



SPARK AND CANNON

Telephone:

Adelaide	(08) 8212-3699
Melbourne	(03) 9670-6989
Perth	(08) 9325-4577
Sydney	(02) 9211-4077

**TRANSCRIPT
OF PROCEEDINGS**

PRODUCTIVITY COMMISSION

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

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

TRANSCRIPT OF PROCEEDINGS

AT HOBART ON TUESDAY, 31 AUGUST 1999, AT 9.11 AM

Continued from 26/8/99 in Melbourne

MR BANKS: Welcome, everybody, to the public hearings here in Hobart following the release of the Productivity Commission's draft report into Australia's gambling industries. My name is Gary Banks. I'm chairman of the Productivity Commission. On my left is Robert Fitzgerald who is associate commissioner for this inquiry.

The purpose of these hearings is to facilitate public scrutiny of the commission's work and, in particular, to get comment and feedback on the draft report. It provides us with an opportunity to discuss people's submissions. Many people or organisations will of course continue to make submissions without seeking to discuss them in a public hearing. All submissions need to be in by the end of September to give the commission time to digest them and take them on board in preparing its final report which is due to be presented to the government at the end of November.

On the first page of our report we have a schedule of where the hearings are going to be. We have already had hearings in Canberra and in Melbourne. We're in Hobart here today. We go back to Melbourne again tomorrow and then after that, successively to Adelaide, Sydney, Perth and finally Brisbane at the end of September. Following this public discussion phase, we will draw on that feedback and other continuing research in preparing our final report to government.

The hearings are conducted as informally as possible, although a transcript is made to provide a record of discussions. There's no formal oath taking required, but the Productivity Commission Act does require participants to be truthful in their remarks. The transcripts of the hearings and the submissions themselves are public documents and can be purchased or accessed through the Productivity Commission's Web site. Details are in circulars available in this room or by phoning the Productivity Commission.

I would emphasise that participants are welcome to comment on the remarks of other participants in these hearings or to respond to any submissions. We have designed the process to give people enough time to do that within the time-frame that we must meet for our final report. With those preliminaries out of the way, I would now like to welcome our first participant here in Hobart, Mr Kim Peart. Welcome to the hearings. Could I ask you just again for the record to state your name and the capacity in which you are here today please.

MR PEART: Good morning. My name is Kim Peart. I am a citizen of Australia.

MR BANKS: And of Tasmania as well.

MR PEART: Yes, but I shouldn't just say Tasmania, I suppose.

MR BANKS: Good, thanks. As we discussed, you've got some comments that you would like to make. Why don't you go through those and we can see if we've got some questions for you at that point.

MR PEART: Okay. My point of view is from a philosophical perspective where I'm suggesting we need to think about the whole situation of gambling, so I prepared something, typed up this morning, which I will read out and then note a couple of examples. Can the gambling undertaken by individuals be seen as separate from the gambling in the economy at the national, international and global levels? I do not gamble at all because I view the practice as a direct threat to the earth's ecological systems which is the foundation of our productivity. I read that a trillion dollars is gambled every day around and around the global casino economy. Futures, day trading and international money exchange are all forms of gambling.

Apart from the harm caused to compulsive gamblers, their families, the community, people caught up in the hypnotic trap of gaming machines would hardly see that there is any trouble with global economic gambling. In much the same way, a person having a flutter at the TAB or in the newsagency is not only sending money out of their community and straight up the global money tree, but they may not see the connection with environmental harm. This gambling wealth must come from somewhere. It can hardly be plucked out of thin air, though it may seem to go there. No, the wealth must come from the earth's resources, from the body of our planet. The best use of wealth must be to ensure the wellbeing of the community as well as the health of the earth. With all our amazing technology, we could easily ensure a reasonable prosperity for all, as well as living gently and economically sustainably with our earth.

Why don't we? Instead, we gamble with our future and seem to place wealth at a higher level than survival. Gambling is not just a game. If it were, it would not need money to make it go. Gambling is a sign that we have not yet become a mature civilisation and that is a bit of a worry. There may be no way available to achieve a balanced form of gambling. The only workable solution may be to desist if we would like to achieve a universally prosperous and mature society. As long as we rely on greed and gambling as our driving energy, we may be going down the road to nowhere. If there is any value in these words, then they should be on the table with any genuine discussion about the problems of gambling. If people are made aware of the harm caused by gambling to the environment as well as to society, then they may see that there is a very important reason to desist, if not minimise the habit. People need a sense of hope, as well as to feel good about where life is going. Unemployment, poverty, drug abuse, suicide and increasing depression all are signs that we are going down the wrong road. Wealth should serve the needs of our society and environment and not roll us over into becoming the slaves of money.

Perhaps if people are aware of the real meaning and value of wealth as the strips of flesh we carve from the earth, then they and we may see the right way to go. Real wealth is beautiful because it comes from the beauty of the earth and is in turn used to create beauty. Perhaps it is the sacrifice of beauty and the chasing after greed that is the cause of our problem with gambling and the making of ugliness in our society and environment. After that, I have noted a couple of examples which I could raise, as with Easter Island. From my reading of that situation, we had a people who were developing a very interesting civilisation, making large statues and the statues

got larger and larger, but they didn't see that they were destroying their environment in the process of making huge statues. So we marvel at what they did, but their civilisation collapsed totally because their environment collapsed from underneath them. I believe that those statues represented money. It was a growth economy. They were gambling with their future by making huge statues and destroying their environment in the process. They had over-population also.

With beauty, I think it's very interesting to note scientific discovery, when a scientist feels a sense of beauty and discovery, as in a mathematical formula, they know they're on to something and then they will figure out how it all comes together - later often. So I think a sense of beauty is very important. I'm an artist, and in the creative process, you feel for a sense of harmony, a sense of balance. In other ways you may pursue the idea and the excitement of the idea; that is another kind of art, in a sense, but I think the main part of art, the art which people feel uplifted with, is where they look at something and they say, "Yes, this is good. This feels good." In this way, I think we can approach our economy, our society, our environment - they all go together, it's part of a whole - and consider what is beautiful. That's what I mean when I point out what is beautiful. The earth is beautiful. We all have a beautiful sunrise, a beautiful environment, and I think we need to identify ways to enhance the beauty, not create ugliness.

MR BANKS: All right, thank you. There's an unorthodox submission on our draft report. Have you seen the draft report at all?

MR PEART: Yes.

MR BANKS: Do you have any particular comments on what we said?

MR PEART: I had a look through it and as I say, I'm not in a position to respond to details. I could attempt to respond to details, such as putting ATMs into gambling venues; I would say yes, that is wrong. But I've been thinking about the situation of gambling for a long time and, especially for me, its connection with economical sustainability and I think we need to have a philosophical position in the first instance. I'm realistic, I don't expect gambling to stop, but I think it's important that we have a philosophical position and say, "This is the preferable, the ideal," if you want to achieve a certain outcome. If you're going to gamble, know the outcomes, know what the prices are, and then maybe you can identify a balance. It seems at present we have become very imbalanced in the whole thing of gambling. It seems to have increased, in my observation, over time, without looking at any statistics or figures. It seems to be intensifying, and I wonder why.

