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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 MELBOURNE ON MONDAY, 23 NOVEMBER 1998, AT 9 AM

Continued from 17/11/98 in Sydney

MR BANKS: Good morning, ladies and gentlemen. Welcome to the Melbourne public hearings for the Productivity Commission's national inquiry into Australia's gambling industries. My name is Gary Banks. I'm the chairman of the Productivity Commission. On my right is Robert Fitzgerald, who is associate commissioner for this inquiry. As you will know, the commission's inquiries started in August. We've already talked to a wide range of organisations and individuals and we've had a large number of submissions coming in. I think at last count we had over a hundred, plus quite a number of submissions of a more personal nature.

The purpose of the hearings is to give interested parties the opportunity to discuss their views and their submissions on the public record and that's to help the Productivity Commission in its task of understanding the economic and social impacts of the gambling industries and the ways in which they are regulated. We are two-thirds of the way through our public hearing process. After these hearings conclude here in Melbourne we proceed to Canberra, to Adelaide, and we end up in Hobart. We will continue to receive submissions through that period but early next year we'll get down to the task of preparing a draft report which will be released in April of next year. After that draft is released we will have another round of public hearings and consultations, on the way to preparing a final report.

Copies of the commission's reports will be available to anybody who expresses an interest in them. We have transcripts from these hearings which are publicly available, including through the Internet site of the commission. Details about access to submissions and transcripts are available from the commission's staff.

We conduct these hearings as informally as we can in the circumstance. We do have a public transcript, and of course the Productivity Commission Act does require people to be truthful in their remarks. Beyond that, we try to be as informal as we can and the whole purpose really is to understand the issues and to discuss the issues with people who have provided submissions. So with those formalities out of the way, could I welcome our first participant today, the Springvale Legal Service. Welcome to the hearings. Could you give us your name please and your position with the Springvale Legal Service.

MR THOMSEN: Certainly, Gary. My name is Matt Thomsen. I'm a student volunteer with the Springvale Legal Service.

MR BANKS: Good. Thank you for taking the time to come along. You've produced a useful submission, which we have read. I will give you the opportunity to draw out the main points in that submission.

MR THOMSEN: Thank you, Gary. Before I begin, I would just like to thank the Productivity Commission for granting our legal service the opportunity to present the submission. Please feel free to raise any questions as I go along. I'm not sure exactly what you intend to do but you can ask questions as I go or at the end, as you wish.

MR BANKS: All right, thank you.

MR THOMSEN: I'll just begin with a few introductory remarks. For the vast majority of gamblers, gambling occurs only a few times a year and is no more than a bit a fun, particularly coupled with the expectation that they are likely to lose their money. The focus of our concern, as a community legal service and as elaborated upon in the submission before you, is upon limiting the consequences of problem gambling in this country. By problem gambling, we mean the uncontrolled and irrational partaking in gambling activities to the extent that the focus of the problem gambler centres on gambling largely to the exclusion of every other facet of their life.

As a community legal service we witness countless examples of the often devastating effects of problem gambling. We witness the breakdown of families. We witness the problem gamblers turning to crime of various sorts, and fraud. We witness bankruptcy. We suspect in many cases that problem gambling affects our clients indirectly also, although our means of recording information makes the extent of our suspicion difficult to quantify in any real terms.

There are various pieces of Victorian legislation which control and regulate the casino and gaming industry, such as the Casino Control Act and the Gaming Machine Control Act. While this legislation may, to a large extent, regulate the industry sufficiently, time has now shown that the law needs to be reviewed, significantly improved and amended. It is apparent that the present laws do not adequately address the issue of problem gambling.

We consider that whilst the following recommendations for law reform are necessarily focused on Victoria and the Victorian Casino and Gaming Authority, the recommendations are in principle applicable across Australia. I will now go on to discuss several of the recommendations as pointed out in the submission. I will begin by discussing the concept of self-exclusion, as discussed in the submission.

Under section 72(2A) of the Casino Control Act a person can apply for an order to exclude themselves from Crown Casino as an incentive not to gamble. The act provides that if an exclusion order is breached, a \$2000 fine may be incurred. Exclusion can also be sought from hotels and other gaming venues, although this is not as yet covered by legislation. An application for such an order has been put out in the form of a self-exclusion kit produced by Springvale Legal Service, whom I represent today.

Prior to this initiative, applications were only available through the Crown Casino in this state. To date, we have been unable to determine the success or failure of our kit, as it has only been in place since August of 1997. We believe that the availability of self-exclusion options, if well publicised, will indicate to problem gamblers that others are experiencing similar problems to themselves. Thus problem gamblers may become more likely to admit that they have a problem and to do something to solve it.

However, there is evidence to suggest that exclusion orders in general may not be as effective as intended and it seems clear that lack of credible monitoring is responsible for this. Our submission highlights a 1998 Melbourne County Court case in which the defendant was charged with 13 breaches of casino exclusion orders. His Honour Judge Mullaly suggested that the focus of the casino with respect to these orders should go beyond merely instructing the DPP to prosecute breaches after they have occurred. The apparent suggestion is that the casino should be much more focused on preventing breaches before they occur.

We agree entirely with his Honour's sentiments. The emphasis on the purpose of exclusion orders must be upon preventing the subjects of such orders from gaining entry to gaming venues. If, as his Honour suggests, the attitude with regard to these orders is to belatedly prosecute breaches, there is little hope that exclusion orders can be regulated as a viable means to limit the effect of problem gambling. It must be remembered, however, that without a proper study - and no such study has been partaken thus far - no real conclusion can be drawn or suggested for improvements made.

We therefore recommend that the appropriate regulatory authorities conduct a study to gauge the effectiveness of the self-exclusion process and determine whether reforms need to be made to legislation and to regulatory practices to increase the effectiveness of self-exclusion. I will now address the subject of policing of gaming venues.

MR BANKS: It might help if we talked a little bit about self-exclusion first. Is that okay with you?

MR THOMSEN: Certainly.

MR BANKS: Just since you spoke a little bit about it. Why did the Springvale Legal Service think it was necessary to produce this kit?

MR THOMSEN: We believe that, as I stated prior to the kit being produced, the only means of obtaining such an application form was via the casino. We believe that this means of obtaining the application form is not sufficient in terms of publicity. We believe that the casino's role in publicising this self-exclusion procedure hasn't been adequate thus far, so we felt a need to do it ourselves to a large extent.

MR BANKS: So in other words, people who may want to self-exclude might have been a bit intimidated or not - - -

MR THOMSEN: Or just not knowledgeable that the procedure was available, more to the point.

MR BANKS: Okay. Now, I think you said in your submission that quite a large number of copies of the kit have been used.

MR THOMSEN: Yes.

MR BANKS: Do you know if that has been translated into people actually taking action or is that one of the things that you think needs to be researched?

MR THOMSEN: Yes, I think it definitely needs to be researched. As I stated, our program has only been running for a year, or just on, and thus far we have been unable to gauge the effectiveness of these kits. I mean, the fact that we've handed out 2000 of the kits sounds good but we can't say precisely how successful or unsuccessful that program has been.

MR BANKS: I think Robert and I, from our discussions with Crown Casino - the number 2000 seems much greater than the number of people they have told us that self-excluded. I seem to recall something like three or four hundred. But I mean, that information should be available anyway. The other question I was going to ask you was whether it was implicit in your submission that self-exclusion was a concept that should have wider application, in other words to clubs and hotels as well. Have you got any comments on that?

MR THOMSEN: We have got to say yes, we believe so.

MR BANKS: Right.

MR THOMSEN: I mean, the concept is at a very early stage. Obviously, given the number of non-casino gaming venues in this state, it's going to be difficult to police. We can see that. But we still believe the issue warrants serious thought.

MR BANKS: Would you extend your proposal in terms of self-exclusion where you're basically advocating a kind of identification process for everybody who comes into the casino? Would you see that as having wider application?

MR THOMSEN: Yes, certainly.

MR BANKS: Right. Maybe we'll get on to that and talk a little bit about how that would work a bit later. I didn't have any more questions on that for the moment.

MR THOMSEN: Okay, so I'll change subject and I'll talk for a little while about the policing of gaming venues. A real and valid criticism of the exclusion process is that there is an inherent difficulty in policing every single individual who walks into a gaming venue. We put forward the question that if and where the task of policing entry is neglected, what will be the extent and nature of liability on the part of the venues? Our submission makes reference to a 1997 Queensland Supreme Court ruling in which a hotel was found to have a duty of care towards an intoxicated person who left the premises and was subsequently hit by a car. The hotel was found partially liable for the resulting damage suffered by this person.

It is understood as a result of this ruling the insurance of the hotel in question plan to insert a clause into their insurance policies in relation to the duty of care, to reduce their exposure in this regard. We speculate that an analogy may be drawn between this case and the relationship between venues and problem gamblers. In light of the recent Queensland case I have just discussed, it is possible that the consequences of addictive gambling will also be brought home to venues, unless self-exclusion is enforced in a realistic and technologically sophisticated manner and venues adopt serious measures to discourage problem gamblers from entering.

MR FITZGERALD: Just in relation to this issue about duty of care, there have been some proposals that the onus of proof should in fact be changed, in other words that the venue operators should in fact have the onus of proof to prove that they have in fact acted in a reasonable manner, rather than the reverse. Do you have any particular views about the shifting or change of the onus of proof?

MR THOMSEN: Well, since the law in this regard is very young, you might say, and at this stage isn't directly applicable to the casino, we haven't given it a great deal of thought at this stage. It's an interesting point.

MR FITZGERALD: Are you aware of any current cases in Victoria or elsewhere where an action has been brought against venue operators in relation to gambling?

MR THOMSEN: Not thus far with reference to the breach of a duty of care, but there have been cases brought with regard to admitting people into venues who have been excluded.

MR FITZGERALD: Excluded, okay.

MR THOMSEN: Yes. We therefore recommend that governments and regulatory authorities move to amend legislation and regulations to set out the extent and nature of liability of venues where problem gamblers are allowed access. In consideration of such amendments, insurance companies should be encouraged to place pressure on venue owners to take initiatives that will mitigate loss. Such initiatives we believe could include greater publicity of the self-exclusion process, the modification of electronic gaming machines to insert digital time reminders and electronic voice challenges to those who have gambled continuously for a long period of time.

MR BANKS: You say here that that was a suggestion of Mark Dickerson. You said that in a footnote. Was that in a paper or was it a verbal suggestion?

MR THOMSEN: There have been many contributors to our submission. I couldn't tell you off the top of my head precisely, but if you like I could inform you at a later date.

MR BANKS: Yes, I would just be interested if that point about electronic voice challenges to continuous gamblers - if that was included in a paper or a document, that would be useful, thanks.

MR THOMSEN: We recommend that the regulators adopt and enforce the practice of monitoring entry to venues. There are several means by which this can be achieved. Our submission offers several suggestions: the compulsory checking of identification, such as a driver's licence, may deter those seeking to avoid detection; the Mandrake computer software of the UK should be added to electronic gaming machines to scan the faces of players and refuse access to those who have been excluded from venues. This software to which I've just referred was discussed at length in the Melbourne Age recently, about a month ago, in the information technology section.

MR BANKS: I missed that. We might have to find it, okay.

MR THOMSEN: Again, if you so desire, we can forward you some information about it.

MR BANKS: All right, good.

MR THOMSEN: Legislation should be amended so as to make exclusion orders applicable nationwide, regardless of the state in which they are made. We view a certain lack of effectiveness of these such orders if they're only applicable in one state. I mean, people are able to travel interstate if need be, if their addiction is strong enough. So it's our hope that any such legislation would apply nationwide.

MR BANKS: Wouldn't there be a more real problem of people simply going to another venue within the same jurisdiction? I mean, to travel interstate is a significant thing. I suppose it depends on the problem gambler's ability, you know, to pay the fares and so on. But would you see an issue as well - somebody who is, say excluded from the casino, simply going to one of the larger clubs or hotels?

MR THOMSEN: Potentially so, and that's why we recommend that this self-exclusion process be extended to other non-casino gaming venues.

MR BANKS: Right. That raises the question, wouldn't you see these identity checks as being rather intrusive and costly to implement? I mean, how would you justify that, if what we hear is correct, from some studies anyway, that problem gambling only represents, say, 1 per cent of the population?

MR THOMSEN: I think, addressing your first point, it's difficult to regard these measures of checking identification as particularly intrusive, because when one thinks about it, these gaming venues, be they the casino or otherwise, are very heavily monitored by video. So I think in terms of the extensive video monitoring inside these venues it's not unreasonable to ask that people show identification on the way in. As to the costliness of this exercise, we believe that this is such a great problem, albeit for a small percentage, that it's worthwhile ultimately.

MR BANKS: And if we think about it - I can't recall the exact numbers but a number of the big casinos have 10 to 15 thousand people coming through a day. You would still think that those 10 to 15 thousand would need to show some form of identification before they could get into the casino.

MR THOMSEN: I don't see why not. I mean, it's just a matter of a quick double-check possibly on a computer or something. Maybe there's the potential in the future to use some sort of scanning device whereby somebody's name is quickly scanned through a computer and they can be double-checked against a list of people who aren't supposed to be inside the venue.

MR BANKS: Again thinking about whether this is justified, do you have evidence that self-excludees are actually gaining access to premises in significant numbers and therefore something like this is really necessarily?

MR THOMSEN: At this stage we only have examples of isolated cases, so we hope that further research will tell us just how well or poorly the self-exclusion process is working.

MR BANKS: The other issue that's relevant to that I suppose is under-age gambling. We've heard a little bit about that elsewhere. Do you see that as an issue as well?

MR THOMSEN: I suppose it's a little bit removed from our precise focus at this point in time, but I suppose so.

MR BANKS: That's it, thanks.

MR THOMSEN: We also recommend as regards the penalty for breaching an exclusion order that legislation set out an alternative punishment such as a community based order with an emphasis on a defendant participating in programs that assist others with dealing with their problem gambling. As financial hardship is a common by-product of problem gambling there is little benefit to anybody in the imposition of fines upon those who breach exclusion orders. Such a measure is likely to exacerbate the problem, if anything. We already see the courts regularly imposing community based orders instead of fines in relation to other matters when offenders would be unable to pay a fine due to their financial circumstances. A common everyday example of this is in prosecutions for the overpayment of government benefits. The courts quite often hand out community based orders in lieu of fines in this regard.

I will now go on to discuss the concept of involuntary exclusion as a means of controlling problem gambling. Such a means of exclusion may be appropriate if the activities of problem gamblers can be statistically linked with harm to the wider community. We draw analogy with incidents of drink driving whereby in the instance of the wider community drivers are involuntarily prevented from driving. Such harm potentially caused to the wider community by problem gambling may consist of increased crime rates and increased family breakdowns. We therefore recommend

that the regulators commission research into the existence of a statistical relationship between the behaviour of compulsive gamblers and harm to the wider community.

To reduce the consequences of problem gambling in the community it would be extremely helpful if the underlying need of the problem gambler could be identified. Reference is made in our submission to an article which recognises that to successfully treat problem gamblers we must understand what precise satisfaction is sought from gambling in the matter in which they do. We therefore must ask the question: what causes those who gamble destructively to do what they do? As yet we have no credible answers. Gambling addiction may have a psychological or a biological basis or potentially a combination of both. The basis of gambling addiction may also differ from sufferer to sufferer.

We therefore recommend that venues be levied or the gambling finance community support funds be tapped to provide funds for comprehensive psycho-social and medical research into the satisfaction sought within compulsive gambling. We believe that the regulatory authority should take leadership on the issue of gambling addiction and not leave this public interest field entirely to the non-regulators. As the ability to treat problem gamblers is inhibited by the current dearth of knowledge as to the satisfaction sought by destructive gamblers, it appears that prevention may be the best approach. We therefore recommend that the regulators promote education and awareness of the problems associated with excessive gambling.

Such measures may involve changing advertising standards to make adverts more realistic by showing the true odds of gambling. Adverts in our opinion should highlight the fact that the house always have the advantage. We also recommend that all electronic gaming machines be required by law to display the odds of winning in a prominent position upon the machine. In our opinion such measures are unlikely to prevent or reduce the gambling activities of those that gamble in a controlled manner, which represents the vast majority of gamblers and those that gamble with the expectation of probably incurring a financial loss from the gambling. We do have a belief that such measures may succeed in educating problem gamblers as to the likely result of their excessive gambling, by opening them up to the facts.

I will now make some brief remarks upon the non-casino gaming venues specifically. At present under the Victorian Licensed Venue Operators Code of Practice venue operators agree to support local venues' self-exclusion programs. The concept of self-exclusion from non-casino venues is not prescribed as yet by legislation, as I mentioned earlier. As a result there is insufficient incentive, in our opinion, for non-casino venues to enforce their code of practice in this regard and there is no apparent logic behind self-exclusion being required by legislation in one type of venue, currently the casino, but not in others. This lack of logic is particularly highlighted by the fact that, offering Victoria as an example, the non-casino venues number into the hundreds. We therefore submit that the exclusion possibilities for non-casino venues must be legislated so that orders and penalties can be monitored and enforced by regulators, much in the same manner as they are for the casino.

We also recommend that current bankruptcy laws be amended in relation to people who declare themselves bankrupt on the grounds of gambling. Currently the Commonwealth law states that such a person is guilty of an offence punishable by up to 1 year's imprisonment. Imprisonment, in our opinion, is unlikely to offer any rehabilitative options and serves little effective purpose as a result. The current law clearly fails to recognise that some gamblers gamble because they are addicted. Such people are likely to continue gambling once they are released from prison. The law fails in this regard.

MR FITZGERALD: Can I just ask, in relation to this Bankruptcy Act - and we've had a number of submissions in relation to it - are you recommending that it be repealed entirely or simply that the imprisonment sanction or the imprisonment penalty is removed, because there's a difference of opinion about what should take place with that? So do you have a particular view of how it should be amended or should it be repealed?

MR THOMSEN: We're still discussing those very options at this point in time, but I believe that we just believe that the imprisonment sanction should be repealed.

MR FITZGERALD: Right, okay.

MR THOMSEN: We also wish to make some recommendations to the commission which relate to the gaming venues themselves and their conduct in relation to their patrons. Gaming venues should have windows and where these already exist venues should not be required to take these out for the purpose of gaming. Gamblers who have a large win should be required to participate in a cooling-off period before collecting their winnings and should be given a cheque or credit note redeemable at a bank or a place other than a gaming venue. We believe that automatic teller machines should not be located inside gaming venues. We also recommend that gaming venue staff have a gaming endorsed licence sufficient to provide such workers with information regarding the specialised obligations of staff who are a part of the gaming industry.

I have now covered the wider points of our submission so I will make a few concluding remarks. I would just like to re-emphasise that the focus of the submission is upon measures by which the consequences of problem gambling specifically can be limited in this country. It is our ultimate aim that perceptions change and it be more widely recognised that gambling can be addictive and destructively addictive, in much the same manner as drugs and alcohol can be. We also seek to inform people that problem gambling can ruin the lives of compulsive gamblers and the lives of their families, much in the same manner that chemical addictions can devastate individuals and their families.

It would seem that at the present little recognition has been made of the problem of compulsive gambling, particularly in the context of the current casino culture of the state of Victoria. The problem needs to be taken in greater earnest, in our opinion. We therefore request the regulators to take the appropriate stance and

for the first time offer serious support to the interest of our problem gamblers and their families, thank you.

MR BANKS: Thanks very much. Could you perhaps tell me in terms of the Springvale Legal Service to what extent that is focused on gambling-related problems and whether people come to you specifically to talk about that as the connection or whether it's something that tends to emerge as an underlying problem?

MR THOMSEN: Gary, we really see examples of both. I mean, we get quite a lot of cases where gambling is explicitly the root of their problem such as people in trouble for the commission of frauds to obtain funds to gamble, people who have borrowed money and have lost it very quickly through gambling, and family breakdowns which are largely centred around the gambling of a member of the family. But we also see a lot of indirect problems along similar lines such as spouses of people who gamble excessively and so we really see both, and to a large extent it's difficult to quantify in terms of a percentage of our case work how much relates to gambling directly or indirectly. But we see enough direct problems to realise that this is a concern.

MR BANKS: How long has the legal service been established?

MR THOMSEN: 25 years this year.

MR BANKS: Is there any trend evident, however, even in an anecdotal way? Do you have any sense of whether the gambling dimension of the legal problems has increased?

MR THOMSEN: Well, again I can't offer you any specific statistical evidence but it would appear so, yes. Our case load is always rising and particularly with regard to family law. We're doing much more work in that area and we suspect that a lot of this increase is related to gambling.

MR BANKS: Does your legal service have much to do with ethnic communities as well as others, or how broad is it in its coverage of the various communities in the region?

MR THOMSEN: Yes, well, it's very broad. I mean, we work through interpreters a lot of the time. So we see a very broad spectrum of the community and the community in which we operate has a very vast representation of different ethnicities so we certainly see a lot of different ethnicities.

MR BANKS: In relation to the self-exclusion strategies you've put a lot of emphasis on the need for that to be improved, obviously not only through the kit but also allowing the regulation of self-exclusion to extend beyond the casino. Of the people you see, have the majority of your clients sought self-exclusion from the casino or why does it rate so highly in terms of measures that you believe would be appropriate to reduce the level of problem gambling?

MR THOMSEN: At the moment not many of our clients have partaken of the self-exclusion program which is partly the reason why we think it's so important. At the moment we believe the process isn't adequately publicised and thus people tend only to associate themselves with it when it's too late. So our ultimate aim is that it be a known fact that one can exclude oneself from a venue before it's too late.

MR BANKS: Do you believe that your clients would have actually - if there was more publicity about it, they would avail themselves of it or not really?

MR THOMSEN: Well, we hope so. I mean, it's indicating to people that it's out there, that the problems by which they've come to want to partake in such a program are more common than they might realise. So we think it's a vital step in helping people admit that they have a problem and thus setting about solving it.

MR FITZGERALD: In the case that you refer to, the Melbourne case in which a person was prosecuted for 13 breaches, you say that when asked the DPP gave no answers as to why the casino had failed to take action earlier. In your view - not referring to that particular case - but generally is it your view that the casino itself is not taking appropriate action?

MR THOMSEN: Yes.

MR FITZGERALD: What evidence or thoughts do you have in relation to that?

MR THOMSEN: As I've stated earlier we don't have any actual statistical evidence but examples such as that tend to in our mind reflect the attitude the casino has towards a latter day approach to these orders. There's more a means of prosecuting than addressing a social problem.

MR FITZGERALD: If you extend the self-exclusion so that it now regulated and now applies to clubs and hotels, what would need to happen at the same time? If you're saying that in relation to the casino, it's obviously not going to be sufficient. So what are the other strategies that those venue operators would need to adopt to make it an effective policy?

MR THOMSEN: We just believe they need to take it a little more seriously. We're just unsure of - that their attitude towards self-exclusion at the moment really accords with it as a means of preventing a social problem. So the precise logistical arrangements that will be made are still to be discussed and thrashed out, that we just believe in general terms, attitudes need to change.

MR FITZGERALD: In relation to the responsible gaming and the duty of care that we talked about previously, a number of the venue operators have indicated to us that whilst one can adopt a reasonably strong, responsible drinking policy and that one is able to fairly obviously determine somebody who may be intoxicated, that in fact that is not so with those that have problems with gambling. To what extent do you believe

that this duty of care that applies now in relation to alcohol consumption or the serving of alcohol can apply to gambling?

MR THOMSEN: I suppose it will apply in a slightly different manner. I mean, problem gamblers tend to be recognised as such by their past actions. So I understand your point. You're suggesting that intoxicated people are instantly identifiable, yet problem gamblers are not so. So, yes, again that train of thought relates to a fairly recent court case that is still being thrashed out. But, yes, it's possible that the duty of care might only relate to problem gamblers who are to an extent diagnosed as such previously, rather than gambling excessively in one particular day.

MR BANKS: Then there's a problem of how would they know, even if someone had been diagnosed. I mean, you could imagine a databank of self-excludees to which all venues would have access - at least in the future you could imagine how that would work. But for problem gamblers, again how practical would that be.

MR THOMSEN: Yes.

MR FITZGERALD: You're suggesting in your recommendation too that the duty of care is not evidenced by so much stopping people from gambling but rather what they've done to make people aware, for example, the display of posters, modifying EGMs in particular ways and so on. Do you believe that the duty of care by a venue provider in fact will be more likely to be judged on what preventative measures it's put in place to alert people to the risks of gambling, rather than necessarily identifying problem gamblers?

MR THOMSEN: It's difficult to answer this point in terms of more or less, but I think it's the notion of - the indications that you've mentioned there, Robert, are very relevant.

MR FITZGERALD: Your use of the insurance industry or insurance companies is a novel one. Can you just explain a bit further where you think the insurance companies have a role in this?

MR THOMSEN: I suppose the role of the insurance companies is ultimately to protect their better interests, so we suggest that insurance companies in achieving that regard should be advising their clients that the steps, as pointed by submission and highlighted by yourself, are means that they can take.

MR BANKS: So I guess if the duty of care related to process, in particular rather than outcomes necessarily - in other words, you know, making sure that you had the right health warnings around the venue - what you're saying in a way is the insurance companies would end up policing that naturally through the level of their premiums, depending on whether those things are being met.

MR THOMSEN: Yes.

MR BANKS: That's an interesting idea, I think.

MR FITZGERALD: Yes. Just in relation to your issue about identification for problem gamblers, in the submissions heard in New South Wales, the Registered Clubs Association of Australia indicated very strongly that one of the advantages that clubs have over pubs and casinos is that they require the registration of all entrants through permanent and temporary membership forms. They believe it's a very major differentiation which should be maintained. What's your view about the registration of people participating in gambling upon entry.

