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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 TUESDAY, 24 NOVEMBER 1998, AT 9.02 AM

Continued from 23/11/98

MR BANKS: Good morning everybody. Our first participants this morning have come across the Tasman to join us. It is the Committee on Problem Gambling Management from New Zealand. Welcome to the hearings, welcome to Australia. Can I ask you, please, to give your names and the capacities in which you're here for this, please.

MR GERDELAN: My name is Ralph Gerdelan, and I am a treatment provider representative on the Committee on Problem Gambling Management. I also hold another role and that is director of the Compulsive Gambling Society of New Zealand.

MR BANKS: Good, thank you.

MR PARTON: My name is Roger Parton. I am a trustee of the Committee on Problem Gambling Management as one of the funders. I hold two other positions: the chairman of the Gaming and Machine Association of New Zealand, and my primary role is that of chief executive of the Chartered Clubs Association of New Zealand.

MR BANKS: Good. Thank you very much for coming today. I'm sure we'll have some interesting comparisons to make. Perhaps I'll let you proceed by outlining the key points you'd like to make.

MR GERDELAN: I think it might be best if perhaps Mr Parton starts by setting out the kind of structure that we represent and some of its background, and I will briefly take us through some of the points relating to problem gambling in New Zealand, and then we might turn to our summary sheet, Mr Chairman.

MR BANKS: Good, thank you.

MR PARTON: Just prior to starting off on the structure of the problem gambling issue in New Zealand it might be useful to just very quickly canvass the gaming situation in New Zealand, because there is one fundamental difference between New Zealand and Australia. The casinos, the TAB and the lotteries all run pretty much the same as they do on this side of the Tasman; however, gaming machines in hotels and in clubs are run slightly differently. The clubs can own gaming machines and retain the profits for the benefit of the members and the wider community. However, unlike Australia no hotel is allowed to own gaming machines; they all have to be owned by an incorporated society or a charitable trust. They are placed in hotels and the proceedings from the gaming machines, after the duty and expenses are met, must go back to the charitable trust for disbursement to the community.

This means that the status of hotel gaming machines is very much one of community funding. In both clubs and pubs at the present time the ratio is approximately 31.1 per cent of the gross profit which goes to taxation. Approximately 30 per cent goes towards costs and expenses and a minimum of 33 per cent must be returned to authorised purposes, which is back to the community. Those

percentages will vary other than the taxation. In some cases hotels are retaining about \$200 per week per machine by way of costs that they have claimed. So that is the status of non-casino gaming machines.

MR BANKS: If we just compare to Victoria, in Victoria the hotels don't own their machines either but they're owned by a duopoly essentially, Tattersalls and Tabcorp but in New Zealand there are charitable trusts who essentially have ownership or control of the machines.

MR PARTON: Correct.

MR BANKS: How many of those trusts are there?

MR PARTON: There are four major trusts and then there are a large number of small two or three hotel-based trusts, where two or three hoteliers have got together and formed their own charitable trust. But the four big ones give back to the community 15 to 20 million dollars a year out of their gaming machines. The other thing you should be aware of, in regards to both hotels and clubs outside casinos, there is a maximum of 18 machines on any one site. There is a maximum payout of \$500 per machine. There is a maximum linked jackpot on each site of \$1000. There is 13,500 machines spread across 2200 sites, and there is an average of about six machines per site. So we have a large number of low machine number sites.

The turnover of gaming machines in New Zealand - the last figures that we had - was about 1.7, 1.8 billion dollars, which together was greater than the turnover of both the Lotteries Commission and the TAB. So that's just a brief on the gaming machine side of things.

MR BANKS: The maximum of 18 machines, that applies to clubs as well as the hotels, does it?

MR PARTON: Yes, it does. The Committee on Problem Gambling Management, which is known as COPGM - which is easier to say than Committee on Problem Gambling Management - - -

MR BANKS: Not a lot easier.

MR PARTON: - - - was formed in 1995 when the politicians required the gaming industry to address the social issues of gaming. As you can imagine, with five trustees coming from the gaming industry - that's one from each of the two casinos - myself from Gaming Machines, one from TAB and one from Lotteries on one side of the table and on the other side there are five treatment providers, three from the Compulsive Gambling Society, one from a Pacific Islands addiction network, and one from a mental health area on the east coast providing the Maori perspective, it's probably conflict of interest personified on all sides. We had some difficulties to start off with but we have now risen above those.

The reason it was formed was because the government directed that either the gaming industry as a whole provide some funding towards the treatment or it would be imposed upon us. We saw forming it and running it ourselves as the lesser of two evils. What it does is in each year how much funding is required to meet the treatment services. That is then spread across the various funding through a formula, and the money is collected voluntarily from each of the sectors. That works well with the casinos, the TAB and the lotteries because they have one organisation, but trying to collect funding voluntarily from 2200 sites poses a bit more of a problem, and legislation was passed at our request whereby the minister gazettes the amount to be collected and that is collected in addition to the annual site licence fee for each gaming machine, and there is a problem gambling levy which is collected and then passed across to our organisation for disbursement and payment of contracts.

MR BANKS: So it's sort of quasi regulated now, is it?

MR PARTON: Yes, by regulation. There was legislation passed to achieve that at our request because it was the only workable way of doing it.

MR BANKS: Yes.

MR PARTON: That has worked reasonably successfully. The funding formula addresses the five issues that we believe are important; one is the percentage rate of each form of gaming, the accessibility of that gaming to the public generally, the amount spent on advertising, the amount spent on taxation, and finally the accessibility of the product to the public at large. Those are all in a weighted formula which at the end of the day works out approximately a quarter for each sector. I think gaming machines were about 29 or 30 per cent this year, and I think lotteries were down to about 22 per cent, but it's within 3 or 4 percentage points.

That is collected by our trust. We have an agency known as the Problem Gambling Purchasing Agency, which has experience in health funding and dealing with the various contractors, and they act as our agent in establishing contracts, making the payments and administrating the whole thing, because those of us around the table don't have that level of expertise or the ability to do it, and indeed five of them are actually recipients of the funds through this agency.

MR FITZGERALD: So could you just explain who owns this agency?

MR PARTON: The agency works as our agent.

MR FITZGERALD: Yes, but who owns the actual - it's a company, I understand.

MR PARTON: It's a private company.

MR FITZGERALD: Just a private company was established?

MR PARTON: It's a man and a woman who run mental health, addiction and

alcohol services and those sorts of facilities for a number of organisations.

MR GERDELAN: Maybe if I assisted there, what took place before we went down that track, the government instructed the Ministry of Health to develop guidelines for the purchasing of treatment, welfare and remedial services on problem gambling and I've brought a copy of those. These are also standards of treatment care and the interrelationship with health issues, and all applicants for funds from the trust have to in the first instance comply with the standards set out by the minister of health. They replicate the treatment of other mental disorders. Then the ministry drafted tender specifications in the first instance for a purchasing agent, and secondly assisted the purchasing agent in the drafting of tender specifications for service contracts.

MR FITZGERALD: Right.

MR PARTON: That agency has been working now for about 3 years, putting the contracts in place and rolling them over each year and renegotiating them as appropriate.

MR BANKS: Does it fund annually?

MR GERDELAN: It funds annually.

MR PARTON: Funds annually. There is also a requirement that all of the organisations which receive money from the Committee on Problem Gambling Management provide statistical data so we can quantify exactly what the problem is, and as an attachment to the submission there is a national data set of the last figures that we have which has come from the information that we have obtained from those areas. It's starting to give us good data on which we can base future projections.

The point I would make is that the industry as a whole will put in \$3,000,000 into this this year. The New Zealand government will collect in excess of \$200,000,000 and puts nothing in whatsoever. It is solely industry funded and we are in the position, which is somewhat ludicrous, of endeavouring to establish a stand-alone mental health system completely divorced from the rest of the health infrastructure in New Zealand, and as Ralph will explain later on, there are some real issues arising out of that. But that is how COPGM works, what it does. It's an interesting arrangement. I don't think you will find it almost in any other industry but it actually seems to work quite effectively. What it does also do is to give both sides of the industry the opportunity to sit around a table on a regular basis, talk with the opposition, so to speak, and find common ground, and that is invaluable.

MR BANKS: Good. How is this purchasing agency constituted?

MR PARTON: It's a limited liability company, and there is a contract between it and us. The chairman of COPGM actually signs the contracts. They are signed on behalf of the COPGM but they are negotiated by the Problem Gambling Purchasing Agency.

MR GERDELAN: Initially cabinet indicated that it would have preferred a public health purchaser and at that stage our services in New Zealand had been restructured along the lines of a purchase of a funder to provide the split, and we had regional health authorities purchasing services on behalf of Crown Enterprises, which represented for all intents and purposes public health sector services. Initially we were securing the services of a regional health authority to do the purchasing on behalf of the public at large, but for one reason or another that arrangement never got off the ground properly, so we had to take the next step and secure a private purchaser of these services.

MR FITZGERALD: The actual committee itself - you may be going to come to this - if you are, you talk about it as basically providing funds for treatment and service provision. Does the committee itself have any role or funds programs in relation to community awareness programs, education programs, those sorts of issues, or is it very very narrow in its purpose and funding?

MR PARTON: We're actually tasked with dealing with the issue of pathological gambling, but we acknowledge that pathological gambling is very much the tip of the iceberg and there's a lot less below that, and if we invest some moneys at the bottom level, then obviously the top level should eventually diminish. We adopted very early on a loose philosophy that we would put 10 per cent towards research, 10 per cent towards education and the other 80 per cent towards treatment and administration, and we've been able to more or less stick with that. But we do not have the resources to deal with community education either at the school level or on television or advertising, but we are endeavouring to develop the responsible gaming programs which are available overseas, which have been developed in New Zealand, and produce that material.

MR FITZGERALD: Does the New Zealand government conduct any community awareness campaigns?

MR GERDELAN: No, none whatsoever. You'll see later in the submission, and indeed there's an attachment - the committee has gone through a major revisit in its positioning of intersectorial responsibility, and it has taken the view that a substantial and comprehensive revisit of a public policy around gambling-related issues now ought to be done so that its work can be done in context with some value. At the moment, if one looks at the medical triangle with acute problems at the top, leading downwards to earlier intervention strategies with lesser problems, we're right at the very top of the triangle with nobody providing the interventions further down. The document that we have appended, which we will refer to in a moment, is a comprehensive analysis, in our view, of the kind of policy blueprint that our government should now look at if we are to provide a credible range of interventions with the problems derived from gambling that affect every level of society.

This of course would involve the sectors from criminal justice through to health and education as being a contingent part of the roll-out of resources, including the

development of consumer information and community education. We believe that those are the functions most properly taken of the state, because we've had a very good look at ourselves in terms of the conflict of interests that can emerge as a result of the providers of gambling meeting with those who are providing the clinical and welfare interventions and have concluded that we can't do this from a perspective of vested interests. We can't actually make or shape public policy, nor can we broadly represent the public interest. That's really a matter for governments to determine, to reflect that in inclusive policies.

What we are doing in New Zealand is now developing a forum to invite the government to examine its ongoing relationship to gambling; how it intends to resolve the longer-term health and social consequences of the level of gambling that we have; how it wishes to then reflect in its regulatory regime the appropriate level of supply of gambling, given that we are recommending in this document - what might appear to be radical on this side of the Tasman - a harm minimisation strategy for gambling generally; one that should start with recognising that problem gambling per se is a health matter, should be included within Vote Health allocations, that it is a mental disorder.

We have accepted the diagnostic criteria in New Zealand of DSM-IV representing the governing clinical delineations of problem gambling, unlike what is happening in Australia. In some quarters there are strong influences to "demedicalise" this disorder and attempt to refer to it or describe it as a lesser social problem. On analysis, with any of the credible international scientific evidence, that simply does not stack up. What we are seeing in Australia is a move away from the kind of approach that we have taken in New Zealand where we have the state setting treatment guidelines because this is a disorder where the evidence conclusively shows it has the highest level of suicidal ideation and attempted suicides than any other mental disorder that we know of.

For that reason public protections around those involved with the welfare of persons presenting with pathological gambling problems or serious gambling problems ought to have the clinical skills, ought to have the training and accredited recognition by a government or similar agency which would allow them to identify not only the severity of the problem but the frequent attendant co-morbid mental and other health issues that gamblers invariably present with. Those may be - and it is our experience and now well-documented and accepted by our Ministry of Health - the triggers, if you like, that cause so many suicides amongst this population.

MR BANKS: Do you have any hard information on that? We don't in Australia.

MR GERDELAN: Yes, we do, and we've undertaken research in New Zealand, and first impression evidence, to indicate firstly the amount of suicides attempted by presenting pathological gamblers. We can't tell you how many of them actually succeed. That's not monitored by our coroner in New Zealand but it's a matter that I'm sure will be gaining considerable attention. The crisis help line and telephone counselling service that is funded through COPGM since 1 February has averaged a

call-out of emergency mental health services, police or other agencies to intervene in suicide attempts on an average of once every 9 days.

During 1997 the Compulsive Gambling Society, when it was running this service, ran an incidents book where there were some 411 suicide attempts out of a population of 1200 pathological gamblers engaged in treatment over the period of that calendar year. That's a very significant ratio and it's now starting to compare with the recent studies emerging out of the United States. For that reason we see this disorder as fitting within mental health services where trained and registered clinicians working to best practice diagnostic standards are predominantly involved.

There are of course a range of other social and welfare interventions that ought to and should be provided to augment this work but in Australia we are noticing that in the main there is a plethora of private services, many of them interconnected, with most clinicians having no clinical training of the kind that would qualify them to do diagnosis and certainly an attempt not to include diagnostic criteria in the intervention or therapeutic models that they are working with. We would think, frankly, that that would be a backward step and there needs to be a similar process, in our view, if we are talking about persons in the first instance working with gamblers and, the literature suggests, present after the condition is very well entrenched. The indications are that it is extremely difficult to get successful early intervention. We need to do a lot of work in that area.

Gamblers tend to go to help more out of an act of desperation and last resort and by then the New Zealand evidence shows, as you will see in the clinical reports that I will give you in the second submission, that up to 60 per cent of them have very high suicidal ideation, that up to 20 per cent of them have attempted suicide prior to coming for help within that week or have sorted out their mode of suicide, so they're at very high risk of killing themselves.

That is an area that concerns the Committee of Problem Gambling Management particularly; that we are not caught with an impossible task if indeed a large slice of first-level intervention responsibility is to provide clinicians of good standard so that we can offer coordinated and integrated care with other services that invariably will become involved when we're talking about entrenched conditions, so that you do get collaboration with psychiatrists and public hospitals for second assessment, so that you do get the active engagement of the family doctor on a lifelong basis to assist in the monitoring and care of this individual, so that is accepted generally as a serious mental health condition in the same way as we regard substance abuse, alcoholism and drug addiction.

To put it on that plane we really need to contextualise it within public health, otherwise we run the problem, as we're seeing in Australia increasingly - public health services don't want to know anything about this problem. It's not in their contract; why should it be a deal for them? Doctors aren't paid to address the issue. There is no public health screening in Australia, no detection by primary health care services whatsoever, and we are left with now what is a growing and desperate plight of

people not knowing where to go for help, and doubts about the credibility and standard of that help when they get there.

MR BANKS: This is a very important point and I'm glad you've brought it up, and I wasn't aware of the difference between Australia and New Zealand there. I had heard, talking to various people in Australia, warnings about translating the US experience or approach to Australia. Indeed this partly related to, I think, the way problem gambling is perceived in relation to whether it's a mental health problem or simply a problem that's perceived by the gambler. What's interesting is that people have come to these hearings and told us some of the problems that are occurring. For example, one of the private health insurance organisations is alleged to have withdrawn support for somebody in hospital because it was a gambling-related issue and they didn't see that as a health matter.

I raised at the time that it may not be inconsistent with the line that a number of these agencies themselves are running, that this is not indeed a health matter but rather something that's more general - a problem as perceived by the gambler. Why is Australia taking this much broader, looser or even softer kind of approach to problem gambling than New Zealand?

MR GERDELAN: I think the answer to that is simple: because state governments have opted out of that responsibility and not wanting to be caught with the public expenditure obligations of including problem gambling within their addiction and mental health services. The evidence suggests that this is an argument purely of economics. The retraining of Australia's health professionals to now deal with this would not be an inconsiderable amount of money. We are doing so in New Zealand with the assistance of the Committee of Problem Gambling Management and indeed it exclusively funds professional retraining and it has commissioned the Auckland University Medical School to develop training programs for first and second tier health professionals throughout New Zealand in recognition that this is an ongoing and rapidly emerging mental health problem.

I am pleased to report that in New Zealand health practitioners have overwhelmingly accepted that that's the position, whether you're talking to psychiatrists or general practitioners, and we are particularly cautious in New Zealand to ensure that agencies that cannot meet Ministry of Health guidelines on treatment and diagnosis do not get into the business because you end up with people who are underqualified and you end up attracting charlatans, people putting up their own shingles and claiming to be gambling counsellors, and you end up with a plethora of standards that aren't able to be controlled, audited or evaluated. We don't think that's in the public interest.

If it's a health matter, then the public ought to have the confidence of knowing that the practitioner that they're going to see has the qualifications, understands their presenting conditions, can make a diagnosis and accordingly match that with a treatment program. In Australia I would suggest to you that the industry has been far too much involved in the control of the disbursement of those funds for a public

health perspective that we would generally find in state-funded health to emerge.

MR FITZGERALD: Let's go back. You're saying that it's a public health issue but in terms of the entry point for people presenting with a gambling problem, where do you say that it requires this intervention? Is it from anybody who presents, indicating that they believe that they have a gambling problem; in other words, self-referrals?

MR GERDELAN: Yes.

MR FITZGERALD: Or does it come later on? For example, there is a view by some counsellors that broadly-based gambling counsellors are the first entry point and then you move on to a second tier of treatment. You talk about level 1, level 2 - I'm not quite sure but you're taking a very hard-line approach that basically from the moment of acknowledgment of the problem by referral or self-referral you move into a therapeutic health model. Some would say that in fact there is an earlier stage for those that perhaps aren't categorised as pathological at some stage before that. How do you deal with this?

MR GERDELAN: Let's just go back to what the qualifications and diagnosis is there for. It's there to determine the severity of the condition and whether or not that patient or client actually has the criteria. If they don't qualify under the criteria, then they have a lesser problem and a different approach and a different way of working may well be relevant. So in the first instance we've got to know what it is that the person is suffering from. To do that you do a comprehensive assessment, so that as best as you can to good practice guidelines you are able to determine what it is that the person has.

The clinician makes the diagnosis, and from that, in consultation with the client and the client's supporters, a treatment approach is suggested. But if you don't have the skills in the first instance, I would suggest to you that most would not be able to diagnose depression or anxious depressive disorder that in a lot of cases seems to be the instigator of suicide attempts. If they are not trained, do not have the appropriate clinical experience, that's very much a hit-and-miss situation.

MR FITZGERALD: Your assessment is the DSM-IV.

MR GERDELAN: Yes.

MR FITZGERALD: Your tool. In your view who is qualified to be able to in fact use DSM-IV as an assessment tool?

MR GERDELAN: In our agency for instance, in the Compulsive Gambling Society, we engage registered psychologists to do that, or other clinicians who are registered under an appropriate act of parliament with the recognised diagnostic criteria.

MR FITZGERALD: Just clarify that for me. If we took a counsellor, a

broad-based counsellor, a financial counsellor, that moved into gambling as a specialty - - -

MR GERDELAN: Yes.

MR FITZGERALD: Just take that for a moment. You're saying that the level of training those counsellors have in the Australian experience would not be sufficient to be able to conduct that assessment.