There wasn't so much gambling in newsagencies a little while ago. I wonder why there is so much gambling on us now. I just wonder what the connection is, and I think we need to have a philosophical view and this needs to be out there, saying, "What is the connection between gambling and depression and the environment?" and what would be best? You know, how can you get a balance? This would be provided in turn by the government, to say, "Okay, should we be addicted to

gambling? Should we get 20 per cent of our income from people throwing their money away?" That's the shocking statistic. It's absolutely shocking. I'm very disappointed to hear that. I had no idea until recently that the government is getting so much from gambling revenue. In my view, they shouldn't be getting any, because once a government locks itself into that kind of revenue, where do they stop and how do they withdraw from it? It's an impossibility.

MR FITZGERALD: Given that you believe gambling in a sense should be diminished to nil, the industry and others would have said that gambling is a form of entertainment and clearly one of the dilemmas faced is that when gambling is made available, then there's very high levels of consumption of it by consumers. How do you deal with the notion that to some extent, gambling does provide a form of entertainment, a way of the vast majority of people being able to enjoy their time in a way that doesn't in and of itself cause those people particular harm?

MR PEART: Once a person gambles, they commit to a certain level. If they do not have the strength to stop, then you find a certain percentage get drawn in too deeply and they lose it. So how do you organise a system where some people are going to pay a very high price personally - not just them, their families - and the community which has to then pick up the cost? So if you're going to have something which is potentially damaging to a certain percentage of the population, you need to decide, "Are we going to accept the cost or are we going to have some way of controlling the outcome?" So it appears we are sort of racing behind the truck, picking up the pieces, when we should be driving the truck - good driving, you go to driving school, learn how to drive and drive that truck safely, not have anyone drive it and then you find you have to fix up the mess. It's the wrong way.

MR BANKS: That's an interesting analogy. We might be able to use that in our final report.

MR PEART: Just saying with the environment, we're gambling with our future with certain practices - global gambling, that's the other part of it, the type of economic thing we're doing with wealth creation. So much of it is just pure gambling, so it's not for me to say it's all wrong, it's for me to say what I think is right and to think deeply, deeply into it and figure out what's right for me. I think it's up to each individual to figure out what's right for them, and we need help. We need correct information. I think it may be very hard to get correct information from a government that is addicted to gambling. They're not going to give it to you.

MR BANKS: All right. Thank you very much for your contribution.

MR PEART: Thank you.

MR BANKS: We'll just break for a moment now before our next participant, thanks.

MR BANKS: We'll start again. Our next participant is Brighton Council. Welcome to the hearings. Could I get you to give your names, please, and your position.

MR FOSTER: Tony Foster, Brighton Council mayor.

MR DODGE: Geoff Dodge, general manager.

MR BANKS: Good, thank you. Thank you very much for taking the time to appear again. We benefited from your presentation at the first round and also from the submissions and supporting duty of cares that you provided at that time so we look forward to hearing some reactions from you to our draft report.

MR FOSTER: Thank you, Mr Chairman, and thank you once again for the opportunity. First of all, I would like to congratulate the Productivity Commission on its draft report. I think it certainly validated my own long-term beliefs and my council's beliefs that gambling in this country is out of control and it certainly verified the fact that we've always said that the proliferation of electronic gaming machines was going to cause the amount of harm that it has done, not only in this state but in our country. There were some, I guess, rather scary statistics that did come out of that report, and statistics that I guess no-one in the country was quite aware of, in particular the fact that 21 per cent of the electronic gaming machines in the world are in our own country. That statistic I think frightened just about everyone.

If I go back to day one, Brighton Council's main criticism has not been about gambling per se but about the proliferation of electronic gaming machines and that has always been our concern. We were aware of anecdotal evidence from other states and worldwide statistics that electronic gaming machines were the major concern of our gambling problems and once again, I think the report vindicates that, so as I said, I congratulate the Productivity Commission on its report and look forward to its final report in November.

I'd just like to take the opportunity, I guess, since we presented our submission last December, to just bring the commission up to date to where we are in Tasmania from December last year. In our submission last year one of the concerns that we raised was that as from 1 January 1999 the bet limit was going to be removed off gaming machines in the state. We saw that as a major concern and during the middle of last year we raised this with all levels of government, the then Liberal government and the opposition, as to whether they would continue with that policy or legislate to have the bet limit stay as it was. We foreshadowed that there would be major concerns and problems if that was removed. That also has now been well and truly vindicated. Since the bet limit has been removed profits and turnover has increased significantly. Turnover increased in the first couple of months by over 65 per cent were the figures given in hotels. Profits for hoteliers soared as much as 400 per cent since that time and I'm just going to read a couple of comments from the Examiner newspaper of 3 April, which was only a bit more than three months after the

introduction. These comments are attributed to Mr Wayne Pritchard who represents Gamblers Anonymous. He said at the time, on 3 April:

Since a 10-cent limit on machines in clubs and hotels was lifted in January, turnover has skyrocketed, with some hotels reporting a fourfold increase. This has been mirrored in a rise in the number of people going to crisis groups for help. Welfare groups have accused the government of greed and the business community has warned that the gambling boom is affecting retail spending. Mr Pritchard said Tasmania was sitting on a poker machine time bomb. "The problem is unbelievable. We thought it would be bad but this is beyond our wildest predictions or expectations," Mr Pritchard said. "We're only three months into the year. God knows what the figure will be like over the whole year. People are coming to us who are desperate. They can't feed themselves, their families. They have housing problems. We thought it would maybe last two or three weeks, but this is incredible, and raising the limits is 100 per cent of the problem.

Further on in the article it goes on to say:

The Tasmanian branch of the Australian Hotels Association would not comment this week but hotels contacted confirmed that there had been a dramatic increase in turnover, some reporting a fourfold weekly increase and the Purity boss, Michael Kent said lifting the limits was having an impact on the retail sector.

So one of the issues that we raised the alarm bells about last year has now been borne out and is going to continue to be a major problem in this state. For two years and eight months now, since January 1997, we the Brighton Council have continued to ask successive state governments to initiate an ongoing social and economic impact study into the effect that electronic gaming machines are having in our communities, particularly in the rural and regional areas of the state, that is, the effect that they are having on families and on small business.

But this state government, as did the previous state government, continued to oppose the introduction of such an independent study and in May of this year, for the third consecutive year, I had a motion at the Local Government Association of Tasmania state conference where it was unanimously supported again by 29 councils in this state that we for the third year in a row ask the state government to have this independent study done for us. We believe in Tasmania that it's absolutely vital that we have an independent Tasmanian study done. The Productivity Commission national inquiry is certainly a help but there is only a limited amount of facts and figures in that draft report that really pertains, I think, to Tasmania. It does give a general picture but if we in our own communities, particularly, as I said, in rural and regional areas of this state, at the grass roots level, are going to have to deal with these serious family and business issues, we have to know what is causing the problem in those areas and we have to know how to be able to address it there.

So for the state government to continually hide behind the fact that there was a Productivity Commission report being done I think is now pretty well old hat and they have to start to look at an independent inquiry for us. We have asked the state government to put a freeze on the number of machines that are currently in existence. This also has been ignored. It was enlightening, I guess, that after the Productivity Commission report came out, that other state leaders - notably Victoria, New South Wales, Queensland and even South Australia - did acknowledge that it was time to put a freeze on poker machines in existence in our hotels. This state government did not believe so and has not made comment on it one way or another since, although they have said that they don't see that a freeze is necessary. In fact, over the next two years we're going to see a doubling of poker machines or electronic gaming machines in hotels across this state.