MR THOMSEN: Well, I think where it's feasible it's a good idea because it's a stepping stone by which - once there's a registration program in place it will make it easier to enforce notions of self-exclusion.

MR FITZGERALD: So the purpose of registration would be simply in relation to ensuring self-exclusion or compulsory exclusion processes were able to work. They were actually arguing that the mere fact that people had to register and there was the capacity to actually call for identification itself created some sort of a sense by which this was a serious undertaking and so on and so forth. They actually believed it had some sort of psychological impact. Do you have any views on that?

MR THOMSEN: Possibly so, but we believe that the issues should be dealt with more explicitly with regard to self-exclusion.

MR FITZGERALD: The winnings - recommendation 15:

The gamblers who have a large win would be required to participate in a cooling-off period before collecting those winnings and be given a cheque.

We've heard a number of submissions whereby winnings should be paid by cheque if they're over a certain amount. This is the first time I think we've heard of a cooling off period after a win. Can you explain the rationale as to why that measure has been put forward?

MR THOMSEN: Our hope in that suggestion is that people who have a large win take a few minutes out just to think about the position they're in and possibly to realise that they're better off just leaving with their win before they turn around and lose their money again.

MR FITZGERALD: Do you have a particular view about the cooling-off period? Are we talking minutes, hours, days or is just a general concept?

MR THOMSEN: It's just a general concept at this stage. We'll have to give it some more thought.

MR FITZGERALD: You've got here in recommendation 17:

All gaming venues' staff have a gaming endorsed licence similar to the Victorian initiative.

Can you explain to me what you mean by "the Victorian initiative"?

MR THOMSEN: Under the Australian Hotels Association, I believe, the gaming venue workers can apply for an endorsement whereby they undertake a 1-day learning program and learn about the specific needs of their role in the industry.

MR FITZGERALD: This is the hotel workers?

MR THOMSEN: Yes. To my understanding at this stage it's not compulsory.

MR FITZGERALD: So it's non-compulsory?

MR THOMSEN: I believe so.

MR FITZGERALD: Okay. The final question I have, just in relation to the education campaign through schools, the school-based program, can you just give us a few further indications of what would be involved in that? What do you think is most appropriate?

MR THOMSEN: I believe that it would be useful if young people learned, I suppose, logically via their mathematics classes that gambling ultimately favours the house and the probability of them winning is not as high as what they might suspect from the advertisements of the current nature.

MR FITZGERALD: So you would see it, as others have proposed, that it would come through maths courses and what have you, rather than through life education?

MR THOMSEN: Possibly both.

MR FITZGERALD: The very last issue from my point of view is the odds. Somebody said to us recently that all advertising in relation to gambling is of itself misleading because it indicates people win when in fact most lose. But the issue of odds is an interesting issue. There have been varying views that the displaying of odds in itself can just be as misleading because the nature of the odds are quite complex, particularly in relation to gambling machines and so on. The display of the odds of winning do you actually think would have an impact on your clients' behaviour?

MR THOMSEN: Potentially. It depends how the information is presented. If it's just presented in, say, a decimal point percentage or so, it's unlikely to trigger much thought amongst most people. But if it's put more explicitly in a manner such as "for every hundred dollars you put through this machine you can expect to lose \$10 or so off it", we believe that's fairly explicit and more likely to inform people.

MR BANKS: Unfortunately you discover that's probably the least of your losses, depending on how long you stay there.

MR THOMSEN: Yes.

MR BANKS: Good, thanks very much for that. You've put some useful ideas in the submission and we appreciate you taking the time to go through them with us.

MR THOMSEN: Certainly. Thank you for your time.

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

MR BANKS: Our next participants today are the Inter-Church Gambling Task Force. Welcome to the hearings. Could I ask you please to give your names and the capacities in which you're appearing please.

REVEREND CLEARY: I'm Ray Cleary and I'm the chairman of the Inter-Church Gambling Task Force.

MS WEBSTER: My name is Marilyn Webster and I'm the Catholic representative on the Inter-Church Gambling Task Force.

REVEREND COSTELLO: Tim Costello, and I'm the Baptist minister and representing them on the task force.

MR BANKS: Thank you very much for taking the time to appear this morning. We've had discussions with some of you earlier and some of you have participated in round tables and other things that we've had. We've had a look at your submission which is a brief one and perhaps the best way to proceed, as I said, is to allow you to draw attention to the key points and we can have some discussion on those.

REVEREND CLEARY: Thank you very much and thanks for the opportunity to present to this inquiry. We're going to divide our presentation up between the three of us. I'm going to introduce the background to the Inter-Church Gambling Task Force and its broad focus. Tim Costello will speak particularly in relation to the issues of culture and cultural shifts and Marilyn Webster is going to talk about issues of research. Out of that we hope you may have some additional questions and then we'd like to conclude with some recommendations that we think would be important to be taken into account in the discussions.

MR BANKS: Good, thank you.

REVEREND CLEARY: The churches have a long history in the issue of addressing gambling in this state. I use the term "gambling", rather than gaming, given that the industry promotes itself as the gaming industry and not the gambling industry. We think there's a subtle shift in meaning, dimension and understanding between gambling and gaming. Gambling has significant social and economic impacts on individuals and communities. Gaming is promoted as healthy family entertainment with no side effects. It's a broad generalisation but we believe one that can be sustained on the available evidence in research that's already been undertaken in Victoria. The churches, going back to the time of the Cain and Kirner government in Victoria had had long and serious discussions with the previous governments on gambling and had made a number of submissions which we have tendered as part of the Anglican social responsibilities committee report outlining some of those responses at that time.

We need to state, because it's a message that seems to be slow to get across, that we're not in this debate for a moral argument about the rights and wrongs of gambling from a moral point of view. Gambling has been part of the Australian

psyche probably since the days of federation and probably before and gambling is not unknown within the churches. So we're not taking a pure moral argument in relation to that. The churches primarily became concerned and established what is known as Inter-Church Gambling Task Force following clear identification between the Victorian government and the gambling industry. In fact with the introduction of Crown Casino into Victoria the relationship between the premier of the state and the gambling industry as being the icon of Victoria, the jewel in the crown, the way forward for economic growth and development, is one that we found to be unsubstantiated and improper in terms of government commercial relationships and also in terms of the general direction of the Victorian economy.

So we primarily became active and interested once again on the basis of this connection between gambling and economic recovery. It was promoted in the early days, particularly as providing the necessary revenue for the Victorian government to do a whole range of infrastructure, based on the argument that the previous government had whittled away the coffers that there was little in the treasury and that it needed to be rebuilt and one way of doing that was by the introduction of gambling. In summary, I'd say the Inter-Church Gambling Task Force is interested in the public policy issues relating to gambling, in particular the social and economic impacts. So when this particular inquiry was brought into being, we are very supportive of it because it is something that we have been arguing since 1993, that is, governments have a responsibility to investigate the social and the economic impacts of gambling when it is so closely aligned with the industry and has been a promoter of the industry.

Until this time - and I'm sure Marilyn will elaborate a little more on this when we come to the issue of the research - most of the research which has been undertaken, we believe, is no more than surveys, perceptions, ideas, although in the last 12 or 18 months we have had a degree of participation with the Victorian Casino and Gaming Authority. We still believe that the basic research which comes out may give us some indicators, but it actually doesn't address the social and economic impacts to the level and degree that we believe is necessary. In fact, in our submission it's argued basically that the short-term gains in taxation that the state receive now will be at the expense of long-term social costs which in fact may be greater than the short-term benefits. We hope that one of the issues that this commission will look at will actually be the long-term and short-term benefits or otherwise of the taxation revenue raised.

The Inter-Church Gambling Task Force is a broad coalition of churches and it also involves representatives from time to time of other faith communities and it works to the heads of churches in Victoria and they have delegated the responsibility for the engagement in the public policy debates to this particular group. It would be true to say that we started off as a lone voice - very much a lone voice - but I think over the past 3 or 4 years the momentum has grown dramatically and now, as we see, local government is desperately concerned about the impacts of gambling on their local communities, not only in terms of personal cost, but in terms of planning issues. We're seeing other groups such as Break Even and G-Line and others who aren't always able to publicly make comments because of their contractual agreements with

governments becoming more concerned about the social costs that they are experiencing in terms of their counselling.

We saw last year in Victoria in the state election, a very significant vote against the Victorian government which can partly be attributed to, I think, the Victorian community's concern that we now have enough gambling, perhaps too much gambling, and also deeply concerned about the framework and the development of it. Perhaps just one final point that I'd like to make before passing it over to Tim in terms of the role of the churches. We have tried to create a climate of constructive public debate on the issue of gambling. As I said at the beginning, we're not opposed to all forms of gambling. I think we'd had to say, however, that on occasions we have been forced into positions which have been created by an unwillingness of government to actually engage in constructive moral discourse on the issue and that, as we see, has been part of our long-term agenda for our continued interest and participation in the public policy issue.

But this is a moral issue for the state of Victoria, an issue in terms of the directions of the state and also perhaps in terms of the taxation question, acquired subterfuge of not having to deal with some of the other big issues around taxation, public policy in the state because of the diversion into the interests of gambling. I think perhaps at this point that's all I'd like to say and perhaps ask Tim if he would pick up the cultural effects.

MR BANKS: Right, thank you.

REVEREND COSTELLO: Let me just say that the question of gaming/gambling in this state has been highly politicised and it's been virtually impossible to discuss these issues, perhaps until now, in a context where there hasn't been adversarial firing of shots. Those in the state government would say that we don't need a church gambling task force, you know, we are to blame for that, that gambling was fine and they actually had this all nailed down until we came along on 10 December 95 and had a rally outside on Batman Park outside the permanent casino. All heads of churches were there - except the Catholic head of church who sent an apology - saying we do not believe it's appropriate for the premier and the state government to identify the future hopes of Victoria, its wellbeing, with gaming.

So this was a social, political, some might say moral position. We were responding to Premier Kennett's statements that Crown Casino represents a beacon of hope, where he wrote to every Crown Casino employee congratulating them on the magnificent job they were doing for Victoria; not writing to welfare workers or teachers or even Coles Myer employees. Our view was that this crossed a line between government regulating, managing and reaping fair rewards from the gaming industry and government actually sponsoring, promoting, taking gaming, which is part of life, from regulated margins of society and placing it right at the centre as a vision for this state.

So it was in this context that a highly, I guess, politicised environment started which I think we would want to say wasn't our intention. I guess it was more the shock that the state which wouldn't think of promoting alcohol or promoting smoking, which are addictive in a different sort of way but nonetheless addictive, that the state wouldn't think of promoting those products in the same way as gaming was being promoted. The churches' concern was driven certainly by the number of people coming to the agencies that it conducts - and you will hear more from Ray on behalf on Melbourne City Mission and Marilyn on behalf of the Catholic Church on those concerns of poverty. But equally it was driven by the whole question of the positioning of gaming within this culture. Not being from this state you may have missed how volatile, even personal this got. I think that context is important to understand insofar as we now are hopefully trying to place some restraints on it.

After that rally on 10 December 1995, the premier noted that the Catholic archbishop wasn't there and he was the only leader he truly respected in Victoria. The Catholic archbishop, Sir Frank Little, was embarrassed I think about that on Christmas Day in his sermon. At mass he talked about the icons that were dominating the culture of the casino and of the grand prix and the premier was extremely angry about that and he went on radio and TV and he went particularly after me, saying I wasn't a minister of the cloth, I was a politician and I was hiding and the Victorian people saw through me, and a lot of other personal comments that generally said that people opposing gaming are un-Victorian. I think that context does need to be said even though it's reciting now old history and we have moved on a little bit from there. I think it actually illustrates the cultural shifts that we are wanting to make the point about.

The cultural shifts that say when there is a convergence of interest between extraordinary political power - and the premier with control of both houses of parliament is the only premier with that level of political power - and the convergence of financial interests of the level of Crown Casino and the duopoly of Tabcorp and Tattersalls, when there is such a powerful convergence of financial and political interests then reality, the plausibility structures, that which is normal and benchmarked as normal in terms of state limits, suddenly get blown apart. We actually overstep lines and don't even realise we're overstepping those lines. I think it's true to say that the Victorian public have come to understand and affirm that the state government - and indeed the industry who clearly are mainly watching their shareholders' interests in this respect - that the overstepping of this line has been significant.

The Victorian Casino and Gaming Authority's survey in December last year said 85 per cent of Victorians believe gaming is out of control. That's 85 per cent, most of whom would gamble. This isn't some puritanical argument as often we in the Inter-Church Gambling Task Force have been caricatured. You've heard Ray's statement that there's been a few churches built on bingo and there's hardly an argument for purity on this issue from the churches. But the allowing of these political and financial forces and the convergence of them to actually promote as a public good that which is addictive for a significant proportion of the population has been the framework for the debate in Victoria.

We in the Inter-Church Gambling Task Force have likened that cultural shift to leaving your towels on the beach, going in and having a swim, having a great surf and coming out and discovering you've been washed 200 metres downstream and your towels are up the other end of the beach and you didn't actually even know you've been caught by a rip or a tide. In our submission it has been that sort of cultural rip or tide that has gone through Victoria with the introduction of the double bang of one of the biggest casinos in the world for a downtown city centre and the introduction of poker machines that didn't just go into clubs, where in New South Wales over a long period of time there was the slow, educative effect, the quarantining effect of a club where you sign in, to dress up perhaps. You know the moneys that you lose go to a community benefit which is that club's purpose.

Here in Victoria poker machines went into pubs straightaway and if they were less than 25 per cent of floor space, as of right - you know a local milk bar has to apply to get another amusement machine in but pubs could have poker machines as of right. They went into shopping centres, catching the impulse gambler who was just going down to buy their milk and bread. There was quite an extraordinary allowing of a gaming culture to develop in a very short time, which is why it's not surprising Victoria went from per head the least gaming state to the greatest gaming state in such a short time. It can only be explained, in my view, by those sorts of factors I've alluded to.

Therefore it's our submission that culturally there has to be proper restraints. They are proper political restraints. The premier in the last 12 months, and this is to his credit, has heard the message. Maybe he heard it after the Mitcham by-election last year when gaming was one of the three major issues on the agenda. But he needs to be moving a bit more carefully, not promoting and actively encouraging that. There has been a change in climate and therefore the debate, it seems to me, is actually possible in a more - well, I guess sane and restrained way.

However, we are still very concerned about the linking of gaming with sporting, music, artistic, cultural heroes within this culture. We have real fears that with interactive Internet gambling, which will be allied with digital TV which is coming in the next 5 or 10 years, that the possibilities of gambling from your own home on whether Shane Warne is bowling a flipper or an offie this time means that people can lose significant amounts of money, perhaps even their own home, without actually leaving it. This, we fear, is going to be a new wave that makes your task in this inquiry quite critical at this time, particularly against the backdrop of the US Senate declaring that it's prohibiting at this time interactive Internet gambling.

The cultural connections with new technologies always expose new groups to risk. The experience in Victoria is that women who didn't frequent TABs and racecourses didn't constitute a very significant percentage of the problem gambling population. Estimates are around about 3 or 4 per cent. Once pokies were introduced with safe environs of clubs and someone opens the door and remembers your birthday and walks you to your car, or pubs, we've seen a huge jump in addictive

problem gambling amongst women. Estimates now are up around 49 to 50 per cent of problem gamblers are now women.

New technology in Victoria introduced, it seems, a new group. We fear that interactive Internet technology will actually introduce, particularly young people in the access of their homes where parents find it hard to monitor what they're doing, a whole new group again. So we say that the cultural shifts in which gaming is now understood as family entertainment, where the ads declare that at Crown Casino everybody's a winner - the worst thing in this culture is to be a loser. The worst thing kids can say to one another is, "You're a loser." The only thing is to be a winner and when everybody's a winner - which is rather curious because we in the task force only seem to meet the losers but apparently everybody wins - this becomes a culture identified with sporting heroes who are winners, where you long to participate in that experience of being a winner and new technology particularly, not to mention the easy accessibility that exists now, will intensify the problems we've got, will intensify growing addiction and will lead to the sorts of cultural confusion that gaming actually leads to serious loss and pain.

I won't go through all the other heads of our submission. You've seen that we've made certain recommendations about the Victorian Casino and Gaming Authority's powers, which we believe fell prey to the confusion of the cultural shifts, that they were acting with the technical correctness of a legal approach that looked at what their terms of reference were, when the whole culture suddenly had shifted so far so quickly that technical approach was actually right out of date. They were not restraining, they were not seeing the inherent contradiction between regulating gaming and promoting tourism, which the culture here said is all centred on Crown Casino and the opening up of pubs, and therefore the VCGA literally got, in my view, washed aside - and I think it's the view of the task force, washed aside by the power of the state government and the premier.

Our evidence for that is that when the Crown Casino asked for an extra 150 gaming tables, which is a huge jump, the premier came out immediately and said, "Of course they should get them, the need's there." When he was reminded that it's not his decision, it's the Victorian Casino and Gaming Authority's decision, he said, "Oh, well, of course it's up to them." We sought to make submissions to the VCGA and weren't given standing to even be heard on it. The decision was effectively made. There wasn't proper regulation and hearing and consultation because the nature of this fast-running culture just literally ran over the VCGA.

So you will see that we make submissions about clarifying its powers, that it isn't there to promote tourism and the hospitality industry, that it's there to actually regulate. You will see we've made submissions about the Community Support Fund. Just to put it very simply and bluntly, it is completely outrageous that the Community Support Fund has no independent community representatives on it. It is a complete nonsense that it's the premier within his department that decides where that 1.4 million that flows into the Community Support Fund each week comes from. You'll see our comments about research - and Marilyn will speak to those in a minute.

We feel very strongly and have been calling for nearly 2 or 3 years for regional caps directed by municipal boundaries on where the pokies are. Even though we're near the limit, the number of pokies that can be held in the state - a limit that we called for at that rally on 10 December 1995 and even though we were quite personally attacked by the premier it was introduced 10 days later on 20 December and that was an outcome of that public pressure. Even though the limit is nearly there the duopoly of Tatts and Tabcorp are quite able within that limit to pull pokies out of areas where they're not so productive, which happen usually to be the richer areas, and to redistribute those pokies to the poorest areas, therefore ruthlessly and massively redistributing wealth from those poorest areas into government coffers and into the hands of Tatts and Tabcorp - and the Victorian Local Government Association's submission, which I think comes this afternoon. after us anyway, will certainly address some of the figures about that quite massive redistribution.

In our view it's a bad way to govern, to say, "We're not raising taxes to build a museum or an aquatic centre down at Albert Park. It's all coming out of gaming," and to put up banners as occurred when the aquatic centre opened, "Not a cent of public money has gone into building this aquatic centre, it has all come from gaming, enjoy," signed Jeff Kennett. In our view that is bad public policy and bad social advertising. It could be argued that tobacco companies have also contributed to buildings by the taxes they pay and brothels and a whole range of other groups that we don't sanitise by saying, "We owe it all to you, enjoy." In our view it's particularly bad not to raise taxes but to simply allow more pokies to go into some of the poorest areas of Melbourne and Victoria to pay for those public buildings. That is, in our view, inequitable and unjust and bad government, and we've made recommendations about that.

Finally on advertising and warnings you will see that we believe that the industry in terms of its advertising needs some of the sort of restraints that we expect of tobacco and when people say, "That's ridiculous, it's a free market," I mean, who would have thought 10 years ago that a day would come when a person couldn't blow smoke in your face with impunity or smoke in a restaurant. You would have said that's impossible. That day has come. Who would have thought that we'd have such hard-hitting drink driving ads today in the face of the power that industry. I think it's still early days with gaming but we need to move now to recognise that because it is hurting a significant proportion of the population, the limits on advertising, the warnings are now long overdue, but they're desperately needed. That's not to wipe out the industry at all but it's to offer proper consumer protection which any addictive product needs to be offered.

I simply finish by saying in this state I don't think it's an accident that the minister for gaming is the minister for finance and gaming. That link is, I think, very undermining of the state government's regulatory role. It has become a bit of a joke in this state that the term "minister of the Crown" took on a whole new meaning. Again I say there is proper attention that needs to be given to the regulatory role of the VCGA, the role of government, not promoting and sponsoring this, and proper

restraints upon the industry, at least within the terms of the recommendations we've made here, thank you.

MR BANKS: Thank you very much.

MS WEBSTER: I will address some of the issues around research, which is an area that the Inter-Church Gambling Task Force have been extremely critical of over the last 4 years. I think the statement which best encapsulates the state of gambling research in Victoria is that it has been too little too late, and by that the Inter-Church Gambling Task Force understands that the research has been piecemeal. It has concentrated on certain geographical areas at the expense of others. It has been research which has not been able to be replicated over a period of time, other than those surveys which have actually been attitudinal surveys by way of virtual marketing surveys for the industry, and it has been research which has largely ignored some of the social impacts which the Inter-Church Gambling Task Force has been pointing out for some time.

Research itself is one of the key functions of the Victorian Casino and Gaming Authority. Of the \$90,000,000 that passed through the authority last year into the Community Support Fund about 1.7 million was spent on research. This might seem to be a fairly luxurious research budget, particularly under the stringent funding for research that now besets most community and social research organisations. However, we really are at this point of time in a position of needing to evaluate what has been the most significant social experiment in Victoria. We've had numerous promises that this would be evaluated, but only this year has there been an announcement, I note following the Productivity Commission's announcement that it would be conducting an inquiry, that there's finally to be an inquiry into the social and economic impacts of gambling in Victoria.

In 1994 the Victoria Casino and Gaming Authority established a research protocol which really lapsed for a period of some 18 months and despite numerous submissions by the Inter-Church Gambling Task Force we were unable to establish why it was that this research was not getting up. However, it does appear in retrospect that the VCGA were having difficulty getting funding from the Community Support Fund and also difficulty in getting approval from the premier for the conduct of the research. At last this year I think it's fair to say that we can see some significant research projects being undertaken by the VCGA and in recent months there has been a number of research projects which are really quite significant and which do reflect some of the submissions that the Inter-Church Gambling Task Force has been making over a period of time.

The first one I'd like to point out is the research into crime and gambling which has just recently been advertised. There has been no attempt, as far as we are aware, to standardise statistics within either the police statistics or court statistics, to actually quantify the impact of gambling on court appearances and reports of crime. I think certainly at the beginning of the introduction of the expanded forms of gambling there was great concern about the probity of the industry and the need to protect the

industry around the invasion by organised crime. But experience in the United States indicates that the most significant issue around crime and gambling is that of petty crime and the daily effects on people's lives that their entrapment has.

The second research project which is of significance is the one that I have already pointed out and that is the social and economic impact study. We look forward to the quantification of some of the social and economic impacts to be taken into account in that study and are really concerned that some of the social costs are taken into account in the modelling that is proposed. The other study which is of great interest to us is the study into problem gambling. One might ask why is a study into problem gambling of such issue, both for the industry and for agencies and for the churches, when we have an understanding that perhaps 1 per cent of the population is perhaps affected by compulsive or problem gambling.

However, the definitional issue is actually quite a strong political issue, because it will determine the extent to which the government is prepared to move in and regulate the distribution and number of machines. So for instance if we do even accept the very lowest level of 1 per cent of the population, then perhaps in Melbourne we might have at least 30,000 with severe compulsive problem gambling. When we allow for the fact that each one of those people is generally considered to have affected in some way seven other people, either their families or their employers or their social associates, then we are really talking about quite a significant problem. So there has been quite a lot of difficulty in getting this study underway and a great investment from both industry and other parties as to its outcomes.

There are some gaps, however, which still require to be addressed. They are gaps perhaps not so much that fall within the realm of responsibility of the Victorian Casino and Gaming Authority, but they are gaps which actually fall within the responsibility of the minister for community services. The minister for community services is actually responsible for both research into problem gambling and the delivery of problem gambling services. I must say that the research program has actually suffered by being split into its two halves, between the VCGA and the Department of Human Services.

The department - and I will address this later in the submission from Catholic Social Services - has yet to embark on research into the impact on families of the expanded gambling opportunities. We feel this is a great deficit. There has been research into the impact on adolescence, there has been research into the impact on woman, but no research into the impact on the family unit. There are other issues around data which perhaps cannot broadly be described as research programs, but the Department of Human Services does collect statistics from its programs in an ongoing way. But there are problems about accessibility to this data.

The release of the data is often delayed for extensive periods. For one of the G-Line reports I think we waited 18 months before it was released. There are statistics collected on financial counselling programs which are delayed. There are statistics collected on the Break Even gambling counselling programs which are

delayed and there are statistics collected on the G-Line telephone support service which are also delayed. I think that says something about the opportunity the community has to actually assess the impacts of the industry on itself.

Finally, of great concern to the Inter-Church Gambling Task Force has been the impact of confidentiality agreements on the researchers who have been undertaking significant research projects for the Victorian Casino and Gaming Authority and the Department of Human Services. Perhaps this has been one reason for the resultant delays, but it has certainly meant that data has not been accessible for people wishing to access the and assess the wider social impacts.

Finally, an associated issue is the issue of copyright. This will be particularly difficult in relation to the problem gambling study where an instrument is to be devised by the Victorian Casino and Gaming Authority and it will be copyrighted and require approval for its use. The Inter-Church Gambling Task Force has consistently made submissions both to the Department of Human Services to the Victorian Casino and Gaming Authority about the importance of this information being under community ownership. At this stage we really have to say that we are not there yet. I think that concludes my presentation on research.

MR BANKS: Thank you. Just on that, I have some broader questions, but what is the rationale for confidentiality of even raw data? We have an interest in this obviously, in that we are going to try and get access to as much data as we can, including from the VCGA. I can imagine where there is commercial in-confidence or personal or business in-confidence and of course we can protect that, but do you have any views on why the confidentiality provision be there?