MR GERDELAN: We would think they'd be wholly useless, frankly, and it's an absolute waste of time. What we would suggest to you - and that's borne out by the Ministry of Health guidelines - the evidence clearly shows that people who present with this disorder may only ever present once in their lives. That's a brief window of opportunity, and they should be presenting to clinicians who have the capability and ability to closely examine whether they are at risk or whether they are likely to put others at risk. We've had incidences of murder, suicides relating to this disorder, and that's been the case in Australia as well.

MR FITZGERALD: Sure.

MR GERDELAN: If somebody walks in off the street in an advanced condition of depression where they have been contemplating suicide for some time, what is the use of putting them in front of a financial counsellor if that is the only access point? We have no issue with any jurisdiction coming up with a blend of choice and a mix between private and public practitioners, and to promote client choice. But in Australia what we have is the only public health access points funded in a particular system by the state are generally of this class that we're referring to, because there isn't access to public health services for treatment on gambling disorder. That raises, I would suggest to you, very serious issues under the Ottawa charter, of which the federal government is a member, and issues of equity of access and standards of care.

MR BANKS: Information on co-morbidity and so on I think is quite an important plank in the point you're making. Has the survey information that you've been collecting through the various providers provided now some reasonable assessment of the extent of that? For example, you had some information on - - -

MR GERDELAN: Yes, it has. The Auckland University and the Canterbury University have been involved in co-morbid studies which quite clearly stipulate that in excess of 90 per cent of presenting gambling populations when we've done the retrospective profiles of the records of people who have presented in New Zealand since 1992 puts them clearly and squarely in the area of pathological gambling disorder and caught variously in some of the other co-morbid classifications within DSM. We have not simply found any evidence to suggest that this is a disorder that can be handled at first presentations by persons with lesser than the health qualifications that I've referred to earlier. If there is, it would certainly fall below the 6 per cent of that presenting population, and to know who they were again some gatekeeping function would have to be performed.

MR BANKS: So would you see this data collection of that kind as being a very important part of public policy approach to this issue?

MR GERDELAN: Absolutely. If we are to monitor the long-term costs and consequences, of which we know very little, we may well be talking about a lifelong problem that will incur significant health dollar expenditure as these persons' conditions deteriorate. We have noticed a number of lifestyle issues of great public importance in the collection of this data in New Zealand. It appears that about 60 per cent of all people with gambling problems, because of where gambling is sold, end up with an alcohol dependency. It appears that about 30 per cent of all presenting problem gamblers will have lifelong alcohol dependency problems. It appears that at least 30 per cent of presenting problem gamblers will have a lifelong mental disorder or mood disorder problems. It appears that about 90 per cent - and that's a significant figure - will remain very heavy smokers.

This suggests that there is a very high incidence of them falling victim to cardiovascular illnesses in disproportion to the rest of the population, and stress-propelled illnesses, more frequently than non-consumers of gambling or consumers of gambling who do not have a problem.

MR BANKS: In a sense there's the old issue of correlation and causation.

MR GERDELAN: Yes.

MR BANKS: Is the compulsive gambling simply one manifestation of a personality type which is also manifested in these various other ways?

MR GERDELAN: The evidence in New Zealand collected to date clearly illustrates that it is not; that there is no factual basis for making that presumption. We're talking about an examination of a presenting sample of nearly 10,000 persons. That's one of the largest examinations of presenting profiles done, I think is the largest done, anywhere in the world. There is a small indication of a predilection - when I say "small indication" there is somewhere between 11 and 13 per cent likelihood that a person will become a pathological gambler if that condition existed in their family or they are the son and daughter of an alcoholic. But beyond that, it appears to be causally related to the level of consumption and the circumstances under which they learned the behaviour.

MR BANKS: Is there an annual report on that data which you can make available to us?

MR GERDELAN: Yes.

MR BANKS: Have there been any studies pulling all this together and looking at trends; in other words, using the data in a more analytical way over time?

MR GERDELAN: Yes. We're still in our infancy at that stage because we're not talking about a 20-year examination and no longitudinal studies have yet been reported on. Some have started.

MR BANKS: I thought you said this data has been collected since 92.

MR GERDELAN: Yes, but it's not a longitudinal study; it's a retrospective analysis of presenting case conditions, from which we can conclude whether diagnosis has been appropriately matched based on their representation further down the track, sampling on after-care and so on. But longitudinal studies have not been done. The state hasn't put any expenditure into this, and I dare say none have been contemplated for Australia and none have been started.

MR FITZGERALD: Could I just take that point, without diverting because we can come back to it. I just want to understand this. The attitude of the New Zealand government appears to be very different from the attitude of your committee.

MR PARTON: That would be correct.

MR FITZGERALD: Can you explain to me perhaps, Roger, why that is the case after a long period of time in gambling activity? The government seems to be not of the same mind as industry and the service providers.

MR PARTON: I think the real crux of it is when it was first realised that there was a problem, the size of the problem and the size of the gambling opportunities was relatively low, certainly in terms of lottery condition products and also gaming machines. At about that stage we were going through one of our multitudinous health reforms, which we seem to always be going through, and as a consequence the size of the problem gambling area was very low and was not considered to be part of the core health service requirements. Since then they have been very reluctant to bring it in. They introduced a gaming duty in 1991, which was applied to all products. Hansard shows that that was to "address the social costs of gaming". It has gone straight into the consolidated account and none has been directed towards problem gambling in any shape or form.

MR FITZGERALD: The industry's approach in New Zealand: you seem to have recognised that, even though it's a small percentage of the population, the problem is significant enough to warrant intervention. Is that a universal position within the gaming industry?

MR PARTON: Yes. I think we've always acknowledged there has been a problem. We have for a number of years disputed with Ralph and his colleagues the size of the problem, and there have been some quite vociferous arguments on that issue. But we quite simply see that if gaming is to proceed and is to grow, it's an entertainment which is enjoyed by a great number of people, but there are some social downsides, and those need to be addressed to allow our industry to grow even more.

MR FITZGERALD: In your submission you talk about accessibility. One of the issues is that the greater accessibility, particularly in relation to gaming machines, the greater the number of problem gamblers. You can argue about the size, but there seems to be that correlation. Given your own particular background, does the committee itself look at the issues of accessibility? Does it have a particular view about increasing venues, numbers of machines, or does it steer clear of all of those policy issues and, if so, where is that policy made and how is that influenced?

MR PARTON: There are two questions there. First of all, we don't get involved in any way in what one particular sector of the industry wants, because we are all in competition with each other for the leisure dollar. The gaming machine industry believes that it does not have a level playing field - mind you, probably all of the other participants would take exactly the same view. We are restricted in prizes and numbers of products which the other three forms are not. Auckland Casino has got 1050 gaming machines; no prize limits at all. The hotel around the corner has got 18, and \$500, and that's it. What was the second part of your question?

MR FITZGERALD: If this committee doesn't talk at all in terms of policy relating to accessibility, where is that made and how is it made?

MR PARTON: In 1995 there was supposed to be a gaming machine bill, and that was thrown into the shredder by the minister 4 days before it was introduced, and he announced a gaming review; a fully comprehensive gaming review of all gaming in New Zealand. A number of discussion documents were drawn up, submissions were made, and as a result of that further documents were drawn up and more submissions were made, and we're still waiting. He announced formally only a few weeks ago that it was officially on the backburner, which did not come as a surprise to any of us. To review the different legislations, the different participants in the industry and to try and bring it all together in a cohesive form is a massive undertaking. It quite simply has not had a high priority with the government.

MR GERDELAN: In New Zealand, in short, gaming legislation and the regulatory framework is in a mess. It's contradictory. Each sector has a plethora of statutes and accompanying regulations, some that haven't been reviewed for 20-odd years, not up with the provision of the latest technology and the modalities of gambling now available. There isn't a central commission in charge of gaming. We've got a minister of racing and minister of internal affairs and between them they handle those portfolios in opposition to each other. The industry has been the victim of an over-regulated piecemeal approach really out of step with contemporary demands and has sought a legislative overview via omnibus legislation. But the New Zealand government to date, whilst promising it since 91, hasn't been up to the task.

MR PARTON: If I can just comment in regards to gaming machines, the entire operation of gaming machines is run by one section of the act, which is 1977 legislation. The minister may approve any game of chance that he sees fit, under any such conditions as he sees fit - full stop, that's it. No regulations, no other legislation, he just makes the decisions on the advice of his department.

MR BANKS: Have decisions simply been made that way?

MR PARTON: Yes.

MR BANKS: Has there been much public consultation?

MR PARTON: No. The decisions have been made that way. There has been consultation with the industry, and I - - -

MR GERDELAN: But often very little with the public.

MR PARTON: Very little with the public. Some consultation with the industry, but not necessarily of any real substance, and the decisions have been made almost to the agenda of the bureaucrats who are making them. I don't say that unkindly, but they may have certain views or certain beliefs, and that's what they try to put into their particular area. Consequently we are - particularly with gaming machines - playing on an ever-shifting ground. The licence conditions change every year, and that's not easy to cope with, particularly when you've got multiple sites operated by charitable trusts.

MR BANKS: There's no overall cap, I take it, in New Zealand on the number of machines.

MR GERDELAN: No, nor sites.

MR BANKS: So there's a per site or per venue cap but any venue that meets certain other regulatory requirements can have access to the machines - - -

MR GERDELAN: Usually just a liquor licence.

MR BANKS: A liquor licence.

MR PARTON: The two criteria they would look at is (a) the liquor licence - that it is a licensed premises, and I might add there is no age limit on playing gaming machines in New Zealand at all, but because they are on licensed premises there is a de facto restriction to actually getting to them. The other aspect is that as long as their financial records show that they can return at least a minimum 33 per cent to the community, either through the clubs or through the charitable trust fund by the hotels, they can go to the maximum of 18.

MR BANKS: Has this led to what we were hearing about yesterday here in Melbourne that some communities have a relatively high ratio of machines compared to others or not?

MR PARTON: As I say, there are 2200 sites with an average machine number of six per site. I think about 12 per cent of the sites have got the maximum of

18 machines. Those would be the very large clubs, the very popular hotel bars in specific areas, but there is this limit of 18. We don't believe there should be a limit, because quite simply buying a gaming machine at 14 or 15 thousand dollars is like buying any other piece of equipment: you only buy what you can afford and sustain.

MR GERDELAN: It's fair to say, if we were to make a comparison to the issues raised yesterday, that the vast majority of machines, for instance in Auckland - when we talk about placement of machines in hotels they are found in the lower socio-economic areas of South Auckland. In Wellington they're found in the lower socio-economic state housing areas of Porirua. There's no secret to the fact that this has been a huge boom to hotels that otherwise may have been marginal.

MR FITZGERALD: In the documents - I just need clarification on terms - "vote health vote social welfare" - what are they?

MR GERDELAN: These are the cabinet budget allocations to those portfolios.

MR FITZGERALD: Does the "vote" stand for anything?

MR GERDELAN: No, the vote means the proportion going to that department.

MR PARTON: The money voted towards the Department of Social Welfare.

MR GERDELAN: Still the (indistinct) at funerals.

MR PARTON: That's some of the annual budget.

MR FITZGERALD: It's just a curious expression. I thought it may have had some democratic meaning, but of course it doesn't.

MR PARTON: No, it's purely dollars.

MR GERDELAN: It comes from the Westminster system. They still use the term there.

MR FITZGERALD: Do they?

MR GERDELAN: Yes.

MR FITZGERALD: You're going to present separately, are you?

MR GERDELAN: Yes, just briefly.

MR FITZGERALD: In terms of this committee, you were saying that it has no government representation on your committee.

MR PARTON: Not quite correct. The Department of Internal Affairs provide a secretariat in terms of taking minutes and suchlike.

MR FITZGERALD: But they're not actually on the committee.

MR PARTON: They're present and we often ask for their advice on particular issues but they are not part of it as such.

MR GERDELAN: The original briefing document setting up the committee at first instance said that it must be done in conjunction with government advisers. Advisers were drawn from the Ministry of Health and Department of Internal Affairs. Both have been present up until very recently in significant numbers. We used to have more advisers than we had committee members for quite a long time.

MR FITZGERALD: In some of the states around Australia there are various committees, community benefit funds and what have you, and there is a debate about whether or not governments should be on those committees, or shouldn't be on those committees, whether industries should be on them or shouldn't be. Now that you've operated for some considerable time how would you restructure, if you would restructure at all, your committee to make it more effective for the future? Or do you believe the model you have is an effective and workable model?

MR PARTON: I think there are two issues there: first of all we are isolated from the government and the health system as such, and I don't think that's a good thing. But talking with the providers, the Committee on Problem Gambling is able to get the money from our account to where it is needed quicker, cleaner and in a greater percentage than health is. For example, the Salvation Army received money for alcohol treatment and suchlike, and our money comes through quicker and there's more of it, there's less taken out for administration and what have you. So we are successful in that area and I don't think we would want to see that diminished in any way.

MR GERDELAN: There is an overarching issue here, however, which we have given some little thought to. In the policy draft document it would suggest that structural changes need to be made to include an advisory committee made up of government services that are likely to be involved targeting their own resources into this area - such as the prisons and corrections and social welfare agencies of the state - and that it would be important to collaborate a cross-programs and that's when we talk about an intersectorial mix. So we could see that an advisory cabinet, an advisory committee appointed by cabinet to work alongside of us would be extremely useful.

MR FITZGERALD: The summary document, you're going to refer to that now?

MR GERDELAN: I'm happy to rush through that quickly.

MR FITZGERALD: Just the key points. You made mention that you were going to refer to it, and I was just wondering - - -

MR GERDELAN: Yes, perhaps we need to concur on the following four or five points, putting that aside, because there's a little bit of repetition in them and they're simply extracted in the way they've emerged in the principal submission. The first point to make is that we believe the issue of problem gambling and its management falls squarely within health services and it should be seen as a health issue, and that a comprehensive health policy be drafted in each jurisdiction to make that work.

The second point is we see that government really has to provide some kind of public policy review in the management of the longer-term community and social costs and impacts of gambling. Simply the treatment of preventing gambling focuses on the person who has fallen to the addiction, but doesn't necessarily look at the victims and other associated community pain and quality of life issues. That's well beyond the functions of the kind of committee that Mr Parton and I sit on. That's clearly the role of the state.

The third issue here is that the government must respond by providing good quality consumer information. At the moment we have none in New Zealand. We don't see very much evidence of it in Australia either, and gamblers seem to participate from a position of ignorance rather than informed choice. They are unaware that the product that they are about to participate in has associated risks, not dissimilar to the consumption of alcohol. They ought to know what those risks are, what levels of consumption should be taken into account in some formula of being able to assist that against a safe level for themselves. They ought to know what the level of risks are with the various forms of gambling.

We move from soft to harder forms of gambling. This is particularly important for young consumers, young adolescents and adults entering into gambling in the first instance. There appear to be little or no public reference points for good quality consumer information. We then need to move into community education - - -

MR BANKS: Just on that, I think this is an issue in Australia too, obviously, and experience varies around the country as to the extent to which such information is available. A number of suggestions have been made, but again, from the perspective - the way you see problem gambling, do you see that kind of information being effective in stopping someone sort of cascading into a pathological situation?

MR GERDELAN: Absolutely. This is done from a harm minimisation approach and what we have said in our submission is that we now need a managed approach to the levels of consumption, and as with alcohol that it's appropriate now to look at access to the product and levels of consumption and support good targeted community education materials around that with constant reminders.

We're also talking about another issue that is often lost sight of - most gambling is now done in association with the consumption of alcohol, so it has a double jeopardy for a consumer. In our country we're doing what we can to bring this to the attention of young gamblers in particular. The acceleration to risk-taking under the

influence of alcohol with gambling is a potent mix and special care needs to be taken. We are finding, particularly amongst the younger presenting persons with serious gambling disorders - and these are the people under the age of 25 - they have started their gambling in association with binge drinking and abuse of alcohol, and have learned an aberrant form of behaviour that has accelerated reckless gambling very quickly for them.

MR FITZGERALD: Does the industry in New Zealand accept the need for information about odds? Is that the sort of - are you going to that level; that consumers should be informed of the odds of machines, or are you talking a more general risk awareness campaign?

MR GERDELAN: We're talking about a risk awareness campaign in the first instance aimed at consumer level of consumption, not choice about the outcome so much - it's nice to have that in the continuum of information - but we see that as less important than knowledge about what the consequences of over-consumption might be.

MR PARTON: Certainly from the industry point of view we're quite happy to have material out there explaining that if you gamble with your head and not your heart, and don't gamble too much, and don't put yourself at risk, that actually things like publishing the odds - we tend to find that with gaming machines if you drop the percentages of return to player the player soon knows and that machine doesn't get played. It's just one of those things. People know that they've got more chances of being hit by a car than winning lotto but they still buy lotto tickets in awfully large amounts.

MR BANKS: But we've heard, talking to some psychologists and academics in this area who see this as a cognitive problem - have indeed said that one of the main problems is that a lot of these people don't really appreciate that they can't win, and that fundamentally a big part of solving their problem is convincing them, finding mechanisms and ways of demonstrating to them that that is the case.

MR GERDELAN: That's a good psychologist's response. We haven't got any evidence that it actually might reduce the prevalence of reckless gambling, and in fact there's scant evidence that it does in reckless drinking, particularly amongst young people. It's more of a desired outcome. It's a nice ideal to aspire to, however, we would be more concerned with giving people real choices about personal harm in the first instance than promoting the notion that if you're gambling for anything other than entertainment, you ought to know the odds. Our view of this is to promote gambling as a leisure activity where the risks can be managed and that the emphasis be on the leisure, and not as a form of entertainment that's going to win you money. If the underpinning consumer information is aimed at assisting the person to win more money, we would suggest that that gets into a line of putting too much weight on looking at that activity as an outcome that's done for some economic gain rather than entertainment.

MR BANKS: I wouldn't have seen it that way. What I understood it to be is simply giving people information that will allow them to calculate what the cost of this entertainment is. So strategies for winning, I think inherently there aren't too many strategies that you could actually justify.

MR GERDELAN: I'm sure there's a place for it in general consumer information. How much weight you want to give to it is another matter, and I would think there would be a much more urgent desire to put in front of people the health and personal consequences of over-consumption or hazardous use of gambling ahead of what the odds are.

MR BANKS: But how does one accept that there are hazards unless they understand the route by which the hazards arrive. I mean, if people fundamentally think they can win, then how can you convince them of the downsides?

MR PARTON: But do they necessarily always play to win? I mean, people who go and play gaming machines with a maximum prize level of \$500 know that the most they're going to win is \$500 and most of them will go along with say \$20 and play it and be prepared to lose it, and by a period of time which they're playing a gaming machine is not unlike spending 10 or 15 dollars to go and see a movie or doing something else. They have purchased a period of entertainment in a particular form. Certainly from what I have seen and read, I don't know that the people who play gaming machines outside the casinos are there - in the New Zealand environment - are there to win money. It's almost a by-product to a certain extent.

MR GERDELAN: It's well-known that gaming machines promote a feel-good factor. People actually engage in this kind of amusement because it makes them feel good. Various processes seem to alter - for some, that feel-good factor becomes overpowering. Others it doesn't seem to dominate them to the point where it's a matter of great concern. Whether we display the odds up there and say, "Well, you've got one chance in about 9½ million of winning the jackpot on this machine" may really not have a great impact on the physiological consequences of the participation in the process.

MR BANKS: I would be interested then on anything more you could give us on the kind of information you think would be useful. I don't know if you've done anything on that, but if you had any further thoughts on the kind of information and how it could be conveyed, I think that could be quite useful to us.

MR GERDELAN: I've got one sample here that I will show in the next part of the submissions, which is a medical kit for general practitioners displaying patient information on gambling.

MR FITZGERALD: Okay. You mentioned three points. You said there was a fourth point you wanted to raise.

MR GERDELAN: Yes. We think that consideration ought to be given to including

gambling in a health charter alongside the charters the Australian and New Zealand governments have ratified in association with the provision and licensing and consumption of alcohol.

