.

MR BANKS: Good, excellent, thank you. We will break now.

MR BANKS: Our next participants today are the Australian Hotels Association. Welcome to the hearings. Can I ask you, please, to give your names and your positions.

MR MULCAHY: Richard Mulcahy, national executive director.

MR LEESONG: Daniel Leeson, public affairs manager.

MR HURLEY: I'm Peter Hurley. I'm the president of the South Australian branch of the Hotels Association, and the national president.

MS McGREGOR: Margot McGregor. I'm the public relations manager for the South Australian branch.

MR BANKS: Thank you very much for all attending here in Hobart for the last of our round of public hearings. We've also had input from your affiliate associations in a number of the states and we've appreciated that. So as discussed, why don't we let you perhaps highlight the key points you would like to make and then we'll ask you some questions after that.

MR HURLEY: I'll just lead off with an introduction. Nationally, the Australian Hotels Association represents the interests of approximately 7500 hotels throughout Australia ranging from the large international hotel chains and casinos to the corner pub in the middle of the outback. It's estimated that approximately 3300 of these establishments offer some form of gambling service to their clients. The provision of gambling service is essential for the ongoing viability for a large proportion of our members.

The nature of the gambling industry in Australia: gaming machines within our membership are aimed to be a source of entertainment and an additional service provided to our clientele. In this everchanging and developing entertainment-based society, the general public are becoming more demanding in their expectations. A complete entertainment package including food, beverage, gambling and other entertainment provisions is essential. Of major significance to the hotel industry is the emergence of the Internet-based gambling services. This new medium does not only compete directly with our membership but also currently competes with the strict controls and monitoring systems that have been developed for the traditional providers of gambling services.

Currently, all states and territories have legalised gambling and hotels have been given access to electronic gaming machines in all jurisdictions bar Western Australia, where no hotel is allowed access, and the ACT in which a legislated technological constraint has been implementing restricting hotel access. Each state and territory has a unique way of dealing with gambling and its associated taxation and availability. Each state's significant differential in the way it deals with gambling services acts as an impediment on the overall efficiency of the industry. In saying this, it would be in the

best interests of the country if there was a uniform gambling arrangement in each state - but we recognise, however, that it's difficult to achieve - to ensure that no state or territory is disadvantaged by transition.

On advertising, the industry has developed a code of practice in a number of states to deal with the issue of gaming advertising. The hotel industry has a high level of compliance to this code and the AHA believes that the hotel industry has been proactive in its approach to responsible advertising practices. As an example, the Victorian code can be found on page 7 of our submission.

On criminal activity, the AHA believes that the vast majority of hotels throughout Australia run legitimate and professional operations. A number of the experts in the gambling research field such as Prof McMillan, who would be known to you, have stated publicly that Australia has achieved a rare balance between the often contradictory objectives of commercial profitability and public benefit.

On taxation, the current taxation arrangements relating to the gaming industry at both a state and federal level is of concern to us. State gaming taxes are currently at different rates in each state and they vary according to the type of establishment in which the gaming is running. A complete chart of each state and territories state gaming taxation arrangements can be found on page 14 of our submission. The differential between the hotel and club industries is of a major concern. The highly discriminatory regime ensures that the clubs, although generally running larger gaming operations, pay significantly less state taxation, and the AHA submits that the current state gaming taxation arrangements are discriminatory and not in line with national competition policy.

On the matter of the mutuality principle, additionally hotels and clubs pay significantly different amounts of income tax based on the mutuality principle. Currently hotels pay the normal company tax rates, and in most cases ultimately the highest marginal personal rate, and clubs pay nothing on income tax derived from its membership. This has already been brought to the commission's attention through the AHA New South Wales submission, but I would like to re-emphasise the AHA's concern on this matter and highlight the large casino-type operations in which a large number of clubs, particularly within New South Wales, Queensland and the ACT, operate on a tax-free basis. The AHA also submits that hotels are highly active within the community and are supportive of not-for-profit groups. The ongoing community support of hotel establishments and their highly taxed status is in sharp contrast to the club industry with its perceived community benefit and largely tax-free status.

Employment and remuneration: since the introduction of gaming machines in hotels throughout Australia, there has been a large increase in employment both within the establishment providing this service and the associated supporting industries, and in particular the building and interior decor design business. It is estimated that since the introduction of gaming machines in hotels, there have been an additional 66,710 people directly employed and a number of other jobs created in the support industries. The AHA submits that as a direct result of the provision of

gaming services, the hotel industry has significantly contributed to the overall employment growth within Australia since 1995.

Additionally, staff originally hired within hotels and the resulting introduction of gaming machines has ensured that a number of staff have had pay increases through moving to a different level of employment within the award structure. Any hotel employee that has any dealings with the gaming side of operations that didn't prior to the introduction of these machines, has probably increased from a grade 2 food and beverage attendant to a grade 3 food and beverage attendant. That's in the federal award.

Responsible gaming initiatives: hotels throughout Australia have introduced a number of initiatives to minimise the risk of problem gambling. The AHA submits that the hotel industry has been at the forefront of developing these initiatives and they have been implemented through the cooperation of hotels and the industry's willingness to ensure the responsible provision of these services. On expenditure, it's no secret that gambling turnover has increased in recent years, and the data within the submission clearly shows the increase. However, the graphs also show a decreasing rate of growth, and we would suggest that it has gone through its initial boom and that it's now developing as a more mature industry.

Technology in gaming machines: gaming machines are very susceptible to competition from other technological activities such as computer entertainment at cinemas, and it is essential for the ongoing viability of the industry that it remain entertaining to the consumer. Technological constraints such as those found in hotels within the ACT provide evidence that outdated technology results in less entertainment to the consumer and therefore less turnover.

Impacts on the economy and funding of gambling: the AHA would submit that the provision of gambling facilities within hotels is an essential service that has provided large job growth and has resulted in community groups benefiting from the substantial amounts returned through the support of events, functions and other not-for-profit activities. It has also acted as a large revenue source for state governments who have come to rely on the income generated. Through the analysis of a large number of club annual reports, it becomes evident of the very small amounts actually returned to the community from that sector.

The distribution of funds obtained through gambling sources is not effective under current arrangements. To ensure a level playing field and a competitive marketplace, the current arrangements extended to clubs should be changed. Their ability to distribute the funds collected by their gambling services back into the community has proven to be substandard and there should be some form of government arrangement made to ensure that the funds are directed back into the community.

Gambling service providers such as both hotels and casinos have had a major influence on both inbound and domestic tourism. More people have visited the

Crown Casino in 95-96 than the total number who attended AFL football, first-class cricket and theme parks. The provision of world-class gambling facilities has ensured Australia's attractiveness as an international entertainment destination and will continue to play a large role in the future.

On the implications of new technology, Internet gambling is a new medium that will need to be regulated, we would argue, and tightly controlled in a similar way to the providers of traditional gambling products. The Internet does, however, introduce a range of new issues such as those of supervising both problem gamblers and access to minors. The AHA is not opposed to this medium but would like to ensure that the industry does not destroy the ethical and legitimate reputation built by the traditional providers.

On availability of meaningful statistics, the AHA submits that further studies on the new medium of Internet gambling should be conducted and some more extensive statistics and studies should be conducted on a national basis. The effective regulation and control of the industry is heavily reliant upon such stats. In closing, I would like to thank the commission for the opportunity to submit our view and look forward to seeing your results.

MR BANKS: Good, thank you. It frightens me when someone says that at this stage. We've still got a lot of work to do. Thank you very much for that. It just occurred to me that you're presenting now, and as I said earlier we've had your constituent members in different states also presenting, you're probably very well placed to look over the various jurisdictions and look through those and see some regimes that you see as more to your liking than others. On page 14, for example, you have the hotel tax rates compared with the club tax rates and then you show how much they vary from one state or territory to another. You've also mentioned that some uniformity would be an advantage. Aristocrat Industries has mentioned the same thing, and the cost to them of actually having to comply with different regulations around Australia is quite significant.

But that then raises the question of okay, which one would be the model, in a sense. Would you have any thoughts or comments to offer on that, about which states or territories may have a better regime? I mean we could begin with tax or supervision or - - -

MR HURLEY: Or generally?

MR BANKS: Or generally, yes.

MR HURLEY: Yes. Whilst acknowledging that I come from South Australia, and you can attach to that whatever you like, but prior to the amendments in the budget last year, we would argue that we had probably the only model that conformed to national competition policy because it was a level playing field in access to number of machines, and it was a level playing field in tax structure until 1 July 1998. I think that made it probably the best regime. It's the regime there to have a maximum of

40 machines, the open availability of up to that maximum, to any club or pub or hotel. They're in high-rise five-star hotels there as well as in country pubs. The industry has fully funded the monitoring at no cost to government. I say that not only as a South Australian, but our association nationally would view that as being the best model that had been introduced anywhere in Australia.

MR BANKS: Were there any other comments? I've taken you by surprise with that question a bit, but are there any other reflections on that?

MS MCGREGOR: I'm from South Australia, so I agree with that.

MR FITZGERALD: We've just been in South Australia and Margot presented and was at the hearings. One of the issues there was that the current premier, Premier Olsen, has indicated publicly and privately in letters to Senator Chapman and others, which were revealed at the inquiry in Canberra, that he now believes that the policy approach in South Australia was wrong. Now, without trying to impute anything further as to what he may mean by that, why do you believe that both the opposition and the government in South Australia would now be of the view that perhaps the original policy was incorrect? Is it simply in relation to the number of machines or the regulatory environment? Why would this now be arising as an issue in that state?

MR HURLEY: I think that as an industry we've been guilty of allowing the perpetuation of a myth that the benefit from gambling can only arise to the community out of club gambling, and that there's some sort of myth that there is no benefit to the community out of privately owned gambling. We've been negligent in not doing something about the perpetuation of that myth, and we in fact argue the opposite. Firstly, there is no doubt that the hotel sector has traditionally and still puts as many people onto football fields, netball courts, basketball courts, cricket grounds and all manner of other sporting endeavour, as does the club industry, particularly in South Australia and I think probably across Australia generally.

But in addition to that, we need to look at why governments legislate for a gambling industry and a gaming industry in particular, and there is no doubt that apart from the fact that there's a broad community desire for it, the main reason is the contribution that it can make to the public purse. We've done some modelling which is not included in any of the submissions so far, but we could provide that to you. When you compare a club and a pub at the larger end of the club scale in South Australia - and you have to choose a level to make a comparison - when a dollar is dropped into a machine at for example the Port Adelaide Football Club, at their rate of turnover their average rate of tax is 38¢. The marginal rates are listed, as you refer, on page 14 of the submission.

MR FITZGERALD: Yes.

MR HURLEY: Now, we would say that whether it's a pub or a club the operating and marketing costs and staffing costs, all of the operating costs, equate to about 33¢. But by our best endeavours, a club like that in South Australia doesn't pay any income

tax. So the community benefit in that instance is the 38¢ that goes to the state government. If the same dollar goes into the same sized pub in that state, the average rate for state tax is 47¢. If they have the same operating costs of 33¢ they'll have a pre-tax profit of 20¢, in which case they'll pay ultimately about 19¢ to the broader community through the ATO taxation system. So the combined contribution to the community there is 56¢ which is 47 per cent higher benefit to the public purse than through the same dollar expenditure in a club. That difference makes up for a lot of football guernseys if they think they've got a monopoly on providing football guernseys.

MR FITZGERALD: Well, let's just explore the tax issue then a little bit further. There are three levels of taxation which apply, I suppose. One is the actual, specific gambling taxes, to which there are differentials across the board with the exception of Victoria. Then there is then the hypothecated levies into community benefit funds generally.

MR HURLEY: Yes.

MR FITZGERALD: And then of course there is the issue of mutuality of clubs. Now, if I can just deal with that, the gambling taxes themselves, we've heard, have driven government policy. As you've indicated, the public revenue has been a driving consideration in most jurisdictions in Australia, and very few governments would deny that at least it's a high priority, if not the priority. If the tax arrangements were changed such that the states no longer levied gambling taxes - in other words a portion of the GST was returned to the states or whatever it was - how do you think policy should be altered in light of that?