We have asked also that ATMs not be placed in or near gaming areas of hotels. Once again, other state leaders have taken the lead from the Productivity Commission report, and I think that as a duty of care they have acted responsibly, but once again our state leader here has completely ignored anything that is in the Productivity Commission report and in fact I doubt that he has even read page 1 of the report. The only concession that this government at the minute has offered is that the other day in the newspaper, the Mercury, it was reported - the headline was Problem Gambling Rethink - but basically all that the premier has indicated in this issue is that he expected to include the deployment of independent state gaming regulator. We take that as a given for every state anyway and we don't see that that is any concession or doing anything whatsoever to alleviate the problems that we have or foresee with ATMs and the doubling of electronic gaming machines into this state. So from my point of view there is no concession or no moving at all by this government at the moment.

We also, as a local council, continue to support that local government, local councils, through their planning schemes have a say in the placement of electronic gaming machines in their communities. We are the best - we are at the ground roots level in our communities. We understand small business. We understand the social implications of electronic gaming machines being furthered in our municipalities and we should have a say. After all, the state government rips the money out of our communities but we're the ones there that are picking up the pieces all the time and it's about time that it was legislated somewhere along the line. I hope that the Productivity Commission in its final report will say that local government or local areas should have some say through referendums or whatever one might want to call them of whether electronic gaming machines should be in our community or not because this is certainly happening and I'm sure the Productivity Commission know - this is happening in other countries and in particular it's happening in the USA - where at local level, people do now have a say of whether electronic gaming machines, or mini casinos, or whatever you want to call them, can be in their communities.

I have major concerns - although I noted in the Productivity Commission report that at the moment the commission does not have grave concerns or major concerns -

about Internet gambling. I for one certainly do. I think that the minute we legislate for Internet gambling in all states of Australia we are opening up once again another Pandora's box and I think that rather than do that, we should knock it on the head before it even gets under way. If we look at every other form of gambling, everything has been exacerbated as it goes on. This is only going to create more major problems. Within the next five years the statistics say that 3 million households across this country will have access to the Internet: 3 million mini casinos, 24 hours a day. That's taken right out of the Productivity Commission report. That's their words: 3 million mini casinos, 24 hours a day, operating in our own homes.

There are major concerns, I think, with how people are going to operate and account. It's a faceless person sitting behind a computer at home operating it. To set up an account, how are we going to put into place a 100 per cent safeguard that the youth of today or the future, who are so computer literate, are not going to be able to open an account? It's very easy for the youth of today or a child at home to know both their parents' full names. It's easy to know their mother's maiden name which is often used for identification purposes. It's easy to access their passport. It's easy to access their credit cards. It's going to be very, very easy for that young person to be able to have all that information to be able to go on to an Internet gambling casino at home and open an account in the parent's name. I for one cannot see how we can safeguard against that, and the concerns that that raises are enormous. As we all know, it's at least a month or so before a credit card account comes through to that parent and by that time, the money could totally destroy that family. So what do we want? What do I see that we really need out of all of this? When I say "I", I represent a very concerned local government council and indeed I speak on behalf of the majority of councils in Tasmania.

Really, what we want to see, we want to see a freeze on the introduction of any further electronic gaming machines in this state. We're not at the moment out there suggesting that we pull them all out immediately. I think over time electronic gaming machines should be removed from hotels but that's going to take time. But immediately, we do need to have a freeze on electronic gaming machines in this state, as I have noticed that the Kennett government in its election campaign is saying at the moment that they are going to freeze poker machines in Victoria until at least 2010. That's to meet community expectation. So it's good to see that other states are acting responsibly to the draft report.

Secondly, we want no automatic teller machines to be installed in hotels where there are gaming machines. I mean, one really begs to ask the question where we're coming from, as to why we want ATMs in gaming machine areas in hotels. There is only one reason and that is to allow people to access them with their credit card to get money when they run out. They can get cash at a hotel now through EFTPOS. So there is no real reason why ATMs should be allowed in hotels, other than to allow those vulnerable people to go and get further money through a credit card.

We would like to see a balanced advertising program, particularly highlighting the public health issue - you know, all our advertising on gaming machines at the

moment highlight and glorify winning and we all know that's not the case. If we're going to continue to allow advertising it must be balanced, whereby people are aware of the major health issues; we understand social and economic issues but there is a major public health issue that is really not being highlighted as it should. I also believe to stop the proliferation of gambling and the concerns that it's going to create for families in the future that we do need to legislate to prohibit Internet gambling in this state; indeed, I must say in Australia. I think it really is heading down the wrong path. If the Congress of the United States could legislate not to allow Internet gambling in the USA, surely in Australia we can follow suit on that.

My fifth point is that there must be a prominent role for local government to play, with local communities having the right to vote through referenda on whether they should be allowed in their communities. Quite clearly, statistically the people across Australia - something like 92 per cent, the report said - do not want to see an increase in gambling in this country. 70-odd per cent said we have too much. So communities should have a say in whether there should be any further proliferation. We should not be at the whim of state governments on that particular issue. My sixth point was that it is a given that we must have an independent industry regulator in every state.

I'd just like to finish by saying that I do have concerns with the leader of our state government as I did with the previous one, so it's not a Labor or Liberal bashing exercise on my part because I've taken this up with both over the last two and half years. But when I see that our current leader is so out of step with every other state leader since the Productivity Commission report came out and has taken to publicly and also in parliament denigrating those who have concerns in our community by calling us wowers and saying that Tasmania is becoming a nanny state and going on to say that we're not going back to prohibition days and talk like that, well, that has never been what our discussions or our comments have been about. It's been about concerns for our community, concerns for our families, concerns for small business and concerns for health of the people of Tasmania.

You know, I make that comment that it's about time that the premier of this state stood up and was accountable because I see that somewhere down the line, if a duty of care is not shown by state government and by the Federal Hotels network, gaming and hoteliers, there's going to be civil litigation in this state because we cannot go on continuing to ignore what is now not just anecdotal evidence but factual evidence and will continue to be. This Saturday morning just gone I was in a plant shop, Lifelike Plants in Derwent Park in Hobart, and people in the gallery here will know the place I'm talking about. The lady there said to me, "I've got a good one for you, Tony. This gentleman was in yesterday and he was buying lifelike plants to take to start up" - and she actually asked him, "What do you want them for?" He said, "I've just got an apartment. I haven't got a thing in it and I want some lifelike plants to at least give me some colour and happiness because my wife has just blown the last \$80,000" - and that's the exact figure, \$80,000 - "on electronic gaming machines at a local hotel." They are now separated. He's gone to get an apartment and he's going to start off with lifelike plants.

I hear stories every single day of the week simply because I guess of the profile that has evolved around me since highlighting this fact and people come to me every day with stories right across this state like this and it's happening day in, day out, and yet our government say that there's no problem. The premier, on TV three or four or five weeks ago said, "No-one is coming to me and telling us we've got a problem." The leaders in this state are burying their heads in the sand. It's a concern and I think I would just like to leave it at that and we will submit our points of concern again in a final duty of care which we will get off to you before the end of the month, but just highlighting what we say are the major six points that we think should be encompassed into the final report.

MR BANKS: Good, and thank you very much. Thank you very much for raising those points and we might just discuss a number of them that came along. You mentioned at one point that 29 councils asked for an independent state study to be done. What was the forum and what was the context for that?

MR FOSTER: It was the Local Government Association of Tasmania annual conference and it was the third successive year, as I said, that I put that motion on the books and I think every year it's been unanimous but this year also we had another motion on there that we asked the state government to reintroduce the bet limit. Once again, that was unanimous by the 29 councils. Naturally enough the Local Government Association has written to the state government on both those two motions being passed unanimously but as I've said, no comment from the premier on that.