MR FITZGERALD: Can you explain that to me? What is the purpose of a health charter on gambling?

MR GERDELAN: There are a number of international and external charters that, for instance, would be supplied by international secretariats such as the World Health Organisation. There is a world charter on alcohol and various other addictive substances; there's one with smoking, as you know. Member governments who sign this promise to reflect various strategies within their health policies, such as caveats on advertising, that a certain amount of money be provided for good quality care, that there be specialisation of services, that research is done in this field so that we better understand the problems; that there's consumer information, including warnings and so on.

What this does is establish a standard. It establishes a standard between the product, the regulator and the consumer, and I think it also assists to level out power imbalances in those relationships.

MR FITZGERALD: The Ottawa charter itself, does it or does it not refer specifically to gambling?

MR GERDELAN: No.

MR FITZGERALD: It's just a general principle?

MR GERDELAN: Yes, it is indeed.

MR FITZGERALD: Of what? Health?

MR GERDELAN: Yes, of health generally measured to a particular - - -

MR FITZGERALD: Yes, okay.

MR GERDELAN: And it talks about the higher principles of equity of access and so on, and appropriate resourcing, and so on, and appropriate resourcing. Here what we are saying is that because of the relationship with the product with alcohol, how could you not include this product alongside it? It's often seen as a companion activity in most licensed premises. That's certainly the case in New Zealand.

MR FITZGERALD: It's regulated to be such.

MR GERDELAN: And regulated to be such - that it makes a lot of sense now to do a catch-up on public policy and ensure that the sectors that are meant to respond to people's health also include this issue.

MR BANKS: I think there was a fifth. Did you have a fifth point that you wanted to emphasise?

MR GERDELAN: Yes, the fifth point is I think there needs to be some urgent attention to researching this issue in Australia in a way that would allow it to be generalised because we might be falling into a trap, because of vested interests, that only a limited amount of information comes out, and that universities ought to be energised across the nation to seriously now examine where we're going with gambling because this appears to be the largest common leisure activity of all Australians, and it is now of all New Zealanders. Something of such volume and consequence is really deserving of pursuit of scientific inquiry with some rigor, and there ought to be funds targeted for the measured outcome of people's participation in gambling, both at federal and state level.

MR BANKS: Yes. We do have a lot of money being spent on research in Australia, and in this state in particular. What more needs to be done in your view?

MR GERDELAN: For a start I think Australia would be certainly deserving of a major epidemiological study. The New Zealand government is revisiting its own one. That has the largest sample in a study of this kind undertaken anywhere in the world. I think it will have relevance to some of your considerations down the track. The New Zealand government is satisfied that it is being conducted to the highest of international goal standards.

MR BANKS: That's a national survey.

MR GERDELAN: That's a national survey and it does have some longitudinal aspects, because we will be revisiting the first sub-sample of 1990, so we will be able to track what has happened to those people in the ensuing 8-year period. There needs to be an agreement about what the measure is in Australia. We constantly hear criticism of the SOGS instrument. There is no scientific evidence to suggest that homo sapiens in Australia are a subspecies from the rest of the world and require a different scientific device, and therefore the one now applied internationally for about 15 years has no relevance here. Frankly, we think that's a lot of bunkum. If the Australians wish to introduce a new measure and want to convince the rest of the world that it's the best one, so be it. In the meantime we would hope that there would be an agreement to apply a national prevalence study along the standard lines so we can compare where Australia is with the rest of the world.

MR BANKS: So you think that despite some of these concerns about the SOGS, that would still be useful to do a national study in Australia.

MR GERDELAN: Well, there have been 29 major studies done around the world now. The screen has been the subject of very considerable rigorous review. Most of those studies have been funded by governments after careful examination and, as I said earlier, I see no scientific information that has come from Australia which would

compel an alternative scale of measures to be applied.

MR FITZGERALD: Do you have a particular view as to why someone in Australia may be wishing to go down that route?

MR GERDELAN: It's not for me to say. I could speculate that there is an unhealthy closeness between some of the researchers and the industry and its funds, in a similar way that we've seen with tobacco in the past, and he who pays the piper often calls the tune. That's a matter, I must say, that has caused us very considerable disquiet for those of us that are involved in these issues across the Tasman.

MR BANKS: Do you have any further points to make as the committee?

MR GERDELAN: The committee would make just one probably closing point that we would be very happy to collaborate with the commission in the final outcome of our public policy presentation to our own government and political parties there. The intention is to hold a forum with international involvement to examine the constructs within public policy change around the management of gambling-related issues. We intend to do so in the reporting of the outcome of our epidemiological study, which may be somewhere around August or September next year, and would welcome the commission to have an input in regard to its findings, because obviously what happens on this side of the Tasman is of considerable and immediate importance to the way our regulators and policy-makers may proceed.

MR BANKS: Thank you, and we'd certainly be interested in any information coming out of New Zealand while we're running this inquiry. So thank you very much for that.

MR PARTON: Thank you, gentlemen, I'll leave you to Mr Gerdelan.

MR BANKS: Good. Just for the transcript perhaps I should call you as the Compulsive Gambling Society of New Zealand - - -

MR GERDELAN: That's correct.

MR BANKS: - - - not a compulsive gambler. Your position with that society?

MR GERDELAN: I'm the executive director of the society and have held that position from its outset in 1988. The Compulsive Gambling Society is a collection of health professionals, predominantly mental health professionals, with close associations with New Zealand's medical schools, and in particular the Auckland University School of Medicine.

A number of our staff have reciprocal teaching and research positions at the medical schools, and we have been for some years directly involved both in research with the medical schools on the health consequences of problem gambling, and also are involved on an ongoing basis in the training of first contact health professionals - that's general practitioners. We have designed and provided a variety of courses for the retraining in the requalification points for general practitioners to include their engagement in the early detection and prevention of problem gamblers, for coordinated case management and their long-term care, for their collaboration and motivation for referral to specialist services, and we have just concluded extensive research to validate a brief intervention screen for the use by general practitioners which is an eight questionnaire, which takes about 2 minutes to administer, and correlates about 95 per cent positive to the full SOGS screen.

That has just completed its clinical trials and should be in use in New Zealand early next year. We will be including that as part of the training with general practitioners. This screen will be then adapted and varied for use in prisons, and we are about to begin the country's first prison identification and intervention program with persons who's offending is related to gambling issues. That program should be begin some time in February of next year. There will be formal evaluation of its pick-up rate, and it is designed to, in the first instance, determine how many people are coming into New Zealand prisons because of problem gambling issues. Its second purpose is then to refer, as a condition of parole, those who are willing to make changes to counselling and support services with the support of their families. So this is a community-based intervention.

Its third intention is to then isolate criminal recidivism tied up with problem repetitive gambling behaviours. We have done some preliminary studies which indicate that about 12 per cent of all people awaiting sentence in New Zealand have got a serious gambling problem and that their criminal offending is directly due to the uptake of the gambling activities.

MR BANKS: Could you explain to me why you developed this nine-question format?

MR GERDELAN: Eight question.

MR BANKS: Eight question, yes.

MR GERDELAN: So that general practitioners can administer an inquiry very readily to determine whether in fact the depression that they're treating or the anxiety that they're looking at may be traced back to a gambling problem, and rather than treating the symptoms they want to get to the underlying issue. So again we're looking at comprehensive care rather than piecemeal approaches.

MR BANKS: That's not something that would be used in a broader survey, a more anonymous survey, it's more for use by clinicians.

MR GERDELAN: Yes, it's a tool for clinicians to administer who have got very good back-up knowledge and diagnostic skill. It's an indicator rather than a final determinant.

MR BANKS: You'd be aware, perhaps, that the Australian Medical Association has been raising some issues of that kind.

MR GERDELAN: Yes, we supplied them with the initial materials.

MR BANKS: Okay, good.

MR GERDELAN: If I could, for instance, refer to - I will be including the general practitioner's kit and we've designed a manual for general practitioners in New Zealand, making it easier for them to intervene, some good baseline information, what to do when they come across the problem, how to assess it. For instance, in doctors' surgeries around the country you've got that kind of poster. That's a pretty sick-looking chap with dice on his tongue saying, "See your doctor before you OD". In the first instance there are obviously a lot of people going to their general practitioners, seeking medication to suppress their depression, not telling the doctor that they've got a gambling problem, and people are slipping between the cracks. So it's part of an ongoing mental health strategy for us.

MR BANKS: Yes.

MR GERDELAN: There are a couple of supporting reports here that will show you in graphic terms - these are the annual reports of the Compulsive Gambling Society which fall back on a complete data set in the first instance, when we were running the national help line, of all people that went through that service seeking help. It chronicles their conditions, because we devised a brief telephone assessment tool which would be able to rate their suicidality, their depression, and how serious their gambling problem was - whether we were dealing with someone who was making just an inquiry or they really did have a very serious problem. They're rated.

It also shows the acceleration of presentation rates and it will then match that

against the various modes of gambling and it will attribute who's going for help because of what form of gambling. As the various forms of gambling steps up we've seen that there is a correlation between accessibility and presentation rates. We've been chronicling that data right from 1991 before casinos opened. We're now involved in a couple of studies looking at those consequential impacts, before and after casino opening, to see what impacts they've had on the incidence of presentation with disorder from those regions.

MR BANKS: Does this show that there's a particular problem with poker machines other than the fact that they're more readily available?

MR GERDELAN: Yes, it does.

MR BANKS: If you had other forms of gambling more readily available, would you see the same?

MR GERDELAN: Unquestionably the data will show that the mean average falls round about 70 per cent of all problem gamblers who present in New Zealand attribute their difficulties to gambling on poker machines. About 22 to 24 per cent of that problem will be exclusively gambling on poker machines in casinos and the rest is made up by gambling on poker machines on non-casino sites. It appears that by far our biggest problem to date is gambling on poker machines in hotels in association with alcohol and where alcohol is not controlled all that well, such as the public bar, and with the best intentions control is impeded after a few beers.

MR BANKS: Is this just a function of access or is it also something inherent, to do with the machine itself?

MR GERDELAN: I think they're two separate things. Certainly access and the proliferation of access indicates that the more you have it, the more problems you're going to have. The correlation with the consumption of alcohol is almost identical. There are recent studies, and one recent study undertaken by Abbott and Volberg, illustrating the percentage spent on gambling; that once access is broad-based the problem gamblers will make up about 30 to 40 per cent of the income of any gambling venue and that they will represent - - -

MR BANKS: The problem gamblers?

MR GERDELAN: Problem gamblers, and that they represent about 5 per cent of the gambling population.

MR BANKS: But that's as defined by you as somebody who's a compulsive gambler and has essentially a - - -

MR GERDELAN: Either potentially compulsive or compulsive.

MR BANKS: Right.

MR GERDELAN: So if you look at the Abbott-Volberg criteria, there are two measures there, the serious problems and the full pathology.

MR BANKS: Where does that number come from? Is that based on some empirical work?

MR GERDELAN: Yes, and I've included that study. It's an unpublished one as yet.

MR BANKS: If it's there that's good. We'll read it later.

MR GERDELAN: I wouldn't like to get into the details of it because it's quite complex. What we are finding in New Zealand is that the presentation rate of problem gamblers, if we go back to 1991 - and we've had just over 11,000 of them - that 7000 have been attributed to poker machine gambling.

MR FITZGERALD: Sorry, can you just go back to that? 7000 who are presenting to where?

MR GERDELAN: Since 1991 we've had, that we know of to the fledgling services, about 11,000 persons either ring for assistance or present for face-to-face counselling, and just over 7000 of those are coming forward with machine gambling problems.

MR FITZGERALD: When a medical practitioner undertakes this questionnaire and identifies, what then? One of the issues in Australia has been - this may be unfair - that medical practitioners have been notoriously bad at actually referring appropriately people in a range of social and medical conditions. Why do you believe that your first line of intervention, in many instances through the medical practitioners, is the appropriate way, rather than what we would here in Australia - going back to a point I raised earlier, that people often are accessing more general community services and then identifying the gambling problem later on?

MR GERDELAN: All of the research on mental health disorders for any disorder worldwide will show you that the person who's going to be in contact most in the community will be the general practitioner. If specific knowledge is given about that disorder to the general practitioner and we make that part of the general practitioner's job, through adjustments to their contracts and the shaping of the health policy in that region, then the doctors will respond well. The second imperative behind this is that this is the health profession that the gamblers are going to be seeing most of in their lives. If it isn't going to be the doctor's business you're relying on the success and bonding of a connection to a specialist service that may be here today but not there tomorrow.

The third reason is that all of the evidence suggests that people are most likely to talk to their doctor about whatever problems than they are to specialists. We've trialed this in New Zealand and proved it, and most of the clients that are coming to us from GP referrals tell us that they're there because their doctor made it so easy for

them to come, and that the doctor was able to broach this question with them just in a casual context: "By the way, how's your gambling going? This sort of stress that you're under now wouldn't be attributed to your gambling? I notice your drinking's gone up a bit. How much are you gambling a week?" "And I opened my heart to the doctor and told him everything."

So we're finding that that's a very powerful psychological entry point because we are trained more or less to trust our doctor, and our doctor is down the street. There's the first port of call when we are in trouble.

MR FITZGERALD: You made a reference there. Can you just explain it? You said "changing the contract arrangements with the doctors". Can you just explain what you're talking about there?

MR GERDELAN: I'm simply looking to what commercial imperatives are there in various jurisdictions; whether or not doctors are funded to screen as part of a public screening to pick up a particular disorder or not, and there are often incentives by states to make sure - - -

MR FITZGERALD: But has that actually happened? Have incentives been put in place for the doctors?

MR GERDELAN: No, they haven't, and they're doing it quite willingly in New Zealand. They recognise the seriousness of it and say, "Look, it would be remiss of us as general practitioners to try and treat part of the co-morbid issues of this person and not look at the rest of the picture." It puts them in an ethical dilemma which they willingly realise has to be overcome. I think that there may be one final conclusion in this. Doctors are extremely important people if you want to get longitudinal studies off the ground as to what happens to the long-term health consequences and life of a person who has this problem. How has it affected the rest of their family? It's an information point that's invaluable in the collection of any data really.

MR BANKS: Thank you for that. I must say that hasn't been raised so much here so far. As I say, we've heard the AMA making some statements about it but we haven't hear others confirm that.

MR GERDELAN: Can I say that the Compulsive Gambling Society would refer approximately 15 per cent of all of its clients for the pharmacological intervention with their general practitioner. There's no point in proceeding counselling with someone who's quite severely depressed or who has an anxiety problem. We have to look at stabilising that condition before we can proceed. It doesn't make much sense and we often send our clients for a full physical check-up to see what we're dealing with. That's done by open-ended consent. We ring up the doctor and we do the referral to the doctor and say, "Such-and-Such is in our care now. This is going to go onto your files. Give us some feedback about what you think. We think he's quite acutely depressed. Where should we take it from here? He's your patient." And we collaborate on case management as well.

We're finding that extremely effective and it is one of the things that brings in the whole family and much broader support mechanisms and tends to suggest that successful outcomes of the restoration of at least daily life processes are likely to happen with that kind of broad-based intervention.

MR FITZGERALD: Just one final question and that is in relation to intensive residential care therapy. What's been the experience in New Zealand in terms of the need for residential care? In Australia it varies from zero to some beds attached to alcohol clinics to having some facilities within mental health institutions.

MR GERDELAN: Again we need to be led by more research in this area. If you had a reliable study of prevalence and we could look at bands of severity, then programs could be matched accordingly. At the moment you can't develop purchasing strategies, you can't develop best practice guidelines really without knowing what the presentation and usage of services is likely to be. But the experience in New Zealand is that there needs to be some facility for residential care, albeit small, and we would put it in the 5 to 8 per cent category of presenting pathological gamblers.

We've taken the view that most people nowadays are most reluctant to go into residential programs. The lifestyles that we have in our contemporary society suggest that people are not very willing, unless they're compelled by the courts or have been completely immobilised, to take weeks and months out of their lives and disappear and go into a program. It may be more pragmatic to develop effective brief intervention community-based help and we seem to find that whenever we even attempt to refer to longer-stay residential programs, clients that have got serious disorders like the poly-addicts that may be addicted to heroin, gambling, alcohol, have criminal profiles, are most reluctant to go into say a 6-month or year-long program of the kind that's likely to have any sustainable impacts.

But I think that there should be a place in a facility for those kinds of programs in the interests of keeping the community safe, and where there are serious problems that clearly require intensive care - there will be a small percentage of clients who will require that kind of assistance and in humane societies we should have an appropriate range to match that continuum of need, and I think that the criminal justice system ought to have at its disposal, increasingly, programs for diversion into non-custodial sentences for persons whose criminal offending is wholly or substantially due to their gambling pathological disorder.

The community, I am sure, would like to see - if there are programs of that kind - that they are intensive, that they have a chance of working, and they're not seen as a soft option or a cop-out for someone who may be presenting for the third or fourth time before the system. So we think that that is a humane and very worthwhile intervention for that subset of persons with serious gambling problems.

I need to perhaps close on a couple of points, and I'm not sure if they've been

raised. You've probably gathered that in New Zealand those involved in the treatment and support of persons with this difficulty are quite outspoken. We come from a tradition in New Zealand of very strong advocacy on gambling issues. That, I am sorry to say, is not the case in Australia. I have attended many conferences here with my fellow colleagues involved in the provision of treatment and I have to report to you that frequently I am informed that these services are told that there are not to be any statements in the press about the severity of this problem, about their views on the issue or anything that may contradict industry's position for more machines, for instance, or on various venues. They feel completely captured in the current arrangements and prevented from speaking out.

I recently came from a conference in Adelaide where two providers from that state told me that they were warned not to say anything in the press, otherwise their funding would be cut. Last year when we had a workshop in New Zealand we invited over a dozen Australian practitioners. Five of them rang me and told me that they were warned not to attend the conference in New Zealand by the Australian Hotels Association, otherwise the funding to their agency would be desisted. For some years now we are aware that that implied threat has been there; that there have been attempts made to prevent freedom of association of practitioners in Australia; that they are dissuaded from forming national organisations; that they are dissuaded from joining in statewide organisations; that they are dissuaded in engaging professional advocates to negotiate on their behalf and that they are dissuaded from presenting to their respective state parliaments submissions on the severity of the problem, the need of the services and the interrelationship of those services to other state agencies.

That is a serious crisis of an ethical kind and of conduct that we, in New Zealand, would find absolutely unconscionable and wouldn't tolerate. We are able to coexist extremely well with the industry under the kind of statutory veneer that allows us to be here today, and we are able to thrash out and agree very strong principles. Having gone through a painful relation building up to the success of this mechanism we managed to level it out, and there aren't any power imbalances there. We have reached very strong common ground on the type of public policy adjustments now required to go forward, and it's understood that when we leave that room we've got quite powerful things to say about each other's position and do so on a regular basis. That is encouraged and we have never had the kind of standover that seems to be predominant in Australia amongst treatment providers.

That's one of the reasons why I'm recommending that there ought to be a charter, one that also reflects particularly in some public advocacy and that could be something that could be mentored by a federal desk. After all, there is no consumer voice that can be heard. There is also no voice that can be heard by practitioners and no vehicle by which this can be done in an unfettered way at the moment.

MR BANKS: What you're implying is that those constraints are related to the funder.

MR GERDELAN: Yes. If they had the kind of mechanism, for instance, or the

type of model that we have in New Zealand where you have balanced representation on the committee with a neutrally selected chairman - there's a government watchdog arrangement there; the parties understand their respective roles - that kind of leverage just isn't in the equation.

MR BANKS: Just one quick question. Would you know what proportion of tax revenue in New Zealand comes from the gambling industry?

MR GERDELAN: I can't tell you the amount but at last recall it was about \$200,000,000 in the 1996-1997 taxable year and going up, and I understand roughly that that's somewhere around about 5 or 6 per cent. So we've got about half the dependency rate, if you like, by the state on this kind of income stream.