One of the things that we've heard this morning and we'll hear again is that there is a concern that policy relating to gambling in Australia has been revenue driven. If you took away the revenue issue would that change the way in which public policy relating to gambling would be dealt with? Does the association have a view about whether or not gambling taxes per se should remain or should disappear? Do you have a particular view about the levying of taxes on hotels? Ignore the clubs for a moment - I understand that position and I'll come back to that, but just answer in terms of the taxing regime as it applies to gambling venues and in particular gaming venues, your venues. You may not have a view. You don't have to have a view. I'm just throwing it to you.

MR MULCAHY: Obviously the policy considerations of state governments are influenced by revenue sources. Whether you say that the importance of that drives all of their policy on gambling, I'm not totally convinced by that, Western Australia being a classic example where our association has argued there's substantially more revenue available to the government if they're willing to allow our members in Western Australia and the clubs to access EGMs. So I don't think that it's revenue at all costs driving public policy. If you were to transfer or eliminate that issue from state funding and maybe put it into the hands of the Commonwealth, I don't think that therefore removes the revenue considerations with gaming. I mean the Commonwealth then

becomes obviously attached to that source of revenue.

So I don't know what measures you may be thinking of that could be contemplated, but I think it's very hard to eliminate that as a source of revenue. At the end of the day the state and local governments and the Commonwealth have a requirement for funds. If they're not captured from this method of taxation they'll be found from some other source in the community.

MR FITZGERALD: So would it be fair to say the association doesn't have a view about the removal or the change in the state government taxing regimes per se?

MR MULCAHY: Our position essentially is that there is merit in some more uniform approach, not necessarily a federal approach but a uniform approach.

MR FITZGERALD: Okay.

MR MULCAHY: The difficulty we see is that that has the potential to significantly disadvantage certain parts of the country, as we saw after the High Court decision on business franchise fees where the end effect was that you go for the highest common denominator. There are problems that are now going to arise, particularly with the introduction of the goods and services tax where for example our Queensland people will ultimately end up paying higher levels of tax than they may have enjoyed in the past, as the system eventually flattens out and becomes equalised in terms of rates of tax. So there are administrative problems in applying uniformity.

MR FITZGERALD: Yes, right.

MR MULCAHY: But that would be the extent of our position I believe.

MR BANKS: I suppose I've been a bit surprised that while you've drawn comparisons among the states and between hotels and clubs in different jurisdictions you haven't really drawn comparisons between the taxing of revenue from gambling and taxing of other goods and services. I mean it's a fairly highly taxed activity relative to other activities in the economy or society.

MR MULCAHY: I think there was reference early in the summary to the effect that relative to other forms of gambling activity, there were quite - - -

MR BANKS: Of gambling activity, yes.

MR MULCAHY: Yes, but also I think we referred to the fact that this is, in our view, a leisure pursuit for people and it is a very heavily taxed leisure pursuit. We haven't argued that those taxes should be further lowered collectively, but we have drawn attention, in the context of the submission, to the fact that it is already very heavily taxed as a pastime.

MR FITZGERALD: Can I just explore that. We haven't heard any of the gambling

industry actually argue that it should be lower taxed, just differently taxed. Why is that? A number of them have argued that gambling is an entertainment business. In public policy terms, just pushing Gary's line, why would we not be hearing from the industry that it should be taxed the same as cinemas or anything else? Why is the industry quite happy to accept a differential, albeit what you might regard as a burdensome tax regime?

MR HURLEY: I think I personally have been influenced on that over a period of time. We used to look enviously at the I think 6 per cent of NGR tax rate in the state of Nevada, but a friend of mine lived for some years in Hong Kong and there was an anti-gambling sentiment starting to be expressed through the media there. The government responded to it by reminding people of what would happen to the tax rate if they lost the revenue from the Hong Kong Jockey Club. That very rapidly diminished the amount of opposition to the role of gambling in the Hong Kong community.

I think the reason that we haven't responded in the way that we have is that as an industry we realise that it's that contribution that it has the ability to make, and particularly I think we accept that it can be reasonably highly taxed because we don't have the codes to finance in the way that the three racing codes have to be financed through the wagering business, and so I think it's probably just been begrudgingly accepted over a period of time that the only way it will be acceptable to the community is if it is highly taxed.

We have also submitted in our submissions to the federal government on the implications of the GST that, because it is so highly taxed, the federal government ought to be insisting that the state governments offset to the extent of the 10 per cent GST so as to make it revenue-neutral in that respect - because of its current highly taxed status.

MR FITZGERALD: Innately therefore there's an assumption that the gambling activities, particularly EGMs, have a component of almost super-profit in there because it can be adjusted. Obviously the taxes ensure that there isn't a super-profit, they take that away.

MR HURLEY: Sure.

MR FITZGERALD: But there's obviously an acknowledgment by the industry that but for that tax there is a super-profit element in there. As you say, you're not paying for the actual product of racing for example.

MR HURLEY: I think privately-owned gaming operators view the tax in the same way as they would view their cost of goods sold in all of their other retail activity, but you can't operate profitable bars with a 50.5 per cent cost of goods sold like our marginal rate of tax is in South Australia.

MR FITZGERALD: Well, can I just explore the other couple of elements of the

tax, unless Gary wants to take it elsewhere. Can I go to the issue of hypothecation of levies. This morning in our first presentation we heard Anglicare Tasmania calling for an increase in the level of that contribution. Now, right throughout the journey around the country we have heard that all bodies should have to contribute to the community services funds generally. Do you have a particular view about that? Are you calling for an equality in terms of clubs and hotels for those levies, and what's your view generally about hypothecated levies? Is that something that you're happy to live with and endorse or do you oppose it?

MS McGREGOR: Well, it wouldn't just be an equal contribution by clubs and hotels to those sorts of funds. If that was the best way to go, it would be by all gambling codes, I think is what we've argued.

MR FITZGERALD: So, Margot, can you just clarify it for me. You're saying the association is prepared to support universal hypothecated levies to community service funds, provided that it's on all codes. Would that be a reasonable summary or not?

MS McGREGOR: The question of hypothecation is not - - -

MR MULCAHY: Yes. We haven't settled a fixed view on that, but I guess the point is that we would want more equitable treatment if they were to be applied. Obviously treasuries regularly argue against the wisdom of hypothecated taxes. Their argument, as you would know better than I, is that they become concerned that people have to find reasons then to spend the funds. There are two issues. There's the sort of benefit fund levy that you're alluding to, and then the other issue that we have flagged in here in appendix 7 is the issue of clubs being forced to make a contribution to the community because of their tax status, but in terms of a rate, we don't have a fixed view on it.

MR FITZGERALD: But the notion is not an anathema to you? I understand Treasury's view about hypothecation, but am I right in assuming that the Hotels Association is not opposed - - -

MR MULCAHY: I think there's an acceptance in different jurisdictions - - -

MR FITZGERALD: I don't want to put words into your mouth. Could you just explain to me. In terms of hypothecation can you just clarify for me where you would stand at the moment.

MR MULCAHY: We don't have a national position on that issue. There's an acceptance in certain jurisdictions that that would apply, such as in Queensland there's a contribution to the benefit fund, and various other jurisdictions, but there isn't a national view from the organisation in terms of that being applied across the board in all states and territories.

MR BANKS: Some have argued, probably from your side, from the industry side, that hypothecation is not a bad thing, sort of following the logic I think that Peter was

enunciating before, that it's a demonstrable act of money coming back into community benefit which can be identified and used. Would you see that as the benefit as well from an industry point of view?

MR HURLEY: You would have had outlined to you the system in South Australia where the pub and club sector is making the voluntary contribution of 1.5 million. There's an element of, "How do we spend that?" too.

MS MCGREGOR: And then there's the 5,000,000 in the sport and welfare category as well, community benefit SA.

MR FITZGERALD: But if we're trying to look at a national regime - well, not a national regime but a uniformative approach between voluntary contributions, a hypothecated levy that applies to some of the industry, a hypothecated levy that applies across the board, I just want to get a feel, and you might come back to us if you develop a national policy or wait for the draft report.

MR MULCAHY: Yes, I'd like to take that on notice if I could, to seek some further views on that, because I don't think that we have a consistent position across Australia.

MR FITZGERALD: No, that's fine.

MR MULCAHY: But there may be after further discussion.

MR FITZGERALD: In Victoria the clubs have been able to successfully argue that they shouldn't have to pay, say, the community service levy, and the pubs have. Clearly, governments are prepared to acknowledge that there is some community benefit from the club movement, such that at least either in tax terms or in hypothecated levy terms there should be some differential. You're being very critical of that approach and you've given some very interesting information on that approach, but would you acknowledge that the community does nevertheless still perceive that there are some differential and beneficial differences coming from the club movement? Do you acknowledge at all that some differential treatment could be appropriate?

MR HURLEY: I acknowledge that the community still thinks that way, but I think it's the perpetuation of an urban myth.

MR FITZGERALD: Fair enough.

MR MULCAHY: I think different cultures, too, prevail in Victoria, for example, and the ACT. In Victoria there isn't really what we would call a club culture and I think, without having been privy to those discussions, there may well have been a case made out that the clubs in Victoria have struggled because of that; they haven't been anything like the nature of the clubs in New South Wales, now Queensland and the ACT. So there may have been a case made out that they needed special treatment to maintain viability. In the ACT for example, however, the exact opposite applies.

There's such a power club culture that the terms of their arrangements are very heavily dictated by the industry onto the legislature, to the point where their demands are inevitably met fairly promptly.

MR BANKS: I live in the ACT, as you know. I was trying to think of how many hotels there actually are in the ACT.

MR MULCAHY: There are two left of what we would call the traditional Australian hotel. The rest have pretty well all disappeared. We're basically down to shopfront bars and taverns but, as you know, a very large number of - some of the largest clubs in Australia are in that town.

MR BANKS: Just coming back onto one particular point on tax that I didn't properly understand on page 15, you've got the statement, "Different taxation rates for different forms of gambling should be maintained" - at the top of page 15. Is that correct as stated, that you don't want to see any change in the differentials among the different codes?

MR HURLEY: What I understood that to mean was that we accept that lotteries need a different and can operate on a different margin, and the wagering business margin is fairly well-known, and there is a generally higher return to player in the gaming industries, although it varies slightly from state to state, as would have emerged somewhere in your - but I think what we're saying there is that we accept that a lotteries system needs the margin that it does and that there is a differential there and that each is pitched to somewhere between need and participant expectation.

MR BANKS: It was very interesting on page 12, where you've got the return to venue, just how it does vary so much. I mean, at the top there, basically they're the traditional casino games, aren't they, with the relatively low returns to venue.

MR MULCAHY: Yes. Could I say, chairman, on that set of figures, they have been sourced and have been published in New South Wales but they are a guide rather than, in our view, entirely accurate. Some of those percentages in fact are not, in our view, correct. There certainly are differentials in different sorts of facilities in different states. The general principle that we're trying to get across there is accurate but I'm not sure where the author sourced his data because there are definitely different percentages applying.

MR BANKS: I noticed it was a book by a psychologist when I looked at those numbers.

MR MULCAHY: Yes.

MR BANKS: I didn't check the numbers.

MR FITZGERALD: Just on this mutuality principle - and we have had

representatives of the hotel movement give us some comments - I just want to clarify this. Are you opposed to the clubs having mutuality or is it only in relation to the gambling industry? As you would all be aware, and I think other Hotel Association reports have indicated, the former Industry Commission has in fact endorsed the notion of mutuality in terms of tourism and accommodation and so on, so it's been an issue, but in this context this is a fairly substantial part of the terms of reference so mutuality can't be looked at in isolation of its impact more broadly. If you remove the mutuality principle, it impacts not only in terms of gambling but potentially right across, so I just want to clarify your own position. Are you actually calling for the removal of the mutuality principle broadly?