MS WEBSTER: I think the stated reason is, particularly in relation to client service data, to protect the identity of clients. However, data presented in aggregate form with appropriate statistical advice, particularly where there are small incidences in particular geographical areas, can be manipulated in such a way to protect individual identity. The Australian Bureau of Statistics does it all the time in terms of its own surveys and there is no real reason why similar data from other entities can't be presented in that form.

MR FITZGERALD: Just related to that matter, you raised the issue of these heavy delays in the release of data, in speaking to authorities in Victoria we have been assured that all research is actually released. Why do you believe that there has been some significant delays in the data releases?

MS WEBSTER: I think there are a number of practical reasons which have to do with the passage of the information between the department and the contracted researcher and the negotiation around the presentation of that to the point where it is publishable or agreed to be publishable by both parties. I think that has played a significant role in the delays. Then there is the issue of ministerial approval required, particularly for data from the Department of Human Services and I know there have

been circumstances of delay there. I presume that those delays have to do with wider considerations.

REVEREND CLEARY: Many of the delays initially, particularly with the Victorian Casino and Gaming Authority, related to the long time in which the actual research questions were being prepared and discussed and in the initial stages the issue of data base commercial sensitivity to information. Requests that we were making in terms of specific projects, there seemed to be a large time lag between the commitment to do research and the beginning of the first research projects.

REVEREND COSTELLO: It's also true though, it's hearsay evidence that at least two researchers have spoken to me and told me about how their report had to be in their words, cleaned up, before it was acceptable to be released and that was the reason for the delay. Of course it becomes very difficult for people who are in academic contexts to talk openly about this, because now their academic budgets depend on getting these contracts in the future.

MR BANKS: When you say they are asked to clean up their research, who would have asked them to do that?

REVEREND COSTELLO: In one instance the VCGA asked them to clean it up with particular references they didn't like. In one instance it was the references this person made to Crown Casino that had to be cleaned up.

MR BANKS: Perhaps we will come back to some of these issues of process which I think we both consider to be very important and want to take the opportunity to explore some of your ideas. I think it is true to say that Robert and I have now been around Australia at least once. Clearly in some jurisdictions there is great concern about what is being called convenience gambling and the proliferation of gambling and so on. I think this is the only jurisdiction, however, where the churches have got together in this way to form a joint group or lobby group. Could you explain why that might be so?

REVEREND CLEARY: I believe historically Victoria is very different from the other states in terms of the way in which the churches work together. I think the churches in Victoria have always had a long history of being active in issues of social justice and issues of concern about community. I think there are other examples that you could discuss. I think partly it is because the churches in Victoria play such a large significant role in the distribution of welfare services in this state in comparison to all the other states in Australia.

I mean in Victoria we have something like close on 100 church related agencies that are involved in day-to-day distribution of welfare services, small and large. Whereas if you go to other states you may have six or eight large organisations, but in many ways they are distant or at least less connected to the life of mainstream churches. I think the ecumenical nature of Victoria in terms of the way the churches relate to one another and deal with issues of social concern and justice provides a sort

of background and context in which the churches have played an active role in this debate.

I mean the same way in terms of the taxation debate in Victoria back in 1993 - was it 1993? Whatever it was, anyhow - - -

REVEREND COSTELLO: 85.

REVEREND CLEARY: 85, well, whatever year it was - - -

MR BANKS: I think there was a different government in power at that time.

REVEREND CLEARY: It is certainly true I think, at least the argument is put forward that the churches have been the visible opposition in Victoria, not only to issues of gambling, but to issues of privatisation, shifts in public policy and a whole range of areas and perhaps part of that reason is because the churches are independently funded. The welfare agencies are and I could talk about the way in which welfare agencies have been restricted in terms of public comment and so forth, but the churches as such receive their funding not from government and therefore still are a free voice in the community. I think that is also a significant factor.

MS WEBSTER: Just in relation to the gambling issue itself, there is a history to that level of co-operation, it just hasn't begun with the expansion of gambling in 91, 92, but goes back to 82, 83 when the Wilcox and Connor inquiries were actually considering those issues. That was where perhaps the public co-operation was first established.

REVEREND COSTELLO: That history was I guess drawn upon because - and this is why I started talking a bit about the political context here, which was different to elsewhere - insofar as the in your face confrontation with the growth of an industry that was promoted as a social good was from the church's perspective so suspect and inflammatory. I think that also explains it.

REVEREND CLEARY: It has been one of the few issues in the various churches where I know in my own tradition, in the Anglican tradition, the synod, which is the governing body of a thousand members, passed recommendations in relation to gambling unanimously, without one abstention. I think that is a significant indication that the church broadly, not simply the leadership of the church which has often been the accusation made by government that it is only a few hotheads who are the leaders, but the church broadly in the context has been deeply concerned about this, in a climate when we say that the church is diminishing in its influence. I think there is a significant issue there that is raised as well.

MR BANKS: Perhaps the other broad question that I could just put to you, I mean it has been said that why should we treat this industry too differently? In fact we have heard here in Victoria from one of the major providers that this is broadly an entertainment industry. We don't regulate other entertainment industries to the same

extent as this one. This is a heavily regulated industry already. Isn't it simply a matter of free choice; individuals can do with their own money what they wish. Some will spend more than others on all sorts of things. Why not let them do so here as well? This is a fairly basic issue, but I am sure you have views you might like to put.

REVEREND CLEARY: Can I direct the question about the market and choice. I think it is a myth to say that this industry is driven by the consumer. This industry was created by government. They created the market in which the industry could then thrive. It is like the issue of privatisation it seems to me. There is a public policy issue. Governments have enormous power to create markets. Now, in terms of the privatisation debate in Victoria, the privatisation debate has now been driven by government. They have created the market for the private sector to actually develop and expand at the expense of the government sector. So I think it is a myth to talk about a market out there which has driven the gambling industry. It seems to me in this case that it has been a coterie of government with three or four major providers who have sought to create a market and then drive it. They have driven it fairly successfully here in Victoria, in terms of the expansion of the industry.

REVEREND COSTELLO: Yes, I would add that I think we all know advertisers do not spend hundreds of thousands or millions of dollars on advertising because it doesn't work. It works remarkably well. This is why I drew your attention generally to a culture, to what's actually normative within a culture. Within that culture, individual choice is actually shaped, suborned, seduced. If everybody is gaming and if that's where all the live acts and your sporting heroes, well, that's actually where you'd better be. It's different to other entertainments, different to going to see a film, different to having a meal, because it is highly addictive for a growing proportion of the population and there is, as Marilyn said, great debate over what that proportion is. Very few people still will admit to having a gambling problem. People will much more readily admit to having a heroin addiction or a drinking problem, than a gambling problem.

Part of the reason for that is that it's only meant to be family fun and entertainment. How can you have a problem with entertainment? How can you have an addiction with it? Secondly, with a gambling problem you're only ever one win away from not having a problem, so you don't actually come to terms with this problem, unlike stumbling around with a heroin addiction or an alcohol addiction. So it's not the same as any other entertainment. It's a highly addictive substance or a product for a growing proportion. When you ask the question differently, if you don't say, "Have you got a gambling addiction?" which most people say no; if you say, "Are you regularly, weekly, spending more than you can afford on gambling?" you get figures up around 8 to 9 per cent of people saying, "Yes, actually I am," if you want to know it honestly.

So I think we're trying to say this is the cultural connection that when an industry actually has that amount of muscle and that amount of monopolistic power - I mean the funny thing is that we keep being told by the government they won't have regional caps because they will allow the market to determine where the pokies go.

We say this is a market that in Crown's case is a monopoly at least in the state and a duopoly for Tatts and Tabcorp. They have extraordinary power with extraordinary research. Their market research knows exactly who's gambling and who they're targeting and who they're going after and how to reach them, which is why it's not simply a matter of personal choice. It is in part, of course it is, but not only.

MR FITZGERALD: If we can just explore that a little bit further. I want to come to some specifics in a minute. You talk about the industry promoting - industry and government in coalition promoting the notion that gambling is somehow a social good. We undoubtedly will receive - and have received - submissions that indicate that there are certainly some economic benefits and we can argue the quantum of those. The industry in many senses would say, "Yes, we acknowledge that there are some that suffer significant gambling problems," but that should not be an excuse for allowing - in their terms - the market to allow the expansion to find its natural level. Deal with those problem gamblers through harm minimisation programs and so on.

In Victoria you fought a fairly strong campaign and again in terms of capping, some might even suggest the reduction of gambling activity as it currently stands and so on. Why is it not an appropriate strategy to say, "Let the market find its own place in terms of the level of gambling activity and deal with that small percentage of people who will suffer problem gambling and those significant others that are affected in a different way"? What's your view about that approach?

REVEREND COSTELLO: Because it is an addictive product. That argument, in my view, should apply to heroin. It should apply to a whole range of things that we know are addictive. Let the market actually - I'm not suggesting that heroin is at the same level of gambling, but I'm saying in terms of the addictive qualities. We've always said because there are certain products that are addictive which, when they are aggressively promoted with the best marketing minds who target young people, who actually say that this is what is normative in the culture. This can only expand, not simply in an economic sense but in a socially addictive sense, the amount of social damage that is done. That's why we've been arguing the issues of warnings, of visibility, of accessibility, like we'd argue it with other products that are addictive.

REVEREND CLEARY: Certainly I'd add, if the market is so strong for gambling, why all the advertising? Why the enormous budgets of Tattslotto, Tabcorp and Crown Casino, constantly bombarding radio, television and newspapers? I picked up the weekly Seniors magazine on Friday while having a cup of coffee and there on the back page a huge advertisement stating the benefits of coming to Crown.

MR FITZGERALD: But one of the issues that arises from that is that once gambling has been allowed to enter the states and grow, consumers have obviously consumed this product in ever-increasing numbers, most of whom you would agree are not actually addicted to it, although again we can argue the quantum of that. Some have said to us, "That's the demonstration of community support for it." The surveys in Victoria, I understand, show that most people have a concern about gambling but industry sources have said, "Yes, but the real measure is whether they

access it," and frankly, more and more are accessing it. How do you deal with that apparent contradictory position, of people's concerns on the one hand, yet they consume more and more when it's offered? In other words, there's a latent demand and industry is simply feeding that demand or meeting that demand.

REVEREND COSTELLO: I think there are very broad brushes of philosophy and culture that we have to get into here. In my view, it's the notion or it's part of the idea of the collapse of the notion of the future, the category of the future, for many people. Most Australians figure that if they've got a job today it's only because their employer hasn't worked out how to do without them yet. There is chronic anxiety and chronic insecurity. Young people, where there's 27 per cent national youth unemployment, know that no-one is going to look after them and find them a job. They're a single business unit, unlike the culture you and I might have grown up in which said, you know, "If you're smart, you go to uni; if you're good with hands, you get a trade and an apprenticeship; if you're good at business you go into private industry, and if you miss out on all those options there's at least the public service or the railways or the tramways. They'll take you on. They don't need you but they'll take you on." There was a social view that actually said that young people shouldn't be left on the scrap heap. Now it's changed. It's a much leaner, meaner, user-pays ethic with far less category of the future. 5-year plans for businesses are virtually gone. A 1-year plan is a long time.

Into that sort of culture, gambling actually becomes a concrete expression of hope. It becomes a concrete expression of the future. You actually say, you know, "A third of young people are missing out on jobs, even if I've got a lot of initiative a third are still going to miss out. Maybe a win at the pokies is going to be the way I am going to drive that car I really want or do what actually my dreams are," a culture which actually increasingly says - and this is my wife's experience who teaches at a secondary high school, when she asked her year 11 students, "What are your dreams?" every single one of the students said, "To make money." She said, "Yes, that's good, but what else - nursing, teaching, social work?" They laughed. They said, "No, no, that's for losers, we're going to make money."

In a culture which scripts people to say that actually is what the dream is - and there's less opportunities for those who are the underbelly to make that money in a regular job - gambling takes on cultural importance of far greater significance than I think we can estimate. This is why it's not simply an economic matter and a matter of private choice, which is why the churches say at one level it's a spiritual issue. It's an issue of whether you experience a win as a moment of gift and grace, you know, the powers up there have actually graced you and, "I'm not alone and I'm not a loser." So there's a whole lot of layers of this which I think cannot reduce it to simply economic growth, let the market reach its own level.

MR FITZGERALD: My final point - just in the broad, then coming to specifics - is this: that some have said to us that churches such as your own and others are simply trying to socially engineer the community in a way that meets your moral or belief systems and that they have said gambling should be treated in a neutral manner, it's

neither good nor bad, it has no moral values and it sits in and of its own as an industry. Do you believe that in some way you're trying to create an environment where we socially engineer the activities and behaviour of Victorians and Australians generally?

REVEREND CLEARY: I would have the thought the argument was the other way around. I would have thought that there's a very strong argument that the industry itself is trying to socially engineer the culture of our community in order to divert and attract young people and others to gambling. I think you only need to go down to Crown Casino to see the context. I mean, it's not just a venue where you've got 1000, 2000 machines, you've got a whole complex designed around seduction, around excitement, around immediate winning. If you drive up Sydney Road, Brunswick, and see the big Tabaret lights and the flashing, I mean, it seems to me the argument is the other way around. The churches have said quite clearly that in terms of gambling that gambling is part of Australian life. What we need to do in a sophisticated, mature society is to ensure that addiction, to ensure that alcohol, gambling, all these sorts of things don't become a destructive element, so much that the very nature of our community fabric disintegrates.

I think of course there would be some of us who would argue that this is a much wider issue in terms of politics and ideology about the nature of society and the nature of community. Who controls the resources? Who directs the social policy? It's true to argue that perhaps churches historically in the past have had too much influence over the direction of Australian society. I find it very interesting now that in a time when people say the church's influence is declining that in fact in many areas it seems to be the organisation which is fighting for values or fighting for some degree of integrity in the whole community, not based on sectarianism or even often religious ideology, but in a sense of what is best for our community. I would throw the argument straight back to the industry and say, "You are the social engineers. You are the ones that are trying to shift the culture in a new direction where a few will benefit, a few large CEOs will benefit, shareholders will benefit and the community will be diminished."

MS WEBSTER: I think the other lie to that, Robert, also is what Robert Goodman describes as "the rapacious government" and the reliance on taxation that government develops with the growth of the industry. It's quite clear in Victoria - and I'm sure the local government people this afternoon will point this out - that the contributors to that taxation pool are actually the poor. So there are whole issues here - we're talking about issues of social engineering, we are talking about the poor contributing in a disproportionate way to the wellbeing of the Victorian public and I think perhaps that will be developed further this afternoon. But it's quite obvious that in Victoria anyway it's the poor that are paying.

REVEREND COSTELLO: Can I just add on that, there's community lobby groups for marijuana decriminalisation. You go through every social issue. There were no community lobby groups, apart from the industry, calling for more pokies and more gambling. This wasn't actually grassroots sort of social engineering, this was industry

that had a whole lot of money to make actually lobbying the government. When you say people use it, in terms of social engineering, we're the greatest gambling nation in the world and if you're accusing the churches of social engineering you've got to somehow say that President Clinton with his 2-year inquiry, because of the great concern Americans have about the rapacious effect of gambling as trying to socially engineer, not to mention a host of other nations that won't even allow their own residents to gamble in casinos, you've got to have a foreign passport. So I think that's a very weak argument of the industry that this is just the church is trying to socially engineer.

MR BANKS: I think we find ourselves in the situation where - I think as indicated at the outset - we have a bit more of a gambling culture here for historical and other reasons, perhaps than the United States. We find a situation in which gambling has been deregulated or liberalised, to use that term, over the past decade or even 5 years in particular. So we're forced, I suppose - Robert and I - in thinking about this to deal with the status quo and how one deals with what is. I take it from what you're saying, is that you're not saying, "Let's go back and abolish all forms of gambling." So then it comes down to, what is good process in this area and I guess we're going to be thinking very hard about principles that would underlie good policy-making in this area that produces both pluses and minuses in the economic and the social domains. Any more detailed views you might have about those matters would be very helpful to us. I mean, we could think about it in particular in relation to the question of caps on poker machines.

What would be a desirable process whereby society made a judgment, or a government made a judgment on society's behalf, about how many machines should be made available and in which locations. Is that something you would like - I mean, it's a concrete example of a bigger problem, I think, and one that actually is ahead of this state because my understanding is that the current cap has now been reached, there's a certain amount of lobbying to extend it, so it's a very relevant issue.

REVEREND COSTELLO: I'd just say that this is where the climate gets all confused. We all had a cap, we knew about the cap and suddenly Kerry Packer, to rescue Crown Casino says, "I don't just want lower high-roller tax and lower domestic tax, I want an extra thousand pokies," and the noise is suddenly being made, "Well, perhaps we've got to give him that," and he still may get that. In other words, these caps seem very fragile. When money and power actually rolls in it's like a wall that bursts. So I guess what we're saying is in terms of restraints, caps and advertising are two very critical matters. To give credit there have been some TV ads but the last TV ads warning of problem gambling were meant to appear 12 months ago and still haven't come out, so there is a lot of this dragging of feet. But these are the sorts of practical considerations we're saying, rather than pulling all the pokies out. But we do say very strongly that if you want more pokies they're not to go into, say, Maribyrnong, who you will hear from this afternoon. If you want more pokies they can go into Toorak where there are very few.

MR BANKS: But how does a government decide that though?

REVEREND CLEARY: I think one of the arguments we would be putting forward there which we've been making for some time is that the regulatory body, the Victorian Casino and Gaming Authority, needs to establish some criteria based on some sound research. It's like the catch-22 situation. We've been arguing for the research for 5 years. The research is still not really up and running in terms of the depth of the research - criteria about the size or the number of poker machines in any one venue, the closeness to other venues, the socioeconomic data that's available for that particular region, rates of return.

I mean, clearly at the moment the evidence is that the Tattslotto and Tabcorp just move them to where they will get their highest return. No issues about social control of that; should there be a return to the local community in certain areas. In rural Victoria, if you put 20 machines in, let's say a little town way out where the experience is that all the money goes out, what sort of return needs to be repaid in terms of taxation dividends to local communities. I think there are some criteria. I think what we would like to do as a task group is come back to you with some suggestions around that which may be helpful in terms of the deliberations.

MR FITZGERALD: Yes, I think that's very important. For example, at the moment we have been to all the states and we're halfway through the second round, and there's many more to go. But, for example, in the neighbouring state of South Australia pubs and clubs have a maximum cap of 40, per venue I think it is. In New South Wales the clubs are unlimited, the pubs are capped at a particular level. In every state it's different. In this state it's different again. One of the fundamental issues is that some people say it doesn't matter about the number of machines, it matters about the number of venues. Others say no, it's the number of machines, and so on.

Do you have a particular view about what causes the greatest difficulties? Is it machines, number of venues, location of venues? What is the mix? And that bears directly on how do governments then make a sensible decision, because every government in Australia has, for reasons which seemed unclear, made completely different decisions, all of whom now say they're right. So the one thing we're sure about is all the states are right; they're all completely different. Have you got particular views?

REVEREND COSTELLO: I think we'd like to actually come back to you on that. I have some views but I haven't actually discussed that with the - - -

MR FITZGERALD: Okay, no, that's fine.

REVEREND CLEARY: I've got some views too.

MR FITZGERALD: We would be keen to get some feedback.

MR BANKS: Maybe when you're appearing individually if you elaborate on those. See, one of the things that strikes us straightaway is the point that Tim made, I think, and that is that there's a perverse element to caps too, because within a particular allocation system then there'll be a reallocation of machines to maximise their productivity, which is an interesting word given the name of this organisation, but there we are - maximise the productivity of the machines, and a certain amount of that has already been happening I understand. So you could argue that caps in some ways could lead to a more perverse outcome because machines will be redistributed. What the local government people are telling us is that they're more likely to be redistributed in the lower socioeconomic areas in this state.

REVEREND COSTELLO: So caps have to be married with regional caps in municipalities. So there's a state cap - and you can't actually then, in my view, say we're going to put more in Maribyrnong. There has to be a capping at a couple of levels.

MR FITZGERALD: I just want to push this issue: you make the point - and we have a number of submissions to come this afternoon, all of which make the same point - about what you call the regressive distribution or the regressive redistribution of EGMs by the two main players, Tabcorp and Tattersalls. It's clear from the evidence that's available that a disproportionately high percentage of machines falls in low-income areas. Now, we can argue the toss about exactly how much. Some would say to us that that simply reflects consumer demand - and I want to come back to this: low-income areas are attracting a greater percentage of the machines because they are simply meeting an unmet or a latent demand. Can you just explore - because you take a very different view about this.

REVEREND COSTELLO: Yes, my view is that for those in lower socioeconomic areas they've never developed a culture of investment in shares. If you're smart you buy shares in Tabcorp, in Tattersalls; you don't put the money down the machines. In fact, those in lower socioeconomic areas - and the research internationally shows this - think of playing the pokies not only as gaming but they think of it as investment, they actually think of it as investment. So here is an education challenge. And it's the issue I was saying earlier, that at one level if you're high on the misery index in terms of unemployment and not many prospects, this actually looks like the only concrete expression of hope for you - and there's a mixture of motives why people gamble, but they are very, very compelling reasons.

MR FITZGERALD: Can I just move backward if I can, then. I want to understand where you think policy should be made in relation to gambling. It's quite clear in Victoria there is a level of tension in relation to issues surrounding gambling, perhaps not experienced in the northern state of New South Wales. You've made some fairly critical comments in relation to the role - or you call it the confused role, you go on beyond that - of VCGA. VCGA has been put to us a model that should be duplicated elsewhere because it brings together all of the gambling activities under one head. Can you perhaps explore for me where you think policy should be made, where regulation should reside, where enforcement should be, in other words, what are the

delineations of powers. I just go on, because one of the views that has been put to us very strongly is that all policy - for example, increasing the number of pokies or what have you - should stay with the department and the minister. Enforcement should sit with an independent authority; discipline should sit elsewhere. All the states again, none of them have - no two states are the same in relation to their regulatory frameworks. So do you have a view as to what would be the preferred regulatory framework within this state or more generally?

MS WEBSTER: I think from our perspective, and our particular interest in communities of disadvantage, we would be making a case for appropriate regulation to lie at the appropriate level of government so that local caps would rest with local government and statewide caps, for instance, would rest with state government, and within that, applications could be made within local areas. Again, we would be pressing for a clear delineation of - clear policy power and decision-making on the part of the government from the oversight and application and implementation of that policy by a body such as the Victorian Casino and Gaming Authority. We think there's a role there for it - and I speak on behalf of Catholic Social Services. There may be differences - - -

MR FITZGERALD: No, that's fine. Can I just ask you, Marilyn, in relation to that - just be clear if you can for me: do you believe that the VCGA for example should have the authority to decide what the cap is, statewide, or do you believe that is a political decision that should sit with the minister and, if so, how is either of those bodies - what process should they enter into before they make that decision? I'm just using caps. It could be anything to do with lotteries, racing or so on, or generally.

MS WEBSTER: The detail of the potential policy decisions is infinite. Just taking the issue of caps, we believe that that does reside at a state government level and we would express concern about the failure of government in the past to consult around some of that - the setting of those caps.

REVEREND CLEARY: If I could add to that, I think in terms of the VCGA one of the issues that we have been discussing with them and with the minister is in relation to the way in which the research undertaken by the authority, that it has done already, how they actually use that research. In our discussions with them on numerous occasions their advice to us is they have done the research but they then don't advise government of the implications of the research on what policy there already is. So there seems to be a disconnected - you do the research but that sits out there, and policy is over there somewhere. Some policy is over there but other policy is here.

I think we saw that recently in relation to the issue about Crown and their request to vary the terms of their contract and licence in Victoria, about the second hotel and the Lyric Theatre and their request at the same time for tax breaks. We asked the authority, "Who actually makes those decisions? Is it the government or is it the authority?" The authority's response to me was, "We can't enter in discussion with you about that, but policy issues are made by the government." It's sort of you're

in a no-win situation. The CEO of Tabcorp I think it was at the time said, "Oh, well, if Crown can ask for tax cuts so can we."

But who does he ask them to - the government or the - so I suppose in a sense I'm saying there there will also need to be a delineation between policy: policy which is macro state, of a political nature; and policy which is in fact interpreting and putting in place the framework in which the industry operates. I see the latter being clearly the responsibility of the VCGA. But to do that in the current situation will need, I think, a revisit of the legislation that they've currently set up because they've got this confused role of regulator, promoter and tourist initiator.

REVEREND COSTELLO: Can I just add a slightly dissident voice on this one. I agree with my colleagues here that in a normal situation state government should set policy and decide those decisions. It has got the jurisdiction over gaming. I am deeply troubled, however, at the fact that gaming has grown to nearly 14 - I think it's 14 per cent of recurrent revenue now, and it is growing. I think this has proved in the Victorian experience that statement governments find it almost impossible to be both regulator, in an objective sense for the social good, and revenue collector. This is what my reference is to as minister for finance and gaming. I think there is a fundamental contradiction with those two.

Because there is in the government's view and the industry's view a lot more growth yet to happen in gaming, at the state level I am very concerned about the state governments who are - and I have said this and others have said it - addicted to the gaming dollar almost more than the industry and the addicts actually heading that area up. If you had an independent regulatory body in the VCGA to set policy that might be - if it was truly arm's length, and it's not - the executive director of the VCGA is a member of the minister's staff.

MS WEBSTER: He is required to advise the minister.

REVEREND COSTELLO: Right. You often get these mixed messages quite working out who's representing who here. VCGA as a fully independent, statutory body - or it may not be statutory, but a body that's actually full arm's length may be a better policy set-up. If constitutional impediments didn't seem so impossible I would prefer, given the state's history so far, this to be looked at nationally and for the federal government to actually have full responsibility for policy setting there. I know that's a big ask and the states are terrified of that because it is a milch cow. So those are certainly my views, which are slightly different to what my colleagues have said.