MR BANKS: Thank you very much for that. I think you've obviously gone to some lengths to be able to participate this morning, and we are appreciative of it. Thank you for the material that you've got there. We may well want to get back to you when we've read some of that material at some stage in the future.

MR GERDELAN: We would be very happy to provide for you supplementary submissions at any time. The 1997 clinical report that I have from the Compulsive Gambling Society, for instance, is in draft form. It goes to parliament and all government departments and the final format we will forward on to you, I think in about 2 weeks' time when it's ready for circulation. So I'll leave those documents with you. Thank you very much for hearing us.

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

MR BANKS: Our next participant this morning is a Mr Ian Murphy. Welcome to the hearings. Could I ask you please just to confirm your name and tell us in what capacity you're appearing this morning.

MR MURPHY: Thank you, Mr Banks. My name is Ian Murphy. The reason that I'm here is that an associate for whom I'm responsible has borrowed money to feed into electronic gaming devices. Although the amount involved is at present manageable, if I were to meet the commitment myself and the procedure were to be repeated that could represent a risk to both myself and other persons for whom I'm responsible. The associate I might say who has incurred the debt is at present suffering substantial hardship as a result, so I have accordingly had to ascertain what is going on.

The request which I wish to make of you is that you recommend elimination of the deceptions which are involved with these electronic gaming devices, and I name them very carefully: leaving out the word "gambling" and leaving out the word "machine" which would give a chance of winning, and that you recommend provision of information. I believe elimination of those deceptions would eliminate the problem but if it didn't it would at least eliminate one probable cause. If the problem were to continue, psychiatric, psychological or other problems would then have to be considered, but basically the deceptions are clearly there.

The major deception involved - and I'm now proceeding with the preliminary to my submission which you have, which is just four pages - is the representation that electronic gaming devices present a gamble. As defined on your issues paper at page 9, they clearly do not present - at page 9, the nature and definition of gambling: "gambling involves staking money on uncertain events driven by chance". The electronic gaming devices are computer programs completely in the control of who devised the program. The user has no uncertainty of event or chance apart from knowing if they were to be in a position to think about it objectively, which they might well be if these deceptions were not present - they have no chance of actually winning because of the predetermination through the computer program.

The result for a user, in other words, is a completely predetermined program. They in no way present a gamble or fortuitous chance and are in no way machines, which is another misrepresentation in the use of this word. The old ones that used to have the handle and you can pull them and they made clicking noises - which a lot of them still do now to misrepresent the fact that they are mechanised and there is a fortuitous chance - used to presumably give some chance of a win. At present the computer program does not represent that chance, but it is totally misrepresented that it does.

The use of the word "poker" in relation to these machines is also a deception, as if your fortune might depend on the physical fall of cards outside of human intervention. They clearly don't. I might say that obtaining money by deception, which is what is going on here, has always been a criminal offence and quite properly so, I would submit, because of the unreasonable damage that it causes. I have not studied the legislation

in detail licensing these devices but I personally doubt, if it is studied in detail, whether it has licensed such a criminal activity as is actually taking place. These deceptions should be looked at by law enforcement agencies.

A secondary deception is as to the amounts of money involved with these devices, and I have set that out on page 4. Many of the machines are put forward as only being a 5¢ machine. People go along and they think, "Well, 5¢, that's not going to be much of a problem", but if an operator pushes a 5¢ button every second - which I have actually watched these things in operation and I might say I do regard the actual programs as having strong entertainment value. I've got - nothing wrong with them as entertainment but I do have an objection to them being represented as a gamble; but if a person pushes a 5¢ button once a second that represents \$3 per minute or \$180 per hour.

Most people never stop to think and have no comprehension that that is the amount of money that they're actually dealing with. What in my experience happens is they think they're only putting in a small amount of money, as is represented. They discover that they've lost a large amount of money. They, then believing that there is a gamble involved and believing that their money, on a physical basis, is in that machine to be got out on a gamble and go and then borrow money to put more in in the belief that they're going to be able to get the money out - which is not the case on the way that the computer program is set up.

Quite a lot of these 5¢ machines have several lines and you can bet 5¢ per line. If you're operating on putting in 10¢ per second - that's \$6 a minute or \$360 per hour - if you're putting in 20¢ per operation of the device, that's \$12 a minute or \$720 per hour and if you're doubling up on the number of lines or working, say, 10 lines or actually operating a dollar per operation machine, that is \$60 per minute or \$3600 per hour. Now, not only do people using these devices not stop to think of what amounts of money they're getting involved in, it's being actively misrepresented and it is quite obvious after the period of time that most people sit and use these devices, a totally destructive amount of money.

MR BANKS: Could we just pause on that point there. I think it is interesting the way you've put this information and certainly getting an understanding of the amount of money that can be spent or gambled over a period of time is quite useful. Are you saying that an operation of the machine only takes 1 second? I thought it was longer than that.

MR MURPHY: In my experience, if you push a button the machine takes 1 second to click through its operation and you can then press the other button and have it finished in 2 seconds.

MR BANKS: Yes. We can check that sort of thing. I thought it was more like 3½ seconds or something like that, but that would just configure the numbers differently. The other point I would make is that these numbers that you've got here are amounts of money ventured, not necessarily amounts of money lost over that

period. I mean, you push the button sometimes - I mean you're not losing every time you push the button. Sometimes you'll get some more credits and so - - -

MR MURPHY: Quite rare, in my experience. I have seen these sorts of amounts of money disappear in these time spans, and although you hear rumours that machines are set to give back this per cent or that per cent, obviously there is still the deceit that no-one is ever going to be able to win. They're only going to, in any lengthy period of time, get back a percentage. But there is certainly no way of confirming that the percentage that is stated actually does come back. The extent to which those percentages are altered is known only to the person programming the computer.

MR BANKS: Okay.

MR MURPHY: Firstly of course the point is if this inquiry is about gambling, the terminology of the terms of reference on my submission puts electronic gaming devices outside the scope of your inquiry, but it could also be a scope of the inquiry as to what devices that are misrepresented as gambling, what damage they are causing. So in that way it comes back within the scope of the inquiry. I've put forward suggested controls, and I have actually put Part A number (e) - I have fallen into the same trap myself:

Gaming device operators should not be allowed to have any person operate a machine unless it shows the odds.

There are in fact no odds. There are no odds of winning. What we are talking about is the percentage of what they put in that should come back, and to the average person, if they were to lose \$180 per hour, even if they got 90 per cent of that back, \$18 per hour to a lot of people is still a large amount of money, and it is still not made known to them that that is the amount of money that inevitably, on the best scenario, they are going to be throwing away. It's not in any way a gamble. I don't need to read, I take it, the other suggested controls that I put there. They're in the document.

Supposedly aid agencies should not be permitted to misrepresent their function. I've had experience with aid agencies. I'll be dancing along the sphere of defamation action, no doubt, if I elaborate exactly what they are, but there will no doubt be allegations by the owners of these devices and the government that receives revenue from them that there are agencies in place to assist people. My experience is that those agencies that are in place are not there to assist people.

MR FITZGERALD: Are you referring to those organisations that provide counselling and other support services? Are they the agencies to which you're referring?

MR MURPHY: That's correct.

MR FITZGERALD: When you say they're not in place, can you elaborate on what you mean by that?

MR MURPHY: To assist people. When this apparent problem arose, I telephoned a line that the phone number is given, and the discussion there was, "Yes, there's been money thrown away but what are the other problems? Are there other background problems?" - an obvious attempt to state that the problem was not with the devices but was with some kind of background problem with the person. Now, after going to a medical practitioner and then being referred to the same organisation, which is called Break Even, that that particular line would have referred me to anyway, the same line was taken; that there is some other problem; it's not the problem with these things.

Then the most extraordinary procedure was followed to exclude me, after just one interview, from any further interviews; to say that there was another problem that had nothing to do with electronic gaming devices, or which they would misrepresent as gambling devices, and then present the associate - which as I mentioned has inspired me to have to analyse the reasons why all this is happening - to sign a paper saying that agency was appointed trustee of any assets that that associate may have, at a fee I might say, and they were from there on in control of their finances, that situation not having arisen as a result of electronic gaming devices.

That procedure serves the interests of statistics to say - and if that takes place in any number of cases - "There's no problem with electronic gaming devices, but lots of people have come along with other problems." The obvious intent there was, if there was no other problem, to cause it so that that could be reported as far as statistics were concerned. That was my experience in relation to that.

MR BANKS: Perhaps we might pick up some other points that you've made here. When you say about showing the odds and you've said you've fallen into the trap yourself, in one sense there are odds, it's just that people might differ about the extent to which they're favourable or not.

MR MURPHY: No.

MR BANKS: What you're saying is that over a period of time one tends to lose, and the machines are calibrated to calculate particular - - -

MR MURPHY: There are no odds, because the result is completely controlled by the computer programs.

MR BANKS: Yes, but it has a random number generator in it, so in a sense you still do come back to probabilities, and the machines are calibrated to produce a particular (indistinct)

MR MURPHY: The only probability is that if you're putting in a hundred dollars and the device is programmed to give you back 90 per cent, it's going to cost you \$10. There is no gamble, in that there is no fortuitous circumstance on which you can win. But all these people are going along thinking, "Well, I've lost this amount. I can

win."

MR BANKS: What you're saying is there's no conditional probability. So in other words if you put in a thousand dollars it doesn't mean you've got a higher chance next time you play, next time you push the button, of getting a return.

MR MURPHY: Getting more.

MR BANKS: It's independent of what you put in over time.

MR MURPHY: You are still only going to get whatever percentage that it's giving back. There are no odds, and that is a major deceit involved with these things. If the same thing were to happen in horseracing - I have no problem myself with horseracing; I've broken in horses and I've known what they can do, and I've had information that has helped me to be very successful, and that is part of my problem here. Associates are saying, "Well, you've always been successful. Why can't we?" and I always say, "Well, you have to put in the work, and you have to know exactly what your odds are."

But in horseracing, where I started in amateur racing, at one stage there was a jockey who paid a particular outsider to become a party to fixing before the race started which horse was going to win, and the only way that I was able to win initially was to find jockeys that were outsiders. But that particular person went to the racing authority and said, "I've been offered money to make sure the horse runs in a particular place," and the person that offered the money was put out for life. Now, that scenario is exactly what is presented on these gaming devices. It's totally unacceptable in horseracing, but it is being misrepresented to people who are going along, feeding money, which is also misrepresented as to the amounts, into these devices.

MR BANKS: The other point that you make here is:

The gaming device operator should not be allowed to dispense alcohol at venues where the devices operate.

Now, as we indicated earlier in fact devices are regulated or prescribed by law to only be provided where alcohol is dispensed, so what are you saying here; that all hotels and clubs should have EGMs removed from their premises? Where else would you see them being placed?

MR MURPHY: They could possibly be placed in parts of clubs where there is no alcohol, but the ability of people to receive an explanation that they are not offering themselves a gambling chance of winning by putting money into these devices and the ability to receive information as to the amounts of money which are actually involved is diminished, from my observation, by the consumption of alcohol, and I would say the consumption of alcohol at places where these devices exist, even though once the warnings are put in place, or if the misrepresentations are removed, they do definitely

have an entertainment value, but that's all it is, and people should have every chance of being able to realise that what they put in will be the cost of their entertainment.

MR FITZGERALD: Do you believe that, in respect to the associates that you're talking about, had they in fact had the warning signs on or the indication of the risks, that would have actually impacted on their behaviour?

MR MURPHY: Yes, I definitely do think so.

MR FITZGERALD: Why do you believe that?

MR MURPHY: I know when I've made these points, I've been told, "Well, that's only what you've got to say about it," and in any relationship there is definitely a desire for every member of the relationship to be an equal, and nobody wants to be told, "Well, this is what I say and it's right, so that's what you've got to accept."

MR FITZGERALD: Right.

MR MURPHY: If there was another source of the same thing, that would definitely have an impact.

MR FITZGERALD: So the independent information provided by the operator or government or whatever it would be you believe would be the difference between you saying it and somebody else saying it, and your associate actually listening to those words or that message.

MR MURPHY: I do think so, yes. In a discussion I had this morning it was said that if there was a way you could log-on with these machines as a particular user, and say, "Well, it's going to cost you so much an hour," and then if it's cost you more than that when you're ready to leave, get that amount of money back, so that the entertainment provider was obtaining a fair sum for providing the entertainment and you were paying a fair amount for the entertainment, but that sort of thinking in the environment that's provided and with the alcohol that's provided seems to disappear.

MR BANKS: You're also not ruling out that occasionally somebody does actually win a substantial amount of money on these machines. Obviously the odds are fairly low at any particular push of the button, but it does happen from time to time.

MR MURPHY: I've never seen anyone win a substantial amount of money on these devices, but presumably if someone were to lose the entire amount that they've put in for an hour or so, if someone else were to sit down at a particular time they could push a button once and receive the percentage in relation to what the previous person had put in. But that person and the way the device is programmed, unless they're going to stand up and say, "Oh, well, I've got some money now, I'm going to go," if they're there for a night out, and say they've got 4 or 5 hours they're not going to do that. In fact I've never seen anyone do that and say, "Well, I'm in front now, I'm going." And over the period of time what looks to be a gain will inevitably have to

finish up, in the way the devices are programmed, as a loss.

There's one other thing that I would object to and that is inducing people to go into these places by saying that by being there you might just push a button and win a car or some other asset, which to me is just saying, right, "Out of say, over a month, out of 100,000 people who completely destroy themselves, you might just be one to get a car." To me that's an improper way of inducing people into a situation which in itself is deceptive and is obtaining money by deceit - as I've pointed out. On page 4 I should have added a part D that credit providers should be barred from providing credit to a person when they've been informed that that person is being deceived into throwing the borrowed resources away on these devices.

MR BANKS: Good, all right, thank you very much.

MR MURPHY: Thank you very much for the hearing.

MR FITZGERALD: Thanks, Mr Murphy.

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

MR BANKS: Our next participant is the Good Shepherd Youth and Family Service. Welcome to the hearings. Could I ask you, please, just to give your name and your position with this organisation?

MS AYRES-WEARNE: Valerie Ayres-Wearne, and I'm one of the social policy research workers at Good Shepherd.

MR BANKS: Thank you very much. Thank you for coming in today and also for the submission that you've provided. It has a lot of interesting information, and in particular the survey that you're conducting about which we'd heard something on one of our visits to Victoria. We're going to let you perhaps summarise the main points.

MS AYRES-WEARNE: That would be great. I'd just like to start by saying that many of the points I'm going to make today have actually been made by a number of people, so I guess at one level I'm going to reiterate a lot of those points, but I'm going to particularly tell the story from a local community's point of view. I should say that the survey that we're currently conducting was able to be done because of some funding from the People Together project via the Lance Limestone Foundation. It is actually still in process. That's why we made the issues and the recommendations fairly tentative, because we're very committed to working cooperatively and we actually, in our final report, which we're hoping will be out in February, really want that to be a community document which has a broad ranging representation - community members, retailers, the local shire, community organisations and such.

Through my submission there will be the community's point of view, and I will make it very clear when I'm also making Good Shepherd's point of view, because we don't - while we are very much together, we also probably have some fairly specific points that we would also like to make regarding this point.

MR BANKS: Good.

MS AYRES-WEARNE: Just in terms of Good Shepherd, just to put us in perspective, I guess, we're an organisation with a long history. It's an international order, the Good Shepherd Sisters, and our organisation flows from that. Our philosophy is very much to work in partnership with local communities, with government and other people, to work very much with people but also to promote structural change, guided by the principles of common good and public interest.

That's why we will very much emphasise that in terms of poker machine gambling in Victoria, our real structural concerns are about public policy, which very much has a flavour of economic strategic development undergirding it, I guess, and we're very concerned about that and we also see it as being very involved in the wider public policy issue of taxation, which I will highlight. That's why the Good Shepherd, as an organisation, is very concerned about the local impacts and the impacts on people, but we're also very concerned to speak to the wider policy framework.

In terms of our philosophy, we endorse - for want of a better word - a social

justice framework. In that social justice framework it endorses both the rights and responsibilities of individuals. So in the same way as when we are dealing with community services, we very much reject the charity model and very much support a model which encompasses everybody together promoting common good, where our policies really need to be uplifting and empowering. In terms of gambling there is a very strong move afoot to endorse a view which, if you like, polarises entertainment with - at the other end - addiction. We'd like very much to broaden that dichotomy out.

It was most interesting earlier this year when Dr Goodman was invited to Melbourne by the Inter-Church Gambling Task Force. I've read fairly widely on some of these issues and I was most interested to hear him talk about the development, the sort of endorsement of gambling. In America, having been very much sort of orientated towards the criminal world, I guess, and fairly negative connotations, fairly quickly in fairly depressed times, it took on a flavour of entertainment. This is a wonderful new entertainment option, and at the same time it was acknowledged that yes, there were people who were going to have problems with gambling, but they were a very small percentage compared to those who were having a wonderful time and that they would always of course in promoting this new option, offer services and support.

From Good Shepherd's point of view, given our perspective, we believe that the circumstances unfortunately are not that simple. So often the structural context in which an activity is taking place - there are many other influences that impact on how people behave. Right throughout our submission there's a flavour of the environment, the wider social policy context, the circumstances that people find themselves in, in their day-to-day life, very much influence (1) how they approach a particular activity and (2) the impact that it has not only on them but on their family.

While very much respecting at some points the medical model of addiction, there has also been tremendous, long-ranging discussions around definitions of problem gamblers, and we would fairly much endorse the validity of that particular view but also want to broaden it out to a wider social framework. There is quite a lot of work in the Queen of Hearts report which was done by the Financial and Consumer Rights Council, which I was on the reference group for. That and some of the other work really reinforces that wider perspective and I think it's very important to consider that, and it runs through our submission.

In terms of some of the other reasons why we actually got involved with this project, we originally did a project on pawnbroking when the Victorian government was looking at deregulating the pawnbroking industry. One of the interesting points that came up was that there seemed to be an emerging connection between the growth of the pawnbroking industry, second-hand industry, and also gambling. That was only a very keyhole look at that issue and we currently have applied for funding to pursue that.

MR BANKS: When did this deregulation occur?

MS AYRES-WEARNE: It did occur at the beginning of this year.

MR BANKS: Of this year?

MS AYRES-WEARNE: Yes. We did this research last year. One of the very interesting comments that a number of the local residents have made in this particular gambling survey was that one of the retail industries that seems to be actually booming is the second-hand buy and cash type-shop. Because the pawnbroking industry has been deregulated, shops like Cash Converters, second-hand shops, a whole variety of places now can actually engage in those types of activities. They now don't have to have a formal licence for that; they can just have a register. It was a very significant connection.

The other thing that research highlighted was the growing concerns among people regarding young people; again the fairly complex situation that a lot of young people find themselves in, particularly in regard to drug issues, mental health issues and such. It makes them fairly vulnerable. Just some of the other research which I've given you copies of there - we've done some work into education, we've looked at the changes to the auditor-general in Victoria, we've looked the current redevelopment of Youth and Family Services. One of the things that runs very much through this research - and it's happening also at a federal level - is the increasing reliance on our commitment to managerialism where the separation between purchaser-provider, if you like, policy-maker and service delivery is very prominent.

What we feel about that is we believe there are some positive things to that, but we are very concerned that this type of framework limits the public discussion, or potentially limits at points the discussions around concerns of policy. That's why I would like to make the point in this submission that we really need to move past party political rhetoric, and we really need to actually begin to look at the wide implications of policy framework, which includes the gaming policy, but it is set in a wider social and public policy framework. Because we're actually talking about people's lives and we're also talking about very vulnerable children in this context, particularly with gaming, we really have to be prepared to have a very broad view of that, and look at the real impacts that are being experienced, and be prepared to see how the gaming - but also the wider social policy context - is impacting.