MR MULCAHY: No, we don't have a quarrel with the principle of tax exemption for the not-for-profit bodies per se, nor do we have an issue in fact with the very small community clubs, the cricket clubs and so forth. We have no issue with the welfare organisations being beneficiaries of that tax arrangement. Our concern is the large commercial club operations, and indeed as an industry we would not have a problem with a threshold figure being determined where different arrangements would come into play. Whether that's a hundred thousand or a million dollars a year would be a matter of argument, but certainly as an industry our concern is what we call large commercial-type club operations. They don't really exist in communities such as Tasmania on any major scale, they exist to some limited extent in Victoria, but they're obviously very prevalent in the ACT, New South Wales and now Queensland. So our concern is those commercial operations.

Probably abolition of the mutuality principle is not the solution. What we have suggested is that there be returns filed for clubs that would quantify - because we don't believe even Treasury and the Australian Tax Office have got a firm handle on the amount of revenue that's available in these facilities. We have asked in our submission - they're in the Quinn report under attachment 7 - that there be a return filed by clubs that quantifies revenue, details arrangements between landlords and clubs to add transparency to any sort of transactions that might involve those clubs, and then the government would be applying tax on the serious commercial operations and also requiring that they put a contribution back into the community. So that's the position we would favour, but it's not a wholesale criticism of the existence of tax-exempt bodies.

MR BANKS: Would you see the main advantage that clubs have over hotels as deriving from the mutuality principle primarily, if we're talking New South Wales, or the difference in the state tax regime?

MR MULCAHY: It's a combination of access to numbers of machines, state tax regimes and the federal tax position. I don't think that you would say that it's any one single factor, they all compound, and if the three apply, obviously there's a massive differential.

MR BANKS: You see, if you took the South Australian regime which Peter was upholding before, then you're less likely to get the distortion, because you've got a cap

on the number of machines plus you've got pretty much state tax parity - you know, a bit different but not too much different - so you wouldn't get the sort of phenomenon that we heard about in Sydney with some of the very big sporting clubs.

MR MULCAHY: True. Also, though, there's a fourth element and that is the culture that now exists in different communities in Australia, where there's what I would call a club culture existing now in several Australian communities where that's the venue normally of choice that people customarily go to for entertainment, and that's as a consequence of those problems it's been allowed to develop.

Could I also just quickly address the matter that was mentioned of the previous Industry Commission inquiry into tourism. Although it's been translated that the commission endorsed the mutuality principle, I think it was in the context of an inquiry into new accommodation hotels being built, and at the stage when that inquiry took place, many of those buildings were on the drawing boards. They're now starting to come to fruition, so I think that it needs to be recognised that the extent in which the commission looked at this issue on that occasion was very much confined to the tourism accommodation component rather than this broader issue that we've addressed through your inquiry.

MR BANKS: I was going to ask you a follow-up, but I've just lost it for the moment. I'll come back to it.

MR FITZGERALD: Just moving a little bit away from taxation, if I can, to the number of machines and the clubs, your position is that you want parity between clubs and pubs in terms of the number of machines per venue. You've indicated or Peter has indicated that the model in South Australia has some appeal, where there is a cap per venue. Can I ask, is it generally the position of the association that you're relaxed with the notion of venue caps? You may have a view about what that should be, but I'm rather more interested in the notion of are you opposed or supportive or neutral on venue capping.

MR HURLEY: In South Australia we're not opposed to the principle of venue capping at all. Mr Xenophon has currently got a freeze amendment bill before the parliament there. We're opposed to the principle of that because, if for no other reason, we don't see why existing licensees of machines ought to be able to sell them for a premium like the taxi plate system and we just think it sends a negative message about the future growth of the state. So we're opposed to that but we're very relaxed about a venue cap. In South Australia we're very happy with the 40-machine cap because we believe it gives a better opportunity to a broader range of both pubs and clubs. You can't have the casino-type operations, it's a boutique gaming operation right across the state, and because of that there have been lots of small pubs and clubs that have been able to put in five or six machines and make a material difference to their business which wouldn't exist if there was no venue cap.

MR MULCAHY: We would have different views in some states as to what that venue cap might be, and there certainly would be opposition to statewide caps on the

total number of machines for the reasons outlined.

MR FITZGERALD: So you'd oppose statewide caps. I presume you'd oppose regional caps. Well, in fact I think your association in Melbourne has opposed regional caps. Just coming back to the venue caps, by capping venues you're accepting implicitly the concept that you don't want - or are you accepting the concept that you don't want the emergence either of super-clubs and/or super-pubs based on gambling? The concept of venue capping means that you don't have huge clubs with 200 and 300 and 400 machines. You're implicitly supporting the notion that the industry can live with some sort of capping. I'm not asking for the figure.

MR MULCAHY: I think that's more accurate, that the industry could live with capping on a venue-by-venue basis, the figure being a matter of some debate, but I think the super-clubs you have referred to have distorted the market not only for obviously hotels but in fact they have led to the demise of many neighbouring clubs as well, as we've seen in parts of New South Wales and so on, so I think I could confidently say that the industry could live with that, subject to what the figure would be.

MR FITZGERALD: One of the issues has been, I suppose, the trade in licences. The association isn't supporting the notion that you can trade your licence across areas to other pubs? In other words, there has been some indication where you can actually trade the gambling licence.

MR HURLEY: Are you referring perhaps to the Victorian - - -

MR FITZGERALD: Well, no, sorry. I was just trying to get to the issue of - I suppose some people have sort of suggested it really doesn't matter about the number of machines. You know, if you had a licence to have 40 machines, could that be transferred to another location and top it up to 80 machines for example?

MR MULCAHY: As exists now in New South Wales with the latest sort of raffle that they had?

MR FITZGERALD: Yes.

MR MULCAHY: I don't think that principle has been supported even by those who were successful in that lottery or tender process, whatever one calls it. I think that isn't something our organisation would be supportive of at all.

MR FITZGERALD: Okay. That's a good comment. Well, just running on this, and then I'll let Gary - - -

MR BANKS: Well, just related to that is the question of ownership of machines. Do you have a position on who should own the machines? I think you probably do.

MR HURLEY: Yes. Again we refer back to the South Australian model, where we

think the risk ought to be borne by the operator, and we're very relaxed with that. We believe that every state would be better off if that were the case. The Victorian example has really become a haves and have nots legislature or regime. We're happy with wearing the risk, and also we believe that the community can benefit more out of that on the simple philosophy that everyone gets more cake if the cake is only cut into two and not into three.

MR FITZGERALD: Just in relation to some of this, this morning we have heard from Mayor Foster from the Brighton Council and we have heard from a number of councils around Australia, and local government associations, about their role or their desire for a greater role in terms of the allocation of EGMs in their local communities. I was wondering whether your association has a view about the rightful role of local governments in this. Just to preface that, there's a view been put to us by a number of councils and associations that we have the ironic situation where councils are involved in the placement of amusement machines or anything else, but when it comes to EGMs they have almost no control at all in relation to that area. I was wondering whether your association has a view about the role of local governments.

MR MULCAHY: I think we could very safely say that our organisation believes that it's inappropriate for local governments to have their role increased in this area. It leads to a number of, again, distortions in the marketplace if you have neighbouring jurisdictions setting totally different sets of rules. The benefit for the community at large is difficult to ascertain. Certainly we have seen in the case of the Brighton Council here in Tasmania, it was turned into something of a political cause, and totally different arrangements applying literally a kilometre down the road in other municipalities. It's certainly a statewide framework that we feel is acceptable, something we can live with.

I think that the pattern of management by local governments in Australia, as is evidenced by many inquiries, has probably left quite a deal to desire. We've seen within the area of food law, for example, where the local governments have had a significant role over the years, enormous problems for business and industry in getting uniform approaches. Developers of restaurants and so on have had massive problems in terms of their own design and practices because different local government authorities decide to apply different interpretations to rules. So we believe that it's an area that ought be best handled by state governments and not at the local government level.

MR FITZGERALD: How do you think the community therefore should access public policy in terms of this issue? We have heard from a number of council areas that the communities are not driving for an increase in gambling, rather it's industry or government led, but more significant in that is that even if local communities object to its introduction, at the end of the day the gaming machines will emerge, be they in clubs or pubs or somewhere else. Do you believe that local communities have a role and if so where is that? At what point can local communities influence decisions relating to the expansion of gambling?

MR HURLEY: Margot may wish to comment on that, but it's consistent with our attitude that, just as pool tables and dartboards and pub TABs and lotto terminals and electronic gaming machines are now a normal part of our sector of the hospitality business, it follows therefore that if we have a planning approval to be in the food and the beverage and the entertainment business, this is just part of it, and local government shouldn't have a more microscopic role by being able to eliminate any specific section of what is now part of the entertainment landscape. But I think Margot wanted to make a comment.

MS McGREGOR: I think when I was speaking to you in South Australia I was pointing out the same point that Richard has made about the potential for difference in decision-making, about if you involve local government in the way that some of them strictly speaking want to be involved, in deciding whether machines are in a certain area or not. I think in the process it's important for the community to be able to lodge objections, and that process occurs certainly in South Australia. I'm not absolutely sure about the other states but I imagine that there's some uniformity in that. There was one recent case where that was successful in South Australia and machines didn't go in. There was another one in South Australia where the investors actually decided to back out because of all the protests and reinvest in another state, which is a different argument again, but there is still a mechanism there for the community, as they should, to be able to lodge objections. The framework is in there for them.

MR MULCAHY: And through the state planning processes. I don't know every jurisdiction, but in most cases the opportunity exists on a statewide basis for the community to express those views, so I don't think that they're denied by eliminating local councils or not granting local councils the ultimate power of decision-making. There still exists the opportunity for the community.

MS McGREGOR: And certainly if you remember the Honourable Nick Xenophon's comments about if council were to be involved he certainly wouldn't want them to have any financial stake in that involvement process either - so that part we would agree with him.

MR BANKS: That could change the dynamic if they did. The one you referred to, was that the one of the Aboriginal community?

MS McGREGOR: Yes, Nundroo.

MR BANKS: Was that in some ways a special case?

MS McGREGOR: I don't know. I wasn't intimately involved in the detail of that particular argument.

MR BANKS: But it occurred under the normal planning statutes and provisions?

MS McGREGOR: It did, yes, the same as every other.

MR HURLEY: And then it went to the judge, didn't it?

MS McGREGOR: The judge, that's right. It was judged in the Licensing Court.

MR HURLEY: It was referred to the judge. It wasn't settled by the commission. It went to one higher level than normally prevails there, because the first level of appeal is to the Licensing Court from the Liquor Licensing and Gaming Commission, and it was the judge of the Licensing Court that made the decision there.

MR BANKS: How would you react to the point that's been put to us, and that is that to some extent, whether it's through history or accident or design, we've got a concentration of, in some jurisdictions in particular - I think Victoria was the one where it came up - but a concentration of machines in the lower socioeconomic areas, so a kind of policy of - and they've got their own regime of course, but say a policy of a cap of 40 machines per venue could end up meaning that you get a much higher ratio of machines to population in some areas than others and, on the basis of past experience, that's tended to be in the areas of lower income where the potential downsides could be greater.

MR HURLEY: In South Australia it's emerged in the opposite direction. In the Hill inquiry of 1995 in South Australia, the figures were released on the numbers of machines by council area and the spend by council area. It's generally regarded that the council areas at the north and the south - that is, Noarlunga and Salisbury or Elizabeth - are lower socioeconomic areas and there are less machines per capita in those two councils than any other of the metropolitan area council areas, and the highest concentration of machines at that time, and I would say still, was in the Norwood-Kensington district, which is a very distinctly middle-class higher-income area - very distinctly a high-income area - and that is where the higher spend per capita is also.

MS McGREGOR: The set of fact sheets that I supplied to you in Adelaide in fact had an extract of each of those suburban areas, so that again is, I suppose, one of the reasons why we've always argued the South Australian model within the industry is unique and provides some in-built breaks and some methods of addressing the community concerns, and in fact that allegation of targeting poorer or depressed areas can't occur in that model because you have to have an existing hotel or club licence in that area to start with to be able to apply for a gaming licence on top. The model in South Australia - it's built into the legislation that gaming can't dominate the facility. The average take-up of machine numbers in the state there is 20 or 21.