MR BANKS: There has been a study at some stage in the past, but is your concern that that was a bit dated? I think Mark Dickerson did - - -

MR FOSTER: Yes, absolutely. In 1994 there was a study done and then in 1996 an update, but that was prior to the introduction of electronic gaming machines. It was a baseline study. If you have a baseline study, that's well and good, but if you don't follow it up to find out what's happened since the baseline study, there's no point. That report was done by the Tasmanian Gaming Commission. I don't accept that the Tasmanian Gaming Commission at the moment could do a fair report for us. What we've been pulling for is an independent report to be done. The University of Tasmania are well placed to carry out that. We're two and a half years into electronic gaming machines in this state and we don't want an overall report on gambling.

We understand gambling is an issue and we understand a certain part of it is entertainment. We're not arguing that, but the proliferation of electronic gaming machines has caused us major concern and even if the government came out now and said, "Yes, we will do one," it's going to be another 12 months before we have results that we can work with, so close to four years since a baseline study was done. That's why we say we urgently require that. But I honestly believe that this state government will not do one. They don't want to. They don't want to know the facts. They don't want to know what's going on in our communities. They're driven by

gambling revenue, so why would they want to find out some real results that they know if they had to act on would reduce that? So it's in their interests that they won't do this and yet other states - as you're probably aware, Queensland have completed their three-year socioeconomic impact study and from that they were able to derive information which they could go out and use and work with in their communities. But at the moment, you know, we're just going down this one path.

MR FITZGERALD: You talk about the state government's response to the report and indicated a couple of things. You made the comment that the government or the premier indicated that there was no problem as people weren't coming to him. What do you believe is driving that approach, given that even our own report does indicate a level of problem gambling in Tasmania and the report clearly identifies that increased accessibility of EGMs does in fact lead to an increase in problem gambling with or without an independent study in Tasmania? Why do you believe that response is being provided in light of the information in the report?

MR FOSTER: The government of the day, they keep coming back and saying - they always go back and harp on the same old thing about problem gamblers. You know, "Problem gamblers are only 1 or 2 per cent. We all understand that problem gambling is an issue that we have to deal with." On the other hand, what we're saying is it's also having major problems with small business and families and health issues. They don't want to look at that side of it. They just keep saying, "We've only got 2 or 3 per cent. We're providing money. We have extra revenue, so therefore the community support levy goes up, therefore we'll be able to throw more money to look after those people." That's only a part of the whole gambling problem. The other side is what it's doing to families. As it says in here, in the report, it affects 2 million families in this country. I did some figures based on percentages that were national and it worked out that 65,000 people in this state, based on the same percentages, were affected by gambling. But they don't want to worry about the 65,000. They're only talking about the 1 or 2 per cent which are being helped along the way.

So I find it difficult to accept that the government keep taking this one line on problem gambling without wanting to look at the other big issue. Naturally enough, Tasmania does have serious economic problems and the whole platform of the state government I think is built around gambling revenue. I mean, it's 10 or 12 per cent now. They're aiming at 15 per cent. I think Federal Hotels have enormous power in this state. They have a monopoly to the year 2009 on gaming machines. They are now moving out of the two casinos. They have bought one hotel and they stated publicly that they plan to move into other hotels. There just seems to be no stopping them and if we're going to continue down this path to 2009, while Federal Hotels are driving this state government the way they are, I guess it really does beg the worries of where we're going to be in 10 years' time in Tasmania.

MR BANKS: I think when we talked last time you raised the question of the betting limits and so on and the point was made that there were contractual obligations that had been entered into. How do you see this as a practical limitation on what can be done in Tasmania, the fact that there have been contractual arrangements undertaken

between government and the main provider?

MR FOSTER: It's legislation that we were able to bring that in through the Gaming Control Act, so there's legislation in there. It's easy to bring in legislation to change that. There's no problem with that. The premier goes on to say that we are too regulated, we should be deregulating. We've got too much legislation. We should have enough. But if we see something is causing a health concern, we have an obligation to legislate. We legislated to bring in car seats into cars when we saw it was going to save lives, we legislated to have no smoking in aircraft or airports when we saw that was a health problem. We can legislate when things are of a major health problem.

Electronic gaming machines are causing major health problems. There is no risk in the world that they are causing health problems. I hear statistics in Tasmania that people have committed suicide, through sources I have through gambling. If that's not health issues - so if you see that we can legislate in some ways to stop the further introduction of any more poker machines, ATMs, bring back a bet limit, because my main argument with Federal Hotels about the bet limit being raised - they always came on the same line initially, but that one has gone by the wayside now - was, "It's only a form of entertainment," that was their main line of argument. If it was only a form of entertainment, why raise the bet limit, because they were getting the same entertainment. They raised the bet limit simply because they wanted to make more money and raise more money themselves. So the entertainment argument has been shot. It's agreed on behalf of the Federal Hotels, it's agreed on behalf of hoteliers, it's agreed on behalf of the state governments. Sooner or later we have to really start to address this, but I guess we can only keep continuing to voice our views. But to answer your thing, the state government is driven by Federal Hotels, it's as simple as that. In my own personal view, it's just a comment I make.

MR BANKS: I suppose one of the areas that we have been exploring, and we probably didn't get to the end of it in our draft report, was just the question of how most effectively to get local communities involved in some of the decisions that are made. You mentioned referenda. Would you like to elaborate on what you would regard, having read the report and the points we have made, as perhaps the most desirable from the perspective of your local community, how you would want to see your local community consulted?

MR FOSTER: Yes. I go back to the initial argument that Brighton Council put in January 1997 when we had an application for 15 gaming machines into our community. Under our planning scheme, local government planning schemes which as you know we all have, the facility was there for us to refuse this application if it didn't meet social and economic requirements or standards or needs of our community. We viewed the introduction of electronic gaming machines into such a low socioeconomic area of our state which is the lowest in the state, had huge problems, and was probably one of the worst in the country as far as that goes at the time, and we saw that as introducing a problem that we didn't really need. We had enough to try to contend with without our families being affected by electronic

gaming machines.

So that facility was already there in our planning scheme, but the Brighton Council got overridden by another piece of legislation which was the Gaming Control Act which had a small seven-word paragraph in it to say that this act overrides every other piece of legislation which they conveniently used to override the other one. So I think that local government, through their own planning schemes, have the facility to be able to refuse - and they can consult with their community of whether they want them or not at the local level. If the people say, "No, we don't want them," or "Yes, we do," okay, fine, but yes, I think that facility is already there but it should be, given that they can actually do that in legislation, you know, not be overridden by a state government act.

MR BANKS: Some have raised questions with us about whether local government should have a right of veto or whatever in relation to access to gaming machines, just raising questions about how decisions would be made, to what extent they would be democratically arrived at and so on. Do you want to respond to that?

MR FOSTER: I think at local government level we make plenty of other responsible decisions throughout the course of time, I suppose, and I think that each council across the country would once again look at this responsibly. All the facts and figures point that the most vulnerable people, and the people that are in charge of imposing these machines on us, always put them into the areas across the country of low socioeconomic standard; that's a fact. They don't put them, as we have always said, into Toorak or Double Bay or places like that; they don't. They go out - and that's what I found the most contemptible thing about this whole thing was - they purposely go out and put them in areas where the people are most vulnerable to them, and that's shown historically worldwide, once again, those sort of facts. So I think local government can act responsibly and say whether they can go there or not now, and on the numbers and so forth.

MR BANKS: Yes.