The other policy document we've been involved with recently is called the Trojan Horse. It's in regard to the federal tax proposals. The reason I bring it up here is because I was fairly disappointed in the terms of this inquiry, because as I understand it, the connections between federal and state taxation relations wasn't a major item or a specific item for this inquiry. The reason I bring it up is because when we have a look back to the early nineties, the Gaming Machine Control Act and the ability for there to be electronic gaming was actually introduced by the Labor government in Victoria.

Clearly there were fairly difficult economic times and obviously political parties

have to give their own rationalisation for these issues. However, one of the very strong points - and many people have already mentioned this - is that nearly 15 per cent of state revenue now is actually coming from gambling and gaming taxes. That's a very significant amount of revenue and clearly a state government like Victoria is becoming more and more reliant, or it is now in a position where it's getting a lot of its money - and so it becomes a bit of a self-fulfilling prophesy.

In that sense, because there's a now a major tax review at a federal level where in fact there is a proposal to move a large amount of GST to the states to allow the states to be able to fulfil their service requirements in terms of the state government, we will be putting some proposals to the Senate inquiry based on these research results which really aim to call both levels of government to re-examine the tax revenue and the level of dependence on tax revenue in terms of gaming. Once a state becomes so dependent on revenue, or it gets into a situation where a lot of its revenue is coming from that particular area, it appears it must be fairly difficult to pull back. In that regard I guess it's also an issue of priority, and there has been a lot of discussion publicly in terms of the resources that governments do have and the priority in terms of where it allocates that. I think that's also a fairly important issue.

Just within that context, I'd like to go on to the project and the reason we did this project in the Mornington Peninsula Shire. Good Shepherd has four sites: one is in Mornington, one is based in St Albans in the western suburbs; one is based at Collingwood in the inner city, and one is in St Kilda which is just over in that direction. They are all in - we are working very much with low income and disadvantaged people and one of the reasons actually that Good Shepherd went down to the peninsula - which is by many people seen as a holiday place really - but there are significant pockets of low income areas and there have also been quite significant pockets of state housing and private rental. A lot of the holiday homes actually provide fairly cheap private rental for families for periods of time.

In the demographics that I've actually included in the appendices, you know, it's very clear to see that there is high levels of unemployment, high numbers of single parents, a large number of people also with a range of disabilities, people with mental health issues, people with intellectual disabilities, that with the housing policy - you know, people being moved on priority in terms of areas like that. So in a town like Hastings, where there was a lot of BHP housing which has actually been sold off, there's very large pockets of ministry housing. As you'll see by the map, one of the things about the Mornington Peninsula is, that it's a semi-rural area really even though the actual city of Mornington is not really that - you know, it seems like it's still a city but the actual shire itself is fairly diverse and there are lots of little towns as well as areas like Hastings, Rosebud and Mornington which have higher populations as well as some other areas.

There's a considerable amount of fairly affluent areas as well, and given now the increase in regionalisation, areas like Frankston, that's where the major services are, places like the major Centrelink office, people often have to go up to Frankston to do their business and many, many people are reliant on public transport. So in terms of

the area there was a growing concern in Mornington, increasing numbers of amounts of publicity in terms of the negative impacts of poker machine gambling, and as an agency we had a wide-ranging discussion with council, with chambers of commerce, with community groups and we actually decided that we - what we wanted to have a look at was what the community felt about poker machine gambling, but not just what they felt negatively, what they actually felt positively, or at least trying to give people an opportunity to have a fairly broad-ranging view.

We've conducted that survey with community members and with retailers and we're currently still speaking with community workers, and we're endeavouring to set up some interviews with venue operators as well. So we really want to include as many people as possible, and the major aim of the project has been very much about community building. It hasn't been an anti-poker machine campaign at all. It has been about how can we encourage this community to become a healthier, more vibrant, safe, friendly community if you like. All the details about the research have been included.

Just briefly, because I'm conscious of the - in terms of the findings, the positive benefits range from increased employment, people have mentioned that. People have mentioned how hotels and clubs are being refurbished. Some people would say that more money has come into the area with tourists, you know, people have actually come - there's lots of tourism anyway but people will come and they will go to the venues and they think more money is being spent, that type of thing. Some people have mentioned very strongly that it's people's right to gamble. So, you know, it's what people do, it's nothing to do with anybody else, it's an entertainment option and if people get into trouble it's their own fault-type attitude.

But when we have a look at the negative impacts, we actually see a whole different picture as well. We see a picture where many people in the local community - we talk to people from all walks of life. We had a number of open consultations, if you like, in major shopping centres that was widely publicised beforehand. We talked to people from all walks of life, all income brackets, and one of the most enduring things of all those interviews was the sense of powerlessness that the local community felt in terms of poker machines being located in their areas. They talked about the things that you would expect in many ways and that have been talked about a lot; the impact on individuals, the large number of people who it's felt really can't afford to be in there spending long periods of time, their children are suffering, the increased demand for emergency relief services and all those types of things, family breakdown.

They talked also about that sort of sense of, "What can we do?" when we actually really encourage people to think about the sort of strategies that they could utilise to address some of those negative impacts. People gave us a whole lot of things such as limit the number of machines. You know, for example, fewer venues, the concern that there must not be a 24-hour a day venue. That was a very strong theme. People are very worried about the increased availability, they're already available enough. People talked a lot about how the pub scene has changed, hard to find a quiet place any longer to go to, but people want to do something about it.

You know, they understand that poker machines have come. They understand that it's probably going to be very hard to get rid of them, but as a community they actually want to be much more involved in, if you like, the overall controls, but currently feel that the local council have very limited powers in regards to planning and location of machines. Perhaps it's all a bit of mystery in terms of what happens at a wider level, and how much control and how much say can they have.

There are just two comments that I would like to highlight today, which I guess are fairly, on one level, inflammatory, but they also I think highlight the wider issues. One comment which came up on a number of occasions was that the pokie revenue now is actually a voluntary tax on the poor and that poker machines are greedy, soul-destroying machines intent on destroying the social fabric. Now, both of those I think highlight, from our point of view, the wider problems that poker machines have brought. I'd just like to very briefly talk about low income people in the Mornington area, some of the issues I think that have drawn them to the poker machines and some of the issues therefore that, as a local community, I think we need to work on. It's particularly in terms of their circumstances. Things are very depressed, things are very difficult, often people have extremely limited resources.

If you have a look at the pokie venue it's very welcoming, it's very friendly, there are lots of positive things going on there. Often our community now is very alienating and very isolating and a lot of low income people really feel they don't belong, they feel like they're on the edge of society. Now, of course that's very broad-sweeping. There are lots of people who manage fantastically on low incomes and they live a very rich lifestyle. But I'm talking about a large and growing group of people who have very limited life choices and who are really struggling. They by and large represent a large number of people who are actually frequenting poker machine venues on the Mornington Peninsula. There are 784 of these machines currently in 19 venues. They're located all around the peninsula but there's a fairly large concentration in those three areas.

My belief is, that as we look at the social and economic impacts we must look at those wider issues. We must look at the wider social policy issues around unemployment, around working with our young people and endeavouring to help with constructive education and training. We must look at other entertainment-type options, but also we must look at the advertising and the enticements that really do draw people to those places because often they're lonely, often there's not much else to do. It was most significant in the Victorian Casino and Gaming Authority report, the most recent one. It actually highlighted in its executive summary that one of the major activities that people engage in, and who also play electronic gaming machines, is watching television for leisure.

We would be really, really concerned that there are an awful lot of people who are at home and isolated who are then going to a pokie venue because they're really strapped for cash and because they have been - they see that sense that, "Everybody else has got so much why can't I have it, and there's a chance for me to have it."

Now, again I know I'm simplifying that down, but they are very strong themes which I believe are operating. Just going on in terms of the issues that we're raising just currently from the study, we're conscious we haven't yet talked to the community workers or their information hasn't been recorded, but those issues I've just mentioned about pokie machines really highlight the fact of a need to re-examine the control that local councils could potentially have in terms of the location of machines, and also in terms of the movements.

A number of pokie venues have already had machines moved out of their locations because they haven't been deemed to be profitable enough, and that's actually apparently had quite a devastating impact on particular clubs. So not only is there a lot of instability in the area but there's a growing instability amongst some of the people offering those venues now because of those changes. I think that that control which is actually based in state legislation - I believe in the light of this report and other reports we need to re-examine that, and there needs to be a wider group of people involved in that.

One of the comments actually that Prof Goodman made, which I thought was very pertinent to this discussion was, that once we actually move along a particular path it's very hard to stop, very hard to change. I must say the more I've thought about this issue, the more I realise that now we have 27,500 of these machines in Victoria, and we have organisations that have licences, it's actually - it looks pretty hard to know how to actually change that because they're obviously businesses as well. But I believe that the impact that electronic gaming machines are having is so devastating on so many people, and so many communities, that we have to do that. I believe the time has come where we have to do that, and I think it requires the cooperation and the willingness of all parties to really look at that.

One of the other issues that was brought up in terms of the Community Support Fund, a number of the community mentioned that it's estimated - it's actually hard to get a figure on it, but it's estimated that something like 40 to 50 million is moving out of the Mornington Peninsula shire based on - now, those figures are not definite, nobody actually has definite figures, it's an estimation. Now, while some money is coming back into the area in terms of community services, financial counselling services, parenting program, Break Even drug program, there's no way that there's 46,000,000 coming back in. So the community are looking - you know, they are feeling devastated. The retailers see poker machine gambling as one of the issues that's really crippling them. They know that the times are really difficult. They know things are really changing, but they see poker machine gambling as just another issue that they're having to really deal with and are really struggling with.

I would just like to finish off - really it's a comment that I've made before, but it's in the light of the role of government and we're very committed to a view of government which promotes and upholds the public interest. I believe that there is a growing amount of evidence that highlights that a large number of people, who are already vulnerable people, are being severely disadvantaged. We totally accept, as an organisation, that all individuals must carry some responsibility for their own

behaviour. However, the wider environmental context is very important, and as a community we need to take much more responsibility for that both as organisations and as government. That's a sort of a general summary.

MR BANKS: Thank you, that was quite a comprehensive summary. The study itself will be available when?

MS AYRES-WEARNE: Yes, we're in the final - the data is being analysed currently and we're just getting the final data from community workers. We're hoping that the actual report will be finished at the beginning of February. That's sort of our final date for that. We have a working group, as I mentioned before, and we're anticipating that it will be an ongoing working group, that a strategy plan will be developed in cooperation with members of the group and we're hoping actually to have a wider consultation involving our local politicians, our own people.

MR BANKS: Okay. I was just going to go down some of the recommendations here.

MS AYRES-WEARNE: Sure.

MR BANKS: There was a couple of them that - I mean many of them are self-explanatory. We had a long discussion yesterday about local government and what possible role they could play.

MS AYRES-WEARNE: Sure, yes.

MR BANKS: I think that was very useful. So I wouldn't propose going over that again but - - -

MS AYRES-WEARNE: Sure.

MR BANKS: You call here, in these tentative recommendations, for re-examination of practices and regulations governing licences currently held by Tatts Tabcorp.

MS AYRES-WEARNE: Yes.

MR BANKS: In terms of allocation of movement of machines in and around local areas.

MS AYRES-WEARNE: Yes.

MR BANKS: Now, is that related to having more of a role for local government? What's the point - - -

MS AYRES-WEARNE: Well, I think that's actually a wider issue because I think in terms of the current situation, as I understand it, the Gaming Machine Control Act

sets out - clearly the cap is there, there are 27,500 machines. The three places, Tatts, Tabcorp and the casino are the major licensees for these machines. I haven't mentioned the casino because that's another whole issue, and because this was a local project I really wanted to concentrate on the local area. As I understand it, Tattersalls and Tabcorp have licences, they are given licences by the state government, and they're given particular divvying up of machines for which they are then responsible and they are then relocated all around Victoria, according to obviously people who apply, but also in terms that they are able to move those machines around based on profit levels and such.

I understand that that obviously has a considerable amount of state responsibility in regard to that, and that's why I believe it's very important that we look at both the legislation - but we also look in terms of the Victorian Casino Gaming Authority to re-examine the conditions, the regulations and the practices that govern the allocation of those machines, because what's happening - and I understand yesterday that there was a submission from Maribyrnong Council, and I actually haven't seen all of that submission, but I'm aware that part of the analysis has been a graph which highlights the placement of machines in terms of income levels, and it's very clear, very very clear, that there are large numbers of machines all around Victoria in significant areas where there are low-income people.

Now, of course low-income people are not the only people who use poker machines. I mean, that's very well-known, and an awful lot of people really enjoy going to the pokies and spend 10, 15, 20 dollars a week, and they can afford it and they do it instead of going to a film. My major concern and as an organisation our major concern is around the fact that people who are already very vulnerable, who have a right to go to the pokies - I'm not wanting to take away their individual personal rights and choices, but because there's wider issues that are operating it's very very difficult for these people to not engage in poker machine gambling to a level where they themselves and their children, their families, and then those associated with them, really really begin to suffer.

Obviously then people are choosing not to spend at local shops, so there's a whole lot of issues there, aren't there? But the state government has considerable legislative power in regard to these issues, the Gaming Machine Control Act and also the Environment and Planning Act. They're state government pieces of legislation, and any changes to that legislation is required to be made by the state government.

I'm sure also that I don't understand all the complexities around the licensing and the regulations, I don't claim to know all that, but I do know that the placement and movement of machines in low income areas is causing significant disadvantage. It is not only a small number of people who are afflicted by addiction. Wide areas of communities are really beginning to suffer and experience extreme deprivation of a very serious kind, and I think that calls us as a community but particularly as a state government who has that responsibility - we need to re-examine those issues. So it's in terms of numbers of machines generally, but it's also in terms of the licensing and those rules and regulations that govern the placement of machines.

MR BANKS: In other words, placement that simply reflects maximum usage or utilisation of the machines is not the criteria that you think it should be done - - -

MS AYRES-WEARNE: That's right. One of the problems of course, one of the other things that I understand Charles Livingstone's report highlights - but also it's been very widely documented in the newspapers - is that in areas where there is a large number of people on fairly high incomes it's well recognised that people don't want to go to poker machines venues. It's not what they do. They've got lots of other activities. And of course if you've got 27,500 machines that have to be located, there'd be an awful lot of areas that would protest enormously if they were going to be relocated into areas, and obviously if they're not going to be profitable - and, I mean, the licensees won't want to relocate them there.

Now, at that level I'm not being critical of the licensees at all. I'm saying the reality is they're in there for a business - that's why they did it - but I'm saying that the rules and regulations - that we need to be a lot more thoughtful. We should have been a lot more thoughtful as a community, and I see it as a community issue, not just a government issue. I believe it's a fundamental issue.

MR BANKS: I'm sure Robert has got questions to ask.

MR FITZGERALD: I just wanted to go back a bit, away from that a little, back to your taxation issue. You were saying you were going to make submissions to the Senate inquiry if and when that is appointed.

MS AYRES-WEARNE: Yes.

MR FITZGERALD: Do you have particular proposals or is really your only issue the concern about it? Do you actually have any concrete views about what should happen in that area?

MS AYRES-WEARNE: Yes. Well, there are two things, Robert. In terms of the just general taxation concerns, currently as we understand it the proposal is that the financial assistance grants currently given to state governments or that sort of float through - the GST will be given to replace all that. We believe there's a lot of uncertainty about specific purpose payments. Although the federal government have assured people that they will continue to exist, I personally have some reservations about whether they'll exist in the current form. My baseline - and I think my colleague has done some work on a policy paper regarding tax - my baseline is that if you start with your public interest principle, then your taxation revenue must be raised to ensure that all people in our community have access to services that they need, and I think that's a sort of a starting point. The way we do that is obviously a secondary stage.

Now, we've called for in our paper very clear protective mechanisms that ensure that if in fact the money is going to flow from the federal government to the state

government and then to the local government that there need to be very clear agreements between those levels of government to ensure adequate provision of quality services and health education and welfare, and other services such as roads, police and the law, to ensure the health of our community, because one of the most concerning issues that we have currently is in regard to the increasing reliance on user-pays, and one of the things that user-pays does is it discriminates against people who have very little capacity to actually pay anything extra.

One of the dangers I believe in the current proposal is unless we have very strong protective mechanisms in place there will be an increasing capacity for levels of the state government and the local government to actually change their level of service provision based on the amount of revenue they've got, and in fact one of the very significant changes recently in the state level was in terms of the Health Services Act, where there is now a capacity for the state government to charge for some health services that currently would have been free, and I believe that it's only a little opening, but I think there is an increasing trend to user-pays, and again I think that's just the wider social policy context.

In terms of the specific tax revenue issue, as I understand it, one of the very strong factors is state governments have come to rely on tax revenue, but I also believe that that's a priority issue. I think what governments choose to spend their resources on is the key issue, and one of the recommendations that we'd like to make in the Senate inquiry is we actually need to go back to a baseline of what is it that we're actually going to provide with the money? What are the most essential things everybody needs to have to ensure, if you like, the bottom-line health, safety and security-type issues.

In that sense, I would like to see that the tax inquiry - the Senate inquiry - actually looks at how a state government could reduce its reliance on tax revenue in the way that the wider GST revenue is actually divvied up. Now, clearly there are massive issues involved there, and I don't deny that it's complex, but I think it must be begun to be looked at because otherwise I can see that the increasing reliance on gaming venue will just continue to cause problems, and, you know, it's now 15 per cent and it looks like the actual expenditure on gaming from last year, and now it's going up and up all the time.

MR FITZGERALD: I've asked this question of a number of people at various stages. Do you believe that if the state government of Victoria was less reliant on gambling taxes, money was available from other taxing sources - do you believe that policies in relation to gambling would have been different in this state?

MS AYRES-WEARNE: That's an interesting question. I honestly don't know that, Robert. I would hope - well, my base philosophy is that governments promote public interest, and our role is to endeavour to keep promoting that. One can justify a whole lot of things in the name of the need for revenue. We continue to lobby and to discuss, debate, to work in partnership, and we are very committed to working in partnership. We really want to uphold that principle, and that's one of our concerns

regarding a managerialist-type approach to conducting government, that we so often become fairly separate. Government become the policy-makers and we become the providers.

In fact a very sad thing is that even if it's not intended it so often can begin to erode a public debate and public discussion, and people can be criticised and I guess sidelined in some ways for seeming to be promoting policies of another party or another position, or just being against government. I believe that is not the case. I believe that we all together in the end promote the public interest and therefore all people must be involved in that. So in the sense of gaming policy, I am personally very disturbed about the development of gaming in Victoria, and that goes wider than the electronic gaming machines. I think even if it's completely unintended there's an awful lot of associations which just begin to erode or potentially erode people's confidence in that commitment to public interest.

I believe that given what we now know about the impacts of poker machine gambling, one of the ways that all levels of government can show their goodwill and their preparedness to be responsible in terms of the way they fulfil government is to actually relook at, if you like, the wider costs of gambling. One of the points actually that Dr Goodman made which I thought was a very pertinent point is that so often when we look at the social and economic impacts of gambling, obviously we look at it personally and we look at the impact on community services and we look at it in terms of the cost to the lost work hours and suchlike that, but there are actually much wider costs.

One of the policy concerns that I would have in general in terms of the way the social and public policy flow is currently going is that often we're reacting and responding at one particular level, but that then has a whole lot of other, if you like, unintended consequences. What we need to do is see a wider framework, and I'll just give one example of that. If you have a look at the responses to the growing drug problem in Victoria, there's been a lot of money from the Community Support Fund put into Turning the Tide and projects such as that, and at that level, that emphasis on providing wider options, better treatment and such is good.