MR HURLEY: 21 I think.

MS McGREGOR: So when people describe them as mini-casinos, at home we have a difficulty in accepting that as a definition when you're thinking of other venues in New South Wales clubs for example that have 1500 machines and which have in fact more machine numbers than our casino at home.

MR FITZGERALD: I just want to go to technology and the interface between the way in which the game machines have changed. You make the statement that:

The AHA does not perceive updated technology in gaming machines as a problem but rather as an improvement to playability and entertainment value for service.

I just want to explore this a little bit further, and I raised it with Margot in South Australia and others elsewhere. There is no doubt at all as we've got around that most of those involved with people with problem gambling believe very strongly, passionately so, that in fact the way in which the machines have now been designed and the way in which the venues are constructed have in fact led to a greater inducement for people to spend money. Now, I don't think the industry would object to that because that's clearly why people change the machines; it's to make more money. But there now seems to be a conjuncture of a number of aspects which are causing concern, and I think I said to Margot in South Australia, some people call it entrapment, but I just want to deal with it because it's a very serious matter.

We have now got the interface of machines that are multi-line, multi-credit. They are faster, although the manufacturers actually say the roll is the same but in fact the game is faster. There are no breaks. The ATMs and accessibility to EFTPOS just outside the playing venues have created a new dynamic; the bill paying facility on the machines. All of the other factors that used to in fact create breaks have now gone - you had to go and get change from the counter and all that. Now, they are the reasons, but I was just wondering about your view on this. You make the assertion that technology itself is not a problem, but would you acknowledge that the interface of a number of factors could in fact be creating circumstances which induce people to spend more than they intended to spend when they came into a club or pub?

MR HURLEY: Margot will respond to some elements of that. In respect of the availability of ATMs, I think it is not so much the change in gaming or wagering with the availability of ATMs, it is a whole of community change where such a high percentage of people now access their own funds, their own spending money, whether it be from superannuation or social security or their salary or whether it be their wool cheque or their wheat cheque. Their direct credit to bank accounts is so big. I have made observations personally at some of my own properties whereby on a Thursday and a Friday night a majority of people who enter the licensed premises, including the suit-wearers who have no intention of going into the gaming room, know that their weekly, fortnightly or monthly salary was credited to their bank account on that day or yesterday, and they routinely pick up 20 or 30 dollars for their immediate needs, or \$200 for their weekend needs or whatever, as they enter our premises, because it is the first place they have stopped when they have left work.

So I think there is a little bit of a red herring about ATMs and that access there because that is a whole of community thing; so many people now access their money from ATMs. We have got 3300 members with gaming and wagering facilities but even where you don't have gaming and wagering people still access their cash, their

spending money, at ATMs if a hotel is where they go.

MR FITZGERALD: Sure, but, Peter, wouldn't you acknowledge that the change in the limits of available credit through the EFTPOS and ATMs and what have you has added a new dimension to gambling or gaming which wasn't hitherto present? I mean, I acknowledge the pattern has changed but isn't it that very change in pattern that could be problematic? That is what is coming back constantly to us; that in fact it is a number of small individual things that have now changed the pattern of the actual way in which you gamble that is in itself problematic.

MR HURLEY: Probably the biggest change in recent times has been the availability of Sky Channel to the domestic market at \$30 a month or whatever and - - -

MR FITZGERALD: Yes, that is another issue.

MR HURLEY: - - - that has led to quite a marked increase in telephone wagering. I am not denying that what you have just said may be a factor but I think it is exaggerated because of the quantum change in how people gain access to their spending money. I think I mentioned urban myths before. I think there is also still a bit of mythology left about how gaming rooms are established, and the traditional wisdom was the casino business was covered windows and everything dark. There is no question that in terms of the layout of rooms in South Australia in particular, and I think it is happening elsewhere, as well - certainly the casinos in Queensland have adopted this - that gaming environments are now light and airy.

Wherever there is windows in what I call phase 2 gaming rooms in South Australia the windows are certainly not covered over. In fact I would say of all of the newer gaming rooms they all have venetians - timber venetians are a current fashion - and they are left partly open so natural light comes in during the day. I think there is still a little bit of an urban myth about that.

MR BANKS: I think a number of these issues we have actually discussed and debated with your colleagues and I don't think we will hold you to go through the same things, but you did make a comment here on page 34 at the bottom in relation to research and support services - and I assume that that includes problem gambling counselling type services - where you basically say that funding is adequate at its current level. I don't think you elaborate on that and I just wondered whether that was based on anything other than a gut feeling or an obvious, I suppose, interest in not having the taxation or the levies for that getting any greater.

Would you like to comment on that, especially since I think you admitted earlier that a number of the studies show that up to 1 to 2 per cent of the adult population could be experiencing downsides through that activity, and we know that only a very small proportion of those people so far have been coming to the problem gambling services, and one could well argue that they are really only treating the tip of the iceberg and that there could be a case for funding to ensure that others that are below the waterline actually get access to services.

MS McGREGOR: I think that is true, but having worked in a welfare service background myself, if I look at the South Australian allocation of funds for an issue-specific program, the funding is around about the same amounts that are allocated for other social issues, and my experience in most welfare programs is there will always be the tip of the iceberg theory and there will always be a degree of unmet needs. In relation to what the government will be putting into what was once called the anti-poverty fund, which I think has been renamed to families and material assistance or something, in fact in South Australia there was more money going into just the specific issue of problem gambling issues than there was in programs that have a much wider brief.

I think that would be different from state to state and so it is very hard for the AHA to have a uniform position on those sorts of questions. Again, I think it raises the issue that problem gambling occurs across all forms of gambling to varying degrees, but there isn't the same collective approach as in the alcohol area, for example, if you use that as a model, to some contribution to the perception of damage in the public health sense; that in fact pretty much across the states that contribution is either coming from casinos or only hotels, it is not coming from all gambling codes again.

My own view from working in the area for a while is that you can't take the driver out of the car, and without wanting to develop programs and or adopt a blame the victim perspective, I don't think it augurs well for a community to develop programs that don't imbue in the individual some sense of needing to take responsibility for a range of coping mechanisms and strategies they use when under pressure in an out-of-control manner. I think that is the same for alcohol and a range of other products that have the potential to cause harm to a minority in the community.

I think in a complex community like the one we live in it is important to fund good community education programs to advise the public about inherent risks, to put in some safety net provisions for those that fall through the gaps, and to make sure that industries obviously provide services in a manner that is within a boundary of responsibility, and governments then have to look at taking the lead in terms of the size and nature of growth of those markets. But the individual has to remain in that formula, as well, of knowing when to stop.

MR BANKS: Yes.

MR FITZGERALD: You just mentioned codes and I understood the industry's approach in relation to codes. I suppose the only point I would want to raise here is that given the vast number of outlets that EGMs are now in, both hotels and clubs - but just take the hotels: do you actually believe that industry codes can remain effective in a whole range of these areas? You are talking 3000 outlets or what have you. Do industry codes actually get to a point where, just given the size of the industry, they actually don't work.

MS McGREGOR: I guess - and I argued this in South Australia as well - I think the best model is to have a blend of legislative intervention and voluntary codes. Obviously there is legislation, unlike in Britain, ensuring that you wouldn't have a voluntary code about allowing minors to gamble.

MR FITZGERALD: Sure.

MS McGREGOR: But I would argue in South Australia - because as opposed to the argument of very large outlets where they don't know their client and customer base very well because of the sheer number of people that are passing through, rather than being permanent and regular players or members, that in our industry I guess those codes actually work better and are easier for them to maintain, and I think on the ground we get a very high level of compliance with the codes and practices that we have developed.

MR FITZGERALD: One of the interesting phenomena right throughout Australia has been the lack of prosecution of anybody - you know, very few people - in relation to breaches of various licensing requirements, yet lots of people have indicated that there have been breaches. One of the issues that arises from that is that some of the regulatory authorities are seen to be too close because they are in charge of licensing as well as enforcement and so on. It is unusual that given there have been breaches of codes and conduct that none of them have ever come to prosecution.

Do you have a particular view about how independent the regulatory authority should be and which are the models around Australia have an attraction? In this area every state has a different regulatory regime. Is there a particular regulatory regime that is starting to become a favoured model in terms of your own industry? I'm not talking about the number of machines, I'm just talking about the regulatory machine. You will be aware that the IPART inquiry in New South Wales has just recommended a gaming or gambling commission and the ACT is doing a similar thing. Do you have a view about the regulatory environment?

MR MULCAHY: I don't think we would have a uniform view on that but I may canvass further opinion. Each state has obviously learnt to accept the arrangements in place and work as best as possible with that. We haven't taken a national view of saying, "Well, let's vote for this model. It's the best." In terms of the independence I really haven't been aware of the view expressed. They may not be operating independently enough. I think it works in somewhat similar terms to broader licensing enforcement in terms of liquor sales, and there is obviously -as my colleague here raised - a combination of self-regulatory practices and legislative underpinning. I think that there is always an anxiety in the industry to comply with that.

I see around Australia in terms of alcohol sales there is pretty good adherence these days to the requirements of responsible serving. There is always the occasional culprit, but by and large I think the standards of alcohol service are much better than they were say 18 or 20 years ago. But it doesn't necessarily mean that you have to

have large numbers of prosecutions to achieve those outcomes, particularly when the value of retaining a licence is such that there is a very strong incentive for people to comply.

MR FITZGERALD: How would the industry approach the situation if you believe it is a mix between regulatory and self-regulation, which you obviously do. At what point or how does the industry say, "Look, there are two or three things that are occurring which would be better to be regulated rather than left in voluntary codes?" How does that process occur, because it is a moveable feast. This is new, in a sense. EGMs, apart from in New South Wales, are relatively new, certainly into the pub industry. How does your association deal with this issue of saying, "Enough is enough. We should actually move it or not oppose it going to regulatory framework"?

MR MULCAHY: Obviously there is regular communication between the industry and our state branches, normally with state governments, on these issues. If there was a perceived need by the industry regarding areas that required legislative action, then that view would obviously be advanced. It may not be just really in the problem gaming area because we are talking about all sorts of issues. So that dialogue continues obviously on a regular basis from tax perspectives, regulatory arrangements on machines, and I think that is the way it would be advanced. I mean, normally we as an association seek views and we have subcommittees that look at different issues, particularly gaming, and the club movement would have the same structure.

MR BANKS: I know we are going to run out of time - we always do - but I just want to move to the economic impacts, if I can, just briefly. We have heard submissions in Tasmania and other places - and I just want to talk it through - about the economic impacts of gambling activity, and there have been, as you have canvassed in your report, a number of statements that the introduction of EGMs has had a particular impact on small business and retail businesses in certain communities. You dismiss that as grossly exaggerated. What evidence do you have to the contrary? I mean, we have this situation where people say it has impacted; you are saying it is exaggerated.

I suppose I just want to try and get to where do you come from? Even if there was an impact on local business is that actually of concern to the association, or would you simply say that it is a competitive marketplace? Or if there was evidence that it has impacted, should that be a concern to us? In other words, you have gone through the tables and that, but let me just broaden it out: should the commission be concerned as to the impact of gambling on local businesses or not? Should it be an issue?

MR HURLEY: We would argue not - that it shouldn't be an issue - but we would also argue that there is a substantial body of evidence - and I am not as well qualified as some in expressing it absolutely accurately but we have asked Barry Bergin from the Adelaide University's Centre for Economic Studies to provide comments to us on that, and new car registrations are at a 20-year high and retail sales are at record

levels. There are so many economic indicators, and we can provide you with more particular information on that as distinct from anecdotal as I am doing at present, but there seems to us to be a huge body of evidence and statistics that tends to suggest otherwise.