MR BANKS: We have asked others the question and I'm sure you have an answer to it as well and that is you have drawn the link between regulation and revenue. I mean, if there was no revenue to be had from this industry do you think government regulation would be different, would take a different attitude to how the industry is regulated?

REVEREND CLEARY: I think there'd be less interest by government in it if there was no revenue. In terms of regulation, I suspect that government would be more willing to listen to some of the regulations about the controls that would in a sense be non-significant in terms of the political process. I mean, I think one of the points that we've been trying to make is a very strong connection between the political context and the growth of the industry in Victoria. There has been a meshing. Now, I'm not suggesting any sinister grand conspiracy plan, that would be beyond my - to do that. But it certainly seems in Victoria - and this again was one of the reasons initially the churches became concerned because there were many questions that seemed to be unanswered and questions as to why the Victorian government in particular was so enthusiastic to drive this industry and to promote it and enable it to grow to the extent it has.

REVEREND COSTELLO: I think historically the answer to that has been that, you know, when the government didn't see a lot of money here it put gaming with gaming and vice. It said, "That's in the police department where it belongs socially." As Tattersall has always been private obviously and it has sort of had an image with Uncle George as just being a philanthropic trust, which is a curious but enormously successful image that they've created, with the privatising of Tabcorp, in my view what happened was that government knew that private industry would be able to much more aggressively grow the area, that under state control would have limited growth possibilities, because under state control the regulatory aspects would be under much greater scrutiny. So the arm's length, "Now you're privatised," has seen a massive expansion there which the government is very happy about because it says, "Oh, well, it's just a private business. It's nothing to do with us. We just have a bit of a regulatory framework." So I think they're the considerations in answering your question.

MS WEBSTER: I think just to add to that is to note the constant amendments since 91 when the first acts were introduced to the role of the VCGA and the management of the Community Support Fund and the causes to which it might be directed. I think it's a very telling process and hopefully someone will do a PhD on it.

MR FITZGERALD: Could I just refer to that specifically. In your submission your heading is Need for Fair Administration of the Community Support Fund. Can you just explain to me your proposal there and your concern as it currently exists?

REVEREND COSTELLO: The Community Support Fund has attracted a huge amount of attention in this state. It was originally under the ministers of arts and sport and tourism I think and after the last state election the premier took it under the Premier's Department - took it back under the Premier's Department. The term, the title Community Support Fund, suggests that groups like churches or local government or a range of other people might nominate people to sit on it. That actually hasn't been the case and there has been quite a lot of political controversy over its use, how the premier directs funds for art works he likes, the Contempora Five art prize, that he decided he didn't like one piece, he liked another piece, and the

moneys would come from the Community Support Fund, and it seemed he was free simply to do that.

The auditor-general has been extremely critical of the application of its funds, saying that - I forget the figures now but less than 5 per cent I think he said was used for the primary purposes of research and gaming addiction problems that it should have been used for. So this criticism is very widespread, not just the churches, that the Community Support Fund in appearance operates as a personal - well, the word has been put - a slush fund of the premier to actually determine how it's used. Now, he certainly has people on that who make recommendations to him and I'm not suggesting it's as arbitrary as just, "You know, I like this, I'll buy that." But without community representatives on it, its credibility is at all-time low and it's a huge fund.

REVEREND CLEARY: We would argue that the Community Support Fund ought to be administered separately under a group of trustees, the funds allocated and recommendations made to government which may in fact be of various government departments in relation to its usage, so that its independence and its community benefit which it was designed for can be clearly seen and is accountable. I mean, one of the big difficulties you have is to actually find what has been funded through it and what hasn't been funded through it. It is true, as the premier has said, that a number of programs for youth homelessness and drug addiction and so forth has had funds come from that particular program. But that has often been after funds have been cut in Human Services in another area and the funds have been transferred back. So it seems to me the transparency and accountability of that Community Support Fund would significantly assist, I think, to those who feel some concern about the funds being misused.

MR FITZGERALD: We've covered a number of your recommendations. I just want to deal with one: Prohibition of Further Poker Machines in Strip Shopping Centres. I note from a number of the submissions that there are now restrictions in relation to where poker machines can be in shopping centres and strip shopping centres and so on and so forth. It just goes back to an issue before. The location of venues generally for the provision of gambling product and services, what is your general overall position on that?

REVEREND CLEARY: Can I make a comment first of all about the strip shopping. I mean, while it's true that there has been some clarification, on the other hand there are numerous occasions in which facilities have been approved by the actions of the minister exempting a particular site from the strip shopping centre. So while there's legislation in one part, on the other part if it's suitable we just take that little bit out of the strip shopping centre and say, "That's not part of it," and approval is given. So it's not as clear cut as you've just stated. Our general view is that poker machines should not be in strip shopping centres or community shopping malls or facilities where families gather.

MR FITZGERALD: Much of what we've talked about in many of the submissions are about EGMs. Could you just give me a view as to your concerns or otherwise in relation to lotteries, wagering, other forms of betting?

REVEREND COSTELLO: Yes. I mean, we focus on EGMs because they're the most efficient way to lose your money. Lotteries and bingo and other scratchies, there has been a growth of those but it's actually hard to lose as much money in such a sort of mesmerising way. So we haven't made specific recommendations on those, because the hotel industry was saying, "Those hotels that have got pokies" - and I think it's about 20 per cent of the state - "are doing fine; those that haven't are really in deep trouble." The Victorian government or the VCGA was considering giving all hotels the right to have keno and our view was, "Well, we don't really want that and we don't particularly like that, but insofar as you've got to go and actually buy a ticket and talk to someone and have some distance from a machine" - a poker machine becomes quite mesmerising. Free drinks are often brought to you etcetera.

At least that is preferable if it stops pokies going into all pubs, which is one reason we support the retention of the fifty-fifty rule here, which I think you're familiar with - 50 per cent in clubs, 50 per cent in hotels - because we think otherwise there will be a spread right through every pub.

MR BANKS: If we just focus on the EGMS, do you see the clubs as being a more benign environment than the hotels? Is that implicit in what you were saying?

REVEREND COSTELLO: We would have. Some clubs have become very aggressive in their marketing too. In fact certain places have postured as clubs to actually get the club licences. Generally I think that's true. There is a community benefit and there is a different atmosphere, yes.

MR BANKS: But are you saying that you've detected a trend towards new clubs being created primarily for the purpose of gambling?

REVEREND COSTELLO: Yes, absolutely.

MS WEBSTER: And proxy applications.

REVEREND COSTELLO: And also the football clubs. You know, they say they're going to put some junior coaching back into the local community and things like this, which rarely ever happens. They set up the clubs because they're such milch cows, again.

MR BANKS: What about the club's role in relation to the Community Support Fund? Should they contribute to that or do they already do that by their own activities?

MS WEBSTER: The VCGA has done some research on the contribution back into the community by the clubs and the average amount put back into the community per year is running at about \$7000 which is not a vast amount.

MR BANKS: Per club?

MS WEBSTER: Per club, yes, per club, which is not a vast amount when you consider the income being earned from it.

MR BANKS: Is that a published report?

MS WEBSTER: Yes, it is. It's in the VCGA. I can give you a reference for it later.

MR BANKS: Okay, good.

MR FITZGERALD: Can I just ask a question on taxation. You have not specifically made any recommendations in relation to taxation, I don't think. Do you have any views you want to put about the way in which taxation should be determined according to gambling, given that you maintain that taxation is regressive? I don't think that's in doubt. Do you have a particular view about taxation and gambling, various forms of gambling taxes between pubs and clubs and so on?

REVEREND CLEARY: I was going to address that in the next submission.

MR BANKS: All right. It might be opportune to move to see you individually, if you want to appear that way, and address some additional matters. But I'll give you the opportunity if there were any concluding remarks you wanted to make as a group.

REVEREND COSTELLO: You're fine if we come back with some further material after - - -

MR BANKS: Yes, please. Indeed on that question of good process, good policy-making process in this area, any further, more detailed thoughts you had would be greatly appreciated.

REVEREND COSTELLO: We'll certainly do that. Thank you for your time.

MR BANKS: Thank you very much.

REVEREND COSTELLO: I might leave my colleagues here, if they're - - -

MR BANKS: We're going to break just for a moment to work out the order next and perhaps give the people a chance to have a cup of coffee and we will resume, Thank you.

MR BANKS: We will resume now, thank you. We would welcome back the Reverend Ray Cleary. Thank you for going through this process again for us and perhaps you could just indicate in what capacity this time you will be speaking.

REVEREND CLEARY: Speaking on behalf of the Melbourne Anglican Social Responsibilities Committee and also as the chief executive officer of the Melbourne City Mission.

MR BANKS: Thank you. Why don't you just raise the additional points that you would like us to focus on.

REVEREND CLEARY: There are three issues that I would like to just reiterate really and build on from the earlier presentation. The first relates to the whole question of marketing and advertising of gambling. From our experience at Melbourne City Mission the constant promotion of gambling as healthy family entertainment has a very significant impact on people with low incomes, young people who are unemployed and others who for whatever reason in their own personal life are in a state of disarray or confusion or whatever and it seems to us in terms of examining the marketing and advertising strategy that there are strong parallels that can be drawn with the promotion of cigarettes in the thirties and forties in terms of addiction.

I don't think yet we know the full outcome of the expansion of gambling in this state and its traumatic effect on a lot of individuals and families. We know in our experience in parts of Melbourne, without identifying the areas, that for every one person that we come in contact with who indicates that gambling is a significant problem, there are probably at least three or four others of our clientele group who don't identify that and in fact describe it in some other way. However, careful examination of our records will show that financial concerns have been a significant one, even though from our records also people have had a level of income which could sustain them. So money has been going somewhere.

The other thing of course we would say is that in particular that for every client that presents to us with a gambling problem, there are up to three, four, five or six other people who are affected. It is either their children, their spouse or partner, the local bank, the local shopkeeper; others who have provided credit. So one of the issues which Marilyn Webster raised in the last submission, is this question of problem gambler. Who is the problem gambler, what is our definition of it and the extent of it? We would argue that there are close links between the numbers of problem gamblers and the marketing and advertising promotion that continues.

The second item that I want to raise is in relation to the question of taxation and the level of taxation on the gambling industry. We would argue strongly that there should be no diminishment in the present taxation level for high rollers. In particular the casino licence here was argued very strongly that this would be a major tourist attraction to Victoria, that the coming of high rollers would provide enormous tax benefits to this state. What we are now seeing with the downturn in the Asian

economy and so forth, that this shift from the high roller market to the domestic market is taking place and we would argue that there is a contractual obligation on behalf of Crown. Secondly, we are operating in what we describe as a free market and if you enter into a contract why should gambling be separated out from any other industry who has to pay taxes during downturn times? So we would want to see the level of high roller tax remain.

In terms of other levels of taxation through the gambling industry, we would want to argue also that particularly in rural areas where because we have a duopoly in terms of poker machines, Tattslotto and Tabcorp, that moneys which come from rural communities in some way needs partly to be returned to that rural community. So it may mean a new need for an additional tax which is related in some way to the number of poker machines and the location of those poker machines, particularly in small rural communities.

One of the pieces of research which the Victorian Casino and Gaming Authority conducted recorded expressions of concern from small rural communities, how money was leaving their community and going out and in fact they were getting no returns from the Community Support Fund or any other taxation benefits. So it seems to me that issue of taxation ought to be included. We would argue also for increased licence fees to go specifically to the Community Support Fund and we would also argue that all forms of gambling should be contributing to the Community Support Fund on a formula and again, as we have indicated earlier, that Community Support Fund should be administered as an independent trust fund in the state. So the argument that this is for community benefit can at least be partly addressed.

The final point that I would like to make is in relation to education. When Crown Casino commenced in Victoria we saw the expansion of gambling outlets. There was a movement that education programs be conducted in all schools throughout Victoria on the implications of gambling, the social costs of gambling and the economic costs of gambling; the dangers associated with gambling. In 1997 the Inter-Church Gambling Task Force produced a booklet on the social implications of gambling, which has been widely distributed. We sought funds from the Community Support Fund to expand that into schools. That application was rejected.

We continually now provide regular material for students in VCE. We are doing year 12 social issues and gambling is one of those issues. There is a high demand from schools, both the state system and the private sector, for information, fair and objective information about the impact of gambling. We would support that and believe in fact the significant proportion of the Community Support Fund should be allocated to an educative program in schools, broadly based, which is an objective account of the impacts of gambling and even associated with case studies illustrating those impacts.

I think they are the three issues I wanted to raise in addition to what is already raised and in our submission from the SRC you will notice that we have endorsed the same recommendations in relation to the task group. Thank you.

MR BANKS: Thank you. You talk about the high roller tax and the issues there. I mean taxation is a complex issue and I suppose we will be trying to draw out some broader principles that we think are relevant. You don't have any sympathy with the view that the high roller market is a distinct segment of the market that is actually an international market and therefore whether you get any revenue or not really depends on how competitive your tax regime is internationally?

REVEREND CLEARY: No, I don't have any sympathy with the argument.

MR BANKS: I didn't think you would.

REVEREND CLEARY: I don't have any sympathy with the argument and I think one of the points associated with the whole gambling industry is in some ways that it has I think probably partly grown to the extent that it has grown because in Australia we actually haven't dealt with the tax issue and that state governments in particular have seen taxation revenue coming through gambling. At the same time of course there is a lot of inconsistencies about that, because we are also selling off state-owned industry which has been bringing in tax to the states in the past, where now in the new privatised model one would assume it goes to the Commonwealth, that is if they pay any tax at all. That is of course another much wider debate.

MR FITZGERALD: Related to that, your point about the rural communities, in the submissions we have a number of the councils have raised with us the issue that very little money seems to go back into the rural communities. Just explore for me a little bit further your notion that there could be an additional tax or some way of redistributing back to the local communities. Particularly I am concerned about this: one of the issues that people have said the state governments have encouraged gambling activity because of an over-reliance on tax revenue. If taxes were to be redistributed directly back to local government authorities or wherever, do we not run the same risk that they may see this as a cash cow as well?

REVEREND CLEARY: Certainly I think there is that danger. I think that's why I indicated that I believe that the issue of the level of tax return to a local community in some way also has to be linked with the number of machines in that community. So in fact it becomes a criteria that if 20 machines are to be located in a small community, the tax dividend is divided so there is some set formula by which it can be returned.

MR FITZGERALD: In terms of the local communities, what level of control do you believe local communities should have over the expansion or otherwise of gambling into their areas? I understand the tax issue, but - - -

REVEREND CLEARY: As a supporter of local government or government closer to the people as possible, I would believe that primarily within a whole state framework, local government ought to be the controlling body in terms of the allocation of machines, the number of machines and even the opening hours of the

various facilities. I think they are local issues and local communities are best in the position to evaluate and decide those.

MR BANKS: Could I ask a little more on that. We are having some round tables in various local communities on this issue as you can imagine to try to get a sense of the local dimension, but I mean some people might be a bit sceptical about the democratic content of local government. In the past quite often they have raised the opposite concern and that is that often local government decisions have been more influenced by pressure groups, because they can be more focused and so on. Do you see any issues there?

REVEREND CLEARY: Of course I think it partly depends on what you see as the role of government and the role of community and how those both interact. I mean I have a personal view about how many levels of government we have in Australia and I would still argue that local or regional governments are much closer to the people. I don't have any difficulties with the democratic process, if in fact pressure groups of all sorts are engaged in that process. I think what we have here in Victoria is in fact a denial of proper consultation and participation in the decision-making. Now, I know that runs a risk that certain pressure groups can take over, but I think I would prefer that in the long-term rather than a monopolistic view of state government that it just, you know - "Here are the rules and you abide by the rules." I have a particular view about the role of local government which would underpin that.

MR BANKS: What's your judgment about the way the various political pressures would operate at the community level in terms of decision-making? Do you think that in a sense the consumer would probably outweigh the producer, which is not the usual circumstance?

REVEREND CLEARY: I think if it could be identified that the social costs were large and significant, then I think the consumer would, yes. I think we have seen that in other areas in Victoria at the moment, particularly in relation to housing; heritage housing, older housing and a state government policy of commitment to multilevel housing, multi-density housing. Whatever you think about that view, I think what we are seeing are consumers' passion about this issue and wanting to engage government in it. Again, it seems to me one of the difficulties we have is what is your view of government and we seem to have a growing view of government in Victoria that we are running a commercial enterprise. The bottom line, the benchmark, is always can we do it cheaper or more efficiently, where I would argue we really ought to be on about much broader values and goals, about the public good and long-term advantages for the community.

MR BANKS: You would see, just to extend it once more though, that the level of public consultation at a local level would be more effective or richer in a sense than that at a higher level?

REVEREND CLEARY: Yes, crucial. I would want to see I think before machines are allocated or a new venue is opened up that there be public consultation around it.

I mean it is just a view of democracy I have. That is what democracy is ultimately all about. That is where good public policy I think comes from, from those sorts of discussions and consultations. Yes, it is time-consuming and it is probably a little more expensive in the short term, but in the long term I think the benefits outweigh those short-term costs.

MR FITZGERALD: I just want to go back to the high rollers tax if I might. Obviously your view is that it shouldn't move and I understand that. But I just want to get a clearer picture. If it could be demonstrated that that tax was an impediment to economic activity, vis-a-vis other states and what have you, you don't believe there is any room at all for flexibility in that? Even if that meant lost business to the state of Victoria or to any other states, that should not be a determiner of the tax level at all?

REVEREND CLEARY: I would be reluctant to change it.

MR BANKS: The interesting thing about the high roller area actually is that in terms of the problem gambling concerns you have, I'm not sure how relevant it is, there might be some high roller problem gamblers, but we haven't heard too much about them and they are not a priority for the farmers and so on. So basically this is almost by definition an export industry.

REVEREND CLEARY: Yes.

MR BANKS: Whereas the rest of the activity is much more domestically focused, but that still doesn't influence your view?

REVEREND CLEARY: Still doesn't influence me, particularly in the context that here in Victoria the argument was very strongly that this wasn't going to be a huge imposition on the people of Victoria, it was going to be financed by the high rollers. Of course many of us argued that that wouldn't be the case, because research overseas and the global movement of the high rollers clearly indicate that they move from place to place irrespective of the economic downturn in Asia. Now, sure, that's an issue, but overseas research has clearly indicated that was happening a long time before the Asia downturn.

MR FITZGERALD: Can I move to your first point which is about marketing, the two aspects of it. One is have you got specific recommendations in relation to the restrictions that should be put on marketing? The second thing I want to come is community awareness advertising. But just on the first, do you have a particular set of requirements that you believe should be imposed in relation to advertising and marketing of gambling products in this state?

REVEREND CLEARY: We could provide you with that, yes. We have submitted that material in the past to other groups and we would be happy to do that. We would probably need to refine some of that, but it would be along the line of how minimisation in terms of a marketing strategy and times and all those sorts of things

MR FITZGERALD: Are there examples of particular advertising in this state that are of concern to you and other church groups or groups generally that identify why you have this concern for bad regulation?

REVEREND CLEARY: Off the top of my head, there was one advertisement, which was probably about 18 months, 2 years ago, which had a group of guys in the bar talking about their investments and what rate of return was coming on their investments. One of the guys talked about, "Well, I beat you all. I went down to the local pokies and my return was X amount." We complained to the appropriate authorities about that but were overruled in terms of its content, but we think it promoted the wrong image and was really a wrong explanation of gambling as an investment. Another example relates to the regular ads that are on television in terms of happy families sitting around having a meal while all the poker machines are going and it's promoted as a family entertainment industry. But I thought young children weren't supposed to even be in the context.

MR FITZGERALD: Do you take the view or otherwise - we've heard about lotteries and the general view has been that lotteries in and of themselves have not created a large number of problem gamblers. Other people have put to us however they are a conditioning and that insufficient regard is paid to that. Do you have a particular view about lotteries and lottos and that - - -

REVEREND CLEARY: I've given less thought to it than I think EGMs, although I'd have to say that, growing up, my parents always bought Tatts tickets. They were always there in the house. Conditioning - yes, I suppose. Recently my father has been very ill and I've been the one to have gone and bought his scratchies, despite the fact that he knows where I stand about them. But, yes, it's part of his cultural experience.

MR FITZGERALD: In terms of the community awareness and education programs particularly, they're common recommendations. Who do you believe should be responsible for conducting them? The reason, I preface that, is that in some jurisdictions we've heard that it has been difficult to get community awareness ads placed or approved and the amount of money spent on that is minuscule compared to the industry's overall revenue. Where do you believe in Victoria those campaigns should be developed, funded and run?

REVEREND CLEARY: My own view about that is that we ought to have an authority or an organisation which is actually managed by the various providers of problem gambling services. The Christian Television Association last year prepared some advertisements for community advertising which one of the channels rejected because it had a picture of Crown Casino on and of course it was the same channel that is closely linked with Crown Casino and the interconnections between shareholders and so forth. So whatever body does need to have a relative degree of independence and I think ought to be financed through the Community Support Fund, again with a trustee or board who are responsible to ensure objectivity in terms of the promotion one.

I think one of the dilemmas we have at the moment with Human Services having responsibility for that is that there is potentially a conflict of interest between the various government departments. On the one hand we see Human Services spending \$5,000,000, the industry spending enormous amounts of money. The contrast is quite significant.

MR FITZGERALD: Related to your education programs targeted to schools and what have you, you indicated that you failed in receiving funding for the distribution of certain materials. You mentioned that the government made a commitment to education within schools when the Crown Casino licence was granted. What's your view about the current level of awareness education within schools at the moment in Victoria?

REVEREND CLEARY: Certainly amongst teachers I think there's a high awareness, particularly in years 11 and 12, where their students are reaching the age of 18. In the recent class that I took talking about gambling, I think of 60 or 70 kids in the room 50 or 60 had been to their local gambling outlet. Some had got in under the age of 18, some hadn't, but they all saw that as part of the next life experience. While I don't condemn that in the sense of kids experiencing all sorts of things, I think we need to equip them in the same way as we do with alcohol and cigarettes and other moral judgment issues that they have to make individuals. To say that they have choice when they're actually not given any choice in terms of the options and alternatives I think is really diminishing the understanding of choice.

MR BANKS: Thank you very much, Ray.

MR BANKS: We might ask Marilyn Webster to come back if she's there. We might just get you first, Marilyn, to say now in which capacity you're making this presentation.

MS WEBSTER: My name's Marilyn Webster. I'm the director of policy research for Catholic Social Services. I appear today on behalf of Father Kevin Mogg, who is the Catholic episcopal vicar for welfare for the Melbourne archdiocese.

MR BANKS: Thank you. We've had some discussion earlier obviously, and perhaps we'll focus on what you see as some additional points that you want to make. You've got a slide presentation, so we'll include that as part of it.

MS WEBSTER: Thank you very much for the opportunity to present to the commission today. To clarify, the Catholic Church does not stand in opposition to gambling. I think there's been considerable discussion about that this morning but, perhaps of all the churches, gambling is both traditionally and culturally a part of the life of Catholics. However, there is a concern in the Catholic Church, and it lies in the concern for individuals and families who have in some way been negatively affected by the significant expansion of gambling since the introduction of electronic gaming machines and casino gambling in Victoria in 1992. I've mentioned previously today that the Catholic Church made submissions to the Wilcox and Connor committees, which were committees of the early eighties which examined issues of the introduction of casino gambling and gaming machines, and the presentation in those two contexts was one of an expression of severe concern around the introduction of those new elements of gambling.

It was the broad social effects which underpinned that concern, and it was repeated in 1991, as you've also heard this morning, when the Catholic Church joined with other heads of churches' expression of concern around the introduction and decision of introduction of both casino gaming and gambling machines.

I'm fully aware that the archbishop has already submitted to you on issues of family relationships, and again our Catholic agencies, 75 of which I represent today, have expressed great concern over the impact of expansion of gambling on Victorian families. Agencies with comprehensive counselling services and with expertise in marriage and relationship counselling report to us what they believe is an increasing incidence of marriage and relationship breakdown where gambling is seen as a significant issue. Obviously it would be inappropriate to label gambling as the sole determinant. We know that the family dynamics of the addicted or compulsive family member are very complex, but we also know that there is an interaction of depression in compulsive gambling and the impact on other family members through failure to meet family financial responsibilities, the secrecy and game-playing that can often accompany addiction and the sheer stress on relationship maintenance which extended hours of gambling can induce.

Community agencies in recent VCGA research support similar issues in relation to gambling's effect on families. They report increased dependence on welfare and

social security, family conflict, family breakdown and neglect of children as impacts. One agency reported that prior to 1995 social issues related to gambling seen at this agency were rare. In 1995 this agency provided emergency housing where gambling was the primary cause for homelessness for the first time. This was a housing agency. The report that I've referred to there describes a ripple effect from individual to community, and I believe that this is what we're actually experiencing in Victoria at the present time. Initially there are personal problems constrained within the family. However, that finally impacts on the family and then into the community setting, where problems spill over and an attempt is made to seek help of some kind.

There are some anecdotes already in the public realm which I will refer to as examples of the impact on relationships. One agency described referral for hardship payment to secure accommodation. During interview the client stated that he had a problem with gambling and had lost his family and he was sleeping in the car as a result of it. Another example stated by an agency as their worst case for any one year was where a husband committed suicide after his gambling problems became impossible to hide any longer. The extent of the husband's indebtedness was an overwhelming realisation for the surviving spouse.

Finally another example exposing another dimension of the impacts on relationships. We do get very serious incidents. We had a 9-year-old that tried to hang herself. The sibling held her up and stopped that happening, but then they had to go and get help from someone else because the parents just weren't around; they were at the pokies. This happened at 11 pm and there wasn't anyone else to deal with it. We discovered through investigation that mum was pretty well absent all of the time from the house and in fact had been banned from a number of gaming pubs and stuff around the traps because they perceived her as a problem gambler, but she would go from venue to venue. Obviously they had very serious problems, that family. The major one was her absence from the home and no other family support available.