MR FOSTER: I don't think there needs to be a great deal added to that and it's up to the local council, if they want to have a local referenda on them or whatever. I mean, when you work in a community you get the feel and you know, you understand, and the reason why I guess people are elected to local government is you're not there to tell people what to do, but you listen to them and you act accordingly, and we're hearing it right across this state now loud and clear, that people want them removed. They don't want them in their communities.

MR FITZGERALD: You have mentioned in the presentation the hotels and what have you. Have you got a view about the clubs generally and their use of EGMs or are the - - -

MR FOSTER: I think clubs could responsibly play a part in having them. I think if the two casinos and clubs in Tasmania, like maybe the football club or something

like that or golf clubs maybe have just had them, we wouldn't have had this major concern of proliferation that we have seen because I think some good can come out of clubs having them because they're putting the money back into the community and sport and recreation and youth and so forth, but hotels are not doing any of that. That's going straight into the hotelier's pockets and into network gaming and into the government. We don't see any of that coming back. I haven't seen one dollar. We've got two hotels in our municipality that have got gaming machines, taking an enormous amount of money out that's not being redistributed in that community, the shops and so forth, but I don't see one dollar coming back, either through those hotels or through the state government, whereas I think that clubs may have had a role to play in recirculating that and helping within that community, so I have basically, I guess, argued more about hotels than I have about clubs.

MR FITZGERALD: Just in relation to the Internet, as I understand it, Tasmania does have legislation in place in relation to the Internet which permits operators in Tasmania to offer Internet gambling but it doesn't permit Tasmanian residents to actually access that. Is that currently the case?

MR FOSTER: I have seen two scenarios in it. One is that which is the original viewpoint put forward by the previous government when we questioned them on it and I had that in writing from them to say that that was going to be the case. I believe that Internet gambling is going to be legislated to come into place in Tasmania in December this year, but I do believe that Tasmanian residents are going to be able to access it, otherwise why would the state government want to bring it in? How would you bring it in and stop people in Tasmania from - and with the way this state government views gaming at the minute, I couldn't see them saying to Tasmanian people, "You can't access it."

MR FITZGERALD: Yes.

MR FOSTER: So I don't know what the current legislation is.

MR FITZGERALD: Okay. Perhaps we can find out more about it while we're here.

MR BANKS: All right, we have got the points you have raised, yes. We don't have anything further. Perhaps if you were going to make some more points in a written submission there might be an opportunity for us to get back and seek clarification at that time but thank you, as I said, for your participation and for making these points. Certainly for us that's one part of our report that we will have to keep working on in terms of both community impacts and then the question of the regulatory framework at the end of our report and how that takes account of community interest, so thanks very much for your help.

MR FOSTER: Thank you, Mr Chairman.

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

MR BANKS: Our next participant this morning is Anglicare Tasmania. Welcome to the hearings. Could I ask you please to give your names and your positions.

MR JONES: My name is Chris Jones and I am the CEO of Anglicare Tasmania.

MR BANKS: Thank you.

MS HUTCHISON: I'm Jane Hutchison and I'm a financial counsellor at Anglicare.

MR BANKS: Good. Thank you very much. Thank you for participating again at this stage. We benefited from your earlier participation and submission, and as we discussed, perhaps we would just let you make whatever remarks you would like to make about our draft report.

MR JONES: Thanks, Gary. I suppose the first thing we wanted to do was take hold of the opportunity to provide the scrutiny and feedback that you indicated you were willing to receive, and so I want to start with that by saying I think you did a good job in that draft. So I suppose in that sense I wanted to give a bit of a bouquet to start with because we were impressed with the range of the work that had been done and the fact that it had picked up some of the concerns that we had, so in that sense we were pleased with it.

MR BANKS: Right.

MR JONES: But I suppose what it did also though is raise significant questions for us, questions about policy development in particular. Part of that is this question about government dependence upon income that's raised from gambling, and whether that actually allows them to make proper and informed decisions in terms of policy development if they are so dependent upon income. I mean, what you find with Anglicare here and our Council of Social Services, we're actually holding a conference today - it just happens it falls on the same day - called Funding Our Future. We were actually trying to talk about state revenue, and particularly the impact that the income from gaming has on state revenue and the dependency that we're finding as a state. We're pleased that the state treasurer is actually addressing that conference - he started five minutes ago - so I think what we're finding is that we have had a lot of positive feedback about the conference, so I suppose what that does to me anyway is to indicate that what you have highlighted as this dependency is a community responsibility.

For that to be named up in a sharper way so that we actually ensure that there is proper community consultation and things, to make sure that if we're going to ameliorate some of the effects of gaming, that's one thing, but to make any limits or caps or changes, and how does that affect community overall if there's a decline in revenue I suppose concerns us. There's another aspect of that policy development work and that is what you have named as the access to objective information and independent advice, including likely social and economic impacts. I suppose what we have been struggling with in this state is to ensure that we actually have what you

were able to do in some of those Victorian and other cases, to actually get some local knowledge about the social economic effect of gambling.

What we have been trying to do in this state is actually get a Tasmanian read on that, to actually get some sense about what you have identified in other parts of the country by way of sector or by geography, how is that actually happening in Tasmania, because there are some peculiarities about Tasmania in terms of unemployment and welfare reciprocity, the rate of that, so I suppose what I'm saying is I wanted to use this as a bit of a platform to say it's well and good to say that there is that question that's there. I suppose to me there ought to also be a challenge or recommendation for state governments to actually begin to fund some of that, to actually look at what happened locally.

The case for instance here is, Glenorchy City Council, one of the local government bodies here, met last night and they have actually said, "We should look at this in the Glenorchy context." Now, Glenorchy is a northern suburb. It's got, they tell us, the highest rate of these electronic gaming machines, other than the casinos of course, of a municipality. That to me picks up something about what you said which was the involvement of that third tier of government. They're doing it. They have picked it up. They're running with it so it's not just Brighton which you have named in the report but Glenorchy now, and I suspect we're going to see a bit of a ripple of that, about local communities saying, "What's the cost for us?" I think there needs to be a bit more of a push for government to be able to fund that.

The premier has indicated that he wants to talk with us further but I got a call from his office this morning, because they happened to know I was appearing here today, and said, "Well, it's going to be some weeks before we actually get to make a decision." In other words, this has been a decision that has been before them. I mean, you're conducting hearings today, and we thought it would be good to hear what the government has got to say about this, some of the local flavour of the study that needs to take place, but we still haven't heard, and we still want to hear from them about it.

MR BANKS: Sorry, just to clarify, what are you waiting to hear from?

MR JONES: Whether the government will or won't fund a local study of the type that you have actually got in here, like Warrigton, or however you pronounce that Victorian municipality, some of that, but let's do it locally. I mean, one of the things that you had said, one of the phrases, "unaware of a comprehensive or robust study that looks broadly at the effects of gambling". What I suppose I am saying is "broadly in Tasmania" - I think that we should be able to break that down and say that one of the things that we could encourage state governments to do is this sort of inquiry actually to look at that. I suppose I have got those two questions so far about policy. One is the dependence on government of the income derived and the second is the need for some objective information which leads me to think that there ought to be some of these studies done.

One of the conclusions that you have reached about the potential was that there is a potential for disadvantaged communities to suffer more adverse social problems from expansions in gaming. Then you have said that ought to be fed into government policy. For us in this state, somewhere like Glenorchy, which we've identified as an area that has an increasing number of these machines, we've got to relate what's going on the ground there into that government policy. You've said it's got to happen. I suppose the vehicle whereby it can happen usefully is to get some sort of study done, some sort of inquiry done that can quantify the costs, because what we're not getting is any sense that they're happy to take what happens in Victoria and say that happens in Tasmania. There's not so much a denial but there's not the direct adoption of your findings for Tasmania. So I suppose what I'm saying is let's do that, let's do that work here, and get that information in so it can feed into that policy framework.