However, if it were ever proven, I think it is just people doing with their discretionary dollar what they want to do with it, and that is constantly changing. The amount of money that is spent on going to AFL football in the local Adelaide community has grown from zero to a massive sum of money. There was an estimate that there was \$30,000,000 spent on AFL football following in South Australia in the month of September. I think nearly every bar attendant that works for us now has got a mobile phone. That is a new thing and I don't think it is our role to say that mobile phones are not a good way for a person to be spending their money. We think that that is a marketplace activity.

MS McGREGOR: Certainly in the South Australian submission there was the Barry Bergin document that Peter is referring to and the report from the then head of the Retail Trades Association, which I provided you with in South Australia, and there is the Victorian report which I am sure you have seen about the impact on the retail sector that was done by the VCGA. Those sectors are experiencing, as I said before, such extraordinary dynamic change within their own sector that it's easy to perhaps want to look for a single cause for those massive shifts, but when you pull it apart it is not always that simple.

MR MULCAHY: That is particularly evident in this state where I am sure you will hear the view that gaming is a problem for retailing in this state, but it has to be put in the context that for the first time in history the state's population is on the decline. It also has the highest average age in the country as a result of the young people leaving the state, and that in itself would be a significant factor impacting on retail spending. So I think it is easy to rush to look for blame when in fact there are broader economic factors coming into play, particularly in our smaller states in Australia.

MR BANKS: But I think you would have to agree that if expenditure on gambling triples over a decade or so from 1 per cent to 3 per cent of disposable income it would be astonishing if it didn't come out of some other spending. I think we then get back to Peter's argument about whether that is an issue or not, and I suppose the response you get to that depends on to what extent you see this as a normal activity or not. Obviously people's views are different.

MR HURLEY: See, in my own best gambling venues the spend on alcohol is about three times what the expenditure is on gambling in those venues and because the spend on alcohol has been there for so - and in fact that is about the state figure, too, for South Australia, and no-one worries about that because it has been there for a long, long while. In fact our premier, who you referred to earlier, races off to Canberra arguing about the taxing of the wine structure because it is such an important industry to us, and it is a necessity in about the same vein.

MR FITZGERALD: Yes, except I suppose the difficulty that the hotel industry faces in that argument is that if it were able to be proven that gambling has had an economic impact - and I say if because obviously you believe it has not - your association has argued for gambling licences to increase the viability of the hotels themselves, and particularly in New South Wales the argument was that the clubs were destroying your competitive advantage, therefore you should have these for your viability. If other industries and communities are being affected by that, why would they not have a legitimate argument to say their viability is being affected and therefore either we should not allow others to have gambling or, conversely, that privilege should be extended to other groups - newsagents, for example?

One can actually see that pressure starting to mount already because there are a number of parts of the retail sector, not necessarily because of gambling, that are now struggling. How would you be able to resist that argument? You may not wish to resist it. I mean, you may just want to leave it. My point is that on the one hand the hotel industry has used the issue of viability as a reason for obtaining licences, particularly in New South Wales and other states, and other parts of the retail sector are now saying, "Well, they're advantaged vis-a-vis us. More importantly, we are being damaged." How would a public policy deal with that?

MR MULCAHY: There are a number of elements that would support retention of the existing outlets for gaming, mainly because it is a controlled environment. It is controlled in terms of access only to adults; it is controlled in terms of the sort of training that is expected nowadays by hotel employees in terms of both responsible service of alcohol and responsible gaming practices. I think if you were to have open slather in retail stores and newsagencies, as we have argued also with the sale of alcohol - and we have seen certainly in the ACT and the Northern Territory where a deregulated policy in terms of the sale of alcohol has led to significant community problems in two completely different societies - the same could be said in relation to gambling.

We wouldn't believe that it is in the community's interests to have gaming machines available at every milk bar and corner shop because it would be very hard to control access to minors and also you wouldn't have the level of training that is certainly required for people who have the privilege to operate gaming facilities.

MR FITZGERALD: That's fine. Just more broadly then, in terms of the Internet we understand your position of concern. You are not actually opposing Internet, but can you just clarify for me - and this is a national government issue as well as state government issue - the approach you believe the Commonwealth government should take in relation to the Internet?

MR MULCAHY: I think it is unrealistic to oppose it in the sense that I am not sure that we have yet devised a way that we can prohibit things on the Internet. The best we can do is legislate to dissuade inappropriate activity on the Internet, which governments have tried to do in various areas. I just don't know that a denial of gambling facilities on the Internet is technologically achievable. It may be. I am not a

specialist in this area. What we have broadly argued is if that is to exist - and it does - that the level of control ought to be in place or the obligations ought to be in place that apply to, if you like, on-the-ground providers of gambling services.

There are obviously real concerns we have referred to here, and I know you yourself have made comment on television about operators offshore in remote republics and so forth being able to access people's credit card facilities with no guarantees that bets will be honoured. Obviously there is the other issue of minors who tend to be high users of the Internet facility getting easy access. In a perfect world it may be that you would say, "Let's not have that on there" but that I believe is beyond even the national government's control. So one can only then work to try and set a series of arrangements that may well involve the banking industry having a role with credit card facilities and so on - some obligations may fall to them as well to participate in this process - to ensure that those who are there are accredited, reputable operators and have codes of practice and regulations to adhere to.

MR FITZGERALD: So the regulatory approach is the approach which you think we should pursue, basically because it is not clear that we have any other option but that?

MR MULCAHY: Pretty much that is the view. It hasn't been subject to extensive discussion in our sector but I think that that is the only option available.

MR FITZGERALD: Okay. Could I just ask this: if it were possible to actually control it or actually prohibit it in some way would your association's view likely to be different? Again, you may wish to take it on board, because we have advice that perhaps it may be able to be stopped in ways that people haven't yet thought of, but I mean that is not the issue, the issue really is your view is - - -

MR MULCAHY: We haven't certainly engaged in strong internal debate as to whether or not that ought to be something argued. I think the view was that it probably wasn't technically achievable and so that is not a position that we have sought to favour at this stage.

MR BANKS: That's fair enough. Thank you very much for your contribution so far. As we indicated, we will be working towards putting out a draft report and will expect to get comment back from you at that stage. In the meantime, we may well, as we are working on our report, have further questions for you if you wouldn't mind us getting back to you at that time.

MR MULCAHY: We would be delighted. There are a couple of matters which we said we would come back to you on, Mr Chairman, and if there are other issues as your work continues on which you would like us to canvass opinion or provide some additional data, we will do our best to comply with those requests.

MR BANKS: Thank you very much. We will just break for a moment.

MR BANKS: Our next participants today are the Retail Traders Association of Tasmania. Welcome to the hearings. Could I ask you, please, to give your names and your positions?

MR STEVEN: Tony Steven, executive director.

MR BARNETT: Guy Barnett, lawyer.

MR BANKS: Good. For the association?

MR BARNETT: Yes.

MR BANKS: Thank you very much for coming along today and for the submission. As you know, we haven't had a chance to go through it yet, so perhaps we'll get you to summarise the main points in it.

MR BARNETT: Thanks very much, commissioners. I appreciate the opportunity. Can we say at the outset that we commend the Productivity Commission for holding the inquiry with the broad terms of reference and the federal government for creating and establishing the inquiry.

MR BANKS: Yes.

MR BARNETT: We hope that our input will assist in the formulation of effective recommendations to government. We believe that Tasmania is a unique island state and recently relaxing its gambling restrictions has much to learn from experiences interstate. We applaud the Victorian Casino and Gambling authority and their initiative to measure the impact of gaming on the economy as a whole and the retailing sector in particular. We also commend the Tasmanian government for introducing the community support levy for the benefit of those gamblers who now suffer from gambling problems that have arisen as a result of the introduction of widespread gaming machines.

However, the omission from the community support levy guidelines and the state government's gambling policy is the need to monitor the impact of the widespread introduction of gaming machines upon the economy and particularly small business retailers, and particularly those retailers in rural and regional communities. We believe the underrating of the economic implications of gaming will inevitably pose threats to Tasmania's economy in the future.

We've highlighted some key concerns on page 4 of our submission and note that the national accounting firm, Deloitte Touche, has concluded that compulsive gamblers account for about 22 per cent of casino incomes. I'd like to mention three of the six or more quotes on page 4. Firstly, that:

Atlantic City has shown how gambling can become a drain on the local

economy and harm existing businesses if the local community redistributes their spending.

The second quote:

The net effect of gambling was that approximately one job was lost for each gambling job created.

And the final quote:

What we are doing is, we're just rearranging dollars and the people who usually win quite frankly, are the casino operations. The people who lose are the cultural activities in the city, the eating and drinking establishments in other parts of the city, even automobile dealers, retail stores, etcetera. There is absolutely no net gain in terms of economic impact from gamblers who are located within the immediate trade area of 50 miles.

That's a US quote obviously. The Tasmanian gaming commission, in their submission to the Productivity Commission makes the point that:

The government's integrated gambling policy recognised that Tasmania was in a position to learn from experiences interstate.

We support that comment and the problems and concerns experienced interstate, particularly by our close neighbour Victoria is well noted. The effect of the increased expenditure on gambling due to the widespread introduction of gaming machines in hotels and clubs after 1 January 97 in this state has caused further hardship for rural and regional towns and centres as the lifeblood of those towns, the small and independent retailers, who are competing for the community's disposable income. It will, unfortunately, become worse if betting limits are removed this January 1999.

With respect to Tasmania's Gaming Control Act 1993, as I say, it did come into force on 1 January 97 and 50 per cent of the levy must be directed towards the prevention and rehabilitation of problem gambling, community education, research and other health services. We support these initiatives and acknowledge their importance in the community, but we do note the interests of the small business and the small business retailing sector which has been dramatically affected by the introduction of gaming. I've noted there that Australians overall have wagered 50 billion on pub and club poker machines the last financial year and in Tasmania, prior to the widespread introduction of gaming machines, the gaming industry's turnover was 815,000,000 in 95-96. A very large amount for the population of our size.

The introduction of gaming machines in hotels and clubs has increased the industry's profits a further 250,000,000 from the Tasmanian economy. Over the last year, the industry has recorded a record turnover in Tasmania of over a billion dollars

and profits of 29,000,000. These are set out in the attachments to our submission. In 97-98 we saw an increase on the 96-97 figures from 46,000,000 to 206,000,000, noting that the 46,000,000 figure was a 6-monthly figure and the 206,000,000 figure is for the full financial year 97-98. Just to summarise again, they are the figures in gaming machines outside the current establishments, meaning hotels and clubs.

MR BANKS: Yes.

MR BARNETT: So it has gone from zero to 46,000,000 to 206,000,000 per year and it looks like it's still increasing. This means that every man, woman and child in the state average a \$43 turnover on the pokies. Tasmanian losses on EGMs ballooned from 1.63 million to 7.81 million over that period. These figures are staggering proportions to a state which has the lowest income per capita per family and the highest unemployment record of any state of Australia. With respect to the retail sector of which the Retail Traders Association represent several hundred retailers in this state, it's the third-largest service industry in Australia, and in Tasmania it employs some 30-odd thousand people and contributes up to 10 per cent of the gross domestic product for this state.

Now, 56 per cent of Tasmania's private sector workforce are employed in small business and approximately 85 per cent of those employed in small business are in fact micro-businesses employing less than five people. Those are the businesses that are particularly important in the rural and regional parts of Tasmania that are being directly affected by the spread of gaming machines into hotels, clubs and pubs from 1 January 97. It's that area where we have particular concern.

We've drawn some references from the Victorian research, the impact of the expansion of gaming on the Victorian retail sector, and we note that a key finding is, that increased gambling expenditure contributed to a significant decline in national savings over the 1990s. That's on page 8 and page 9. Some of the significant findings that we wish to highlight are two in particular from that report, that growth and gambling expenditure in Victoria between 1990 and 1996 was stronger than the growth in expenditure on retail goods and services at the state level. This appears to have been funded through a reduction in savings.