I would like to make the point through those anecdotes that there has been no comprehensive attempt to chart the impact on families in Victoria. As pointed out this morning, there are two bodies responsible for problem gambling research, and Catholic Social Services believes that it's imperative that the department of human services embarks on family-based research as soon as possible. We strongly recommend that this be a recommendation from the Industry Commission inquiry.

Family expenditure, lower income groups spend a disproportionate share of their income on gambling. Particularly this is the case with electronic gaming machine gambling. Individuals with incomes of up to 10,000 per year spent about 2.4 per cent of their income. Those with incomes of 30 to 40 thousand spent less than .1 per cent of their income, and those with income greater than 60,000 spent .01 per cent. So I think this is where we have the impact of an extremely regressive form of taxation.

Expenditure in Victorian households on gambling has risen from less than the Australian average at 1.4 per cent of disposable income to 3.1 per cent of disposable income. We're told through VCGA research that this has largely been funded from a

reduction in savings. The same VCGA report indicates that the long run impacts of increased gambling activity may be more severe. The cushion to consumption expenditure in the next recession has been removed. The VCGA report provides an indicative effect of 500,000,000, but it is possible that the impact is already being felt by low-income groups. There are suggestions that spillover effects from individual to family to community are beginning to impact for these groups.

Data from the Victorian Council of Social Service indicates that in 1998 about 103 people per month are requesting emergency financial aid, giving gambling as the reason for seeking help. This is quite significant because there has normally been so much stigma associated with the naming of gambling as a problem that it has often been very difficult to fathom the depth of the issue. This is double the number of people presenting in 1995 and, while the numbers are small in the total scheme of things, there is a big increase in the change in the nature of the people presenting, and particularly categories of sole parents and employed people seeking assistance for the first time. Catholic Social Services believes it's important that these social costs are taken into account in any economic evaluation of the positive and negative impacts of gambling. Communities and gambling - I'd now like to move to some overheads to demonstrate some points I wish to make here.

MR BANKS: Okay, thank you.

MS WEBSTER: The Inter-Church Gambling Task Force has already established a link between the density of gaming machines and socioeconomic status of the locality. We were able to do this as early as 1996, and this relationship between the two has been confirmed in 1998 after further work by the City of Maribyrnong. We've also undertaken some further work through a consultant concerning the operation of the cap on gaming machines and the location of machines in port areas, and this will be released in a number of weeks. However, there is a link between location and social wellbeing, as some of the overlays I'm about to present demonstrate. There are some limitations to the presentation of this research.

This actually indicates the very high density of gaming machines. The darker colour represents 12 gaming machines per 1000 people. The next slightly lighter red represents 10 to 12 machines per 1000 people and the pinker colour represents nine to 10 machines, and they're the top three categories. Unfortunately this data is only available to us on the basis of local government area. It makes it difficult to match with some of the SES material coming out of the Bureau of Statistics. However, with the help of the social atlas material from the Department of Planning it is possible to develop some idea of where these issues are developing as areas of concern.

So this material relates to 1996 census data and the heavily shaded red areas represent the high concentration of unemployed people: slightly off-beam, however, this represents low-income households in Melbourne. It's actually incomes of less than \$300 per week. Again you can see that the red concentration is getting denser as we overlay these particular social indicators with the density of gaming machines. These are people who do not speak English. Again the density is becoming stronger

and again we believe that that's another factor in terms of economically deprived and socially deprived communities receiving concentration of gaming machines. These are the indicators of youth unemployment, that is unemployment of young people between 15 and 24, and again gaming machines concentrated in areas of very high youth unemployment.

So we believe that, together with the data to be presented by the local governments this afternoon, there is a strong case for local controls to be given to councils under planning law. At present under Victorian law planning permits are only required if gaming machines are to exceed 25 per cent of the floor space, and this highlights one of the difficulties of the regulation of gambling in Victoria. Responsibility is spread across a number of ministries, and I must say when Catholic Social Services attempted to raise these issues with the Minister of Local Government and Planning last week responsibility was quickly passed to the Minister for Gaming. So it is really difficult to establish just who is responsible for what. But in this case, the issue of local planning and local responsibilities, it's quite clear, and section 60, 69 and 70 of the Planning Act are those particular provisions which relate to the capacity of local governments to make decisions in this area. We believe that they should be strongly strengthened.

We believe that this adds to the case for local controls. This is a chart, a bar graph indicating the availability of electronic gaming machines per 1000 population in the Department of Human Services regions. Again there is disparity between the mix-match of regional - the actual geographical area being measured, but it is possible certainly to see the western area as an area of high concentration of machines and high presentation of new clients to gambling counselling services. We believe again that that imposes a further reason why local government should have additional controls available to them.

The other area that Catholic Social Services is particularly concerned about is the issue of research. I think I've spoken extensively about that on behalf of the Inter-Church Gambling Task Force this morning. There's one area of data gathering we would add to which we believe does fall within the national realm, and that is the issue of national data gathering, and standardised national data gathering, on people presenting to problem gambling counselling services. The appropriate body perhaps might be the Australian Institute for Health and Welfare in combination with ABS. There has been some discussion of this at ministerial level but it has not progressed for the past 12 months, and Catholic Social Services is of the belief that it's now a material of some urgency and we are in a position really of being 5 years down the track of a vastly expanded national gambling industry without measuring that data on a national basis in a standardised way.

In a further submission to the commission Catholic Social Services will be addressing issues of advertising and harm minimisation and youth gambling, but I'll leave that for the written submission.

MR BANKS: Thank you very much for that. You will be making available to us those charts, will you, or the maps that you have of the greater Melbourne area?

MS WEBSTER: Yes, we'd be happy to do that.

MR BANKS: Yes. That was quite an achievement, to get five transparencies sitting on top of each other. I couldn't have done that myself.

MS WEBSTER: I thank you for the assistance.

MR BANKS: That's also an issue that I suppose has been exercising us a little bit, that is, that there's a lot of data being collected about problem gamblers but what's collected and how is pretty ramshackle, I must say, at the moment. The question of how we coordinate that and get something, as you say, that's standardised and useful and that could be aggregated - I mean, you've mentioned the Australian Institute of Health and Welfare, but presumably the data has to be collected in the first place and agreement has to be reached on the methodologies.

MS WEBSTER: There is quite a useful form which is used by the Break Even services in Victoria which possibly could be adapted for national purposes, and examples of that form are to be found in the annual reports of the client services data relating to those Break Even services.

MR BANKS: Does any of that data actually get used?

MS WEBSTER: Well, we certainly make use of it. One of the problems, as I mentioned this morning, is the delay in publication. For instance I inquired about the availability of data for the last financial year for today's presentation but it has still not been released.

MR BANKS: Yes. Perhaps I should say for the record, given that there has been some criticism of Victoria in relation to data, that when we were in other states I think Victoria was held up as a model. So that might give you an indication of what's going on elsewhere.

MS WEBSTER: Can I say, and due respect to the authorities here, that the data gathering has been fairly systematic and they have devoted resources to examining in quite a rigorous way what data is required to be collected. The difficulty is more around the distribution and possible use of it.

MR FITZGERALD: Just in relation to your submission concerning the impact of gambling in families, there's no question at all that there's a substantial number of, as they call it, significant others impacted by the problems of one gambler. In a systematic way do you believe the current services that are available to support families are adequate to be able to deal with the current level of problem gambling that exists within Victoria? The reason I say that is, there is a view in some areas that the number of services are adequate, in fact more than adequate, to handle these

problems. Others say that there's a lack of services. Others say that there's the wrong type of services. Do you have a particular view in relation to the quantum and quality or nature of services available within Victoria?

MS WEBSTER: Well, the Break Even services, which really are the prime response of the Victorian government to addressing issues of harm minimisation in Victoria, are reasonably well-distributed and are reasonably accessible. I would say, however, that the approaches of intervention are fairly standardised and their particular effectiveness is still the subject of a particular piece of research. I believe that there is scope for greater funding of community organisations to address some of the broader relationship issues rather than the specific problem gambling behaviour and I think the evidence for that actually lies in the Break Even statistics itself, where a considerable number of people approaching the service are actually family members.

The other issue I would make about that is that there is a case for ancillary services to be attached, not only to Break Even services but to perhaps some of the wider based community agencies, particularly in the form of material aid. The Break Even services that we are in touch with are saying that there is great difficulty in accessing material aid for people presenting first up with really severe financial difficulties.

MR FITZGERALD: Do you think there are substantial gaps in the services that are available? You've mentioned a broader response to relationship issues generally. Are there other areas in the service provision that stand out as major or significant gaps currently?

MS WEBSTER: I believe that examination could be given to the funding of specific problem gambling counselling services which lie outside the Break Even framework. There is quite a degree of contentiousness about the most appropriate approach to counselling in problem gambling. However, there is a certain segment of the problem gambler community who are helped by self-help and perhaps restriction rather than control of their gambling behaviour, and I think it would be legitimate to look at funding some services that perhaps offer some of the more unusual approaches to managing problem gambling.

MR FITZGERALD: You've raised, both previously and now in your own submission, this issue about the way in which data is released, distributed. We have heard in private visits a concern about the way in which data is not so much collected but what happens to it once it's collected. Can you just identify a little bit more clearly where you think the problem lies in the timely dissemination of information in Victoria.

MS WEBSTER: I think I indicated this morning that there were two areas. One was the constant negotiation with the researchers or evaluators responsible in order to bring the material to a publishable standard, and the definition of publishable standard I think has kind of political overtones to it. I think that delays it, and then again there are also issues around ministerial decisions about when to time release of data. It's

difficult to substantiate any particular incidences of data being withheld to accord with kind of a more beneficial time for release, but we believe that's happening.

MR BANKS: I should say that a number of allegations have been made against the VCGA in that respect and I think we would want to hear from them, and in fairness we would indicate that they would need an opportunity to respond to that in one way or another on the public record. It could be through a letter to us or whatever. As I say, in travelling around the country all things are relative, and we've heard good things about the research processes here which, as you say, are quite systematic or more systematic perhaps than they are somewhere else. So it would be interesting to hear what views they may have about some of these issues.

MR FITZGERALD: Just one question. In relation to the overlays that we've just seen, I go back to a point that I raised earlier and I just want you to explore it. What those overlays indicate is that the density of EGMs in low income or low socioeconomic areas, some would say that the EGMs, as I indicated before, are meeting an unmet demand or a latent demand. Put that to the side. Could it be that those areas also represented the highest levels of gambling before EGMs were introduced in terms of wagering, lotteries, illegal gambling activity, or do you believe that there has been a change in the nature of the pattern of gambling within the Victorian community?

MS WEBSTER: I think one of the difficulties of determining that statement is that there wasn't baseline data gathered at the point of introduction of these new points of gambling, so perhaps we'll never know the answer to that. That's one of the things we've been quite critical about. However, I think there is a part-answer in some of the material that is available. That is that we know that a greater proportion of Victorians are gambling, so there has been an increase in overall gambling behaviour, and we know that a greater amount is being expended, particularly by low-income groups. So I think there is a part-answer there but perhaps we will not fully be able to determine the before and after.

MR BANKS: Good. Thank you very much for that - appearing twice. We're going to break now and we're resuming at 2 o'clock. Thank you.

(Luncheon adjournment)

MR BANKS: I would now like to call the Victorian Local Governance Association. Welcome to the hearing. Could I ask you please to give your name and the capacity in which you are here today?

MR HILL: Yes, Mr Chair, it is Councillor Mike Hill and I am the secretary of the VLGA.

MR BANKS: Thank you very much for taking the time to be with us today. In fact we will have an afternoon devoted to local government and local government perspective on these issues, which is good. Perhaps you might like to outline the main points that you want to make from the perspective of the association.

MR HILL: Thank you very indeed for the opportunity, Mr Chair. Could I say that the VLGA, just by way of introduction, is a slightly unusual peak body inasmuch as it has both local governments and community groups and individuals as members. So it actually I suppose bridges some of the traditional gaps between local governments and communities. I suppose that is one of the reasons that the VLGA has been particularly concerned about the issue of gambling and the spread of gambling in Victoria, because the community groups as well as the local governments have been asking it to pick up the issue.

The VLGA has also played some role in helping to coordinate the submissions from its member local governments who are here today. I think it is probably worth saying that we are also in contact with a number of other local governments that aren't presenting today. I suppose notable amongst them would be Latrobe Shire. One of the councillors there actually chairs our gambling working group at the VLGA. As well as Latrobe I think Yarra Ranges has been very active on the issue, as has Darebin, as has Brimbank. In fact, there are a number of councillors who are probably likely to make written submissions to you subsequent to this.

The VLGA, in conjunction with the Victorian Inter-Church Gambling Task Force, whom you heard from this morning, held a national conference, Gambling Away our Communities, earlier this year and the keynote speaker at that was Prof Ronald Goodman, author of *The Luck Business* and adviser to US president Bill Clinton on gambling matters. I guess one of the messages that emerged from that conference that has taken root within the VLGA has been that on an international basis the gambling industry tends to create addiction amongst governments. I suppose governments become highly dependent upon that revenue.

Victoria of course has been absolutely no exception to that, although there are some even more alarming trends that are developing in Victoria which we think have significant impacts on local government. The Victorian government, as you have no doubt heard, is now dependent to the extent of about 14 per cent of its revenue on the gambling industry, and we believe that some of the behaviours of the Victorian government over the last few years have shown that its addiction to gambling has meant that it is in a position now where it is struggling to make what we would call rational decisions about the future of the gambling industry. It is now making those

decisions often based on self-interest and preserving the industry rather than on the interests of members of the community.

I suppose Victoria's own auditor-general has been critical of the fact that less than 5 per cent of the proceeds of gambling go back to research and gambling amelioration activities. We certainly at the VLGA are very concerned that the final decisions about the use of funds rests with the premier. That doesn't happen in any other state and currently there is no local government, no community and no independent voice that has any say over the distribution of those funds. I suppose why we raise that, Mr Chair, is that the three municipalities that are here today between them witness some \$150,000,000 flow out of those municipalities. That is an enormous figure, and it was just pointed out to me as we were waiting for proceedings to start that in fact it is a conservative figure. It is probably over \$165,000,000 leaving those communities annually.

They are communities, Mr Chair, that can barely afford that financial drain. The three municipalities who are going to present after me all have very low-income populations, and I think the Maribyrnong submission will highlight the extent of that. They are all communities with very high new settler populations and low incomes and I guess a combination of that makes them very vulnerable communities, and yet they are the communities where the machines are very heavily saturated. I think it is important to acknowledge that one of the things that happened in Victoria, we went through a period in which we had no elected representatives in local government as a result of a state government restructure. When the councillors starting returning, almost 3 years ago now, one of the first things they faced was enormous community pressure to address the problems of gambling, and that community pressure - I think some of the mayors who are going to present here later - and I guess again we would hope it would be seen as a sign of how seriously we take this issue that there are going to be two mayors presenting today and an immediate past mayor on behalf of the three councils that are with us.

Councillors and mayors have just been subjected to a lot of community pressure around the issues of the impact of gambling and asking local governments to do something about it. We get that sort of pressure coming from community groups. We get it coming from business groups who say that discretionary income has been lost to the spread of the electronic gambling machines in our communities, and church and faith leaders have spent a lot of time putting pressure on community groups to try and address the problem. In my own municipality in my period as mayor a number of the leaders of various ethnic communities made heavy representations to us to try and get us to try and alleviate some of the impact that their own communities had in fact been feeling.

We are concerned, as I said, that it is the most vulnerable communities that are bearing the brunt, but we are also concerned that not only do they bear the brunt and contribute this \$150,000,000-plus per year, but very little of it ever finds its way back into those communities. The money goes off into what we would call private pockets and off into major projects and off into some signature projects which have little to do

with the sort of communities that are making the major contribution. We don't want to be seen to be supporting gambling as a form of regressive taxation, which it has become, but if gambling is going to continue and such a high level of funds is going to flow out of communities as a result of it, then the only way in which we are going to make sure that most vulnerable communities aren't affected is to try and direct some of those funds back into those communities.

Just a couple more points that I would like to raise. Against the backdrop where we have very high community expectation to do something about gambling, we have a lack of power to actually do much about it. The planning powers have been reduced. I guess one little anecdote displays that really well, Mr Chair, and that is that in Victoria these days if you want to put an amusement machine or pinball machine into a local milk bar you have to go and get a permit from your local government. If you want to put up to 25 per cent of your floor space with gambling machines, electronic gambling machines, you need no permit. That is an of-right use. Most of the spread of gambling machines is actually happening with very little local government capacity to control it.

A number of local governments - and you will hear from Moreland City Council this afternoon - have tried to redress this problem. Moreland introduced a program called Responsible Gambling Strategies and tried to get a responsible gambling charter together. These are important initiatives, but they are not going to have much effect unless there is some capacity to back this up. I think all of the local governments that are making submissions are going to make reference to the gambling support and financial counselling services in their municipality which are severely underfunded, which are basically finding it very difficult to meet the needs of some sections of the community, often sections of the community that find it hardest to admit to the gambling problems, and we certainly believe that a lot more funding needs to go into gambling support activities.

When local governments are calling for an increase in regulation in the gambling industry, it is not necessarily against a backdrop in which regulation isn't viewed favourably. The gambling industry is actually fairly heavily regulated at present in Victoria, but we believe that most of the regulations work against communities and not for the communities. The sorts of areas where we are going to recommend some regulatory attention are areas where a greater capacity would be given to local governments to actually take more action on behalf of their community. I suppose we see, Mr Chair, the need for regulation going in two directions, both of them being away from the state government, which has got such a vested interest in the operation of the industry at present. We would see a need for greater national regulation to prevent interstate competition and greater local regulation to present an opportunity for local governments to support their communities and work to protect their communities.

I might just draw this to a conclusion now by perhaps just going back and focusing on how some of that regulatory provision could operate. We would see a need for a local cap over machines, either a particular municipality cap or a regional

cap, but we certainly believe that, while there is no capacity to control the number of machines in particular areas, the machines just continue to flood into those areas on a performance basis, because that's where people are spending the money on the machines. So currently we have some of the most wealthy communities in Melbourne with a very low level of gambling machines in existence and we have the most vulnerable communities with a very high level. So we think that local governments must be given the capacity to introduce caps and to regulate the number of machines that they are able to have in their municipalities.

We also think there is a need for greater regulation at a local level over the venues themselves, the sort of thing I mentioned in the responsible gambling charters, those sorts of things we think need to have some sort of backup, legislative backup, so that in fact the councils are not just all the time hoping that their measures might be introduced. Other areas where we think there is a need for some regulation is over the proceeds of gambling, and we put forward to the commission two principles there. One is that an acceptable percentage of the gambling takes must go back into support programs for gamblers and their families, and I guess that is reinforcing the point made by Victoria's auditor-general. We would also perhaps add to that research.

The other principle is that the gambling revenue really should be returned by formula, as I said before, to the communities that are making the major contribution. There is concern in local government that the disbursement of funds through the Community Support Fund currently resides with the premier. We certainly believe that the Community Support Fund must have local government representation on it if it is going to ensure probity and equity. I suppose finally, Mr Chair, I would like to say that local governments are always quick to pick up work on behalf of their communities, and the three local governments who are presenting today are local governments that my association is particularly proud of - that they pick a workload like this over and above their focus on other service provisions and other governance duties. All three of them have put an enormous amount of work into trying to address a problem that is spreading rapidly throughout their communities.

MR BANKS: Thank you very much. I think it is fair to say that the information you have provided has been very useful to us already in getting an understanding of the distribution of these machines. You said that one of your requests or recommendations was that there be local caps. Who would decide on what those caps were set at and how would they be determined?

MR HILL: Mr Chair, I suppose to be realistic we acknowledge that there is a need for some national, state and local decisions to be made around these areas and some broad principles to be set. I guess we could finish up with total prohibition attitudes developing in some municipalities as an overreaction if in fact the whole thing was made a totally local decision. So we acknowledge that it is a national industry and there has to be some national approach to it, but certainly we would believe that there should be a process whereby local governments are able to say on behalf of their communities, "We have reached saturation level."

All three of the local governments that are presenting to you today, one in particular, have reached a point at which we must start winding back the number of electronic gambling machines in that area if we are not to have some sort of societal breakdown. But certainly we would be arguing strenuously that the local government must have a capacity to determine when the saturation point has been reached and there must be some mechanism set up whereby that can be enacted.

MR BANKS: Could I just put to you what some others might say to us, and that is they may have concerns about in a sense the representativeness of local governments. With your association with its title I think you are well placed to respond to that general position about I suppose in a popular sense how democratic local governments are in the sense of representing all the people of that area. I know around Australia there are different arrangements in terms of councillors and whether they are salaried people or whether they are part-time and have interests in business and other things, but I guess one's perception of how much power a local government should have partly must be underpinned by a perception of process and the nature of the institution of local government itself. Would you care to comment on that? It's also something you could get back to us on as well.

MR HILL: Mr Chair, I'd like to start answering the question by assuring my local government colleagues here today that I didn't set you up to ask the question. We're proudly democratic in Victoria in our local governments and, because of the municipal restructure period and I guess because we'd see ourselves as living in a fairly heavy interventionist environment, local governments have paid an enormous amount of attention to trying to build up their democratic capacity to perhaps in many ways see themselves as the first level of government; as a level of government where people learn their democratic habits; as a level of government where people learn what it is to get a mandate, learn what it is to get elected, learn what it is to represent the community and I guess learn what it means to have really good consultation and accountability techniques in place.

All of the local governments who are presenting to you today, Mr Chair, have been involved, some quite vigorously, in the preparation of what we call a code of good governance. Our code of good governance in Victoria sets out what we determine to be the 11 essential features of good governance. We certainly believe that most people derive their first democratic experience, their first experience of how our democratic system of government works, at a local level. That's where they first become involved in government. We believe if we can't make that a very meaningful experience and a very interactive experience and a very accountable experience then people are going to be cynical about the whole political process. There is, Mr Chair, a fair bit of political cynicism around at present. In fact, some of the principles we've developed in our code of good governance we sometimes suggest might be taken up by other spheres of government.

I'd certainly suggest that in Victoria the notion of local governments being proudly democratic is something that has really grown a lot since the restructure period. It's grown partly in adversity but it's grown partly because the opportunity is

there for local governments to really set some very high standards, and I think we're getting there.

MR BANKS: Okay. I'd be quite interested to see this code that you speak of and even any other reflections you have on local governments in Victoria currently.

MR HILL: We currently have - through the code we've set up a good governance panel. The good governance panel is chaired by a former local government minister, the Honourable Alan Hunt. The three members of that panel have prepared a discussion paper which is basically asking all municipalities and councillors and communities to be reflective about what's happening to governance in the state of Victoria at present. They're going to produce a subsequent report on that. I think we're trying to touch at the real nub of local democracy as we work through that process.

MR FITZGERALD: Can I just deal with a couple of issues then arising from that. Many in the industry - as we've heard this morning in the church groups and what have you and we put the same proposition - would see that gambling is just another industry, an entertainment industry. If there's one common expression, it's that: it is an entertainment industry. Why should it be subject to these additional controls and regulations? What makes it different, so different that it would require these planning authorities to be given to local government areas?

MR HILL: I think when you hear the submissions from the next two municipalities, Maribyrnong and Greater Dandenong, you're going to get two pictures emerging. I suppose the first picture is that this particular industry is actually taking large amounts of money away from some of the most vulnerable people in our community, some of the people who have got very little capacity to resist. It actually has a severe impact on some of the most isolated and alienated people in our community, some of the least supported people in our community. I guess the second part of it is that it's actually leading to a major outflow of money. It's in a way becoming, I suppose, a new form of taxation and it's - I don't know, I think my submission calls it an "inverse Robin Hood" form of taxation. But it's a form of taxation which is taking from the poor and putting it back into other sections of the community. It's an extremely unhealthy thing to be happening in a society which is already facing a widening gap between rich and poor.

MR FITZGERALD: Let me put another proposition then. Obviously the areas with the highest levels of low socioeconomic factors have a disproportionately high number of machines, according to the submissions - and we'll talk about that with each of the councils. Some would say to us that that's simply a reflection on the demand, that the consumers - there was a latent demand there which the gambling industries are simply only now fulfilling, and in a sense this distribution of the machines is only reflecting community demands, desires, wishes, wants - whatever you might call it - and that in fact to try to moderate that is some reverse form of social engineering.

MR HILL: I feel I touched on this fairly much in the point I was making and I think Maribyrnong is likely to make quite a deal out of this as a case study, if you like, because it's one community that has faced the cash drain in the extreme, and I suppose there are some particular stories that could be told that go with that. I did make the point, I feel, that there's a high level of regulation in the gambling industry anyway. It's not as though it's an industry that's been allowed to proceed unfettered. The regulation at present is not helping local governments support their communities. I would suggest to you that local governments have a high level of responsibility. If there's a strip of road in a community that is causing a large number of traffic deaths or a large number of accidents, local governments would have a responsibility to address that. I don't think a suggestion would be made that it's social engineering to start picking up on some of the social problems in the area and start trying to redress them.

MR FITZGERALD: Okay. We've heard from you and others that there is great community concern about the level of gambling but on the other hand there are more and more gamblers than ever before. In a sense we seem to have a dichotomy between people's concerns and their actual practices. In terms of public policy, where do you think the greatest attention needs to be given? Is it to the concerns of the community or is it to the way in which they actually practise? Where's the balance?