The third area around policy was what I have titled the "separation of powers" which is what you've identified as who should be setting the policy, who should be actually controlling the industry, and who should be enforcing different functions that have resulted from policy and control. I think that there's going to be need for something to occur to ensure that there is a greater separation of those powers. I notice Mary here who is the executive officer for the community support levy, so we shouldn't name the officer, but certainly what occurs though is that within this state, a lot of this has devolved to a smaller group of people than it probably needs to be. We need to make sure that there is a clear separation. There needs to be something that says, "This has got these functions and this has got these functions," so the community support levy, for instance, ought to be administered in such a way that there's a clear separation, where at the moment we have what I think is a convoluted process that feeds up and around past too many people. I think that actually then makes it more difficult to ensure that what's going to occur occurs - in other words, what you've talked about as that clear separation so that services are funded - and the difficulties that come when there is not that funding, we can actually work on that if we've got a clearer separation.

I suppose the other policy area - and Jane is going to talk more about patrons and things, so I'm trying to deal with some of the policy issues - is what you have raised in there regarding funding for counselling services or for patron care. I suppose one of my concerns around that was to do with what you've named as evaluations and best practice. What we've got to ensure happens is, well and good, we've got these counselling services on the ground, the Break Even services in this state, and we've got G-Line and other related facilities, but it's a question about how to ensure that they are best practice. How do we ensure that what we're doing in this state is the best it possibly can be for those patrons who are in need? You have talked about valuations being important. I'd agree with you, but somewhere along the way we've got to ensure that there's a mechanism to fund those evaluations so that it leads to best practice.

What Anglicare has been able to do here is, through the gambling industry group, we've developed a relationship where the patron care strategies - in the first place, Anglicare was involved, and that gambling industry group have asked us to

become involved in doing some review about it, leading to best practice. We're hoping that through those negotiations, we'll actually get to a point of having funding to do the review of the current practices, counselling services and the like, as well as looking at what best practice is. I suppose what I'm saying is I think that as a policy development, that's an area that we ought to be looking at nationally as well. Just as you've talked about training and accreditation for gambling counsellors, so it is that we ought to be looking at a national program whereby some of the evaluations are done, so that the best practice material can be fed back in at the state level as well. Those were my opening remarks around the policy area and then Jane had some things to talk about, more directly tied in with patrons.

MR BANKS: Do I take it from your comment though in terms of the separation of powers that you broadly endorse the model framework that we've set up in the last chapter?

MR JONES: Yes.

MR BANKS: We haven't specifically put it there for Tasmania but it's something that we drew on from different jurisdictions as perhaps a model that could apply in any jurisdiction.

MR JONES: I suppose I also want to encourage it and there are particular difficulties we've got in this state about how that's been to this point in time and I wanted to encourage you to look and make sure that that is a recommendation that would cover our state as much as some other places, for sure.

MR BANKS: Good, thank you. Please go ahead.

MS HUTCHISON: Okay. As Chris said, I'm going to be more specifically talking about the actual effect on people, the patrons themselves. I'd like to reiterate Chris's commendations of your findings. I think they're excellent. I've just picked out some areas that I'd like to talk about a little bit more. Chris started discussing the fact that it does appear that they do seem to be preying on disadvantaged areas, particularly the EGM, the electronic gaming machines. I can think of one small town just outside Hobart that has three pubs and two of them actually have electronic gaming machines in them and it's a particularly poor area. Once again also, Chris said the Glenorchy area which has large areas of unemployment etcetera, and the Brighton area which also stands out for the social demographics of being very low income, does seem to have more than its fair share of electronic gaming machines, whereas if you go to the more affluent areas, you are lucky to find one. As I said, I haven't actually gone around and counted them but it just does seem to me that they're more prevalent in these areas, so therefore giving access to gambling to those who are in a more socially disadvantaged position.

When I spoke to you last year, last December, it was just before the lifting of the limits on the electronic gaming machines. I said I couldn't say much. Since then, we have seen a hundred per cent increase in people accessing our Break Even

services. The other thing that is particularly coming through, talking to our Break Even counsellors, is the financial effects are greater. People are losing larger amounts of money a lot faster. So I think everything that we thought was going to happen certainly is happening in those areas and since the lifting of the limits, the amount that they are taking, the profits, have escalated to very large amounts.

In the areas of consumer protection, I believe the consumer protection needs to be uniform throughout Australia. It gets very confusing when you go from state to state and there are different consumer protection laws. We have seen this with the uniform consumer credit code and things like that. It is much easier, when you have the same sort of problem throughout, if you can have a uniform approach to it.

I certainly agree that there seems to be no information particularly on the electronic gaming machines on the odds of your chances of winning on those and anything that has been produced is quite complex. I think you need to have something that's in simple language, explaining to people exactly what is going on there. I even find it myself difficult to get around the fact that they're supposed to put so much back to the punter and so on and so forth, but the exact way it's done doesn't quite seem to correlate with how it sounds on the surface.

The other thing I'd like to mention is throughout gambling areas, I'd like to see more information about Break Even services being readily available to patrons. At the moment, it's all very well having some poster in the toilet or something like that, but the fact is you very seldom take a pen and paper to the toilet with you. 1800 numbers are not small to write down. Surely a few little business cards or something like that put in a corner are not obtrusive, they are not going to upset other people, yet they're there for somebody to slip into their pocket if they need them.

MR BANKS: So what you're saying actually at the moment, there isn't sufficient information available to patrons about the availability of your service, not in a form that's readily accessible to them?

MS HUTCHISON: I don't believe so, exactly, and I mean across the range, not just in the pubs and the clubs but in the casinos etcetera.

MR JONES: That's one of the reasons why I suppose we're wanting to do some of the review about the patron care strategies, because they're there - I mean, like the 1800 business card, the little card and all that sort of stuff, that's all there within the policy framework and you see it in some facilities, but it's a question about how effective they are and how efficient and how widespread they're used, so it's that sort of work that we actually need to have done, to see if things are working properly, because the anecdotal information that Jane is talking about, we actually need to quantify because when I meet with the gambling industry group, they say, "Yes, we're abiding by the policy. It happens on every occasion." But they acknowledge too that we actually need to do some work about this and they are saying that they are happy for us to actually look at a mechanism whereby we can review it, to see to what extent it is actually working, because you can identify all sorts of things that need to

occur, but is it actually effective and efficient in caring for patrons?

MR BANKS: At this point, it might be worth raising the question of whether you had any views on self-regulation versus government regulation in this area of consumer protection and information?

MS HUTCHISON: I suppose coming from the area I come from, I come with a certain reservation to self-regulation, that it's fine for those who are committed to it and that they will actually go ahead with it and provide the information to the best possibility, but for those who are ambivalent or maybe hostile in some way to it, then they're not going to go through with it as clearly. That is my opinion on self-regulation. I suppose just what I've seen in other areas of consumer protection with self-regulation, I question very heavily industry's ability to self-regulate sometimes.

MR BANKS: I think self-regulation and self-interest often coincide and I suppose the question in this area is where does self-regulation and self-interest coincide and people will give different views. Certain areas of the industry would say yes. We've raised questions about the proportion of venue revenue that is derived from problem gamblers which suggests that there is a potential tension anyway in motivation.