Another aspect which is linked in is, that in the Victorian report the national savings says a share of total household income has declined from 6.7 per cent of income in 1990 to 2.5 per cent in 1996, and that Australian gambling expenditure rose by 1 per cent to reach 3 per cent of household income by 1996. The second point is, that we're also concerned with the issues highlighted in the Victorian report that:

The longer-term impacts of increased gambling activity will exacerbate the adverse effects experienced during recessions, as gambling expenditure strips away the safety net of family savings which, in turn, will adversely affect household expenditure and retail sales.

The report appears to support the fact that increased gambling expenditure has

displaced retail spending in some areas of Melbourne and Victoria. With respect to some of our conclusions before referring to the recommendations, the ability of many small businesses to survive another severe recession in the future will be greatly diminished if there is not a sufficient check on the increased expenditure on gaming by Tasmanian households. It is the responsibility of the Tasmanian government and implicitly the federal government to ensure that adequate measures are taken to curb, if not reverse, the anti-jobs, anti-community and welfare concerns referred to in our report.

The retailers are threatened firstly by increased competition for the disposable income circulating in many rural and regional towns, and secondly by the fact that the gaming dollar is money that was likely to have been held in reserve as savings or for retail purposes, or perhaps for other incidental means. We confirm again that the \$1 billion spent on gaming machines over the past 12 months' financial year, is in fact money which could otherwise have been used as savings, contributed to the wealth of the community, spent in small business retail shops or other related business and as a result it's particularly concerning to our association.

We've listed four recommendations for the Productivity Commission to consider and the first is, that our association urges that a broad-based independent social and economic impact study of EGMs be carried out without delay with an emphasis on the impact of those gaming machines upon small business retailers and particularly those in rural and remote communities. Again, one of the reasons for that is, there has been a focus on the social and community costs in terms of rehabilitation the problem gambling and so forth, but we believe there has been inadequate focus on the economic consequences from the spread of poker machines, gaming machines in this state and around the country, and we wish that there be further consideration of that.

I guess in that regard we would have to express our disagreement with the previous contributors to your commission where they indicated that the Productivity Commission should not be concerned regarding the impact on small business. We say it is a concern for the Productivity Commission, it is a concern for the government and it is a concern for the public as a whole because it does, in our view, have an impact, but the extent of that impact is unknown and not clear, and we acknowledge that, we don't have the figures down to the nth degree. But we say there is an impact, there is a redistribution of income and that should be acknowledged, in our view, by all parties and that impact should be tracked, noted and appropriate action taken as a response thereto.

To say that there is no impact, we haven't seen any evidence that says that there is no impact. In fact all the evidence we have in this state is, that there is an impact and particularly from our members in rural and regional parts of the state. They're not saying, "Look, the whole blame to their difficult circumstances at the moment is gaming machines," but they say, "Yes, it has had an impact and that's one of the concerns."

The second recommendation is, that the RTA is concerned with the Tasmanian

government removing any restrictions in relation to the betting limit of EGMs after the current restrictions expire on 31 December. We suggest that those restrictions should not be lifted. It will only exacerbate the negative impact of EGMs in Tasmania on retailers and particularly retailers in rural and regional communities. Thirdly, we urge all governments in Australia to pay particular attention to the use of Internet gaming facilities and to monitor the impacts for Australia socially and economically, and we noted in the previous hearings that Commissioner Fitzgerald referred to the easy access of funds and the improved technology, and we would support those comments wholeheartedly.

We say yes, communities do have increased access to financial services and cash basically, and it's obviously one of the reasons for the very high increase in spending on gaming machines in this state. We would have thought that those lessons would have applied across the country. At this point we note on an aside, that small business retailers pay a fee for their EFTPOS services, whereas the major retailers in fact gain a credit. We think that is unjust and unfair and it probably doesn't sit right within the terms of reference of the commission, but it is an issue that we regularly highlight to members of parliament and people in positions such as yourselves. It's discriminatory at the moment the way the banks have arranged the EFTPOS provisions in this country.

The fourth recommendation relates to our support and commendation for the Brighton Council. We note that the mayor is here and we commend him in his efforts, and in fact other local councils, to gain the right to choose its own future particularly in relation to the exclusion of gaming machines from its municipality, and we note the landmark decision in South Australia where the remote Aboriginal community won a fight to ban poker machines from a hotel, and believe such civic discretionary rights should apply in all states and territories. The major argument to ban EGMs in that instance was:

Aboriginal communities fear that poker machines will increase the already high level of poverty and alcohol abuse suffered by them.

We believe that a government closest to the people is the government best for the people; local governments can make that decision and of course it should be done on a case-by-case basis as and when appropriate. So we're not saying in all cases but it should be done with a sympathetic and social and community-minded approach. So that's an overview of our submission. We appreciate the opportunity.

MR BANKS: Thank you very much. One thing that has been said to us, I think probably by members of the gaming industries is, that they've made a reflection on what has been happening in the retail sector and said that for small retailers in particular the problem is structural change within the sector, the move from small retailers to large stores. I suppose the supermarkets come to mind in the food sector, but more generally that this is occurring. Do you have any comment to make on that?

MR BARNETT: We have some very substantial comments to make on that, and we

would be pleased to offer them to the commission. In the last 20 years the growth in market share in retail grocery market in this country has increased from 40 per cent to 80 per cent in the hands of the three largest supermarket chains, Coles, Woolworths and Franklins. We're very concerned that our anti-trust laws and pro-competition laws are certainly currently inadequate to deal with this market share which they now have an oligopoly, a stranglehold, on the market, and it is very important now for government to act to ensure that competition prevails.

Once you've got an oligopoly or a de facto monopoly then they can control the market. In the US the market share for the top three grocery supermarkets is 21 per cent. In the United Kingdom the top three is 45 per cent and the average for Europe is 45. It is almost unprecedented in the Western world that we have an 80 per cent share in the hands of the top three supermarket chains. So we acknowledge that there has been a change, absolutely, and a shift in market share particularly in the grocery sector. But it's impacting now across the board on butchers, bakers, florists, newsagents, pharmacists, liquor dealers, petrol outlets and so forth. The chain's tentacles are spreading and that is a serious concern.

So we acknowledge that and that has affected obviously, the ability of small and independent businesses to compete and to survive, we think their share is now grossly large and uncompetitive and it's impacting on families, on jobs, on small businesses ability to survive. You might say, "Well, so what?" Well, monopolies aren't healthy. Once the independents go and there's a removal of them from the scene, you will find that the big boys can do whatever they want. Prices can go up and there will be a very significant impact across the community.

MR BANKS: Yes.

MR BARNETT: In that regard, we just acknowledge your own Productivity Commission report into national competition policy in rural and regional areas and we commend the commission for undertaking that because part of that - with the big chains infiltrating into rural and regional areas they're pulling the guts out of those areas and the small businesses are dying off in those communities. So that's having an effect.

MR BANKS: I mean my point was, and you've probably confirmed it to some extent, to what extent is that swamping having any impact on the gambling industry in terms of the majority of your members?

MR BARNETT: Well, I think they're all contributory factors. It's not a matter of swamping. I suppose that's certainly the trend in the last 20 years, a very significant move and shift away.

MR BANKS: Yes.

MR BARNETT: But I mean in Tasmania the runs are on the board and we've only had 18 months or so of figures and you've had the first 6 months' figures looking at

40-odd million. The next 12 months' figures, you know, a huge increase to 200-odd million. The money has come from somewhere and you can't blame the chains for the demise or difficulties over that period for the smaller independent retailers. Clearly that money is, you know, disposable income and it has come from somewhere else. It's either savings or somewhere, and it's impacting particularly in the rural and regional communities.

MR FITZGERALD: You've heard obviously, the previous submission by the Australian Hotels Association, and we've heard it from others including the Registered Clubs Association of Australia, that in some senses if it were impacting - to use your expression - if it were impacting, then in a sense it's just a redistribution of money within the same economy, the same broadly-based community. How do you deal with that argument that even if there is a redistribution in a sense, well, that's just the marketplace, and they would claim that employment is being generated within this, what they would call, entertainment sector. On a broader level, why should the community, why should government, be concerned about the redistribution of wealth within the private sector?

MR BARNETT: Sure. I think overall we would say that creating a bigger pie is the way to go in Australia, and building the wealth in the country, that would be great. But let's face it, the government has acknowledged the impact in the social and community extent with respect to a community support levy and they're doing that in all the states to my understanding. So they've acknowledged it already, you know, across the board for those concerns and problem gambling and rehabilitation and so forth which we support. Let's be honest, up-front and say, "Okay, if there are other impacts, let's consider them and how we should deal with them." The government said there should be 50 per cent of that levy that goes to rehabilitation and problem gambling and so forth, excellent. You know, obviously they pay for their licence and they pay and receive the profits flowing from having the machines in the first place. I suppose one question that government would ask is, are those fees adequate?

MR FITZGERALD: I suppose there's a couple of ways of looking at it from public policy point of view and one is to say, "Well, we could limit or prohibit increased activity in the gambling area." The alternative that some might say is, we could increase it by giving opportunities to other retailers in the gambling area. For example, we've seen the growth of Keno and lotteries and what have you. Do you have a particular view about those approaches?

MR BARNETT: No, I don't think the association has a particular view on it other than that they expressed concerns where disposable income has traditionally been in the grocery sector or the independent retailers sector, whatever sector that they're in. If there is a shift to another area then it's an area of concern that needs to be dealt with.

MR FITZGERALD: Just on the taxation, you may or may not have been here for part of the presentation by the Australian Hotels Association where we were quizzing them about their acceptance of differential tax rates. Do you have a particular view

about the taxing of the gaming operators? At the moment they are differentially taxed at a significantly higher level than most other businesses. Some people have said of course all that's doing is, actually taking money out of the community, going back into state treasury and then hopefully some redistribution out of that. I notice, just quickly reading through, you don't make any comments about that and you may not wish to, but I was just wondering whether you have any particular views about the taxing regimes?

MR BARNETT: We don't. Can I just mention one other report. I've mentioned the productivity inquiry into national competition policy in rural and regional areas. You've also got the senate inquiry into national competition policy, which is having an effect on the redistribution of market share; and thirdly, just established and supported by all political parties, which we thoroughly support, is the joint parliamentary inquiry into chain domination in the retail sector. Now, why have such an inquiry?

Well, we know why, because there's been that shift in market share from 40 per cent to 80 per cent, for many other reasons, in the dominance of the major chains. So we want to ask that question up-front, so I thought I'd mention that inquiry, which was only announced last week in the final sitting week of the federal parliament.

MR BANKS: One of your recommendations here, apart from having the study done - and I don't believe there's been any study of this kind done in Tasmania, or actually generally in Australia there are very limited number of studies of that kind. We'll be pulling together what we can and doing some of our own survey work and hopefully we can shine some more light on that. But your second point which relates particularly to Tasmania is your concern about removing the restrictions in relation to the betting limit of EGMs. We had a discussion earlier about that with others. The point has been made that the restriction needs to be lifted to maintain or ensure the viability of the hotels and clubs that have the machines. How do you respond to that, that it was only ever seen as a transitional toe-in-the-water kind of measure?

MR BARNETT: Yes, I think our response to that would be that the consideration and concern for the small business retailer should have been taken into account originally when the legislation was passed many years ago. Is there anything that you're focusing on in particular?

MR BANKS: I'm just wondering whether you've had any information on the profitability of hotels since the introduction of machines to show that they're actually not suffering, that they may be doing okay with the current betting limits. I mean, that would be a relevant response to their argument that they now need to raise it to become viable or ensure their viability.

MR BARNETT: I suppose we're not in a position to comment on the viability of hotels in Tasmania in that regard. I suppose the other thing we'd say is sovereign risk is an important issue in this state and if there are contracts at foot we wouldn't specifically want them to be broken. We're certainly not calling for illegal action with

respect to breaking of contracts. But we are calling on the government to reconsider whatever means they have available to them to not lift the limits, because it will have a further and significant adverse impact on our members.

MR STEVEN: If the hotels are saying that they'd need to have the tax reduced so that they could remain viable, shouldn't the other question be asked, and that is are there too many gaming machines out there in the first place, spread too widely? So that is a remedy that could be applied on the other side.