However, there have been a lot of other policy decisions in the area of education and income support and employment options that actually have really eroded that sense that young people have that there's a place for them, that there's hope, that all that really terrific - a lot of fantastic educational and training options where young people who are really struggling with school had a really good opportunity to make it, where there are a lot of extra support staff. Now, a lot of that has changed. There's still an awful lot of good things happening, but there's also been quite a lot of significant changes which has really impacted on that, and in that sense one particular policy strategy is actually not enough, and we need to see that wider context. We need to work together on that.

MR FITZGERALD: Just a final question: where should community awareness campaigns and what have you be conducted? Who should control them? How should

they be funded? Do you have a view of that in Victoria?

MS AYRES-WEARNE: Well, I think they're probably at a number of levels. One of the things that has really interested me about this particular project is that local community does care. It cares about its little local community, and it does care about the people in it. Now, the sad thing about the growing impact of poker machine gambling is that it's actually dividing the community in some ways. You know, it's actually bringing out a lot of prejudices that I think often in communities we work really hard to level. For example, a prejudice like, "All those people, they can't really afford to be in there anyway. Why are they there? They're just neglecting" - you know, that type of attitude, which is a very negative, very depressing-type attitude. However, it is understandable at some points.

I believe community awareness is about the local community taking responsibility, so I think it has to start there. I think it's also driven from a context but I think the more we can do to encourage community awareness at a local level in terms of your variety of local activities plus, I think, your local council - we're in an environment where we're increasingly getting bigger and bigger and bigger, and things are becoming less and less personal. Prior to the council amalgamations in the Mornington Peninsula Shire - the City of Mornington or Mornington Shire - there used to be Rosebud Shire and Hastings Shire, so there were three fairly small shires. People had a very close identification, particularly with Hastings where we have had most association.

Now it's become Mornington Peninsula Shire, it's very large. The shire is endeavouring to do a good job and endeavouring to build all those links but you've got a very diverse community there and a lot of those divisions and differences easily come out. I think the more we can actually do things at that local level and the more that the council can be involved - but I clearly believe that there needs to be a very strong commitment from the state government as well and I actually also think there are real connections to the federal government because what happens federally must be endorsed and supported. It needs a holistic-type approach.

People have talked, I know, already quite a lot about advertising and even better education, and I think a lot of people - if you look at the impacts of the transport campaigns and the drink-driving campaigns and those sorts of things, they're very powerful but they need to be ongoing. They need to be regular and they need to be changing, which has already been obviously found out and there are growing concerns now about what's happening with traffic, it's the same with HIV, but it's also about increasingly bringing back that more local responsibility. The closer you get to the people who are really involved, the better. I think that's a very important principle to endorse.

Not wanting to burden the schools either, but I think in terms of - and I think more resourcing would be required to do this but one of the very significant things and very significant concerns that is emerging from this study is that young people are very vulnerable and that already young people are - you know, able to go into a hotel

when you're 18 and therefore you can get into the pokies. I heard a story recently about young people gambling on the Internet. It's a different culture than the one I grew up in, and those sort of changes - so again it's that increasing community awareness at a whole lot of levels but it needs to be strategically done.

MR BANKS: Thank you very much for sharing that with us and we look forward to seeing the final report. We'll break now and we're resuming at 2 o'clock this afternoon.

(Luncheon adjournment)

MR BANKS: Our next participant today is the Women's Electoral Lobby, Victoria. Welcome to the hearings. Could I ask you please to give your name and your position.

MS COWLING: My name is Sally Cowling and I'm an executive member of Women's Electoral Lobby of Victoria.

MR BANKS: Thank you very much for coming to the hearings today and for providing a submission for us. We've read the submission but we'll give you the opportunity to highlight the key points that you want to make.

MS COWLING: I might start first of all just by making a couple of remarks. Although the focus of our submission is really on the impacts of gambling on women in Victoria, we feel that a lot of the findings and a lot of the evidence that we've presented really is applicable to women throughout Australia. Secondly, we have chosen to focus on the relationship with women and problems relating to electronic gaming machines.

We think there's sound evidence for that, although we recognise that women participate in a range of gambling activities, mainly because the introduction of electronic gaming machines has seen a significant increase in the number of women reporting gambling problems. Evidence from agencies providing support services is saying that of the women who are seeking help, in between 80 and 90 per cent of cases the problems are related to electronic gaming machines.

I guess in terms of why I'm here and how Women's Electoral Lobby came to write its submission to the inquiry is really for two reasons. The first one was seeing a report earlier in the year that came out of the Department of Social Work at the University of Melbourne that analysed the characteristics of people reporting to support services for problem gamblers. The report noted that prior to 1992 women were really just a blip in terms of people who were reporting gambling problems but by 1997 between 42 and 48 per cent of the people presenting with gambling problems were women.

Secondly, there was what I called the map, and this was something that I came across in one of the Victorian Casino and Gaming Authority reports. It was a map of Victoria that was looking at density of gaming machines. White areas had no gaming machines and dark areas had a high density. If you were to just shut your eyes and to think of the most socio-economically disadvantaged areas in Victoria, they - and I guess, to use the parlance of women's stockings - ranged from being really black to ebony and jet black. Women's Electoral Lobby was particularly concerned about the increasing incidence of women with problem gambling but particularly problems for women in disadvantaged communities.

For us, I guess, and for me in particular, the research has been somewhat of a journey. We haven't done any new research but what we have tried to do is draw together the limited amount of information that is available on women and gambling.

The two reports that we drew heavily on were one by Women's Health West and the other one from the Financial and Consumer Rights Council that looked at the sort of needs of women with gambling problems. We also used a lot of the VCGA material.

Our submission does contain a lot of information about the growth in expenditure on gaming, growth in number of machines, etcetera, but I know that that would have already been well outlined, so today I thought I'd just make some comments on why gambling is a women's issue, the need for support services and a change in the nature of support services for women with gambling problems, and also the failure of the Community Support fund to support projects that are of direct assistance and value to women in Victoria.

Why gambling is a women's issue is probably an appropriate place to start. I think it's important to point out that we don't know very much at all about women and gambling. There's definitely a big research gap and there needs some more to be done, but the research that has been done has indicated that there are significant gender differences in gaming behaviour. Women come to participate in gambling in different ways to men. They have different reasons for doing so. They are attracted to different forms of gambling. In particular there are very big differences, in United States and UK evidence, about how women make the transition from being social or occasional gamblers to problem gamblers. That really hasn't been looked at in Australia at all.

What the research has found is that women gamble because they're bored, because they're lonely and because they're socially isolated. A lot of the factors that drive male gambling behaviour, related to competitive instincts and the desire to win large amounts of money, really aren't a significant feature when we look at the reasons why women gamble. We need to understand those differences if we're going to be able to develop appropriate policy responses and look at service delivery, and we also need to be able to understand female gambling behaviour in a social context. I didn't receive this report in time to include it in the written submission but it is from Women's' Health West. What they are arguing is:

To focus on gambling is missing the point. We need to focus on those things that make gambling a problem: the social isolation and poverty experienced by many women. On the face of it gambling venues offer women the promise of safe public space where they can escape the stresses of the everyday world, entertain themselves and be with others.

They pointed out that this was a particularly acute need in the western suburbs, which was a focus of the report:

Because women have limited means to finance other social pursuits, their lives have been disproportionately affected by the ravages of poverty, unemployment and social isolation. Historically safe public space has been a scarce commodity in women's lives, a commodity which has been eroded by the decline of the neighbourhood as a source of social contact, and more recently due to cuts to

government-funded social and recreation programs.

A lot of evidence coming from focus groups, not only with women problem gamblers but with service providers, is arguing that really community and neighbourhood networks have been breaking down. A lot of the traditional services that were bringing women together, like community child care centres, health care centres, child and maternity services, were closing down, and so women were lacking places where they could meet, where they could have their kids cared for, where they could engage in group activities. In the absence of these services, what clubs and gambling were providing was just safe physical environments that offered the opportunity for social contact and were local.

What was interesting in the reports was that that really wasn't the way that the participation panned out. It turned out that gambling wasn't a particularly social activity at all and health practitioners were really concerned about the isolated nature of the behaviour and what that means in the long term for the ability of women to foster the skills which will allow them to develop meaningful social relationships with others. I gather from reading the Age this morning on yesterday's activity that a lot of speakers have already discussed how clubs are set up to seduce and be attractive, bright, friendly places for women.

MR BANKS: I don't think the word "seduced" was used yesterday.

MS COWLING: I remember one of the focus group transcripts that I was reading was from a woman in Sunshine and just talking about the contrast between the grey, impoverished environment and the plush red carpet you could sink your toes into, and things like that. There were obviously deliberate strategies by the clubs to create a women-friendly environment. I might be pre-empting the next speaker but a phone-in to the Financial and Consumer Rights Council found that a lot of women were actually quite critical of the way these were set up. This is just a quote from my written submission but they summarised this phone-in material by saying that:

The most significant comment made by women was that they wanted a reduction in the number, availability and accessibility of gaming machines. Other significant suggestions were the need for more community education campaigns, the provision of more support services and the need for those to be promoted, the need for alternative entertainment options to be created and that a range of improvements be made to venues.

They needed to have clocks, they needed to have natural light so that they weren't timeless. They didn't need to have automatic teller machines 5 feet away from wherever they'd positioned themselves in the club. They wanted staff to be trained to prompt people to leave and to recognise problem gaming behaviour. This isn't what WEL was saying that women need. This is what women who have problems with gambling are saying that they want from those venues.

I guess another significant gender difference is that more evidence actually from

overseas suggests that women don't actually create gambling debt to the same extent as men, but that doesn't mean that it's not a significant problem because women generally have lower incomes but also they're generally responsible for household expenditure. In a lot of cases, for women who aren't working, household expenditure comes out of the family allowance, for example, so that when money from that is disappearing to a gambling activity a lot of families are struggling in terms of reducing expenditure on basic and essential items like food and clothing. That is a great concern and it has created a lot of pressure on non-government agencies to really sort of pick up additional needs and to provide additional financial and emergency assistance.

I guess in terms of research there is just this definite need to be able to understand problem gambling in gender-specific terms and to take account of that social context. I think in terms of preventative strategies it is quite clear from the motivations for women's gambling behaviour how important it is to redevelop social infrastructure and to provide alternative and affordable and safe social outlets for women, especially in the fringes of Melbourne and in rural and regional Victoria.

Another area I would like to make some comments on are about support services. One thing that has been heartening about the community support funding in the past 18 months is we're now starting to see the development of a much more comprehensive strategy to providing support for people with gambling problems. For the first 3½ years of the fund's operation only .6 of 1 per cent of total expenditure actually went into funding gambling research and problem gambling strategies. So at least now we've got things like the G-Line telephone system, Break Even support systems and financial counselling and some spasmodic - and I stress that, spasmodic - community education programs.

What research from the Victorian Casino and Gaming Authority found was that people in the Victorian community are very poorly informed about how to access services. Only about 20 per cent were actually able to name a single service that provided assistance for problem gamblers. Included in this reasonably large sample survey were people with gambling problems. The research also interviewed agencies who were providing support services and they indicated a range of concerns, certainly about the level of resources and the need for specialist training and the lack of long-term support strategies. I think we need to pay a lot of attention to the need for long-term strategies because gambling is such a complex problem and you are not only addressing problems relating to individuals and families but financial difficulties, health difficulties and legal issues.

So I guess this study out of the University of Melbourne was saying that over half of the clients who were accessing support services were doing so on three or less occasions, and the idea that that is really sufficient to address a problem of that complexity is sort of quite disturbing and bewildering. Another thing that the agencies were pointing out was there really weren't systems set up to allow for cross-referrals between agencies for, say, groups that were providing psychological counselling to sort of cross-reference with groups that were providing financial and

legal assistance.

Another thing that the financial and consumer rights group did was a telephone survey that looked at women's experience of accessing support services, and the most significant comment to come out of that was women needed access to female counsellors and female-only support groups. The reasons for that - well, one was to do with the fact that they've got different gambling behaviour so the issues being dealt with weren't necessarily relevant to their experience. But the most important one was about the sensitivity of the issues that women were bringing to gaming counselling services, so a lot of those involved issues about relationship difficulties, domestic violence, childhood sexual, emotional and physical abuse. So women weren't comfortable discussing those issues in mixed groups. Women's health service workers pointed out that in counselling - this is a quote:

We seldom spend more than one session on gambling. The rest of the time is spent addressing the underlying issues that lead women to gambling in the first place: their sadness and pain, their poor relationships, their poverty and their isolation.

Another important gap for women in terms of provision of services was lack of services for women who were living with problem gamblers and for their families. There was also a need to address barriers to be able to access services, including charges, inflexible appointment times - which meant that counselling was often sought privately and wasn't compatible with family and work responsibilities. Another issue or barrier that was pointed out was fear of losing custody of children and cultural barriers to seeking help.

I think because I was really new to this area of gambling research when I started this project for WEL, the most harrowing - and I found most of it quite disturbing - that the most harrowing issue of all was about the impact of gambling on women from ethnic groups. This was different because rather than looking at women as problem gamblers it was looking at particularly the impact of men gambling at the casino on their families. Most disturbing of all - and this came actually from the people inquiring into gambling and submissions that were made by social workers in the Chinese and Vietnamese communities - is that they weren't actually discovering this problem by people coming forward and saying, you know, "We need help." They were discovering it largely because Chinese and Vietnamese women were seeking their help to fill out applications for the sole parent pension because the only way that they could provide for their families was to separate from their husbands so that they had a flow of government benefits that would allow them access to some money.

It is such a difficult problem, and we really haven't addressed it at all in terms of research because we haven't looked at cultural differences and the deep culture of shame that prevents people from going forward and seeking help because of the involvement of the family name and of the family reputation. In addition, of course, a lot of women didn't have access to any family support, had poor English and there was a distinct lack of entertainment options that didn't require proficiency in English

in order to participate. I did notice when I was looking at CSF funding lists last night that there is a project now that has been funded to look at different models of making gambling and financial counselling more accessible to people of non-English speaking backgrounds. That is a positive. I mean there's assured funding for any of those strategies to be implemented, so that is obviously important follow-up.

Finally, I would just like to talk a little bit about the Community Support Fund, which obviously comprises about 1 per cent of hotel turnover. Women's Electoral Lobby really couldn't come up with any reasons as to why casinos and licensed clubs shouldn't be contributing similar amounts to the fund. When we had a look at the projects - and there have been \$300,000,000 worth of projects approved between 92-93 and June 1997. I think it's important, first of all, to recognise that there have been some really important community services, things like support for problem gambling; a sort of renewed research effort; support for disadvantaged and homeless young people; and support for drug education and rehabilitation.

So those things that have come out of the Community Support Fund we regard as important, although some agencies are really saying that they're not new things. It was just a matter of replacing funding from consolidated revenue that has been taken away. We do have concerns, however, about provisions under the Gaming Machine Control Act and the amount of discretion that provides to the premier and cabinet in order to select which projects are going to be funded and where they're going to be funded.

Research is a key legislative priority but it really hasn't been accorded that primary treatment, so the gaming minister can actually decide how much money is going to go towards research on gambling problems. 70 per cent of the money that remains after that decision goes to sport and recreation clubs, community support counselling services, youth affairs and drug education and the remainder to the promotion of tourism and the arts. We think it's terribly important to remember that low income groups are making a disproportionate contribution to the Community Support Fund and to think about what the words "community support" mean.

We found examples in the funding lists - that we found quite frankly obscene and I'd like to give some examples of those. \$55.5 million out of the Community Support Fund went to construct and fit out the Melbourne Aquatic Centre. This was more than the total level of expenditure on statewide community services from the Community Support Fund. \$1.5 million went to supplement prize money in the Ford Australia Tennis Open; \$1.5 million in 1998 is going to merely bid for the rights to host the America's Cup challenge and I might add this is after \$1.5 million was given to John Bertrand's failed campaign in 1994. The campaign failed because the boat sank. \$3.5 million has gone as a subsidy to the Victorian State Opera and \$1.5 million to the Melbourne Symphony Orchestra Opera development program.

Now, we're not trying to be philistines in imposing these types of things; we don't have a definite stance against funding for the arts. We regard it as important and a judgment for the electorate but we don't think it's an appropriate way to spend

money out of the Community Support Fund because we're talking about gambling and we want a safe bet. I think it is very safe to bet but the people who are putting the most money into the Community Support Fund aren't subscribing to the Victorian Opera, aren't coming into metropolitan Melbourne to swim at the Melbourne Sports and Aquatic Centre and there is just a real concern about the bulk of funding going to major events and to major events that are in metropolitan Melbourne and that are expensive to attend.

There is some import support for regional community projects in terms of the Rural Community Development Fund and funding for community support facilities, some great stuff like community rooms in Mildura and community art centres in Footscray and Frankston. We're very supportive of those. But still the bulk of regionally specific programs that are funded are tourist developments, and they are effectively commercial operations. One of the problems with the Community Support Fund is the lack of any sort of transparent and objective criteria for assessing the value of the projects and to assess whether any benefits from these tourism operations are going to flow through the community. Are any jobs going to be created? Who is going to have greatest access to the profits?

So from the perspective of women we think there are a hell of a lot of wonderful things that could come from the Community Support Fund but we don't want the money going into Steffi Graf and Martina Hingis when they play tennis. We want tennis courts and basketball courts and netball courts out in the suburbs. We want funding for coaches. We want only sort of nominal fees so people, regardless of their financial circumstances, can participate in sporting activity. We don't want funding for the opera but we'd love to see some women's theatre groups and community arts projects because those sorts of things are not only important in terms of what they give to the people to participate but also for the community spirit that they engender. We don't want a million bucks going to the Rialto Sky Show but we'd love to see the restoration of operational subsidies to community child care.

The thing which - disturbed is probably an appropriate word - was that when I looked down and I've looked through all of the community support-funded projects from 1992 to 1997 there was not a single project that was specifically for women. There was no research activity that looked at women and problem gambling. There was no provision of support services specifically for women or for women from ethnic backgrounds. There were no women's art groups, there were no women's community centres and, of course, we acknowledge that a lot of the general projects are going to have benefits for women but women, as we've pointed out, also have particular needs.

From the Community Support Fund there just wasn't funding that on a day-to-day basis was going to build and rebuild the social and community infrastructure that is going to be an important preventative strategy in terms of helping women to avoid gambling problems. I think that a lot of what I learnt about the Community Support Fund really did raise issues about governance because as it stands, and the way that the program is set up, the community just doesn't have a role to provide input into what type of programs they need and where funding should go.

The VCGA material pointed out that people really - and I mean I was exactly like this 4 weeks ago - have no idea where Community Support Fund money goes. Only 13 per cent could identify a single project and only 6 per cent of the people surveyed thought that they were getting any sort of individual benefit. That could be due to lack of advertising. My flatmate thought a good idea was to get all of these America's Cup yachts - you know like out on Port Phillip Bay - you know, "brought to you by Community Support Fund, Victoria" on the sails. So it is important for people to know where their money is going but I think what that evidence suggests is that people don't have any input into where money is going and how Community Support Funds are being spent and we're quite impressed with the report from the Victorian auditor-general in 1996 which was on the Community Support Fund. He recommended a board of management type structure that had a broad representation of community interests and particularly community representatives from those geographical areas that were contributing the most to the fund.

In terms of governance, we're also deeply concerned about the conflict of interest in terms of the state government's role in gambling. There's a conflict of interest between their willing provision of commercial and what I would regard as moral support for gambling, and its responsibility to be able to regulate the industry and to protect members of its community from harm and from the social costs that are associated with gambling behaviour.

As my day job I work as a research fellow at the Melbourne Institute on the taxation reform package, so I'm reasonably familiar - I work on a day-to-day basis with government budget information and tax data, and when I was doing this research project I set out with a grand plan that I'd be able to, in a couple of days, come up with some sort of assessment of the actual cost to state finances of gambling, and it is just so difficult to do. While it is easy to get information about tax revenue from gambling taxes, it is very very difficult to try and assess the lost revenue from the concessional treatment provided to the casino in particular, to the cost to the community of things like construction and development and regulation and provision of support services, and the government's role in things like advertising and community education to some extent.