MR HILL: The work done by a recent study released late last year, I think, by the Victorian Casino and Gaming Authority in a number of the municipalities that you're talking to today indicated just this: very high levels of people have a concern about the spread of gambling and a lot of those people are actually participants in the gambling industry. It's an issue that we're all having to grapple with in developing our own strategies and responses, and I think all three of the municipalities who are talking to you today have developed what they call responsible gambling strategies. I suppose first of all in using the word "responsible" what we're trying to do is acknowledge that gambling is here and it's not something that we're trying to prohibit, it's not something that's going to go away. But we're acknowledging that it must be managed, and it must be managed in a responsible sort of way.

So it's very important that there's a public policy element to the way in which local governments are tackling it. But I suppose the second part of your question deals with the high need for education - education and advertising and mechanisms for highlighting the impact of gambling. A number of the communities that are here today - I've been out to Maribyrnong and participated in two forums that have been run publicly, and those forums have attracted a variety of people. I think that level of public education through the media, within the communities, is critical too. So, if I've picked up the two sides of your question, I think it's to do with making sure that there's a better level of education and awareness, in other words, not just trying to regulate on behalf of people all the time but trying to build up people's own capacity to manage. But on the other level I think it's critical that we stop - it's called a cancer in some of our communities that's eating away people's capacity to contribute economically to their own societies.

MR BANKS: I guess it's a classic area of policy where people might argue that consultation was an important part of getting good outcomes, because to some extent there are positives and minuses and you don't always know them in advance. Does that lead you to any sort of reflections on how you would see a policy being made in this area, for example, decisions at the margin about whether the casino should have more machines or the tax rates should be changed or whatever?

MR HILL: Yes. I think it goes back to your question about the representative nature of local governments, and perhaps I should have - and maybe some of the municipalities that are going to follow will focus on the issue. But all three of the municipalities have developed their strategies not just out of thin air but after a lot of community consultation. One of the municipalities that's going to present this afternoon has actually won a planning award for the extent and nature of the way it has consulted with the community in developing its responsible gambling strategy. That award was handed out by the Royal Australian Planning Institute only a couple of weeks ago. The reason for that award was that the policy was developed, a number of public forums were conducted, consultations were undertaken with church groups, ethnic leaders, business groups, community groups.

The forums were held to start testing out the policies. A gambling working group with representatives of all of those, plus the venue operators, plus some Tabcorp representatives, I think it was in that case, participated. The level of consultation that's been run in all three of the municipalities you're to hear from is extremely high and recognised and acknowledged, as you can see from the award.

MR FITZGERALD: Just one question which is not in your report, and you therefore may not care to answer it. Does the association have any particular views in relation to the current regulatory structures at state level? I understand you obviously want increased powers as indicated. But just in terms of the structures and the way in which public policy on gambling, the way in which regulations are administered at state level, do you have any particular comments or views about its structure and process?

MR HILL: I've tried to restrict our submission to issues that particularly impact on local government but I think I have made a number of comments about the state structures. I think I outlined a couple of those. There's the general concern about the state government being out of control on the processes. I think once it gets to talking about casino licences and things like that, it's an issue that we'd rather stay well away from. We want to talk about and focus on the impact on our own communities if we can.

MR BANKS: Again you may have mentioned specifically this and I missed it, but you expressed concern that local government involvement is pretty much limited to a situation where a planning permit would be required if more than 25 per cent of the floor space was going to be used for EGMs. You talk about amending section 60B of the Victorian Planning and Environment Act to accommodate that. But would your actual recommendation go further, that the Planning Act should allow local

governments to consider social and economic impacts more broadly when any change is made at a local government level?

MR HILL: I think my submission, Mr Chair, actually goes further than that. It actually says that it should require local governments to consider economic and social impacts with any given application.

MR BANKS: It's not just 60B in relation to increase in the number of machines?

MR HILL: We believe that if 60B were appropriately amended it would give us that capacity. At present what's happened is that a few applications that are above the 25 per cent of floor space that have gone through local governments and have been rejected - there aren't a lot of them because most of them fit within this current regulatory regime, but the few that have gone beyond the councils, and councils have said, "Look, there's no amenity grounds for rejecting this application. The only grounds we've got for a rejection would be social or economic," and councils have run with that - I can think of three or four examples. I'm not sure that there are any with the three councils that are here today. When they've gone up to VCAT, to the appeals tribunal, that argument has been rejected, even sometimes against a very strong policy context that has been developed by the local government. So we certainly believe that that section of the act has to be addressed if we're to return that capacity back to local governments.

MR FITZGERALD: Can I ask this question then just in relation to that, specifically social and economic impacts: do you believe that local governments possess the tools to be able to adequately measure the social and economic impacts as they relate to gambling? Clearly the councils are in the business of doing impact studies, but in relation to gambling one of the commission's responsibilities is to try to work out how to better measure social and economic impacts and to try and assess that. Do you believe the councils currently have the tools, the mechanisms, the models that would give sufficient basis to make those sorts of impact judgments?

MR HILL: Yes, if a local government is to mount a successful case at the Administrative Appeals, it needs to be able to show that it has got the documentary evidence to back up that case. If an issue has become of great enough concern - I suppose a good example would be looking at heritage retention and heritage preservation. A council can't simply decide that it's going to introduce heritage controls and knock out a particular application on the grounds that it doesn't like it because it may have heritage significance. There has to be a whole policy context in which that happens and likewise the development of a gambling framework has to happen with significant consultation. That's a key prerequisite. The next prerequisite is significant empirical data, and a number of the local governments who are presenting today have allocated funds to doing studies.

We certainly believe, as I said in my submission, that more of the funds that are being taken out of communities by the gambling industry must go back into those communities to facilitate research. There are still areas we just don't know enough

about. There are some general statewide studies that have been done, some of them suggesting that the economic impact is marginal, but we know in some of these communities you're going to hear from today that the economic impact is arguably strong. Again, there's more work to be done on that and we've got some capacity to do it, but we certainly need to see some funds coming back so that we can do that better.

MR BANKS: When you say funds coming back, you mean out of tax revenue generally, not just out of the - - -

MR HILL: No, it's the principle I tried to establish, that funds being drained out of communities that are making high contributions to taxation funds need to have a percentage of those funds returned directly to them. They should be coming back to the communities that are contributing them.

MR FITZGERALD: Do you think there is a danger in that that local governments could succumb to the very things that we've accused state governments of or others have accused state governments of in relation to becoming money-hungry and therefore affecting public policy? Why I say that is we met with one local government area who said to us they wanted nothing to do with anything to do with gambling decisions until we said, "What if we returned some money to you?" They suddenly said, "We're very interested." They have not done the work that your councils have done obviously but - - -

MR BANKS: It wasn't in Victoria.

MR FITZGERALD: No, it wasn't in Victoria. But I was just making that point. Do you think there is that danger or are there mechanisms in place in local government which might mitigate against that occurring?

MR HILL: I think it's very much the phenomenon that Prof Goodman was raising, that the more governments - and that applies to national, state and local governments - become dependent on the revenue, the less likely they're going to be to regulate on behalf of their communities. Yes, of course, it is a real danger, and I guess one of the points of the submission is to call for some national regulation too. So we've got a whole regulatory framework which prevents us all going out and competing for gambling dollars. My association has got a couple of members along the Murray River and they are not at all unhappy with the changes in the gambling legislation, because at long last they're seeing that some of the gambling dollars that were going over the border are now coming back into their community. So I guess the point of this submission is that it's horses for courses, but there are some communities that are really bearing a very adverse impact of the whole sweep of gambling into the state.

MR BANKS: So you can imagine a fairly diverse experience under these regulatory proposals that you're making in terms of some council areas going one way and others going another?

MR HILL: I think you would find that some councils would be able to mount a case that gambling is not a real problem in their community, that it's under control. Certainly some of the wealthier councils wouldn't be suggesting that gambling is a problem in their area. I would imagine some of the councils along the Murray River wouldn't be too unhappy with the current situation but the communities - and again, just reiterating that there are the three here today. There are other communities that I know are putting submissions to you. I think it's Latrobe Shire down in the Latrobe Valley in Victoria, another pretty depressed community; Darebin, out in Victoria's north-east; and I think Geelong may be putting in a submission to you. Most of those are members of our association and most of them would be local governments that are feeling that there's a severe impact and they can't do anything about it.

MR BANKS: Okay. We might move on to talk to some of the actual local government areas but, Robert, did you - - -

MR FITZGERALD: I just have one very final question. You don't seem to have any - how would you respond to the argument that undoubtedly would be put that the level of social gambling problems or the adverse social impacts of gambling are insufficient to outweigh the economic benefits and that the proposals you put would in fact inhibit economic development of an industry? How do you respond to that? Given that there are social problems, do you believe that this sort of devolving of responsibility or power or regulation is in fact something that could inhibit the economic growth of what could otherwise be described as an emerging industry?

MR HILL: I think all of the municipalities that are before you today are municipalities with a very strong economic development focus. We want to build up strong viable local economies and at present we see - and certainly our local business people are telling us that our local economies are being pulled apart by this. We acknowledge that some jobs are being created in the gambling industries but, by the same token, we keep hearing the stories that in those same communities jobs are being taken away often from more productive areas simply because some of that discretionary income is vanishing. I guess we're not on about trying to demolish the industry but we're on about trying to say if the industry is going to flourish then it has got to flourish on a more equitable basis across society generally. It shouldn't be an industry that becomes predatory on the communities that can't really afford it.

MR BANKS: Could I just ask one question that occurred to me as you were answering that one. Is there any difference in perception within councils of the impacts of gambling within clubs relative to hotels?

MR HILL: Yes, and I think at least one of the submissions is going to pick that point up and I might leave it - I think Greater Dandenong is going to make quite a point around the issue of clubs and pubs but yes, it will be an issue, as you'll see.

MR BANKS: All right, it might be best to leave it. Thank you. Maybe if you were free to come back towards the end we'll have another panel session, but in the meantime thank you.

MR BANKS: I'd like to call Maribyrnong City Council please. Hello, and welcome to the hearings. Could I just ask you please for the record to give your names and your positions.

MS COWARD: Certainly. I'm Councillor Sara Coward, mayor, City of Maribyrnong.

MR LIVINGSTONE: I'm Charles Livingstone. I'm a research and policy officer for the mayor and councillors at the Maribyrnong City Council.

MR BANKS: Thank you. We should thank you not only for coming today but for preparing a submission that's very useful to us, and we understand that you've also part led the way with some of these other councils in getting information. Our job is made a lot easier when we actually get some numbers and some research rather than simply anecdotes, so thank you for that. Perhaps I might let you raise the points that you'd like to draw our attention to and then we can ask you some questions.

MS COWARD: Thank you very much, commissioners. Good afternoon and thank you for this opportunity. We're very grateful to make a verbal submission to supplement our written documentation to the inquiry, and if I could I'd like to just briefly set out some points which, although they are raised or implied within our submission, we believe we'd like to take the opportunity to more clearly emphasise here today.

MR BANKS: Good.

MS COWARD: Our submission is focused on issues associated with the rapid development of local poker machine or EGM gambling venues in Victoria. We are aware that the commission's terms of reference are much broader than those issues, but we believe that the impact of local EGM venues has indeed been extraordinary and it is in our opinion a very important area for the commission to consider. I should add that we are cognisant of the fact that our colleagues from local government organisations in Victoria are also presenting submissions this afternoon, and I would like to say that we do support those submissions. The issues we'd like to focus on we believe have given rise to the community concern in which our council has identified and to particular proposals which we regard as essential to properly attending to those concerns.

So I'd like to begin by drawing your attention to the clear relationship between the number of EGMs in local government areas and the important socioeconomic characteristics of those areas. This information is set out in our submission at tables 1 and 3 and charts 1 and 2, and it's clear from this data that the placement of EGMs, at least in suburban Melbourne, is not a matter of random allocation. Indeed, EGM operators acknowledge that they locate EGMs as to maximise returns. As our submission points out, it is well established that people with comparatively small incomes will spend more on gambling as a proportion of income than those on large incomes.

For example, the VCGA study of inner city municipalities estimated this disparity at 250 times as between those with incomes of 200 per week and those with incomes of 1200 per week. The high income earner will spend perhaps \$36 per year on EGMs on average. The low income earner will spend perhaps 15 to 30 dollars per week. One consequence of this of course is that the pattern of revenue collection associated with this form of gambling is extremely regressive. The individual with an income of 200 per week also contributes 250 times more to revenue as a proportion of income than the individual with an income of 1200 per week. Even in absolute money terms that low income earner will contribute about \$248 per year to revenue while the high income earner contributes perhaps \$6 per year.

It might be said the EGM gambling is a voluntary activity, and this is of course the case. However, the opportunities for EGM gambling are very disproportionately distributed and it might be argued that it is very much more present for those whose personal circumstances induce them to seek good fortune in the face, say, of unemployment or some other financial difficulty. We cannot say with exactitude why people on low incomes use EGMs more than those with large incomes. We can surmise that it is related to the very remote possibility that gambling will relieve, even momentarily, the grind of making do on very little. It presents perhaps the commodification of a sense of hope. Be this as it may, it is clear that the relatively unhindered operation of the market has led to the saturation of municipalities such as Maribyrnong with EGMs.

Although our community is vibrant and dynamic, it is also very disadvantaged in many important respects, and the saturation of our community with EGMs is contributing markedly to the entrenchment of that disadvantage. We believe that this is inequitable and unnecessary. It is a clear example of market failure in terms of the distribution of costs and benefits associated with the gambling industry.

As we also point out in our submission, we conservatively estimate that the EGM gamblers in our municipality lose about \$44,000,000 per annum to EGM gambling and this does not take account of any other form of gambling, including EGM and other gambling at the nearby casino. We cannot accept that that diversion of that much money does not have an impact on the economic wellbeing of our community.

MR BANKS: When you say "diversion", they're total losses, aren't they? They don't necessarily go out of the community, or is that just the tax component? That's what people are losing in the venues, but a lot of that money stays in the community through wages and salaries and spending on goods and services within the community, doesn't it?

MS COWARD: That's the money through the machines that would go then to the clubs and the hotels, and some of that would then go on staffing presumably, but it's income for the industry.

MR BANKS: Okay. I just need to check. No doubt you've sorted out between that which stays within the community broadly and that which goes.

MS COWARD: Do you want to add more to that, Charles?

MR LIVINGSTONE: The presentation goes on to discuss some of those positives, but as far as we can estimate conservatively about \$44,000,000 per year is lost in poker machine gambling in the municipality.

MR BANKS: That's a net loss?

MR LIVINGSTONE: It's a net loss to the pockets, if you like, of those using the machines.

MS COWARD: So it's been argued that the growth of EGM and other gambling in Victoria has been funded by a run-down in household savings rather than a diversion of other consumption expenditure. While this may be true in a macro sense, it is equally clear that people on low incomes tend to be net dis-savers. At this stage we can only hypothesise about the impact of substantially increased gambling on a community where the average household incomes are, according to ABS data, the lowest in metropolitan Melbourne, so 24 per cent below the average for the Melbourne statistical district and 19 per cent lower than the Victorian average.

We might surmise that the average level of savings in our community has suffered severely under the onslaught of the greatest density of poker machines in suburban Melbourne, more than twice the average for Melbourne metropolitan and 50 per cent above the next highest municipality. But unfortunately we are unaware of any micro level economic studies which could assist us in quantifying the extent of the economic impact of EGM gambling, particularly with respect to the diversion of expenditure away from other areas of consumption. It seems to us unfortunate, to say the least, that the rapid expansion of EGM gambling has occurred in a knowledge vacuum of that sort. As a responsible local government we feel we need to have access to this sort of data and we are currently, in conjunction with academic economists, in the process of developing a methodology to assist us to do so.

Of course it's necessary for us to take account of the benefits associated with EGM gambling, and first and foremost amongst these are probably the provision of employment, as you mentioned earlier, commissioner. We estimate in accordance with the methodology developed by the VCGA in a municipalities study, that EGM gambling directly has created perhaps 140 jobs, of which perhaps 48 are full-time, but we also must say that we believe this to be a generous estimate in our community. But we do not know whether the diversion of expenditure towards EGM gambling has had a negative impact on perhaps other forms of employment, so we are not in a position to estimate the total employment effects of EGM gambling.

Another benefit from EGM gambling has been the revenue stream it creates for the state government. We might also refer to the Community Support Fund, which

receives a levy of 8.3 per cent of the revenue generated by EGM gambling in EGM venues other than clubs. We estimate that gambling in our municipality generates around 2.7 million per annum - that's in 96-97 dollars - for that fund, and so far Maribyrnong has benefited from the CSF to the extent of 700,000, which was associated with one project. Of course, there are a number of other projects of a state-wide character which will have benefited our community, and it is also possible that we might be more active in seeking funds from the CSF. Nonetheless, we would argue that we have received disproportionately little in comparison to the money being distributed by that fund, so Maribyrnong residents have been disadvantaged in that respect.

I'll conclude this opening statement by making some suggestions as to how we might like to proceed in relation to local EGM gambling venues, if I may. The first point is that I'd like to clearly indicate that we are not opposed to people spending their money as they wish and we are certainly not opposed to gambling as such. We are, however, greatly concerned at the inequitable distribution of EGMs and their concentration in areas of great disadvantage. Accordingly, our preliminary analysis of the available data so far has set off alarm bells which, to be properly dealt with, require some modest further controls on EGM gambling. These further controls should firstly consist of a cap at the municipal level on EGM numbers, calculated by reference to the adult population of each municipality so that no municipality has an EGM density greater than 120 per cent of the state average; and, secondly, an extension of municipal planning powers in relation to EGM venues by removing the existing nominal threshold of 25 per cent of licensed floor area, up to which no planning permission is required currently, and by reinstating the ban on new gaming venues in strip shopping centres, which has effectively been lifted by amendment S70 to all planning schemes.

It's very important to emphasise that in Victoria local government currently has very little effective control over gaming venues. We believe it is imperative that there be more power at the local level so that communities can determine for themselves the character of their own community. We also support the continuation of the current threshold of 27,500 EGMs throughout Victoria. There is no question that the EGM operators are extremely profitable. Tabcorp alone recently reported EGM revenue of 171,000,000 for the September quarter.

In our opinion it would be inadvisable to expand EGM numbers at all. There is no public clamour for such expansion; quite the contrary. In fact, as far as we can determine local poker machine venues are here and we accept that they are likely to stay. Our experience, however, has indicated that their introduction has been accompanied by a deepening of inequality and a dangerous dependence on the revenue that they generate. We do not believe that there is any jurisdiction for the expansion of either the numbers or the venues in Victoria, and we would argue strongly for a reasonable expansion in local controls. So I will conclude my presentation at this point and indicate that we will do our very best to answer any questions at this time if you wish or at a later point this afternoon.

MR BANKS: We've probably both got a few questions. It's probably a fundamental question again but I wouldn't mind getting your answer to it. You describe a higher EGM concentration as, in a sense, a deprivation for a community. Others might say those communities are endowed in more opportunities to engage in an activity that they obviously like, relative to some other communities. To what extent is this being driven by in a sense consumer preferences rather than something a bit more Machiavellian or capitalistic or whatever?

MS COWARD: Would you like to start with that one, Charles?

MR LIVINGSTONE: We've had the opportunity at one of our two forums that we've conducted on the issue in the municipality to ask one of the operators or their representative the question as to what dictates their placement of machines. We're advised by them - and I'm sure they're completely candid in this - that what drives the placement of machines is the activity that the individual machines generates in a particular location. So the market, if you like, dictates where they put them, just as the market might dictate any number of other things. Unfortunately, these are commodities which allow people to spend an unlimited amount, up to the extent of whatever they've got, before they're exhausted.

I think in an earlier question to Councillor Hill you suggested that you'd like to hear our views on what differentiates poker machine gambling from other forms of entertainment, and my argument would be that most other forms of entertainment have a capacity for the individual using them to determine in advance how much they're going to spend, whereas poker machine gambling has absolutely no limitation. If you walk into a venue with \$100 in your pocket, it's quite easy to spend that very quickly. If you walk into a concert you'd pay for the ticket and perhaps you might buy some food and drink, but generally speaking your expenditure is well within constraints which are preimposed. You know what you're going to spend for a night out roughly. Poker machine gambling doesn't have that characteristic about it.

We're also operating I think in a sense in the dark. As the mayor pointed out in her opening submission, there has not been sufficient work done to enable us to identify the costs and benefits in local communities of these things and we still don't understand in any comprehensive sense what motivates people to use them. I mean, we guess that low-income people in low-income communities use them disproportionately more because they generate the possibility of some return for a comparatively modest outlay at the outset, but they're open-ended in their rapacity, if you like. They will consume every dollar you've got and then some, and that seems to be the experience that is reported to us by the community agencies that talk to us regularly about these issues.

MR BANKS: We've heard it said that the pattern of concentration in Victoria is in some ways a historical accident related to the pattern of distribution of hotels in particular. Would you like to respond to that one, in other words, that machines have followed the hotels, which are located in particular areas? I assume from that that there are areas of Melbourne where there aren't any hotels.

MR LIVINGSTONE: That's quite true, and I dare say that's part of the reason why some municipalities have very low concentrations and others have much higher ones. I can't say I've done a study of this, but impressionistically the density of hotels per population, if you like, in Maribyrnong is probably no different to that from most other inner city municipalities. In mean, there is not a pub on every corner in Maribyrnong. There are some parts of Maribyrnong where there is a dense concentration of hotels for historical reasons, but I would be surprised if there were any difference between the pattern of distribution of hotels in Maribyrnong than any other inner city municipality in Melbourne.

MS COWARD: I think the movement of EGMs since their introduction has clearly indicated where they have been relocated, and there appears to be a pattern of massive relocation. If that was in fact the trend where the clubs or hotels place themselves, they've certainly reorganised themselves in an interesting grid, which some of our charts indicate, which I think now bears no relationship necessarily to the original pattern of hotels that they have started with.

MR BANKS: If there's any information on that it would be another interesting set of correlations that you could help us with.

MR LIVINGSTONE: I have in fact charted the location of hotels on a map of the municipality. I didn't bring it along with me, but I can certainly forward that to you.

MR FITZGERALD: In your submission on one of the dot points on page 2 you refer to the costs of problem gambling in Maribyrnong as between 9 and 36 million. They're obviously very broad figures. Can you give me an understanding of why you believe the costs are in that order?

MR LIVINGSTONE: Goodman estimates that in the United States the estimates of the incidence of problem gambling vary between 1.5 and 6 per cent of the population. We believe there is no reason to suggest that the spread of the range of estimates would be that much different in Australia. The low estimate is provided by the VCGA using the South Oaks screen and they say it's in the range of 1 per cent, but they in fact concede that the South Oaks screen is deficient and needs to be substantially overhauled for Australian conditions, so we would say that the low range is 1.5 per cent.

Goodman also argues - and I don't see any reason to differ from that opinion - that the higher the incidence of machines or whatever or venues for gambling in a community, the higher the incidence of problem gambling is likely to be. He also estimates that. He also estimates that the cost per problem gambler to the community broadly is around 12 and a half thousand, or that's the low-range estimate. Some estimates in the United States range that up to 50,000 and that's in US dollars of course.

However, if you also consider an assessment of similar data in the United States which relates to the cost to the community of someone addicted to heroin - and that study was undertaken by the Pennington inquiry or on behalf of the Pennington inquiry - they estimate that you can actually translate those sorts of costs straight from US to Australian dollars and that's what the premier's task force on drug abuse, the Pennington inquiry, estimated. So if you put those two together, you come up with a range between 1.5 to 6 per cent of the population and if you simply multiply that by the dollar figure you come up with a range between 9 and 36 million. So that's the methodology, if you like.

MR FITZGERALD: That's fine, thank you for that. It's a useful measuring stick I suppose and some would argue that maybe you can't necessarily equate the translation of gambling experience from the US to Australia for heroin or a drug that has a common physiological reaction everywhere. I mean, to some extent what we're hearing is that the culture in Australia has possibly been a bit more favourable to gambling traditionally than that in the United States.

MR LIVINGSTONE: Although I would argue that those costs are not the costs associated with rehabilitation of the drug addict. They're the cost to the community of the law enforcement associated with crime etcetera, etcetera. Now, it may well be that there are two different groups. But the point we simply take from the Pennington inquiry is that if you have an estimate of costs in the United States then it is reasonable to translate that into Australian dollars on a direct dollar-for-dollar basis. So that's what we draw from the Pennington stuff, not any interpretation as to costs, simply that it's translatable.

MR FITZGERALD: In relation to the economic impacts, you've indicated that you're not sure that there have been significant positive economic impacts. Can you give me some greater understanding of what you believe, councillor, to be the economic impacts, positive or negative, within the shire? What experiences are you gaining or stories are you being told in relation to the impacts?

MS COWARD: The positive impacts?

MR FITZGERALD: Positive and/or negative.

MS COWARD: That would be hard to start with. I mean, clearly we've been able to estimate a possible increase in jobs associated with this industry. However, we haven't been able to balance that against other losses.

MR FITZGERALD: What you're saying is, in the figures you've given us you're not able to say if there has been a net increase in employment. You're saying there may or may not have been a displacement between employment in some areas. Okay, I understand that.

MS COWARD: And that is yet to be studied and to be validated, so we won't say any more than that.

MR FITZGERALD: Yes, okay.

MS COWARD: Anecdotally of course there's a range of stories in terms of where traders feel the changes in - - -

MR FITZGERALD: Can I deal with that, councillor. To some extent we've heard that as well. Industry is keen to say that there is no evidence at all, or very little evidence at all of that. Can you just give us your view about that? Do you believe that the growth of gambling in your municipality has significantly adversely affected other traders?