MR BANKS: Okay.

MR FITZGERALD: Your point about the local councils' involvement and your recognition of the actions by Brighton Council are noted. What do you think is the effective and legitimate role of local councils in relation to this area? You may have heard some of the comments this morning about that. Retailers traditionally have been a bit sceptical of the role of councils in planning on a whole range of issues. Why in this area would you be supporting an increased level of power to councils generally?

MR BARNETT: It's a fair question. We're looking at this on a case-by-case basis. We say that yes, our planning laws should be as consistent as possible across the state in Tasmania. We acknowledge the efforts of the mayor of Brighton and his council for what they've done and we believe that in that instance it was appropriate that they had the power to determine their own future. I think as a general comment across the board we'd say that there should be model planning laws that can be in place, and if there is a special case or a special reason to change those particular laws or regulations, whether they be by-laws created by the particular council, or licences, permits and approvals, in every case they should be as consistent with the other council as possible.

We've certainly done quite a bit of research in that area over many years and note, as a matter of interest, that for a petrol station and general store the number of licences, permits and approvals that were required to establish and operate that general store in research that we did earlier this year was up to 26, and there were an extra 11 that could be obtained for the purposes of selling fish and having a post office and other things. So those are the sorts of issues that concern us and our members, to keep the red tape as low as possible. That's why we say make it as consistent as possible. But certainly in this instance we support the council's efforts.

MR FITZGERALD: What makes this so uniquely different? I mean, again they've just pushed the boundary of the discussion, and you will have heard this morning and right throughout our public hearings that those from the industry have indicated it's an extension of current existing entertainment. Why do you think this is uniquely different?

MR BARNETT: I don't know the detail, but my understanding of the previous law was that there was very significant argument as to whether that power was there in

the first place, and it ended up in court in litigation between the council and the state government - and the mayor can comment further on that. There was a very fine line as to whether they did have the power or they didn't, and we've noted in here the Aboriginal community in South Australia and their efforts to ban poker machines from that particular municipality and we acknowledge that. So we say it is a fine line. Where you draw the line exactly remains to be seen. We can't comment further on it other than saying that government close to the people is the government best for the people wherever possible.

MR FITZGERALD: Yes, I understand that. Is your main argument that gambling brings with it an element of harm or risk to the community that isn't present in other activities? You talked about chain stores and what have you having an impact on the trading patterns within a community, and people are obviously looking at that with some concern, but when they look at gambling what is it that makes it different, from your point of view?

MR BARNETT: Yes, I think it's the fundamental policy that local government should make an assessment, whether it be a gaming establishment expanding or a major supermarket coming to town. They need to make an assessment that's in the best interests of their community. They need to look at the economic, social and community impact of that development. They're all democratically elected and if people disagree, well, they kick them out and put somebody else in. But they need to make the assessment that's in the best interests of their community and they need to have the discretion to do that.

MR FITZGERALD: Can I ask this question, then. It's been raised in some other places - not here - that the competence of the councils to be able to make those decisions has been questioned by some in the gambling industry - obviously not all. Do you have confidence that the local government has the capability of making those decisions?

MR BARNETT: With the mayor of a municipality sitting in the room I'm not sure what I could say.

MR BANKS: He's looking right at you.

MR FITZGERALD: This is not meant to be a reflection on Mayor Foster.

MR BARNETT: Of course. No, look, I mean it's fair to say in Tasmania we've had our hiccups and difficulties with respect to local government, certainly with the amalgamation issue and the concerns relating to that, but I think their capacities are increasing and significantly increasing, and I'm quite excited about the role that they can play in the future with respect to making these sorts of decisions. I think there's a fair way to go, to be honest, but they are on the improve and I think you'll see their management skills improve even further over the next decade.

MR FITZGERALD: Okay.

MR BANKS: I was just going to ask you, because we do have a mayor still with us, as to whether you picked up through your association a particular concern in small towns as opposed to, say, Hobart or Launceston, for example, in terms of impacts on small retailers. Has that come through at all or is it of general concern?

MR BARNETT: Certainly we have anecdotal evidence, When it was first introduced on 1 January 97 we, through our members and through some of the retailers, said, "Well, what's going on? What's the effect?" and most of the feedback was from the rural and regional communities on its negative effect - you know, turnover had gone down and so forth. So that's where it's come from. You've already go the casino here and in Launceston, but in the rural and regional towns it's a new area where people can spend their money - - -

MR BANKS: That's what I was thinking of..

MR BARNETT: - - - like the east coast or west coast, and that's where it's hitting hard and that's why this submission is focusing on retailers and small business retailers in the rural and regional communities. The thing is that it seems to impact upon the smaller retailer more dramatically than it does the larger retailer, simply by the nature of the fact that the large retailer can wear any kind of a loss a lot more easily than a small one can. I mean, you're talking about most of our members being micro-businesses, under five people in the business, and when the pub up the road opens up an Oasis you'll see that that retailer can really feel a difference and he can feel it in the daily takings that he's seeing.

A lot of people taking an overall picture, like we may be, can say, "Well, that could be due to Coles being opened up down 20 miles away, it could be any number of factors - tourist numbers, etcetera," but the guy opening the store himself and standing behind the counter himself sees a direct correlation between the time the pub opened and the time his business started to drop. Now, scientifically it's hard to prove, but he knows; he knows there's been a change.

MR BANKS: Okay, good.

MR FITZGERALD: Just in relation to this survey that looks at the social and economic impacts, your last point that it's very difficult scientifically or methodologically - whatever that is - to actually see the impact because there are so many factors taking place in the economic environment - I mean, my concern is that you actually can never get to a point of really knowing why a particular business is suffering, given all the changes. Do you have a particular view as to a way in which you can actually study that impact? I mean, have you thought about it? If the Tasmanian government, for example, was to take you up on your offer do you believe there is sufficient capacity to be able to actually accurately undertake such a study?

MR BARNETT: Yes, absolutely. It can be done. And if you talk to social researchers and whatever you design a terms of reference in the case study which will

tap those trends and the spending patterns of people in that particular community. We've actually gone to the effort of putting in a term of reference there in the attachment which we think is pretty good, obviously.

MR FITZGERALD: So part of it is to actually analyse the changing pattern of the consumer him or herself?

MR BARNETT: Yes. We've got a beautiful case study here in Tasmania because it was only introduced 1 January 97, and then you're going to see the limits lifted on 1 January next year if nothing happens. We hope something happens but if it doesn't, well, you will see spending patterns change. As a result of that the redistribution of the disposable income will change, so let's track it. It can be done. We hope that it will be done.

MR FITZGERALD: Provided you use a longitudinal study.

MR BARNETT: Yes.

MR FITZGERALD: Okay, that's fine Thank you.

MR BANKS: All right. Thank you very much for participating.

(Luncheon adjournment)

MR BANKS: Our next participant today is the Tasmanian Council of Social Services. Welcome to the hearings. Could I ask you please just to give your name and your position with TASCROSS.

MS deVRIES: Lis deVries. I am the executive director.

MR BANKS: Thanks very much for preparing the submission for us, which we have read. We have got some questions but perhaps you might like to just highlight the key points.

MS deVRIES: Okay. I guess the key point for me is the first point which is the background. I guess you have heard this so much around the country, so at the risk of boring you and going over the same point, the concern is around the Tasmanian government relying so heavily on gambling taxes for state revenue. It is now up around 10 per cent, and I guess from TASCROSS's point of view we feel that the government has a vested interest in gambling and that their points of view, their decisions around legislative changes, are in a sense biased and difficult to make objectively. The video game machines introduction - this year we saw that there was an increase of 400 per cent. I mean, in a way that is an artificial increase because the previous year was only half a year's income but even so that was a significant increase and we can expect to see a further increase I think as the pokie culture sort of establishes itself in the state.

Next, just perhaps to say a few things about the community support levy, the one major point is about the casinos not contributing to the community support level from the gaming machines, and we recommend that they do do that. There seems no reason why they shouldn't, and patrons using their facilities are as likely to have gambling problems as anyone else.

We are a bit concerned about the statewide community education program that we understand was meant to be a statewide program but in practice only really works in the north of the state, and that means that we don't have any statewide education in practice. There is no community education in the south. I am not sure of the reason for that, whether that is an internal Anglicare issue or whatever, but I think there is no question that community education is one essential arm of the community support levy and it has to be on a statewide basis. I think that's clear.

I made a comment about the closed shop of the Break Even program which I thought was a bit concerning but didn't make any recommendations around. It has now been established for a couple of years and the organisations that it is funding seem to be consistent - I mean, it is Anglicare, it is GABA and it is G-Line. In a sense we have no problems with that, but in another way the practice of operating a closed shop about what gets funded is a bit of a concern. Why not fund something for 3 years under a clause of continued funding, dependent on the revenue, but then open it up for submissions again.

MR BANKS: Is that set in concrete for all time, though? I thought it was about to be periodically reviewed?

MS deVRIES: I'm actually not sure of that.

MR BANKS: Okay, maybe it is something we can follow up. You make the point about Gamblers Anonymous and it is interesting that actually I don't think Gamblers Anonymous are funded by these funds anywhere in Australia. They have got a different type of service that they are providing. There is a form of group therapy that occurs through GABA but that is a bit different again. So it may have something to do with their origins and the anonymity that they want and so on, but it is interesting that you have raised that because it just dawned on us that that is the case.

MS deVRIES: And certainly the funding here was very small. It was in the realm of about 2000 and it was to cover administration and office expenses, just basically to give them a bit of a life.

MR BANKS: Again I am not sure whether they have professional counsellors. I suspect it is more people who have been gamblers themselves and who have adopted this 12-point program or whatever, and are sharing their insights with others as a sort of group coming together in a way.

MS deVRIES: Self-help.

MR BANKS: Yes, a self-help kind of program. So again I haven't thought it through, but that kind of funding then mightn't be inappropriate for that. Anyway, I'm glad you raised it with us. We will have to think about it.

MS deVRIES: The community development grants program I had experience of in another sector as well. 78,000 is my understanding of the funding level for last year, which was only an average of 3000 each grant. I mean, this is a concern across the sector and across other areas, that they are such tiny grants that take such a lot of money to administer and really what effect do they have? They are small one-off projects that often have to be run by groups that are maybe voluntary groups or maybe small clubs, but for organisations like TASCOS or Anglicare or other community-based organisations to run anything that is a real community-based project it needs more than that. I think if the community support levy was raised it would be good to see that funding program raised.

MR BANKS: Are you saying there that the money they have got they are spreading it too thinly, or are you saying that there should be more money so that these projects can get more of a contribution?

MS deVRIES: I would say that there needs to be more money. I mean, this is a trend we are seeing across the community sector generally that we are losing money and that a lot of community grants programs are just not available any more, but if there wasn't more money I think there should be larger grants.

MR BANKS: Okay.

MS deVRIES: I have been surprised about the lack of research into the gambling issue. I haven't looked extensively, but from what I have seen and from a bit of an Internet search there seems to be very little research Australia-wide. I was particularly interested to look at the impact on the raising of betting limits in Tasmania and to see what impact that has had in other states. I could find nothing, and so I think that research in this state would be a really, really good thing. Perhaps that applies on a national level, to compare Tasmania, a more regulated industry, to somewhere else.

The ATM recommendation I was a bit unclear about. After doing a bit of investigating it seemed like it was a very complex issue but the issue of having money close at hand to a problem gambler seems to have inherent problems, and the only recommendation that I could come up with was to restrict ATMs from hotels and clubs, even though they are currently not allowed to be in the restricted areas. But of course then you have got EFTPOS, which is easily available as well.

MR BANKS: Yes. Some people have said to us in another state or territory that ATMs were preferable to EFTPOS because they give you a balance of account when you get your receipt whereas with EFTPOS you don't get that, and how some of their clients were just unaware of how much they had been spending.