We think it's a really important role for the commission to let people in the community know what gambling costs. It's so hard to cost it in a social sense, but it is incredibly difficult to just cost it in a financial sense, and to be able to get some sense to which the tax burden is shifting from the rich to the poor and the extent to which it is shifting from businesses to consumers. Because of this conflict of interest WEL supports a shift to national regulation and a national policy framework for the gambling industry, and we hope that if that national response can be developed, that there is a huge chapter on women in gambling that looks at the needs for research, the need for gender and culture-specific support services, and the ways in which we can start rebuilding our communities and social infrastructure so women aren't drawn to gambling merely out of boredom and social isolation.

MR FITZGERALD: Thank you very much.

MR BANKS: Thank you. You've raised a swag of issues there, some of which as you say have been raised, but others giving a perspective from women's point of view haven't been raised quite in that way. I take it that you're suggesting that, for example, support services for women in gambling, counselling and so on aren't adequate at the moment, or that they're more adequate for men. What we've heard when we've talked to some of these counselling services is that they're concerned that not enough men are coming forward, and they see women self-selecting more than men; in other words, women are more prepared to come and talk about their problems than the average Aussie male.

MS COWLING: Yes, that's right.

MR BANKS: Who has it bottled up inside him, or whatever, until things just get impossible. Could you just comment on that. Allied to that I suppose is the fact that, as we're going around, the impression is that most counsellors are women in fact in the existing services. That may be wrong, but that's my impression. So whether you're recommending that there be dedicated all-women facilities or whether the existing arrangements may be satisfactory provided there was a mechanism to make sure that a woman was talking to a woman if she wanted that.

MS COWLING: The evidence certainly supported the idea that women are more forthcoming in terms of seeking help for services, but at the time there were big issues about knowledge of services and how they were accessed.

MR BANKS: Specific to women, though?

MS COWLING: Yes, specifically for women.

MR BANKS: So that men would have more knowledge about - - -

MS COWLING: They were talking about the cross-group, as people in general not having knowledge of services. A specific difficulty was really the absence of any female-only self-help and support groups that are led by trained facilitators. There was access to female counsellors. The majority of people providing counselling services, one on one, were women, but a lot of the groups like Gamblers Anonymous and the Break Even Service, all of those support groups tend to be mixed gender unless you're in an area where there aren't any males coming forward and the group by a matter of accident tends to consist of women.

There was just such stress placed by women participating in focus groups and from people providing services about being able to address those underlying issues about domestic violence problems in their relationships, and that those things, if you had mixed groups, women weren't comfortable discussing. To some extent - and this is more from some work I read about gambling in the United States where I guess the research body is a lot more developed - in terms of the research that we do, we still

haven't moved away from a traditional mode of thinking about who is a gambler and the idea that it's still a male pub thing, that it's still TAB and horseracing, that it's still competitive and that money is still the key driver.

So in terms of that type of research information informing how we set up counselling services and counselling services for women, a lot of it doesn't seem to be based on a particularly sound and robust research base, especially in Australia. We need to have a much greater understanding of why women are ending up there in the first place, how they make transitions from irregular gambling to problem gambling, so that the strategies and the counselling services we put in place really are appropriate and effective.

MR FITZGERALD: Can I take up that point. You made the comment that you believe that (1) we didn't understand, and the second thing, that there was a difference in the way in which women move from what you called social occasion gambling to problem gambling. Can you elaborate a little bit further on what you think the differences may be in that, or is it simply that we just don't know at this stage, and that's the gap.

MS COWLING: I think the primary response is that we really don't know. I think this came out of the University of Western Sydney work; an important thing to consider was the way that women went into gambling as a social activity and a way of making friends and how quickly that activity actually became anti-social, and that for women who had poorly developed social skills, the thing that clubs offered was the opportunity that you could go there, hoping that you'd make friends, hoping you could engage in conversation, but if you weren't able to do that because of poor confidence or because of the environment, then the machine was something that you could always turn to. So rather than walking into a discussion group or a reading group or a patchwork class where you had to make some sort of contract, the thing about gaming venues was that you always had a machine to which you could turn.

With the Queen of Hearts survey, part of their work was actually going into venues and observing the way that women gambled and behaved and discovering that there really was very little interaction between women, and that in other forms of community support activities there just weren't places where women who lacked confidence and self-esteem could gradually develop those social skills.

MR BANKS: If I can take that a step further. What we've heard the clubs in particular say to us, however, is that the gaming machines are just one of the amenities that they offer. In particular there are dining facilities and they have visiting artists performing and a whole range of things, so that it's still a more diverse club life. Wouldn't that still provide an opportunity for women to engage in those other aspects of club life?

MS COWLING: Once again this is reflecting on research rather than personal knowledge, but there are some differences with that in Victoria versus, say, New South Wales, where poker machines are predominantly in licensed clubs whose profits

have been channelled into their members and who provide other facilities. The evidence is suggesting - this is once again Victorian Casino and Gambling Authority thing - that because machines are more profitable than a lot of other services that clubs are providing, they're increasingly taking over space, and their study of the effects of gambling in rural communities and regional and non-metropolitan areas, a lot of their focus group work, women were lamenting the loss of dances and live bands and karaoke nights and opportunities to engage in social contact in those ways.

The other thing that I think is important to make differentiations about is what is the motive for providing dining facilities? That seems to have a fairly prominent role in providing incentives for people to stay there - "If you put so much money in or you buy so many chips, you get free meals" - and it's a way of keeping the people putting dollars in the coin slots. So I think it's important to at least question that. I'm not suggesting any sort of conspiracy theory, but I think it's important to suggest whether the role of additional facilities is really providing additional services for women to get to know each other or whether it's a way to keep them playing the machines.

MR FITZGERALD: In relation to the EGMs particularly, the evidence seems to be that the rise of women as problem gamblers is very much linked to that, rather than any other aspect. In relation to that, is the research showing us why the EGM itself is so attractive? Is it the venue itself? Perhaps the research is out on this. The environment as you've indicated - the safe environment - and all those sorts of things, and the inducements that are provided, was there something fundamental about the machines themselves that have created a new environment? Some people would say it's really the venues that are creating this shift, but if that was so one could still say, "Well, yes, but that doesn't account for why the EGMs themselves are actually so attractive."

MS COWLING: I did a bit of reading just in the research process, I guess looking at the history of women and gambling, and the thing about EGMs that really was different was it was a facility that for women really provided the first opportunity for continuous gaming behaviour. So prior to EGMs women's gambling activity was concentrated on lotteries and bingo, and they were discrete events, and to participate in any other forms where day trips into Melbourne, if there had been a casino - that you would have a day outing to do that. There were also indications that the opportunities for continuous gaming that existed for men, which were primarily TAB, betting on horses and footy betting and the trots and so on, weren't particularly attractive to women, once again because of the environment of the TAB; that it was seen as a masculine environment that wasn't friendly to women.

Similarly with pub environments where that competitive emphasis on winning money was taking place. So EGMs as an instrument are something new in terms of now being in local areas, for one, and secondly, for just having that sort of continuing - you can obviously get into trouble playing bingo, but if a person is going to stop calling the numbers, well, you have to go home and there's not 24-hour access.

MR BANKS: Whether I'm repeating Robert's question I'm not sure, but some might

say, "Well, that revealed a pent-up demand from women who wanted to gamble but had no convenient or appropriate outlet for it in which they would feel comfortable doing it, and all that's happened now is they now have an ability to realise that demand that's been suppressed for so long."

MS COWLING: But at the same time, the studies that have been done that are asking women, "Why do you gamble?" they're saying they're bored, they're lonely and they're isolated. It's not because there's a want of machines. There's just nothing else to do.

MR FITZGERALD: The dilemma with that is, isn't it, that in some states we've heard that the increased gambling activities by clubs and pubs, but particularly clubs I suppose, now enables them to afford to the local communities greater and better facilities, and all those, and again I acknowledge that in Victoria it's different, say, from New South Wales. There is also I suppose another concern, and that is that governments can now not bother with all the other community activities and facilities because they say, "Well, the clubs are providing that." Your response to that seems to be to say - as the money then goes back into the local communities to provide that social and community infrastructure support, and you've indicated that the Community Support Fund fails to do that.

I'm trying to get an understanding of the chicken and the egg, I suppose, in this case. How do we actually get more and more community facilities for people and at the same time the only way the governments are saying we can fund that is through gambling, how do we get this balance?

MS COWLING: I think I'm not opposed in principle to the idea of a Community Support Fund and for gaming turnover to be able to provide those facilities. What I have concerns about is the way that that process is structured at the moment, so I think really we've got the state as an overseer, and gambling taxes in the current year in Victoria have raised \$1.3 billion so there is incentive for them to keep generating revenue. But if we could structure the Community Support Fund in such a way that we were talking about community and support and we were allowing communities to have a role in identifying what those terms mean and what their needs are, then I think that it is an appropriate way to fund community services but the big problem is that it's really about the incentives for the state to encourage gaming behaviour in order to raise revenue.

One thing I find, and I suppose this is more a tax issue than anything else and probably comes just more from working on a tax project in the last couple of years, is that there are difficulties in the way that we look at things like gambling taxes and tobacco taxes and the way that government argues about it, because they can say, "Well, these are what they might call bad economic goods, and so all we're really doing is making it a user pays type of system. So the people who smoke and the people who gamble should be providing money that can go into provision of sport support services or hospital beds."

For example, one of the reasons that the Melbourne Institute thinks that the Commonwealth estimate of the price impact of the GST is too low is because they exclude the impact of tobacco price rises, because they regard that as an inappropriate measure on which to base compensation. But the fact is that low income people spend more on smokes and they spend more on gambling than high income earners, and it is still a cost to their living, it still affects what is left over to spend on food and basic items. We're talking about addictive products.

I think there is a need for states to say - it's not as simple as say a car and environmental taxation issue where you can say, "Well, public transport is available. It's cheaper than running a motor vehicle, so if you insist on running a motor vehicle you need to make a contribution." But we're talking about an addictive behaviour and I think it's quite harsh to talk about - to not dismiss the idea of individual responsibility. If support services are inadequate and people don't know that they exist, if there are barriers to their ability to access such services, then I think it's a pretty harsh call to say, "Gambling revenue can grow onwards and upwards because people who do it should pay for the cost."

MR FITZGERALD: Just on that point, does WEL have a particular view about the way in which state-Commonwealth taxes, as it relates to the gambling taxes, should be rearranged?

MS COWLING: I'm not sure if WEL has a view, because it's not an issue that we've discussed. I think from a personal perspective one of the things that is going to be really important in the current tax debate - particularly if the Senate inquiry and negotiations that go on change the amount of revenue that's available from the GST that will go to the states, if that's going to be lower then the states are going to have greater incentive to raise gambling taxes in the future. We really need, in this country, to do something about looking at the adequacy of Commonwealth-state financial relations. States do have enormous funding responsibilities in terms of provision of education and health and essential services, so it's important that they're receiving funding which enables them to support that. If they don't, the pressure to raise revenue through fairly socially damaging means becomes more intense.

MR BANKS: Another dimension to tax is that it's often said that for activities that are, in some senses undesirable, you tax them to suppress those activities. Would you comment on that in relation to gambling - in other words that taxing these bad goods will reduce their extent?

MS COWLING: I think the research we have done in terms of women, it really hasn't been a cost issue. Once again, it's due to the absence of community services and social infrastructure. I don't think it's really possible for the Victorian government, given the nature of their budget changes certainly since I've been living here in the last 2 years, to argue that the gambling tax revenue that just goes into consolidated revenue is really making its way back to communities because support out of consolidated revenue for community-based services has just been cut, and cut quite deeply.

There needs to be obviously some sort of attitudinal change from the government's point of view about what matters, but that's why I do think that having some form of hypothecated revenue is important and community support fund is a way of sort of guaranteeing that at least, if we can get the projects right, and if we can have community input into what is needed and if it can go to the areas that are making a disproportionate contribution to that fund, then it's potentially a good idea to deal with the problem.

I think in some ways I may be more distressed about the idea of closing down the idea of the Community Support Fund and trusting, as it were, government to be providing those types of facilities, because I guess the philosophical approach seems quite individualistic and I don't think there is recognition of the importance of communities within Victoria.

MR FITZGERALD: Yesterday we heard from three councils and the Local Governance Association, I think it's called, where the local communities themselves get - to use the word - an hypothecated amount back into their actual communities. save for the local governments to decide or determine the way it would be spent. Would you be favourable to that?

MS COWLING: Yes, I think the distributional issues are very important. In terms of even things like an aggregate, or we have a ceiling at an aggregate level of 27,500 poker machines - I am in favour of having feelings, but I think it would be a better system than if we had feelings in terms of local government areas and density poker machines. I do think that it is probably quite a good way to distribute revenue so we make sure the local government areas that are contributing the most have greater access to providing facilities. But once again, whether it is at state or local government, we need to have community input and so even though I think local councils would probably have a better idea of their community needs than the state government probably does, you still need to have community representation on deciding how funds are spent locally.

MR FITZGERALD: I just wanted to ask a question about community awareness campaigns and what have you. There have been a lot of comments around Australia about the lack of community awareness campaigns or the spasmodic nature of them and certainly the very poor amount of money that is spent on them. In terms of women, are there specific considerations that need to be given in relation to the conducting of community awareness campaigns? If so, could you just comment on what they might be? The second issue is that I was intrigued by your comments that in relation to women from particular ethnic backgrounds, they were only emerging through the indirect route of actually having to apply for sole parent pensions and benefits and what have you. If that's the case, how does one create an environment in which women in those communities become aware of services, limited though they may be?

MS COWLING: In answer to the second question I really don't know and I don't

have the expertise, although I know that some ethnic communities have had some success using SBS radio and community radio that are offering programs in non-English speaking things, just to publicise the availability and also it was more successful if there was an enormous stress on confidentiality of those services. For women in particular I think there seems to be - just from my reading, and this is just a general impression rather than anything that could be regarded as rigorous evidence, but once again the local approach to community education is terribly important, so women are readers of local newspapers and things like that. There is also a need, I think, increasingly - and I know the speaker before lunch was pointing this out - about young people becoming involved in gaming activity, including young women. Some of the good Community Support Fund projects about drug education and drug rehabilitation are really oriented towards younger age groups, so why not put information in those types of projects about gambling and potential costs of gambling and harm minimisation and how you can help your friends?

Once again, it is difficult to get information out in communities where there aren't places that people are meeting and gathering, although I know that one of the points that was raised about the nature of gambling venues by women was the fact that there needed to be almost like warning posters, and provision of community education in the venues themselves. The surveys of the venues showed that about a third of them did have posters up that were just cautioning in quite a mild way about continuing behaviour and dangers related to problem gambling, but in most cases those posters were not readily in view. But the venues themselves are also important places which have information about where you can get help, because that's what we don't know.

MR FITZGERALD: In terms of data collection in relation to domestic violence and what have you, are we now starting to capture data in relation to domestic violence that shows gambling as a contributing factor, or is that still not the case in the Victoria?

MS COWLING: Only to a mild extent, where we're more looking at women who are living with partners who have gambling problems and problems on the part of males in terms of taking that out in violent actions towards women. There is some sort of small databank on that type of thing. In terms of the way that the gambling behaviour induces violent activity in women themselves, I'm not aware of any data that's available at the present time.

MR FITZGERALD: The other thing which you may or may not have a view about is that one of the submissions we received, I think interstate, was the need for the supporting spouse or partner - predominantly the woman - to be able to have greater access to freeze funds and assets of their gambling partner. I notice there's nothing in your report about that. Have you given any consideration to those sorts of legal - - -

MS COWLING: No, we didn't really. We didn't really have the legal expertise to do that.

MR FITZGERALD: No, that's fine.

MR BANKS: Thank you very much, Ms Cowling.

MR FITZGERALD: Yes, thank you.

MS COWLING: Thank you.

MR BANKS: We'll just break for a moment.

MR BANKS: We'll get started again. Our next participant this afternoon is Leigh Barrett. Welcome to the hearings. Can I ask you, please, just to make clear who you're representing today? We've got two submissions here and I think you're doing double duty?

MR BARRETT: That's right. Initially I'm here representing the Financial and Consumer Rights Council of Victoria which is a peak body representing not only financial counsellors but also consumer-support workers and other interested community groups around Victoria. Secondly, I'm also representing Broadmeadows Care which is a Uniting Church welfare agency out in the outer northern parts of Melbourne.

MR BANKS: All right, thank you very much for that. They're both relatively brief submissions. We've had an opportunity to read them and have some questions but perhaps you might like to raise some key points that you think we need to hear.

MR BARRETT: All right. The initial reason for the submission to the commission today from the Financial and Consumer Rights Council was to simply point out that the network of financial counsellors across the state in Victoria and also interstate around Australia, I believe provides a very good mechanism for the collection of statistical data and also anecdotal information about the prevalence not only of problem gambling, but also the extent of the social and economic effects of gambling on the wider community. The financial counselling network of Victoria which is part of FCR consists of some 95 financial counsellors across the state, both state and federally funded. So it provides a very good network to gather information.

Financial counsellors have responsibilities at three levels; one is dealing with individuals who are experiencing either money management or debt management problems. At a secondary level, financial counsellors deal with small groups in providing information to those groups about money management strategies and debt management strategies. But at a macro level or at a third level, a wider level, financial counsellors I believe have a responsibility to collect and collate information at a far wider level to inform government, industry and, in fact, the community about trends that affect their client group financially.

Just as a little bit of background, the Financial and Consumer Rights Council, formerly CAFCA or the Consumer Advocates and Financial Counsellors Association, has been involved understandably in the gambling debate for a number of years. Given that for so many of the people we see where gambling is a significant factor in their inability to cope financially, so many of those individuals and families see the initial problem as a financial problem, not as a gambling issue. The same could be said of individuals who we see who have perhaps substance abuse issues or domestic violence issues and suchlike, that they initially see if the rent or mortgage can't be paid or the gas or electricity is about to be cut off, that it's essentially a financial problem that they need advocacy to overcome.

MR BANKS: Do you keep any kind of systematic information on the proportion of the people coming to you who actually have an underlying gambling problem?

MR BARRETT: That has been more recently included in Department of Human Services statistics, although the proportion of clients who actually volunteer information about gambling activity being a significant contributing factor varies substantially, not only from group to group and area to area, and in fact gender to gender, but also it varies according to the amount of community education that's happening around the effects of gambling. As I said in the submission, and I think it's important to raise here today, when clients are exposed or when the community is exposed to community education campaigns, the response to organisations such as G-line and Break Even and similarly to financial counsellors, the volunteering of information of gambling as being a significant factor is higher than when such community education campaigns don't exist.

Here, I'm going on information provided to myself and other financial counsellors from clients who have said that they believe when community education campaigns are happening they see the issue as far more a structural issue than an individual illness issue. If they identify the issue as a structural issue, they are far more willing to volunteer that as a contributing factor.

MR BANKS: Okay, good.

MR BARRETT: So the Financial and Consumer Rights Council has necessarily then been involved in the debate around gambling and responsible gambling in Victoria for a number of years. However, it has only been since 1994 that financial counsellors around the state have experienced almost an exponential increase in the number of people presenting where gambling was cited as a significant factor. In 1994 the Financial and Consumer Rights Council was invited to participate in some committees that now don't exist. One is the Victorian Casino and Gaming Authority Community Liaison Committee - I would need to check that name. The other one is the Ministerial Advisory Committee to the minister for gaming who was then Haddon Storey.