MS COWARD: It's my understanding from what traders have told me in all segments of my community that they have seen a decline in the spending dollar, in their shops and across a broad range of types of shops over the last couple of years, and they very clearly target the industry as having that impact on their businesses. The community speaks quite anecdotally of people who they have known who have lost all their money on gambling and that's quite clear, and I have a range of people that I know of. I also know of a range of businesses who are now defunct because all their savings as proprietors have been lost in gambling.

MR FITZGERALD: If the council were to do a social and economic impact, which is the question I raised with council previously, do you believe that you have the framework by which you can adequately assess that at this stage?

MS COWARD: I don't know if we have a final framework but I think we have a very strong view of how we might go about it and it's certainly the discussions that we're trying to pose now because we see it as imperative that we begin to understand the impact in as broad a way as we can, in terms of our community. So we must undertake that research. But in terms of how we will do that and in what way we can accomplish it is very much undecided, but we see it as vital that that work be done.

MR FITZGERALD: If you introduced the recommendations that you're - I just want to understand what do you think would occur in terms of the social impacts and/or the problem gambling more specifically. What significant difference do you think these recommendations, if entirely adopted, would have on your community?

MS COWARD: I suppose a municipal cap is one that we're keen for - is one about an equability in our community that I think gives us a chance to allow gambling but in a balanced way. I mean, if we contend that the people in our community are most likely to gamble and if convenience gambling is what is most likely to take their funding, then our role as guardians of a community - it follows that we must ensure that where that occurs, it occurs in a way that gives people an opportunity to make decisions. It's not staring them in the face everywhere they go in every possible opportunity as they move around the city and that when they move into perhaps a venue and wish to use that opportunity of recreation, that there's opportunities for them to set limits and to make decisions throughout that process rather than sort of

coming to the end - which is perhaps an empty wallet, or an empty bank account is the end of that interaction.

So I think we have a role to assure ourselves all the way through, that that recreation activity is undertaken in the most responsible way that it can so that all parties are fulfilling a role that's required. The proprietor is being responsible in how he runs his business. The person who's gambling has an opportunity to make decisions all the way through the process.

MR BANKS: Just following on from what Robert's saying, I mean you possibly could imagine a situation where the caps would be to the extent that you were having queues for machines. I mean, what would you do in a situation like that, because what you're saying is, "Let's apply a uniform density across all jurisdictions," regardless in a sense of any latent demand or preferences and so on in those. So you could imagine in some jurisdictions at that level of density there would be machines lying idle and in others there would be queues perhaps going out into the footpath.

MS COWARD: I think you'll find in a situation such as our city, proprietors of a range of venues wish to acquire more machines because it then becomes a revenue thought process in the sense of if it's a club they may wish to increase funds for a range of reasons. So they see increased machines as a means to an end. The increase in competition that's now in our city, proprietors would say, "Well, we actually don't want more machines coming in because we're competing against ourselves and against each other. The margins keep being reduced and we keep having to resort to a range of marketing and other tactics to make sure that they come to our venue as opposed to another venue."

So on one side it's driven by, an increase in machines will somehow allow this club to expand or increase profits in another venue, against the fact that they're now competing with each other because in fact there is saturation point. So I don't think there will be a sense of queues. I think what we're arguing for is a cap that's sensible but that doesn't impinge on an industry, but allows the income-generating activities to perhaps be more equitably spread throughout Victoria.

MR FITZGERALD: We've yet to hear from the other councils so we won't give you all the questions.

MR BANKS: In fact we might end there, but give you an opportunity at the end if there are any further points that you want to make. On the clubs versus hotels issue for example I believe it was Dandenong that had - yes, that's right. So we'll save that one. Thank you very much.

MR BANKS: We will now call the City of Greater Dandenong please. Thank you very much for coming. I might just ask you at the outset to give your names and your positions with the City of Dandenong.

MR HARRIS: My name is Councillor Greg Harris.

MS GRINDLAY: I'm Frances Grindlay, I'm senior officer with the research, planning and development unit.

MR BANKS: Mr Harris, your position - you're a councillor, sorry. Again, thank you for coming and thank you also for your submission. You've been here I think hearing the discussion we've had with others. But I give you the opportunity to raise any particular issues you think you need to add from the perspective of your area.

MR HARRIS: Thank you for that, and I might start first and then I'll allow Frances to continue on with some of the points. It might be a time then - of course, gentlemen, feel free to interrupt me to ask any questions or points of clarification. Let me first off start by telling you a little bit about the City of Greater Dandenong. In fact I, being the first mayor of the city, had the pleasure in talking about the city in terms of being one of Australia's most culturally diverse with 140 different nationalities represented throughout my city. We are a city that is one of Victoria's largest manufacturing bases. We are known as the second city to Melbourne. That means in our retail strip shopping area, our retail shopping area, we are comparable to the CBD of Melbourne.

MR BANKS: I should say that I can remember when Dandenong first became a city.

MR HARRIS: Really?

MR BANKS: Which would have been in the fifties, I suppose.

MR HARRIS: That's right, yes, very good.

MR BANKS: Just wanted to show that I was on the ball.

MR HARRIS: Good. Well, it's a city that's dynamic with all of its different cultures and it's certainly part of our strengths to have this great diversity, although it presents us with unique dilemmas relevant to gaming and gambling. We are of course - and some of the statistics that have been provided by our neighbouring cities, I'll allow them to stand on their own and just talk generally about the fact that we are the third-highest city that has gaming machines. Through that, what's removed from our municipality is approximately \$60,000,000 and a breakdown of that is approximately some \$11,000,000 to clubs, \$6,000,000 to pubs, \$2,500,000 to the Community Support Fund, \$20,000,000 to state government and \$20,000,000 to Tabcorp. I use those figures as a bit of an indication as to - one of our dilemmas is that we need to

see how that money is in fact being returned to our community or is it all being pulled away?

You've spoken before, and this afternoon it has been said, about some of the economic developments, some of the employment opportunities, some of the building structure that has gone on in redevelopment and refitting of buildings that has happened because of the gaming. It has not yet been measured whether that has been a trade-off of other jobs and part of our points that I'm going to make, and make continually, is the fact that we need more accurate information. We as a city try to do that in the ways that we can provide, but in fact that's a costly exercise and it should be something that's provided for, so that I as a councillor am able to make informed, intelligent decisions based on good, accurate information about further gaming venues.

We also as a city put out some \$1.3 million in community grants ourselves. Now, some of that money is going to different agencies for the support of members of our community who need both material support and counselling support. The impact upon us is that there is generally not enough money to go to meet the needs of our community. We in fact have an unemployment level that's higher than the state average.

As a councillor I was elected really to be that representative of the people, to serve the people in my community, and I do that on all issues, issues relevant to toxic waste tips, to the level of industrial development that's happening in our area, to town planning issues. We also needed to develop a public health plan, part of our requirements from the state government. We have developed a heritage study and put into it place.

It is part of the indication of how involved we as local representatives need to be in being the good governors of our community. It is important that we continue to develop a gaming and gambling policy that gives us the right to make informed decisions for the benefit of our community. Decisions will always be weighed up against economic development and social impact. We do that with regards to our opposition in fact of brothels in our city. We do that with regards to all of the town planning issues.

It is though that on the gaming issue we do not have that right to argue, as was expressed by Councillor Hill in the tribunal about the social impact. This in fact is one of the enforcements and powers that the local government would like to have back in place in us, to truly reflect the wishes and desires of our communities. That comes about for us as a city by our public consultation and in fact we are quite slow in developing any of our policies because of the process of consultation that we have. We have very open council meetings. We call upon submissions from our community leaders. We engage in these public consultation processes so that we try to get a true reflection from our community both as business leaders and as the mums and dads of our area.

Some of this \$60,000,000 we question - and perhaps this goes back to not having accurate information but we also question how is it to be seen that the \$20,000,000 that goes to the state government is fed back into our community in some way or is it simply a fact that we're not going to see that again. The \$20,000,000 that go to Tabcorp I'm not sure will ever return to our community. The money that has gone to the clubs has some impact back to our community by their employment. We of course consider the issues - and I pick up on the point of the issues of clubs versus pubs and that's a dilemma to us that's yet unresolved. From one aspect it's the rating issue of these buildings. Hotels of course we rate on a commercial basis as we do any other retail outlet.

Clubs have changed some of their focuses from being community providers to being more impacted by the outside organisations who have put money into them and expect a return for that money and it has put us into a dilemma that 's yet unresolved about what rating value that they may have and what percentage of their money is available to go back into the community that they used to serve and used to be designed to raise money for. Like I said, that's an issue that's not yet resolved. We have one particular thing that's affecting us at the moment and that is the Springvale Football Club, quite a successful club in its league here in Victoria, but it wanting to lease council land for the purpose of building a venue for gaming. The dilemma to council is, "Is this what we should do? Is it our role as council to in fact sell land for gaming venues to be built or to lease that and generate an income from that? Would that money that we generate from the lease of the land be put back into counteracting some of the adverse effects of gambling?"

These are dilemmas that we're wrestling with at the moment and not yet resolved, so I can't tell you how it's actually coming about but public consultation is something that we're calling for, to get that feedback and to be able to respond on that level. We also run the risk though of being overridden by state laws and controls.

MR BANKS: Even though this is council land?

MR HARRIS: Yes.

MR BANKS: This is an interesting case in a way because in a way it puts you in a position similar perhaps to the state in relation to other decisions about expanding gambling, because you have to take into account what return you would get from that land coming through the gambling activity and how you would use those funds. So I'll be interested to see how you resolve those trade-offs, councillor.

MR HARRIS: Absolutely and you're right, it's one way you could argue, and I heard the question before, "Do we change our view if we could get more money?" Perhaps in my thinking about that answer is that I would suggest that the money returned to our municipalities is really focused on some of those areas where the money is being taken from, not put into general revenue. Some particular cases - and perhaps back to our cultural diversity is that there are some cultures in which they're not easy to access on a counselling level because of their gambling addiction and that

needs to be done in a very sensitive way with equally skilled counsellors of that ethnic background. That costs money to in fact engage them. It costs money to train them. It costs money to set them up in some of the community facilities we have. We're doing that but at a price to our community and a price to us as council. So that trade-off would be - yes, it would be able to pay for some of that, intervention devices and those education programs.

Being the regional centre that we are, we of course have no difficulty with suffering all the problems that regional centres do and that is the influx of transient people, the fact that we do have a number of hotels, that those hotels do provide gambling facilities. Gambling is a part of our community. What we are suggesting is that we do need to be enforced with the power to make decisions to the benefit of our residents. Can I say that also I sit on the board of the Regional Traders Association and it is with their discussions that I have seen the downturn in general business trade in our community. That comes off from even the smaller shopkeepers who have noticed the small sales have started to dry up and disappear.

Some of the impacts that I've noted is the fact that the parking spaces are taken up for about a 3-hour period every time that the moneys are paid from the Social Security into people's bank accounts. So there's that period in the week or in the fortnight that there is an influx of people in the afternoon and some of the traders were even trying to identify changing the parking laws to restrict their ability to stay for that 2-hour period where they access the hotels and then disappear out of our centre of the city. That's one of the things that I've noted in my observation of this matter.

I guess that I would perhaps in closing just like to highlight that local government is important. We are elected to this role of good governance. There's this expectation of our community to fulfil that role and that's the leadership that I want to take and I really need to be empowered to do that. The money returned to our community is one of our most major issues and we'd like to see more clearly how that is to be identified and put back through our cities. Thank you very much.

MR BANKS: Good, thank you. I don't have many extra questions to ask. I think Robert had some.

MR FITZGERALD: Frances, you were going to make a contribution or not?

MS GRINDLAY: Yes, I will.

MR FITZGERALD: Good.

MR BANKS: Okay, sorry.

MS GRINDLAY: Thank you again for the opportunity to speak today and I'd like to also endorse the comments of Mike Hill and the council offer from Maribyrnong, particularly Mr Livingstone's work, on a lot of number crunching about the density of

EGMs in Victoria. Greater Dandenong is the second-highest municipality with EGM density in Victoria. We have 12.3 EGMs per 1000 adults. Maribyrnong has 17.3 as you know, and it goes down to municipalities like Boroondara with less than three machines per 1000 adults, so there is a vast discrepancy there in the density even though perhaps the principle of even distribution has been determined simply by the fifty-fifty rule which was established when gaming machines were introduced into Victoria. There was the split between 50 per cent of EGMs in clubs and 50 per cent in hotels. There was to be 20-80 split between regional areas and metropolitan areas and yet, despite that fundamental principle, the practice seems to be quite different and there does seem to be that difference. There is that great difference in EGM density. As the other councillors - - -

MR BANKS: Sorry, what are you implying there - that the fifty-fifty rule showed an intention to have a more even distribution generally?

MS GRINDLAY: I think generally that did show that there was meant to be some sort of even-handed distribution of EGMs.

MR BANKS: You wouldn't see that as just a more pragmatic device for reconciling the interests of two competing groups?

MS GRINDLAY: It could be that too.

MR BANKS: We've just come from New South Wales so we've heard a lot about that up there. Sorry, go ahead.

MS GRINDLAY: Council has had a lot of calls by local agencies and retailers. Many agencies attribute the increased need for their services to the impacts of gaming. Equally, local traders have provided anecdotal reports about decreased consumer demand which they attribute to household expenditure redirection. We also recognise that gaming is an easy excuse for poor financial management or poor management in a number of areas but there are quite loud cries of anecdotal information about concern regarding gambling. Also, we have our local clubs and hotels raise issues. One of our local clubs "lost" 23 gaming machines on which they were relying for expenditure. Those gaming machines were removed from their venue because they didn't reach what was determined as a reasonable amount of return and that is the club that is now trying to link up with other clubs to be able to get more gaming machines back. So that change in their revenue was of great concern to them.

I suppose the first thing, to reiterate it, when I'm going to look at the sort of social implications perhaps as well as the economic ones that the other speakers have referred to, there is a great need - there is limited micro-level research on the social and economic impacts of gaming. The general lack of information on which council and the community can base local decisions does frustrate genuine concern to achieve positive economic and social development for the community and to make good decisions which affect local businesses, individuals, families, clubs and hotels that are affected by the gaming industry. As we've heard before, generally gaming research in

Victoria has focused on statewide or Australia-wide analysis and community perceptions about gaming and little work has been done on developing appropriate models to effectively evaluate the social and economic effects at the local level.

Having said that, there are some broad-based research by the Victorian Casino and Gaming Authority - has identified groups in the community who are vulnerable to the adverse effects of gaming and these are identified as the unemployed, low income earners, people born outside Australia or from non-English speaking backgrounds, financially dependent women, young people, the recently retrenched and sole parents. The Greater Dandenong community has high proportions of all of these groups and combined with the issues which have been noted by the previous speaker regarding the run-down of household savings and gambling spending patterns of low income people, there are loud warning bells for our community.

Greater Dandenong has been a centre of manufacturing industry since the 1950s when large numbers of new migrants settled in the area to work in the large motor vehicle companies and the food factories established after the war. It's still a main manufacturing area for Victoria, but as manufacturing is an area characterised by difficult business conditions, severe competition and increased labour shedding, we have an unemployment level of over 12 per cent and the downstream and run-on effects of that high unemployment which is difficult - retailing, family breakdown, demands on welfare agencies and recreation services and such things, needing to be provided at low levels and low cost to the community.

The migration tradition continues to the present day and as Councillor Harris says, we have 140 nationalities living in the city. Some of these groups have much higher unemployment levels. For example, the Vietnamese, Chinese and Indonesian communities have unemployment greater than 20 per cent and in some cases greater than 30 per cent. For young people, our unemployment level is very high at over 20 per cent as well. Greater Dandenong also has a large number of refugees and we have twice the Melbourne average of the number of refugee status people coming into our community. We have half the proportion of skilled status refugees. In our community, three-quarters of the community are either born overseas themselves or have a parent born overseas. So three-quarters have an overseas-born background. Nearly half our community speak languages other than English in the home.

While these factors make for a culturally rich community, gaming places an additional pressure on individuals and families which already have special pressures associated with resettlement in Australia. New settlers have to adjust to relocation, accommodation issues, health issues, family separation issues, inter-generational conflict issues and torture and trauma issues associated with their experience from which they came. As I've said, they have higher unemployment, they have breaks in their education, they have language difficulties and they have limited options for social interaction and limited recreational and leisure options.

As Councillor Harris said, we are the principal service centre for the south-east growth corridor of Melbourne and have been since the city really established itself,

which was a buggy ride from Melbourne, 20 miles from Melbourne. It was really one of the important reasons why Dandenong was established in the first place. Because of that sort of geographic characteristic and the fact it was on a lovely creek, many services have been concentrated in Dandenong for those reasons and the fact that it was a market town. Because of the availability of services in Dandenong as a regional centre and the fact that we have more single bedroom and unit housing, we also have a high proportion of sole parents, disabled people and other people who live there because services are available to them and they need it.

So we have this sort of community which is burdened with the second-highest level of EGMs in suburban Melbourne. This is the community where \$60,000,000 or more - and that's a very conservative estimate - is taken from players of EGMs in local clubs and hotels each year. That excludes whatever is lost at Crown Casino. As you know, Tabcorp announced recently that each machine took a revenue of \$160 per day. Crown Casino machines, they say, is \$257 per day. So we're looking at 60, perhaps 70 million dollars just on those figures being taken from players in just local venues, as I say, excluding what is lost at Crown. There are indications that that is inequitable and that it is unsustainable in terms of the economic and social development of the city.

We have to look at the steps that can be taken to mitigate against those risks caused by gaming. I think it perhaps is important to state here that we take the research figures of Break Even and others that it's somewhere between 1 and 7 per cent or so of the community that are affected by problem gambling, so they are a serious level problem gambler. But there is a whole raft of people that are affected by the risks associated with gaming, well before they become a sort of categorised problem gambler. I think it is these risk factors that we need to take a closer look at, and a closer look at the people who are at risk from problems associated with gaming - or harms, perhaps it might be better to say, associated with gaming.

One of the steps that we suggest, as the councillor has said, is the retention of the statewide cap at 27,500. The reason we say that is perhaps that if there was an increase in gaming machines into the state it is likely that those machines would be put in areas such as ours that seem to be attractive to Tatts and Tabcorp for the location of machines and we really feel that it is time to perhaps put the brakes on a bit and look at this gaming issue more thoroughly before the state cap is increased or to determine whether it is increased. We would also like to see the municipal cap level set at a level closer to the Melbourne average density. If gaming is such an advantage then perhaps it could be shared more evenly across all municipalities, I think is perhaps the argument we would raise.

We also support improved financial support from the Community Support Fund for Break Even's services, particularly for their community and industry education programs - Break Even is often associated just with problem gambling counselling but they actually have a great role to play in community education and in industry education - so people are as informed about the risks associated with gaming, as they are about the risks associated with drugs or the risks associated with driving or the

risks associated with alcohol. Council commends the new initiative to advertise Break Even's services through a Victoria-wide advertising campaign - a convenience advertising campaign on the back of toilet doors. That's a tender that has just been let by the Department of Human Services in response to their concerns about the risks associated with gaming.

But we believe there should also be improved electronic and print media advertising campaigns to educate the public against risks associated with gambling. There also needs to be improvements to develop appropriate services for people from non-English-speaking backgrounds, as far as informing those people who do not speak English and who speak a range of languages, and that information is given to them in a culturally appropriate way and that the risks associated with gambling are also understood in culturally appropriate ways. I think many people would feel that different nationalities have different approaches to gambling and that needs to be explored and investigated thoroughly.

We are looking at developing responsible gambling charters with local venue operators and I think it's fair to commend some of our local venue operators who have taken a considerable initiative in developing the industry codes of practice. A couple of them have been very active in taking that initiative and putting that time in. One of the approaches that responsible gambling venue operators take is to put clocks in venues, to create things that enable a break in play, daylight and so forth, so that players are less likely to lose themselves in a lengthy period of play and over-expend. While those sorts of interventions in venue rooms may assist, council supports exploring the views of Prof Mark Dickerson from the University of Western Sydney who suggests that harm minimisation and early intervention for EGM players may be better addressed through electronic interventions at the interface between the player and the machine.

The technology is available to provide a whole range of information to players about session expenditure, the passage of time, whether their preset limits have been reached and whether they understand the machine that they're playing, which the player would read and consider at leisure and in privacy. Most at risk or problem players play alone, rather than in company. They're not necessarily willing to pick up a problem gambling brochure that is in an obvious place beside the cash register. Such a process would engage the player better if it was done electronically and would ensure the information was actually read. It would also make the leisure, decor and ambience of venues perhaps more attractive if the information was on the screen with the player.

Council supports improved local area social and economic research by the Victorian Casino and Gaming Authority. The VCGA has a primary responsibility for that research and the Community Support Fund allocations. The primary use for Community Support Fund funds is to go to research. Everything else that the Community Support Fund is to support under the legislation are secondary considerations. I think there needs to be a far greater emphasise in the VCGA research development program on local area social and economic impact analysis.

Such information would help local governments make the decision which affects individuals, businesses and communities directly impacted by gaming. Any research that the VCGA took in this line would need to cover comparative and time series data, qualitative and quantitative analysis and would need to measure employment benefits, job creation, revenue redistribution, consumer spending patterns and the impacts on clubs, hotels, retailers and other traders.

There also needs to be some better guidelines for VCAT - the Victorian Civil and Administrative Tribunal - to use in any disputes. There's certainly a place for better economic and social effect analysis in the decisions that VCAT undertakes. One of the areas that is very important to determine is the proportion of taxes and charges paid to the Victorian government, Tatts, Tabcorp and the Community Support Fund which is returning to Greater Dandenong - and other speakers have alluded to this as well. On present indications we are contributing a substantial and disproportionately high level of taxes and charges through these things. Bob Wootton did an analysis of the 1996-7 figures and conservatively he's saying that \$60,000,000 is taken from players of local gaming machines. That, of course, excludes anything lost at the casino.

Only about 17,000,000 of that comes back to local clubs and hotels for their uses and about 2 and a half million goes to the Community Support Fund. So as Councillor Harris says, 20,000,000 goes off to the state government and 20,000,000 goes off to Tatts and Tab. While Greater Dandenong community develop benefits from the statewide programs and projects, such as the Turning the Tide initiatives which is funded under the Community Support Fund, the gambling and financial support programs and family support programs and youth homelessness programs, it's very difficult to find out where the rest of the money goes and how it's allocated in statewide programs, in programatic funding that comes through state government departments. I've made many calls to many government departments to try and identify this and it is an extremely difficult thing to find out.

There needs to be a better reporting system of what proportion of that money is coming back into Greater Dandenong. Even a process of trying to identify which Turning the Tide grants came back to Greater Dandenong which were local agency applications, the only process we have is to phone every local agency and to see which one got what. We cannot just make one phone call and find, whatever, \$500,000 of Turning the Tide grants came back to our community. So this process makes life very difficult. The same with programatic - a lot of money seems to be going from the Community Support Fund into programatic funding through departments. Prior to gaming, that programatic funding came through the usual taxes, so there seems to be quite a shift in funding that way.

MR BANKS: Is there much more there? We could take a lot of this as read, in the sense that we've probably got two more participants on these same issues.

MS GRINDLAY: All right. I'll just say that we can only identify one \$100,000 project from the Community Support Fund that has come into our community over

the last 5 years. One other point I would like to make - and it follows on from the rates issues that Councillor Harris alluded to - is that we've found that clubs and hotels, which we determine whether they're a club or hotel for rating purposes, we find that the Victorian Casino and Gaming Authority does not have the same venues called a club or a hotel. So there is this anomaly here. We also think it may be time to look closely at the definition of a club.

It's perhaps arguable to what extent gaming activity is offered by clubs, contributes to the principles of community benefit and social interaction and common purpose and care for members which, given the risks associated with gambling and the solo nature of it - and yet many of our clubs have been given benefits because there's this tacit understanding that they do provide social benefit and I think there needs to perhaps be better analysis there.

I think I'll finish up there, but just to say we're not opposed to gaming and we realise that it contributes to entertainment and recreation, to revenue to the state government, to local clubs and hotels for facilities and services, to Tatts and Tabcorp and to employment. But we also know that it is an industry which contributes to the redistribution of sums from Greater Dandenong, additional pressure on already vulnerable groups, gambling addiction and problem gambling for 1 to 7 per cent of the population and a lot of pressure on our local welfare services to support people affected adversely by gambling. So thank you for the opportunity to present. I'd like to try and answer any questions.

MR BANKS: Thank you. I think a lot of the issues we've already discussed - and I only have one or maybe two questions - there is this general issue of the money leaving the community or leaving the area and your concern that that comes back. What is your position on that, that funds should be in some way earmarked and then redirected back? How generalisable would be a proposition like that? I think I can think of other situations where there may be even a large commercial enterprise located in one particular council area that might be paying salaries to people who live outside that area and so on. Could you just elaborate on what you've got in mind there, or do you see simply that some greater proportion should be going back or that there should be at least more transparency about where the money is going? What's your bottom line on that?

MR HARRIS: I think first off we're asking for the transparency so that we can be very clear about what comes back and what doesn't. I think though that what we would like to see is that a greater proportion - and it's easy to say that because we only know very clearly a small amount comes back - of the money that's gone out from that community should in fact be invested back in that community, and that could be done in some very direct ways. It is the social services that are set up in our community by volunteer groups, by the different agencies that are around, that are meeting the needs of our population that for a variety of reasons are short of money. Not all of it is gambling reasons and I wouldn't say that, but we would be saying that return of money, that investment back in, and most certainly in cooperation with local

government to actually identify those areas where the money would be invested back into the community.

MS GRINDLAY: I think it's important to say that we don't want to wait till we've got the problem gamblers before we start investing in preventing risk. We need to invest at the early stages so that we do not create the problem in the first place, so that we do not have more problem gamblers than we should have, and to assist people to understand what they are doing when they are gambling and minimise harm that way.