MS deVRIES: It is a good point, too. The raising of betting limits - and I'm not sure of the scope of the Productivity Commission in this respect, but as you know other community groups are calling on the government to abandon their plan to raise the betting limits from 1 January next year. While TASCOS never supported the introduction of video game machines into the state, the 30¢ limit at least meant that a person can sit at a machine for several hours before they spend too much money. I guess in practice it means you can have 5 or 10 dollar bets per spin, but with those limits theoretically gone from legislation it could be any amount. We are also concerned that while the gaming machines have increased profitability we will see more hotels and clubs licensed to operate gaming machines. There is a concern that that would happen, so I guess we need to keep a cap on that.

MR FITZGERALD: In your submission you refer to profits to both Network Gaming at hotels and clubs. What is Network Gaming?

MS deVRIES: Network Gaming is the corporation that actually runs the video game machines, that actually sells them.

MR BANKS: That actually sells them?

MS deVRIES: Yes.

MR BANKS: Or is it the owner? Does that refer to Federal Hotels which in this

state I think owns all the machines, even though they are made available through the hotels and clubs? It is complicated.

MR FITZGERALD: Okay, we'll explore that later. That's okay, it's just that I hadn't heard it raised this morning, that's all.

MS deVRIES: Right, and the casino licence fee, as I said, 20 per cent increase; the interactive home gambling - have you explored that much in the commission?

MR FITZGERALD: Yes.

MS deVRIES: Okay, so just recommendations about research - I guess my final point was really about a plea for Tasmania, that we do have a special economic situation here at the moment with high unemployment and long-term unemployment. We're a fragile economy. I think that the regulations within the gambling industry are appropriate and, taking away from those restrictions I think further jeopardises our economy. I guess it is important to say that.

I had a couple of other points that I wanted to raise in addition to that. One was about that most people who develop problems begin gambling between the ages of eight and 13, which I wasn't aware of until the last few days when I have read some research about it, and I am wondering about the community support levy also specifically funding some programs that look at the development of gambling habits in children.

The other point was about advertising restrictions and comparing the gambling industry to say alcohol consumption and how we have got very tight restrictions about advertising on alcohol and why there are no restrictions about advertising on gambling - so looking at perhaps restrictions in that area or looking at counter-advertising; you know, why isn't there advertising about problem gambling and the adverse effects of gambling, and in that case money needs to be made available for the advertising of the other side of it.

MR BANKS: Are you saying that there should be regulatory controls on advertising about gambling?

MS deVRIES: Yes.

MR BANKS: And for the other point you are saying that it is a matter of making money available to advertise services that are available?

MS deVRIES: The adverse effects and the services available.

MR BANKS: All right, good. I will just go through the submission. Do you have a question straight off, Robert?

MR FITZGERALD: Yes. In your opening background you refer, as we have

heard, to the dependency of state governments on the gambling revenue.

MS deVRIES: Yes.

MR FITZGERALD: You also make the point here that the proposed introduction of a GST provides an opportunity for the states to secure a revenue base. You haven't actually made a recommendation concerning taxation per se. Does TASCOS have a particular view about whether or not any part of the GST or whatever tax reform arrangements come into place should replace gambling-specific taxes or are you still considering your position on that?

MS deVRIES: I would have to say we are still considering our position.

MR FITZGERALD: Do you think that the state government's policy-making in Tasmania would have been different had it not had the reliance on this tax, or would they have gone ahead with the same sort of policy construct irrespective of the revenue issues?

MS deVRIES: It's hard for me to say but I do think that the raising of the betting limits is an issue in that respect, that the state has such a fragile economy that the government relies very heavily on taxes like this and so the raising of the betting limits means that their revenue is obviously increased. I think in that respect they have an interest in it, yes.

MR FITZGERALD: Let's explore that. In your dealings with the government - although there has been a change of government recently - I presume you have been raising the issue of the betting limits as a sector. What has been the response generally to those representations?

MS deVRIES: It has been very guarded to date. I think the betting limits issue is a difficult one in the sense that the Hoteliers Association have said that they will sue the government if the government doesn't go ahead with lifting the betting limits, so the government obviously has some very competing points of view.

MR BANKS: Is the expectation - and I should know this, but obviously there are different expectations about what the betting limits period was about, whether it was actually just a transition period that everybody accepted at the time would be over in the 2 years or whatever, or whether it was seen as, "Well, let's start with this and see how things turn out and then make another decision about it." Did you see it as more the latter than the former?

MS deVRIES: I'm sorry, I can't answer that as I haven't been around for long enough. I'm not quite sure whether the government is committed to this, but because we haven't seen the full impact of the pokies yet - you know, the introduction of the video game machines has not really happened completely in Tasmania yet, so I think that the government is jumping too far ahead to raise the betting limits when they haven't even seen the impact of that yet. So if they said, "We're running a series of

community consultations. We'll first research the potential impact of the raising of the betting limits," it would be a different matter. But they haven't done anything and I feel like we haven't had a lot of warning. They might disagree with that.

MR BANKS: And this gets on to the question of how policy is made in this area, which Robert was touching on before. Do you have any comment to offer about how policy should be made in an area like this where everybody acknowledges it is an activity that generates both pluses and minuses in an economic and social context?

MS deVRIES: Yes.

MR BANKS: Clearly consultation is one point you have made.

MS deVRIES: Clearly, yes. I am just trying to think of a similar sort of area where the government actually consults on an issue. I think there are a lot of competing interests. I think if you asked the community as a whole what they thought about gambling and particularly what they thought about the betting limits, I am sure an average person would say that they didn't want the betting limits to be raised. But how do you get the voice of those people heard?

The voices that we hear are the Hoteliers Association, the government; you know, the casino complexes, and we don't often hear the community groups and people generally in the community, apart from one particular person who you would know - Tony Foster - who is a prominent person in the Brighton City Council. I mean, that is one person in Southern Tasmania who we hear about, who represents community groups. I mean, the government can hear people's points of view if they want to, and clearly it is through consultation, through hearing submissions, through asking community groups what they think as well..

MR FITZGERALD: It is an area which we have discovered that there are very few social or economic impact studies done at all. On the whole issue of the introduction of the EGMs into new venues, there doesn't appear to have been any substantive studies done at the time, or certainly ones that most people were confident about. Do you believe there's a particular reason why governments aren't inclined to conduct those sorts of studies in this area?

MS deVRIES: That's a good question, because the research that you see that's particularly available - well, everywhere, but what I've seen on the Internet as well - is American-based research that goes into a lot of detail about the social impacts and things like Las Vegas having the highest suicide rate in America and 60 per cent of problem gamblers committing crimes to support their habits. You know, there is stacks of research, and it's undertaken through academic institutions as well as lots of different areas. So why are universities in Australia not undertaking research in the area? Why is the government not funding it? I think the original information about the community support levy said it would fund research as part of its activities. I personally haven't seen any research that's come out of Tasmania.

MR FITZGERALD: As I understand the community support levy is actually administered - sorry, I have to be careful. It requires the approval of the treasurer in relation to its expenditure. Is there any advisory committee that sits around that levy? In other words, is there a separate funding reference group or committee? If so, if there is, you're not aware of it and you're not on it?

MS deVRIES: Not that I know of, Robert, not that I know of, and I certainly know with the community grants program that that was undertaken through the Education Department, so there was definitely no advisory committee around that.

MR FITZGERALD: At the moment you're calling for an increase in the support levy. You're also calling for an expansion of it to cover other gambling operators, including the casino.

MS deVRIES: Yes.

MR FITZGERALD: Do you have a particular view about the differential rate? In your submission you say there's a 4 per cent rate for hotels, 2 per cent for clubs. Do you have a view as to whether that should be the same across clubs and pubs, or are you relaxed about the differential?

MS deVRIES: I'd have to say that I don't know enough about that, about the reasons why it was established at that rate in the first place.

MR FITZGERALD: Right. You mention on the Break Even services a concern: as I understand the Break Even services here are with a number of agencies throughout the state.

MS deVRIES: Yes.

MR FITZGERALD: You're saying that it should be, what, more freely available? The funding should be more freely available to other organisations. You feel it's too restrictive as it is?

MS deVRIES: I feel that it's restrictive in terms of funding a series of programs on an ongoing basis. In our community sector here we're currently working towards triennial funding. Triennial funding seems to be a good place to start. We've had so much discussion here with our state government about competition policy and contracting out of services and tendering of services that community services around the state I think are feeling quite vulnerable in terms of their funding. But the Break Even program hasn't seemed to be working in the same way, which in one sense is a good thing, but in another sense I would say a 3-year funding period would be a good thing, with advertising of funding at the end of that time to assess where the funding is targeted again.

MR BANKS: I was going to ask you a question on the casino licence. Even in a summarised submission I was looking for a bit more rationale for increasing it by

20 per cent. But you just think that would be a good thing to do, or what was the logic behind that? You say in order to maintain and improve the current high standard of the inspection system the fee must be increased. Is the standard in danger, or have people been saying that there's a problem; that it is in danger unless there's more funding or the fee is raised?

MS deVRIES: I have talked to people about this, and they have said that they feel the amount should be raised; that the inspection service has been cut, and that they feel it should be maintained. But I'm sorry, I can't really say more than that.

MR BANKS: Okay. I guess a point that the industry or the casino venues are making to us generally around the country is that they are quite highly regulated and supervised and inspected relative to other gambling venues like pubs and clubs, for example. What I remember from when we visited Wrest Point is I think they get 80 per cent of their income from poker machines, and I think I recall them saying that when they empty the machines there has to be an inspector there. I might have got that wrong, but there was a fairly high level of hands-on in terms of the inspection. Whereas I don't think any of that would happen, or at least not to the same extent, with the hotels and clubs, even though, except for the small proportion of table games, they're pretty much doing the same thing.

But is that an issue that you've thought about; whether there needs to be more parity in terms of the various modes of gambling or different providers; similar gambling services needing to meet similar kinds of requirements? Is it an issue that's come up?

MS deVRIES: No, it's not an issue that's come up for me, no.

MR FITZGERALD: Just on the interactive home gambling and the Internet generally, Tasmania has a set of unusual laws in the sense that it can licence Tasmanian operators, but Tasmanians themselves are not allowed to bet on that but they can bet on other Internet activities. You've taken an approach here which basically says there needs to be more research, but would it be correct to say that in the second-last paragraph on page 5 you're saying that a regulatory approach rather than a banning approach would be the way to move forward?

MS deVRIES: Yes.

MR FITZGERALD: Does TASCOS or the sector have a particular view about the current regulations that have been passed here in Tasmania?

MR BANKS: It forces Tasmanians to gamble on the mainland.

MS deVRIES: Yes.

MR FITZGERALD: Yes, very strange.

MR BANKS: I don't think we have any more questions. Did you have any more comments to make?

MS deVRIES: No, that's fine.

MR BANKS: Thank you very much.

MR FITZGERALD: Thank you.

MR BANKS: I think it's customary at this stage to ask if there's anybody else who'd like to come forward. I don't see anyone. This really is the conclusion of our first round of hearings that we're having. We'll be producing a draft report hopefully in April, and having another round of hearings in about June, and probably coming back to Hobart to have those, so you and others are welcome to comment on our draft report, and then we'll be taking all that on board and producing a final report, in the first instance to the Commonwealth government in late August, but it's a report that we see hopefully in forming policy in all jurisdictions, and that's our goal.

I guess it's fair to say we've had a great diversity of input through the course of the hearings. We've had individuals come forward, we've had organisations, we've had large corporations come forward, although perhaps I think I can speak for Robert when I say that we might have had a bit more industry input through the public hearings, but hopefully that will be compensated for with the quality of their written submissions, and we haven't ruled out the possibility of having a special hearing, depending on some of those submissions that are coming forward from the industry, and that will be in the new year sometime.

I should thank everybody who has participated in the hearings. We've learnt a lot from them, and it's one input - an important one - into our work, and as I say we look forward to getting feedback on our draft report after we put it out. So with that, thanks to everybody, and we close the hearings. Thank you.

AT 3.31 PM THE INQUIRY WAS ADJOURNED ACCORDINGLY

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