MR JONES: I suppose part of it though - I'd be interested to be able to make a response to that - once we've actually done some assessment about some of the patron care work - because to the extent that we're actually finding people putting in what currently is self-regulation and whether that is currently actually being adhered to in most cases - I think after we've got some feel for that, we may have a stronger view. But certainly there is concern in other areas where we've encountered this with consumer protection that some sort of mandatory or legislative framework is better.

MS HUTCHISON: It would be nice to have that as at least the building blocks, I believe, some basic requirements at least.

MR FITZGERALD: I'm not sure if you're finished, Jane, are you?

MS HUTCHISON: I've got a couple more things to say. Also I wanted just to mention about advertising. This is still an area of worry. Once again, with self-regulation and so on here, we've tried to encourage them to sort of maybe not look at it as money-raising revenue, you know, that you advertise that you're going to win, that you're going to make money from this, but just as a recreational thing. However, it still concerns me the way advertising does happen and I just would like to bring in the correlation between the fact that there are bans on alcohol and tobacco advertising because it's not seen as good for the community. I would also like to maybe bring gambling in to those areas as well.

The other thing that we have here at the moment which is a particular worry for me as a financial counsellor is there's a threatened introduction of automatic teller machines into the clubs and the pubs. I find this ironical, as it came out at the same

time as your interim report came out and at the same time as New South Wales and South Australia are talking about legislating against having ATMs in pubs and clubs. This is a huge area of worry for me. As I said, since the lifting of the limits on gambling, we have seen far greater increases and greater problems and I just feel putting an ATM in a pub is really basically the same as putting a bottle shop next to an alcoholic rehabilitation centre really. I could give you numerous stories about the problems with having the ATMs in the casinos.

MR FITZGERALD: Has there been any response? Our findings, when we actually surveyed problem gamblers, the thing that problem gamblers identified most, almost entirely, was that ATMs was in fact the greatest cause of concern to those that in fact were problem gamblers. What justification would be used to introduce ATMs against that sort of evidence which overwhelmingly indicates around Australia that ATMs in pubs and hotels is a major issue?

MS HUTCHISON: The justification being used is that apparently EFTPOS isn't good enough, the fact that you're giving your patrons more care and attention by having them readily accessible to their cash and credit. That is actually their full justification.

MR FITZGERALD: At the time when we were here in December there was a campaign with Anglicare and others to try to stop the increase in the betting cap. Was there any attempt by the government or the industry at that time to link increasing of that betting cap with increased consumer protection or harm minimisation or did that measure simply go through to the keeper without any increased regard for those two areas?

MR JONES: One of the things that occurred, the increase had already been legislated for, and so in some sense, what the government was advising, it was too late. It had already occurred. At the same time though, what we knew would happen would be an increase in revenue into the community support levy, so in other words, what we heard at the time would be there would be additional resources that would be made available to the community that the community was funding by the levy on the income. So additional patron care strategies and things would come out of that, but nothing in addition to what had already been legislated for. Even so, for instance, financial counselling, like the service that Jane works for, we still don't get any funding for. You know, it's funded but it's not funded out of the community support levy. Now, despite the fact that in one of your surveys it was 77 per cent of problem gamblers who identify finances as an issue, out of that community support levy, we still don't get any funding for financial counselling.

MS HUTCHISON: Which is a problem. We have four to five-week waiting periods. Gamblers with an emergency can't wait that sort of period of time. We're stretched to the limit and becoming more and more stretched.

MR JONES: Yes, so relating back to December, there was an indication, "No, all this is already set up," but we already know there's more income in there, but that

income hasn't flowed out to one of those services that I would have thought would be key to enumerating some of the effects.

MR FITZGERALD: Just on that point about the increase in the betting cap limits, you're saying that since that time, there's been a hundred per cent increase in Break Even counselling. Just explain to me how your clients have presented since then, because that is a clear case study that one can look at, a change, and what appears to be a cause and effect. Just explain to me why you think that hundred per cent has occurred. Have people moved along that continuum of problem gambling where they were maybe at risk but suddenly it moved over into being not only at risk but actually moving into the problem gambling area? What has actually happened?

MS HUTCHISON: That does seem to be what's actually happening, whereas with the caps on, at least they could only put so much through. So it tended to maybe contain more areas that could have become problems. Since the limits then, what is happening is there's nothing to stop them putting everything in and as we well know, somebody who is hell bent that they are going to win, they're going to put everything through that machine and that is what is happening. So once upon a time, maybe they would have gone and maybe spent \$20 in a day, just putting small amounts through; what's happening now is they're putting larger amounts through in very quick periods of time. Therefore, the problem is escalating.

MR JONES: Because as I think we've identified, the problem with problem gambling is the amount spent as distinct from alcohol and tobacco which is the by-product of the product consumed. It's quite different, so it's an immediate impact.

MS HUTCHISON: That's right, yes. I think that you'd find our emergency relief organisations and that are definitely also saying this as well. It's getting tighter and tighter; trying to just get families help for food when all the money is gone is getting harder and harder.

MR BANKS: Did you have some other points that you were going to make?

MS HUTCHISON: No, that's fine.

MR BANKS: Yes, I was actually going to ask a little bit about that hundred per cent increase in access. Just to clarify that number, that's an increase in people, additional people, who are coming to your service?

MS HUTCHISON: Yes, it is.

MR BANKS: That has happened over what period, since the beginning of this year?

MS HUTCHISON: Probably in the last five months it's steadily increased to the last few months where we've definitely seen that hundred per cent increase.

MR BANKS: I mean, one of the issues that we draw attention to was accessibility in terms of problem gambling, but the other one was in relation to the machines, the rate that you can spend and the sophistication of the machine and so on, comparing them to the old one-armed bandits which operated in New South Wales for a long time. So in a sense, you've had another similar experiment here in Tasmania because you've gone from a high technology but low-spend option to a high-spend option, so that would be another reason for doing a study at some point, to see against the benchmark.

MS HUTCHISON: It would be interesting to see that, yes.

MR FITZGERALD: As I say, it is a perfect case study. One of the problems in gambling is that in many states, gambling has been around for so long without any major changes, but here we have a change and we have what appears to be a direct effect, so if that could be documented in some way, just simply, it would be very helpful to the case.

MS HUTCHISON: Yes.

MR FITZGERALD: Just in terms of some of the other things, I just want to go back to the splitting. Given that that was almost a legislative change, you have other issues in Tasmania with an automatic increase in the number of gaming machines every year for a period of time which I wasn't aware of when we came last time. How do you think governments should handle that sort of issue? It's linked back to your statements about access to objective advice, access to objective studies and what have you. How would you recommend to the government that it handles that sort of issue?

MR JONES: Initially, Robert, I would have said let's stop it, but I had a beer in one of the venues the other day and the proprietor was trying to convince me that we actually ought to put a cap in, limit the extension of the machines to additional venues and things because there was a benefit for his profit and things. So in other words, automatically it reminded me that we've actually got to get some independent work done about this because what would appear to me to be saying, "Yes, let's limit the machines," or "Limit this, limit that," there might be spin-offs that we're not actually wanting to encourage around where the profit goes and things. In other words, I suppose what I'm saying is we actually do need to get that sort of advice in. Let's actually spend the money to figure out what are the effects going to be of this policy that is already in place, about a continued roll-out of machines through to 2003. So in other words, let's actually cost that out, do the work around finding out who is going to pay the costs that are associated with the extension of those machines and who is going to benefit. So I suppose that's what I'd be saying, let's actually do some research around that outside of an industry view or a government view; let's actually get some independent research done and an analysis of it.