MR FITZGERALD: In terms of the responsible gambling charter and/or protocols that you and other councils have been developing, some people are fairly cynical about charters and codes of ethics and what have you. What gives you confidence that these codes or these charters will in fact apply within your council area? Why do you believe that the industries will participate with them on an ongoing basis?

MS GRINDLAY: One of our venue operators is the vice-president of the Licensed Clubs Association and has been chairman of the subcommittee to develop those charters, so we do have a couple of eminent venue operators who take this responsibility seriously, and certainly the industry secretariat is working very hard with venue operators, as is Break Even, to try and mitigate against harm. We can only hope, I suppose, and do our level best and at the same time measure the effects, social and economic impacts, over time to see if they do work. Equally with Prof Dickerson's idea of putting clocks on the machine so that the clock comes up every so often, which would cause a hesitation in play and that hesitation may assist people who do get sort of hooked to stop and make a decision about what they're doing.

MR HARRIS: These protocols are like living documents. They need to be relooked at and re-evaluated, and the input that comes from those industry leaders is paramount. If that doesn't happen, then it would be more prudent of us at the local government level to try to get some sort of legislative change to enforce protocols, but we'd rather go with the cooperative approach.

MR FITZGERALD: You made reference to the Victorian Civil and Administrative Tribunal. Your point there - you say that to date the tribunal has based its decisions affecting gambling venues on local information rather than for basic research. Can you explain to me how you think the tribunal should benefit from its functions in this area.

MS GRINDLAY: VCAT makes the decision when a dispute case comes before it. It has tended to look at the information that surrounds that particular decision, so the information that surrounds a particular venue. At the moment there is rather limited information that would enable people to make a decision about social and economic impacts locally, so it has not included that sort of information in its thinking, where I believe it really needs to. Perhaps if VCAT and local government and other industry

bodies developed some broad principles which it could apply in every case, that may improve decision-making by VCAT.

MR FITZGERALD: Finally, you have, as you indicated, a very high level of culturally diverse communities generally. The level of services being provided to people from non-English-speaking backgrounds and ethno-specific concerns, what's your assessment of the level of services to those that are suffering from problem gambling and/or affected by some other problem gambler?

MS GRINDLAY: Recently there was only one Chinese-speaking qualified gambling counsellor in Victoria, and that's of great concern. That person is now based, thanks to the work of Break Even Southern in our area, at the casino. We have 140 nationalities in our community, and I think Break Even will tell you that the non-English-speaking communities are under-represented in accessing their services. But again I think this is an area where we need to not wait till a person is requiring Break Even services because they've lost the house, the car and their family is falling apart. We need to have far better interventions upstream to enable people to make good decisions so gambling is not causing harm to families and individuals and bank balances. I think that's the important thing to remember.

Convenience advertising is on the back of the door of every public convenience in Victoria - I don't know of any other time where the Department of Human Services has let a tender for such a massive advertising campaign, and I think that perhaps indicates the level of concern that the department has about the impacts of gaming and perhaps the need for community education in this area. That information should also be available in community languages, and in our community, with our 140 nationalities, that is not the top 10 languages; that is all of the languages. Particularly when we look at our particularly vulnerable groups - and I don't like to sort of pull communities out - the communities that are particularly vulnerable are often the refugees and the ones that have come through shocking experiences and have to rebuild their lives in Australia.

In many cases information is not delivered well to people from former Yugoslavia, it's not delivered in Bosnian, Serbian, Croatian, Eritrean and those languages. It is delivered in Greek, Italian and the languages based on postwar migration patterns, not any migration patterns that have happened in the last 10 or 20 years. I think particularly with gaming, information needs to be provided to the communities who need it most, and this is where the social impact analysis needs to be undertaken so we know exactly which communities are being affected most severely or are at most risk.

MR FITZGERALD: Good, thank you.

MR BANKS: Thank you very much. We'll take a 10-minute break now.

MR BANKS: Our next participants today are Moreland City Council. Welcome to the hearings. Could I ask you please to give your names and positions with the council.

MR O'REILLY: Joseph O'Reilly, executive officer, mayor and councillors.

MR HELOU: Councillor Anthony Helou, mayor City of Moreland.

MR ROBB: Adrian Robb, director city strategy.

MR BANKS: Thank you very much for coming along today, for the submission which we've read and also for the attachments on the responsible gambling strategy and other attachments that we've got there which I can't say we've read every word of but we've done a pretty good job at. So why don't you perhaps highlight the key points that you want to make and we can perhaps ask you some questions after that.

MR HELOU: Thank you. Firstly I would like to thank the Productivity Commission for the opportunity of being here today to address the commission's inquiry into the Australian Gambling Industry. For its part, Moreland City Council would also like to commend the federal treasurer for referring this important matter to the commission. The growth in the significance and extent of gambling across Australia poses both opportunities and threats, and this must be systematically addressed by the developments of new policies which deal with these issues. A systematic approach to the regulations of gaming which promotes productivity, equity and sustainability at the same time as minimising the negative flow-on effects of some gaming will require interventions at a variety of levels in a variety of ways.

At the heart of the local government of Moreland's submissions to the Productivity Commission today is a concern that all levels of government are involved in the facilitation in appropriate regulations of gaming. All three levels of government have a part to play in promoting responsible gambling. However, it is Moreland's view that the demarcation of responsibilities across the various levels of government is needed to better reflect the effects of gaming nationally, at a state level, and locally. Moreland hopes that this inquiry will assist the Commonwealth in coming to an informed view about its ongoing role and that at the same time it is able to be of some influence on improving the role of state governments and regulating gambling more responsibly. We hope it also ultimately will enhance the capacity of local governments to play a part in regulating the nature and extent of gambling in the local areas.

The opportunities for an appropriate role for local government in influencing gaming at a local level are very limited. This stands in stark contrast to the effect that gaming can have on a local area. As evidence presented to the inquiry earlier today and confirmed in research conducted by the casino and gaming authority demonstrate there is a disparate (indistinct) consolidation of electronic gaming machines in some cities. These cities share two characteristics: firstly, large numbers of people on low incomes and secondly, high rate of unemployment. Research demonstrates that the

unemployed and low income earners are the very groups who face the most significant prospects of the social and economically disadvantaged effects on gaming. Local government, with a strong knowledge, understanding and appreciation of composition and nature of the local communities, need to play a part in regulating the nature and extent of gaming.

The role of local government is to protect the best interests of the community through political leadership in adversity, regulation of the built and natural environment, the delivery of services. Local governments have rightful interests in accommodating gaming in which best reflects the community, promotes gaming, economics, benefits and ameliorates its negative social and economic consequences. For its part, Moreland has attached a responsible gaming strategy to its submission to the commission. The strategy represents one way in which Moreland has sought to secure a role for itself in bringing some local influence to bear on gaming. We endorse the suggestions of other local governments who have appeared before the commission today and the Victorian Local Governments Association for other ways in which local control can better be exercised, including the prospects of more localised caps on the numbers of electronic gaming machines.

The developments of partnership between all three levels of government on a range of issues which we all face is desperately needed. The urgency of that task is specially felt in respect of the need to develop and build a partnership which helps us address an appropriate role for all three levels of Australian government in supporting and regulating gaming. Without speaking any further, I would like to ask Moreland City Council director of city strategy, Adrian Robb, to provide the commission with some brief of overview of the council's responsible gaming strategy. So I pass it to you, Adrian, to address the commission.

MR BANKS: Thank you very much.

MR ROBB: Thanks, Mr Mayor. Thanks, commissioners, too. Given the time constraints we're facing I don't think I'll go through all the written material that we presented because it might be better just to provide you with some opportunities to perhaps ask us some questions but I will perhaps point out the essential focus we thought that our submission might take and that is to recognise and outline some of the community planning processes that have gone into developing a responsible gambling strategy in Moreland and a number of the initiatives the council has taken as a result of that. The newly-elected council to Moreland picked up on a considerable amount of community concern about the incidence and the nature of gambling in Moreland when it first came into office and as a result of that got together a working party that has been quite an effective representative body, bringing into play people from the gambling industry, local operators, sporting organisations, community service organisations and we've had the opportunity of getting some researchers who have been doing some work for the Victorian Casino and Gaming Authority involved as well through that process.

The responsible gambling strategy, I think Councillor Hill mentioned earlier, was a recipient of the Royal Australian Planning Institute commendation award for the recent community planning section of the annual awards and we thought that was a good acknowledgment of the process that has gone beyond just looking at this as a town planning and regulatory issue and seeing it as a broader community development and social policy issue. The submission or the strategy that we've appended to the submission we put before the commission outlines a rationale as to why local government should be concerned about this matter and I believe that there are some broader tax implication issues to be considered. Perhaps those aren't as well-developed in our submission as some of the discussion this afternoon has so far highlighted but they are worthy of consideration and I think they have been a considerable policy backdrop, if you like, to some of the concerns that local governments have had when they've talked about the amount of moneys that have disappeared out of local communities through expenditure of local funds on electronic gambling.

The recommendations that came through the responsible gambling strategy identified that a wide and broad community planning view would hold the greatest potential for positive impact. You will note in the report that it recommends council undertake activity on a range of matters including social and recreation policy, urban planning policy, community development initiatives, inter-governmental relations and research. The town planning code for gaming venues has been useful for council, not only in considering what it would do with regard to new electronic gambling premises and permit applications that might present but also there has been quite a bit of discussion about that in relation to bingo and other forms of gambling and it has been a useful resource for us in that regard.

The charter for responsible gambling in relation to the question that Commissioner Fitzgerald put to the previous speakers, we'd contend that the key measure of effectiveness of a charter is going to be the extent to which it's locally acceptable and it's one which recognises some form of mutual obligation. I think we had found that through the development of our responsible gambling strategy there was a significant amount of goodwill in the local community through operators in both clubs and pubs. We've had one particular venue, a club that has sought to put a considerable amount of its resources derived from gaming back into the local community, and I think that the success of a local charter is going to really depend upon some champions and that's going to mean good community development processes are brought into play locally.

MR BANKS: Was that a hotel?

MR ROBB: No, it was a local Italian social club in East Brunswick that had found itself in significant debt. It managed after a couple of short years to wipe that debt and find itself in an embarrassing surplus and then started to look at cultural and recreational and social activities that it could put resources into locally from community art programs through to exchanges with a twin city, if you like, in Italy.

MR BANKS: But activities that were external to the club itself?

MR ROBB: Yes, that took the club's social life that step further, if you like, into the local community.

MR BANKS: Good, thank you.

MR ROBB: I might point out in the submission we put forward I've noticed a spelling error, typographical error. We're talking about "access to" support services for people with problem gambling rather than an "excess of" so you might have picked that up in the submission. We certainly don't have an excess of support services to people with problem gambling in Moreland. It's been something that has been traditionally of concern to us in the short period of time in which the industry has developed. Perhaps if I leave the formal part of the presentation there and invite any questions.

MR BANKS: Thank you for that. I'd be quite interested to just briefly go through the background to the strategy being developed. I mean, you say it was the new council that came in and there was detected a sense of concern and so on but that presumably has happened elsewhere. How were you able to sort of bring this about? The other question is when did this happen exactly? When did that - - -

MR ROBB: The strategy started its development late last year with the establishment of a working group. The major part of the work was undertaken in the first part of this year and it was presented to council in June, July, I believe. So we're now gearing up for - you'll see in the recommendations there are 3 years of implementation with different phases attached to them. So we're into the first year of that now. I think it's fair to say that the initial community concern about it was demonstrated through individual councillors who were finding that when they did doorknocking prior to the elections in March 1996 there were issues being raised by local residents who were concerned at planning applications that had been received and were being considered or had been considered in fact by the council under the commissioners and that was quite significant, that community comment.

MR BANKS: I think it may have been Councillor Hill who brought it to our attention but he indicated that there had been a period there after the amalgamation or round about the time of the amalgamation when there was an administrative arrangement which didn't involve elected council representatives.

MR ROBB: Yes.

MR BANKS: How long did that period last in the case of Moreland?

MR ROBB: In the case of Moreland, which was subjected to both inner and outer amalgamations, it lasted from May 1994 through to March 1996.

MR BANKS: Good, thanks.

MR O'REILLY: Commissioner Banks, just in response to that question too I might add that it's an appropriate thing to ask as to what is the capacity for local governments to come up with these sorts of models, and we've observed that there are insufficient levers for local government to exercise control over gaming. But we looked at Moreland for some of the ones which we could and came up with this sort of document. But just as those will be different across the states and the states' roles in gaming is different, one role for the Commonwealth, given its sort of ambiguous jurisdiction over this area, might be to facilitate leadership and best practice in local governments coming to an accommodation of gaming by enabling them to develop and build capacity to actually respond to local issues.

Now, that would be predicated on the commission agreeing with the submissions you've heard today, which is at the heart of Moreland's concern; that is, that local government is well placed to assess the effects of gaming, both disadvantageous and advantageous, and has to play a part in the planning for that. If you accept the principle of subsidiarity, the people that are most affected by these decisions have a rightful place in making those decisions or in influencing them, then one role for the Commonwealth would be to build capacity and to develop models of best practice, to share with states and for that matter local government.

MR BANKS: Could you just elaborate on that, what exactly you mean by that?

MR O'REILLY: I think this sort of model is one way and one approach which Moreland has come up with. But it is about helping councils to actually acknowledge that they have a role, even if that role by virtue of state jurisdiction and the legislation which is in place for gaming is limited, and we've come up with this. It would be much better I think to actually encourage a partnership between state and local governments in regulation of gaming. But in the absence of that partnership, in the absence of legislative change which gives a greater role to local government in influencing these matters, it could well be a role for the Commonwealth, not so much in legislating but in providing resources to local governments to help them build that capacity, understand what the levers are, and even - I think one of the questions which you asked earlier was to come up with assessments as to the effect of gaming on local areas. It certainly on our part would be agreed that we wouldn't have all the answers to that and that there are roles for other levels of government in actually helping us to understand the impact of these sorts of changes in this industry at the local level.

MR ROBB: If I could perhaps just add a comment to that, I think there was a link there to be made. It might stand out as a bit curious, a suggestion that there might be a role for the Commonwealth, but I think that in recent years the orthodoxy started to recognise that economic development is an important local community exercise as well and the areas that have been able to more successfully deal with regional economic development issues are areas where there have been successful economic and community development work happening side by side. We'd see that the economics and the social impacts of a whole range of factors - and we might throw electronic gambling into that; why it takes off in the communities that it does take off,

and what impacts it has is perhaps worth thinking about because strengthening local government's capacity in identifying social and economic issues could be of terrific benefit to effective responses to gambling locally.

MR O'REILLY: There would be just one additional factor to that, that I'd allude to from the Commonwealth point of view, and that is that it share in the costs I think by and large but not in the benefits. Because the taxing powers for the purposes of gaming accrue to the state it doesn't share in that, whereas I think it shares in picking up the cost for social services and other sorts of costs associated with problem gaming and it might well be a head of power in a sense that the Commonwealth could exercise in adopting the sort of model that I suggested, which is about the development of best practice models for dealing with those negative effects.

MR FITZGERALD: In part of your submission or in fact your overall plan, you talk about town planning codes. I just want to understand a little bit further. You're talking about amending at this stage the Moreland planning scheme to prohibit new gaming venues in strip shopping centres and so on. I just want to explore this a little bit further. Currently we have TABs that are located in strip shopping centres and in shopping centres in Victoria and so on. Why is it, in your mind, so important that new gaming venues not be in these shopping centres, given that Victoria is the only state where the casino for example happens to be in the middle of the CBD and is in fact part of a huge complex? Why is it that you believe that gaming venues should in fact be away from shopping centres generally? What's behind this?

MR ROBB: There has been a range of policy but also local community concerns about that and when council was invited, under the proposed amendment to the planning scheme, section S69, council took the view that we would in fact identify all of our shopping centres as areas where we didn't want to see venues established. The local community was concerned about economic impact. There were traders and retailers saying, "It's taking trade away from us. There is a downturn." Community, including faith leaders, were saying or suggesting that some of the more unacceptable behaviour that might be seen when people are going into and coming out of gaming venues shouldn't be in areas where families would be congregating for local retail and community activities, and those views were fed into our gambling working party and a recommendation was put to council accordingly.

MR HELOU: Can I also add to that also from my view as well, if you encourage gamblers to spend more money, if it is in a shopping centre - and also the carparks provided for shopping centre is for shoppers to do shopping, not just for - that's the view from the communities and individuals who, you know, fed back to councillors.

MR FITZGERALD: So basically you are trying to ensure that new gaming venues are almost destination venues. They are places to which you deliberately go rather than pass in your shopping activities more generally. Does that sit - as we've seen, say, with registered clubs in New South Wales and in other jurisdictions where they have become more and more multi-entertainment complexes and so on, where families go to bistros and what have you, is it still right to be able to assert that we want to

have only gaming venues in areas where family activity is not normally conducted, on the one hand, being shopping centres and so on, and yet on the other hand we have clubs that are becoming more and more family entertainment centres, or at least that's the direction that many are going in? Is there a conflict and can that conflict be easily explained in terms of town planning sort of principles?

MR ROBB: Others might want to comment, but I'd suggest that we've obviously got a very different history, a pattern of development, between Victoria and New South Wales, and having gone to New South Wales and visited clubs there and the nature of family involvement and interaction, I'd say there's a significant difference. The sorts of things that are reported anecdotally, particularly in the early days of the opening of the Crown Casino, are mirrored across local communities and that is that families aren't really participating in them. There are unfortunate incidents where children have been neglected as a result of people with addictive gambling behaviour and I don't see the pattern in Victoria merging to make the industry look like it does in New South Wales. I don't see the same profile developing there.

MR FITZGERALD: Do you have a different view in terms of councils to the way you would treat hotels versus clubs? We asked that of the last council but I'm keen to hear that again. Do you have a different view as to how these should be treated? We've heard about the ratings side of it, but just in general, in terms of the way they should be treated for town planning purposes viz-a-viz gaming venue activities?

MR ROBB: We've been able to see the contributions that clubs, some clubs, have been able to put back into the community and the willingness for them to do that. Having said that, we wouldn't universally say that practices are consistent in either pubs or clubs. There is a significant amount of variation in their commitment to the community. There are some hotels which we'd understand have got a reasonable amount of commitment to assisting people with problem behaviour but that's not the case in Moreland nor is it the case universally in clubs, we would suggest.

MR O'REILLY: I think one of the things which everyone of course acknowledges is the difference between a for-profit venue which goes into private hands and that which goes into public hands for community purposes, and there's a whole range of different ways in which those sorts of venues are treated. There's also recognition in the sort of purpose that that money is then put to and of course the advantage that it's much more likely to be put to the local community's use by virtue of its geographic location, unlike the problem which has already been identified by other witnesses that money that is directed in a similar way to the statewide body can't necessarily be directed back.

But I have some hesitation in taking that argument too far because I think council is also very appreciative of the flow-on effects of that argument where it is often a grounds for governments to divest themselves of responsibility for funding socially useful things, if for instance gaming revenue is sufficient in a particular local area to fund those things. What you then see is the removal of other government services and a rationale develops on its part that it doesn't need to play that and that

the community can look after itself and that the market can deliver those sorts of benefits, whereas it's certainly I think Moreland's view on a number of issues that government continues to have a role in those things at all three levels and that it must both tax and spend accordingly, and it can't divest that tax and power purely to clubs and associations that in these particular instances can take those activities up, but in this limited way.

MR BANKS: One of the things we've heard I think in most states is that the introduction of poker machines has done wonders for the facilities in clubs and hotels and often hotels that were struggling and been able to come back and invest and improve their amenities and so on. Is this a factor at all in your council area, that the hotels and clubs now are offering a better range of amenities or better quality amenities than before, gambling aside I suppose?

MR ROBB: It might be too tempting to look at what happens to individual venues. There isn't, and perhaps the forthcoming VCGA work on social and economic impacts will give us a bit more information, but we can't say at this stage that we've been able to establish clearly how that represents a transfer in self-expenditure from one area of activity to another. Does it mean that there is a commensurate loss of retail activity and investment in other forms of activity? We're not sure but we've taken a policy position on responsible gambling strategy, that there needs to be a diversity of recreational and social opportunities available, and if we found that over time those opportunities were narrowing down and the experiences for people who might otherwise sit at home consuming their own electricity and energy over winter but who now currently find themselves going out and enjoying the comfort and warmth in a club, well, we'd be wanting to expand those opportunities as much as we can and not just give people reduced alternatives. It's hard to say at this stage but we think that locally and on a wider level there needs to be a lot more research into it, and reasonable quality research, before we can make too many clear pronouncements about it.

MR O'REILLY: It's about really applying a cost benefit analysis to those things. So that might well be a benefit and it might be one that we applaud, but it could come at the cost of other things. The other argument again is that there's a real potential that you leave the provision of recreational opportunities up to those forces and then you deny people who wouldn't exercise that choice, other options of a quality nature because they can't find a revenue stream for them.

MR BANKS: What role would the council have in monitoring compliance with this - it's not a code but a - - -

MR ROBB: A charter?

MR BANKS: A charter, yes.

MR ROBB: We'd see that as being most appropriately done through a self-regulatory regime really with support and input from council. We recognise that it

would have to apply and be observed on the commitment of the parties who are participating in it. But to that extent council would be looking to provide the support, assistance, promotion if you like, that it can to identify that there are good practitioners. There are local organisations - perhaps not necessarily local organisations because even some social clubs in Moreland don't have a local base particularly. They're from AFL football teams that don't have a particular local geographic base in Moreland. But nonetheless we'd be doing what we can without necessarily seeking to endorse the expansion of gaming activities to reward the responsible conduct of operators.

MR BANKS: One aspect I wasn't sure about, but it is sort of encompassed a bit is this question of a number of machines per venue. Does your charter in any way impact on that?

MR ROBB: Not specifically. We made reference to the 25 per cent, but of course that has been overtaken somewhat by changes, actual and foreshadowed in the planning scheme. I don't recall specifically on that one, no.

MR BANKS: I just wondered whether as part of the charter - I mean you seem to have an unprecedented amount of co-operation in a sense and participation in this which goes a bit further than the broader schemes. I just wondered to what extent some of the venue operators had indicated that they would consult or think more widely about the issues that might arise in increasing the number of machines in their venue for example. But that hasn't come up as - - -

MR ROBB: It had certainly come up in conversation and discussion during the working party. How that might come up and be dealt with through the forum is yet to be seen.

MR O'REILLY: And although we have had co-operation at that level amongst individual operators, Moreland suffers the same jeopardy as each of the other councils who have appeared today and that is a very high concentration per head of population of gaming machines. So that's why in the mayor's opening statement we said there has to be that capacity to local level to influence that statewide cap which currently exists in a way which is sensitive to the factors which put people at risk of problem gaming, low income and unemployment and ethnicity.

MR FITZGERALD: To what extent do you believe that Tabcorp and Tattersalls itself have responsibilities in relation to these sorts of issues, vis-a-vis the local government area. I know that you are dealing with the local operators and we have heard comments about the VCGA, particularly this morning, and the government. Do you have a particular view at all as to the role of the duopoly that now control EGMs in this state? I may be wrong, but I don't think they are part of the working parties or attendees or what have you. Do you have any particular view as to their role?

MR ROBB: I think I have to say they act as agents and are governed by the legislation and the regulatory regime by the state government. Our focus has really been on the state government policy and legislation.

MR FITZGERALD: Can I ask another question. Given this charter as in part a voluntary charter and in part council changing its planning regimes and so on, can you actually achieve what you want without the co-operation of the three parties that basically control the EGM regime, which is the government, Tattersalls and Tabcorp?

MR ROBB: Arguably not. We certainly haven't found hostility or obstruction to the work of the responsible gambling strategy. We circulated the document for comment and received interesting and valuable feedback from the VCGA and similarly we have been pretty generous with our views about their brief, the study projects they have undertaken. So at this stage we have not got a situation where they would be seeking to block the work that we conducted locally. They have rather taken I think a view that their role has been about regional allocation and operating within a statewide framework. I don't see that they have a lot of capacity or commitment at the moment to work locally, but we would be continuing our efforts to try and encourage them to demonstrate a commitment and goodwill to working locally.

MR O'REILLY: I might just say even if you could, it would be an unsatisfactory guarantee, because the development of good social policy in an area as sensitive as this can't afford to be based on the benevolence alone of any of the parties. That is why that partnership has to have a legislative framework. That is why that partnership with local government, the gaming machine operators and the representatives in the state government must have at its heart a commitment on the part of all those three parties which is also enforced by compliance monitoring and the mechanisms which enforce it. Although it has been successful here, I would suggest that if a similar sort of strategy were developed at a more universal level on the basis of a voluntary code, then resistance in some areas would increase. That's where you need those sorts of compliance mechanisms to be promoted.

MR FITZGERALD: Can I ask another question just related to enforcement. Does the council have any particular view about the current enforcement regime as it relates to the current legislative framework within which operators operate.

MR ROBB: We have not spent a lot of time and haven't had the resources at this stage to go into that to monitor it and it would be a significant task in itself. I have to say with the development boom that we are experiencing and keeping up to date with our current resources in enforcement controls has proved difficult enough the last couple of years. So we have not specifically set out to do that. It is an interesting idea though, and perhaps the capacities of local government to do it should be well considered in a strategy that gives some stronger voice and consideration I agree.

MR O'REILLY: It is very much a question of demarcation and responsibility. Those sorts of things are rightly the prime responsibility of state government, responsible gaming operation and advertising.

MR BANKS: Thank you very much for taking the time to talk to us and we will be using this submission I think. It has a lot of good information in it, so thank you very much. We will break now and are going to resume tomorrow morning at 9 o'clock.

AT 4.47 PM THE INQUIRY WAS ADJOURNED UNTIL
TUESDAY, 24 NOVEMBER 1998

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