MR BANKS: I think one of the things that we've discovered in this is you can produce a thousand pages of research and still not get clear answers about some

things. It's just in the nature of it that there's an element of subjectivity or grey that is very hard to resolve. One of the things we're trying to do, for example, in relation to caps, both at the venue level, regional and state level is just have a look at what effect caps can have in terms of incentives to maximise revenue or incentives for people to go to one place rather than another and so on. It's quite complex. I guess where we ended up was saying, "There's a role for caps, but you need to go beyond that and look at a whole range of consumer protection and informational-based measures, consumer control measures as well."

MR JONES: And part of that - I'd want to put it in the Tasmanian context - where we've got the casino who puts the machines in and they are looking to buy two hotels in the northern suburbs, which is one of the areas that we're saying we've got some problems. Yes, it is complex, but I'm wanting to translate that complexity to the particular circumstances we have in Tasmania where we've got a casino playing a particular role with legislation saying a roll-out, and then if they are actually going to have these - what people are beginning to talk about - mini casinos in the suburbs, what effect is that going to have? I suppose I'm wanting to say yes, there is a role with caps but actually let's look at what would be the best to enumerate some of those effects locally and look at what services we actually need to put into those suburbs that have been affected.

MS HUTCHISON: You must have to reach saturation point at some stage.

MR FITZGERALD: You could look at other states and wonder when that point might be reached. New South Wales is still going and it's got 75,000 at the moment, so it's a question that remains to be resolved; I can only say that.

MR BANKS: We heard, just following the release of our report in New South Wales, that there's a lot of pre-emptive buying of machines in case the regime changed and caps were introduced, so they obviously anticipate quite a bit more scope in the market.

MR FITZGERALD: Just on that, in terms of Tasmania, you've generally endorsed the thrust of our chapter in relation to regulation, on which we are seeking specific feedback and we'll obviously be keen to talk to state governments privately about their views on some of that. One of the concerns we had with that model was that in theory it looks terrific but for the smaller states, is it a practical model where you've got this separation of enforcement policy control and then funding of counselling and what have you? So you've endorsed the general thrust but are there issues there - and maybe you need to go away and think about it - that for a small state requires some thinking or modification or what?

MR JONES: Yes, I suppose we could look at it a little bit more closely but Tasmania seems to be good at replicating what other states can do on a small scale so I think it's possible to be done and I think we need the separation. So I suppose what I would want to say is, re the separation, we might need to simplify the bureaucracy that's got to go with it in some of those requirements but we still need that separation.

So that's what I suppose I wanted to make sure. I'm clear about that. I'm wanting to endorse that separation. There may need to be some little changes but certainly the general thrust I thought was positive for us.

MS HUTCHISON: And I think it's particularly important with the government's dependence on gambling revenue that they do take that one step back from a lot of the regulatory things that have to be done.

MR FITZGERALD: In that same context, this morning we heard from Brighton Council. You've mentioned Glenorchy Council and what have you. The role of local government - do you have a concrete view about what should be the role of local government? Should it have the right to veto increases in gambling or should it only have the right to be consulted - or maybe you don't have a view about the precise way in which local governments come into this picture.

MR JONES: No, I don't have a precise view. One of the things that I suppose I was interested in which you had raised in here was about the community benefit and the role of the community. Local government can be a good voice for community concern as well as, you know, community endorsement of something. So I think it's a good vehicle to get some assessment of the impact on things. It can be a good vehicle for that, but as for their precise role, I don't have a view on that.

MR BANKS: All right. I don't really have any further questions other than to - a couple of points you've made about patron care arrangements and reviewing those I think are very consistent with what we're saying. One of the points we make - again, it gets back to my uncertainty point before - is we put a lot of things on the table in terms of consumer protection or informational measures but it's not clear to us how effective they would be and so a certain amount of experimentation I think is important. Indeed, I mean, the point that was made about uniformity of regulation Australia-wide, that to me only sounds like a good idea if we would know that that regulation was the best possible regulation we could have, otherwise you can learn from what different jurisdictions are doing.

I suppose one of the good things that we've observed since our report came out is that some jurisdictions are already starting to move in terms of doing some of these measures. No doubt they will do it in different ways and some will do it better than others but that might only be revealed over time. So I guess for us it's critical that we can learn from experience and have mechanisms in place that will allow that learning to occur.

MR FITZGERALD: Just one area that you haven't touched on and I'm sure you did touch on it in your earlier submission but I would just like to go back to it and that's about the Internet. Did you have any views about our approach to the Internet issue? We've been specifically asking all participants for a view about that. The document asks genuinely for feedback because it has been a difficult part of the report to write and a difficult issue for the community to grapple with. So if you have any views now or into the future we would be keen.

MS HUTCHISON: Yes, Internet gambling - I'm glad you reminded me actually - is an area of great concern to me, particularly that I think it's an area that maybe young people are going to get very caught up in because young people are very au fait with computers and use the Internet a lot. I think we're going to see a lot of young teenagers maybe getting carried away with this area. Once again, I realise consumer protection mechanisms on the Internet are very difficult but I do believe that there needs to be something there for protection. Also, because with Internet gambling you are getting into credit gambling, you are gambling with credit. There is very little other ways of gambling over the Internet without using a credit card. You can't stick cash into your hard drive and send it down the line and I'd like to maybe see those sort of areas explored more and proper protection being looked at for people.

It's a great worry to me with kids using mum and dad's credit card and typing it in which I'm sure they already do for certain sites. I can see this escalating in those areas. It's also that fact of yes, virtual money. At least while you're actually putting a coin into an electronic gaming machine or you're at the casino handing over a note - buying your chips with dollars - there's a correlation with the fact that you're using money. You become virtual and there's no correlation with money. You don't see money until at some stage you have to pay a bill somewhere along the line. That, I think, will also bring with it a certain number of problems as well.

MR BANKS: If you had time - and I know that's a big ask - but we have made a number of points in relation to some of the dangers that people have raised about Internet gambling perhaps being overstated and we've responded to a number of those in the report, including under-age gambling which on close examination we felt may not have been as great a problem as others had seen because of either protections in place or the nature of the activity allowing detection to occur by the parent much more rapidly than some others. But if you had a chance to have a look at some of those arguments and respond and tell us whether we're on the right track or not, we would appreciate that.

MS HUTCHISON: Yes, I'll try and do that.

MR BANKS: Any further comments?

MR JONES: No, that's fine, thanks.

MR BANKS: We appreciate you coming to see us on what was a very busy day for you and we'll allow you to get back to your other conference. So thank you very much for that. I'd just ask for the record now whether there's anyone else who would like to appear here in Hobart. We've had a small group but a high quality group and no doubt there will be other submissions coming in. We realise it's a long report and people still no doubt need time to go through it, but if there's no-one else, I'll adjourn the hearings. We're appearing tomorrow again in Melbourne - we had some unfinished business - and then we're proceeding around Australia according to the schedule that's in our report. Thank you.

AT 11.12 AM THE INQUIRY WAS ADJOURNED UNTIL
WEDNESDAY, 1 SEPTEMBER 1999

INDEX

	<u>Page</u>
KIM PEART	1231-1234
BRIGHTON COUNCIL: TONY FOSTER GEOFF DODGE	1235-1244
ANGLICARE TASMANIA: CHRIS JONES JANE HUTCHISON	1245-1256