Now, neither of those committees have been reconvened since the last election, last state election, and I believe that although FCR continues its membership of a very important reference group, the Department of Human Services Problem Gambling Reference Group, that I think does a lot of good work, unfortunately that only concentrates on what the industry and government would agree is a small proportion of people who gamble, and does not examine the wider social and economic impacts of gambling across the state or in fact nationally. So FCR would really urge, and has sought previously without success, for the Ministerial Advisory Committee and the VCGA advisory group to be reconvened to look at those wider issues.

I won't elucidate too much the Queen of Hearts information because I think that there have been a number here already who have discussed that, and I think Sally Cowling discussed the findings of the Queen of Hearts really well. What I would

rather do is to concentrate on one section, particularly of the recommendations that came out of that research, and that is around financial institutions reviewing their lending practices to increase staff awareness and sensitivity to gambling-related issues. Associated with that, and certainly at a federal level, we would urge a review of bankruptcy legislation with regard to the illegality at the present time of people bankrupting where gambling is a significant contributing factor, and certainly comparing that to any other activity, for example substance abuse, where that may in fact be a major contributing factor. That is not viewed the same legally, nor does it have the same sanctions as bankruptcy around problem gambling issues.

MR FITZGERALD: Can I just ask a question there?

MR BARRETT: Yes.

MR FITZGERALD: On point 7 of the Queen of Hearts recommendations, which is the one you've just referred to, you say, "The financial institutions review their lending practices with a view to increasing staff awareness" - and so on. Just explain to me, practically what that might entail, what are we trying to get at at this point? Just identify for me the financial institutions you're talking about generally there.

MR BARRETT: Well, the financial institutions can be either the high interest end of the market, those organisations that ostensibly initially provide periods of interest-free credit for goods through stores and subsequently offer ongoing lines of credit to individuals, who very often have no asset base, at high interest rates, right down through the more formal lending institutions, the banks, etcetera. Here I can cite a very recent example of a young client who accessed in excess of \$35,000 worth of credit on credit cards, some six credit cards, and had no asset base whatsoever to support that line of credit. The other side of the provision of credit is, I suppose, the location of automatic teller machines not necessarily at venues but certainly extremely close to venues.

Certainly the banking industry would argue that ATMs are not located within gaming areas, and that would be true. However, the location of ATMs very close to gaming rooms within venues or just outside of venues is very common. I've had advice that it would be possible at those particular venues for the ATMs to allow only the accessing of savings and not the accessing of credit. That may be a very positive way to go to prevent the accessing of credit for gambling purposes. But that, I believe, is a major issue. I'm just seeing if there's anything else I really need to refer to that is not actually included in the submission.

What I would like to do now I suppose is, to discuss more the work that is being done, or the questions that are being raised, by the work that is being done by two welfare agencies in the outer northern metropolitan areas of Melbourne on the non-English speaking background communities.

MR FITZGERALD: Just before you do that, can you clarify something for me?

MR BARRETT: Yes.

MR FITZGERALD: The FCRC, in your submission, maintains or sort of undertakes a training program for various types of counsellors. Is that training specifically in relation to financial difficulties arising from problem gambling or does it go beyond the financial issues? What is the nature of this training that you undertake?

MR BARRETT: Okay, it's training that is for financial counsellors, problem gambling counsellors and community education and gaming facility liaison officers and it covers not only the financial impacts of problem gambling, but also covers issues like reasons for people's gambling activity: therapeutic models of intervention with regard to dealing with problem gambling, counselling, etcetera.

MR FITZGERALD: The reason I raise that is specifically in relation to that last point. This morning we had a presentation from the Compulsive Gambling Society of New Zealand and others, who very strongly indicated they believed that in Australia our approach in terms of treatment and counsellors was inappropriate because they believed we were moving away from a health model to treating the problem as more of a social condition, and they were critical of the starting point being financial counsellors and others rather than qualified health workers, whatever that level might be. I was wondering whether you might comment, given that you actually undertake the training, whether or not the current level of skills, training and competencies of counsellors is sufficient to actually deal with those closet gamblers, pathological gamblers, one, and the second thing is are we adequately referring people to health treatment or health therapeutic models of care?

MR BARRETT: Certainly I believe the skills of problem gambling counsellors are adequate to address the issues of problem gambling I suppose where the definition or the basis of problem gambling is more of a structural societal one. Certainly that's a view that I support and that it's less of a health issue and more of a structural societal issue that may cause people to seek either coping mechanisms in the form of gambling or in fact seek simply to change their financial position, to get some luck, as the ads would have us believe, to alleviate, as was mentioned earlier, things like boredom and loneliness, or in fact, as somebody said to me last week, the seeking of solitude that she in fact got from going to a gaming venue because she felt that there she felt nice and alone. Even though the room was full, she felt nice and alone, and it didn't have the pressure that she felt at home.

So with none of those do I associate a medical model of compulsive gambling. Mind you, yes, there may be, and there's evidence that certainly comes out of the US and is supported by groups such as the New Zealand one that there may be a medical basis to compulsive gambling. However, from what we have experienced here, it's more a societal or structural problem that can be adequately addressed by the current level of training, providing that training is ongoing.

MR FITZGERALD: All right. We'll explore that further.

MR BANKS: Although would it be true to say that the effectiveness of problem gambling services remains a bit unknown at this stage, if there haven't been many follow-up studies or effectiveness studies?

MR BARRETT: That would be accurate, yes.

MR BANKS: Would you see that as an area perhaps of some priority even for allocation of funding and research?

MR BARRETT: Yes, and particularly where the wider community is taken into consideration, and by the wider community I mean different ethnic groups, because certainly from our experience, although there would be services, particularly Break Even services, who would argue that they are being accessed by a wider ethnic diversity, I believe that many are not. There are some, and I cite Break Even Western, which is in the metropolitan western Melbourne area, that actually do offer a very good service to the wider multicultural community, and I think that a lot more work needs to be done in that area.

MR BANKS: Good. Thank you. Did you want to say something now about this second submission?

MR BARRETT: Yes. Broadmeadows Care, in conjunction with Kildonan Child and Family Services, which are both two Uniting Church welfare agencies in the outer northern area of Melbourne, received funding at the end of last year to commence work to provide community education around financial counselling and problem gambling issues with non-English-speaking background multicultural groups in that outer northern region. Our two organisations were the first to receive funding from the Community Support Fund via the Department of Human Services to provide these services, and what has happened with the work that we've done so far is that it has raised certainly far more questions than answers. However, prior to our commencement of work with these communities, we didn't know the questions.

Historically both Broadmeadows Care and Kildonan had been accessed by multicultural communities that lived in that area for basic financial counselling services and for emergency relief. However, very little was known about certainly the communities that live in those areas, namely the Arabic-speaking community, the Turkish-speaking community, the Macedonian community. Very little was known about their involvement in gambling activities, and what quickly became apparent was that the level of gambling in all of those communities was far greater than initially envisaged.

Care commenced work providing information to the Arabic-speaking community and Kildonan to the Macedonian-speaking community, not because there was any identified greater need amongst that community than in any other, but that simply they were the two largest demographic NESB groups in the region. What was uncovered very quickly was that there was a hidden amount of gambling, particularly in the Arabic community, where gambling was seen as religiously taboo by not only

the Islamic community but also the Christian Arabic-speaking community.

The other point of difficulty around assisting those communities, particularly the Arabic community, in financial counselling was the movement of money in that community is vastly different to that in Anglo society in Western communities. For example, the Arabic community has a system which is similar to the Vietnamese system of "hoi", whereby families or small community groups contribute to a pool of money, and that can be anything up to \$1000 a month, and then take turns of accessing that money. The system works very well generally. However, when an individual or family member who is a problem gambler takes the money, it being his or her turn, and then gambles the lot and then disappears, the responsibility for that lost money comes back to the sponsor or the leader of the group.

What ultimately happens then is that houses are being lost, families are being broken up, but there again it's very hidden, because traditional Western types of debt collection practices and debt management strategies don't work in that system. So the questions that have been raised by the work done to date are really around what is the best model for financial counselling interventions with communities where the movement of money is vastly different to that of Western society.

Also another result so far of the work being done in both the Macedonian and the Arabic-speaking communities is that neither regard therapeutic counselling for problem gambling as appropriate, because they see therapeutic counselling as a sign of illness, so therefore they are accessing financial counselling services but are not taking up referrals to problem gambling counselling services.

MR BANKS: Your point about the sort of community approach to the money flow - you could argue that in some ways that would put greater disciplines or controls on a problem gambler who would be perceived by the community as corrosive to their collective needs and therefore less able to get away with it, in a sense, and more scope for peer pressure and resolution of the issue within the community and therefore maybe less need for problem gambling counselling.

MR BARRETT: That actually differs not only between communities but almost within communities. We've found some communities where the problem gambler or the family of the problem gambler is in fact supported. Then we've found other communities of the same ethnicity where the entire family is ostracised, and so the only way then for that family to survive is to seek emergency relief services. So it's not consistent even within ethnicities.

Another factor or another question that is raised from the work that's currently being done in the project in northern Melbourne is how best to inform family members of problem gamblers of their rights and management strategies, survival strategies, if you will, around how to protect a portion of the money for maintenance of the family, and here I cite an example of a particular family where the male was going to the casino daily and taking the entire social security benefit to do so, and the wife was accessing emergency relief services to provide formula for the child. This in fact

raises child protection issues, and I discussed that with the wife in this particular case.

The cultural confusion where the handling of money within a family and the responsibility for the maintenance of that family is pitted against activities that in the countries from which those families came didn't exist, and these are very important factors that are causing not only confusion but also conflict within families. Government and industry have important roles to play in being sensitive to the fact that what we have here is a multicultural community and the messages that advertising by industry give - not only the gambling industry but also industries such as the alcohol industry etcetera - need to be sensitive to the beliefs and histories of those community members.

What sort of message for example is sent to a community where historically the political and religious leaders are either very close or one in the same person, when the political leader in this state advocates a particular type of activity as being something which is pro-Victorian, for example? If one is a newly-arrived migrant and wishes to fit in the message then is, well, this must be a very good thing to do to fit in and be Victorian. I think that's an example of the fact that not only at state level but nationally we need to be aware that what we have is a multicultural society and that statements need to be couched very carefully to prevent the wrong messages being advanced.

MR FITZGERALD: In terms of this study, as you say it has raised more questions than it has answered. How do you actually believe one now tries to come to some sort of resolution of the answers? One of the issues that has been raised here is that there has been a lot of research and studies done but not a lot of implementation and follow-through. In a sense how do you think, having raised these issues concerning at least two of the ethnic communities - the Macedonian and Arabic communities - how do you believe we, as a society or a community, now need to be able to address these? What's the process you would advocate by which we move forward?

MR BARRETT: I think discussion and research with those communities about effective methods of intervention are necessary because clearly from the results of the work to date the intervention particularly with regard to problem gambling counselling is not appropriate. So research needs to be done and money needs to be made available for that research to occur to establish models of intervention that are appropriate and then to trial those models. Similarly with financial counselling there needs to be research performed about methods or models of financial counselling that are appropriate to different ethno-specific communities, because the traditional model of providing information and advocacy around debt management where credit codes apply, etcetera, simply don't apply with many of these communities. So it's (1) research, (2) the development of models, and (3) the trialling of models that needs to happen.

MR FITZGERALD: In your other submission that you made as the Financial and Consumer Rights Council you've made reference to the Victorian gaming industry's codes of practice to be reviewed. Could you comment as to whether you believe their current codes of practice are in fact culturally sensitive or require particular aspects to

be addressed? In other words, to what extent is the industry - you mentioned before that you believe both governments and industries need to be sensitive to the fact that this is a - dare I say it - multicultural society, and it is, therefore how do we actually - what responsibilities rest with the industries through these codes of practice, do you think?

MR BARRETT: I certainly believe that industry has a responsibility to convey messages, certainly around the advertising of their product, that the advertising is not misleading and that those who participate in the activity as a result of the advertising are informed about their chances of winning. With regard to - yes, this is an issue that I would need to go through with the codes as to whether the other parts of the codes are in fact culturally sensitive. But that's certainly something I'll be addressing.

MR FITZGERALD: Can I ask another slightly related question. In the other submission I notice you refer to an independent complaints resolution process. I've not heard of this before. Can you explain? Is this a Victorian-based process, or is this a Commonwealth set of criteria?

MR BARRETT: No, this is certainly a Victorian process. The gaming machine industry secretariat has a process in place to hear or to accept and then pass on complaints, I suppose, about noncompliance with the codes of practice. The industry will be speaking tomorrow, I believe, and they will be able to deal with that more fully. The industry maintains, and in fact the secretariat maintains that it, itself, is not an independent process, but it maintains - or the secretariat is not an independent thing but it is part of the industry. But the process, the complaints mechanism process it maintains is independent.

MR FITZGERALD: And your view?

MR BARRETT: I maintain that it's hardly at arm's length at this stage.

MR FITZGERALD: The other point in paragraph 5, you refer to "The codes meet all benchmarks of fair trading codes for conduct as proposed by the Commonwealth of Australia." Could you just elaborate on what you're referring to there specifically?

MR BARRETT: This was upon advice from the Consumer Law Centre of Victoria that actually had done a lot of work. Dennis Nelthorpe had done a lot of work on consumer and industry codes of practice and unfortunately I can't elaborate on that.

MR FITZGERALD: No, that's fine, so it's the Consumer Law?

MR BARRETT: Yes.

MR FITZGERALD: That's fine.

MR BANKS: One point you made here was about the disbandment of the VCGA advisory group and the ministerial advisory group. Do you have any information as to

why that happened? What was the explanation for disbanding those groups?

MR BARRETT: The information that was provided back to us by the current minister for gaming is that it was felt that the problem gambling reference group was covering issues pertaining to gambling in Victoria and it was not necessary to reconvene a regular group to look at wider social and economic impacts.

MR BANKS: Okay, and you disagree with that assessment?

MR BARRETT: I disagree with that, yes.

MR BANKS: Okay, thank you. Good, thanks very much

MR BARRETT: Thank you.

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

MR BANKS: Our next participant is Tabcorp Holdings Ltd. Welcome to the hearings. Could you please give us your name and your position with the company?

MS WUNSCH: Yes, I'm Tricia Wunsch, general manager, corporate affairs.

MR BANKS: Good, thank you. Thanks very much for coming along today. You have provided us with a brief indication of the sorts of things you want to cover, but we're going to let you make whatever remarks you'd like to make first before we have some discussion, thank you.

MS WUNSCH: Okay, thank you. As you would know, Gary, Tabcorp has not yet put in a formal submission to this inquiry. We're part of a national industry group which is currently compiling a substantial submission that we expect to be finished early in the new year, thus my comment's will be quite general in nature. I'm here today primarily because Tabcorp believes we should make ourselves available to participate in this important process. I would also like to make it clear, however, that I'm speaking on behalf of Tabcorp rather than the industry as whole, even when I refer to the industry as a whole.

I think it's an appropriate way for me to begin with a definition of gambling. At Tabcorp we consider a reasonable definition to be "To invest on an outcome with the goal of receiving back a return greater than your investment." Knowledge and skill are often used in order to be able to better predict the outcome. For example, many people who bet regularly on the races would study the form of a horse and share market analysts are employed to select winning stocks.

The motivation of a consumer's purchase defines the product, in our view. If we look at what are traditionally considered gambling products, they are in fact motivated by different things. With some products financial gain is low on the scale of the reasons that people participate. For example, lotteries are motivated by the dream - few people genuinely expect to win, although I'm sure they would like to. Bingo players are interested in the social interaction largely. Gaming machine players seek entertainment and the general enjoyment of the hotel or club environment and services that they're providing.

Wagering, playing casino tables, playing the stock market in bonds and currency fall more clearly within the definition of gambling because they carry an expectation of a win, a belief that the outcome can actually be controlled and predicted to an extent. But gaming machine players are generally not motivated by investing on an outcome with a goal of receiving back a return greater than the investment. They're largely motivated by the entertainment value of the product and the socialising opportunity of the venues rather than the expectation of a win.

This is critical to any discussion about gambling because if the motivation of the consumer defines the product, then gaming machines are largely an entertainment product. I will discuss motivations further in a moment and touch on a demographic

profile of consumers, but first I would like to cite a few statistics regarding the number of Victorians that use gambling products.

Each year nearly every adult in the state chooses to participate in one form or another in what are generally defined as gambling products. According to the VCGA's survey of community gambling patterns and perceptions 86 per cent of adult Victorians played a gaming machine, bought a lottery ticket, had a bet on the races or the footy, playing gaming tables at the casino or participated in another gambling product during 1997. Tabcorp's marketing research over the last couple of years has consistently shown that more than half of adult Victorians play gaming machines each year.

Why do Victorians go to gaming venues and play gaming machines? In research conducted in January of this year among poker machine players overall socialising with friends or having a meal are more mentioned responses for why they visit gaming machine venues than playing poker machines. In fact, I can give you the breakdown: socialise with friends was 39 per cent; have a meal, 27 per cent; play poker machines, 22 per cent; as a night out, 13 per cent; have a drink, 11 per cent.

Research conducted in April showed that more than three-quarters of gaming machine players visit a gaming venue for social interaction. 74 per cent agreed with this statement, "I enjoy the pokies most when I'm able to get a good value meal, a couple of drinks, and maybe some other entertainment at the same time." 80 per cent agreed with the statement, "I enjoy the pokies most when I go along with friends or family and share the fun together." How strong is the expectation of a win? It varies, however, I will say that for the most part gaming machine players would like to win but don't expect to. In our research conducted in April 69 per cent agreed with the statement, "When I go to the pokies I don't expect to win, it's simply a chance to get out and do something different."

Now I'd like to provide an insight into the demographic profile of who uses Tabcorp products. I'll start with gaming machine players. Obviously with more than half of adult Victorians using this product each year a fairly broad range of people is represented. Tabcorp commissions regular research by random telephone calls to Victorians aged 18 and over. Here is a snapshot of what the research over the last couple of years has shown. Young people aged 18 to 34 are significantly more likely than people from other age groups to be poker machine players, but those aged 55 and over were more likely to be regular players. 48 per cent of players are from households where the main income earner is a blue-collar worker and there is an over-35 age skew.

Our most recent research conducted by Brian Sweeney in 1993 on TAB patrons shows that about 37 per cent of the Victorian population has placed a bet on the TAB. Men were significantly more likely than women to have placed a bet, with 43 per cent of the male population having done so, compared to only 32 per cent of the female population. Many of those would have only the occasional bet, particularly during Spring Racing Carnival, when 33 per cent of the population has a bet. We

estimate that 17 per cent of adult Victorians wager throughout the year. It's important to note that we believe the demographics are shifting to a higher female bias due to racing industry initiatives and our new concept TABs.

Now that I've given you an overview of who our customers are and why they use our products, I'd like to turn to information relevant to one of the main purposes of this inquiry - evaluating the economic impact of the industry on Australia's economy. There are a number of stakeholders that benefit economically from Tabcorp's activities. This industry generates employment, supports the development of hotel and club industries, provides significant financial support to the racing industry, generates significant taxation revenue and funds the Community Support Fund.

In comparison to other industries, by far the majority of funds generated in our industry stays within Australia. Most of the products are sourced within the industry, dividends by and large stay within the country. We estimate that almost a hundred per cent of the gambling spent on our products remains within Australia. Compare this to the tourism industry, for example, where nearly 40 per cent of Australian money is spent offshore, or pay television where the bulk of the product is produced in the US.

The hotel and club industry has benefited significantly from gaming in Victoria. In fact it's fair to say that the introduction of gaming has underpinned a revival in the hotel and club industry here. The revenue derived from gaming machines allows hotels and clubs to provide a high standard of venue to their local communities and upgrade them on a regular basis. Last year 31 of the 280 hotels and clubs in Tabcorp's Tabaret network underwent complete renovations. Tabcorp and its hotel and club gaming venues provide employment to an estimated 5½ thousand Victorians, in addition to Tabcorp's direct employment of 2½ thousand. Many of those employees are young people who are gaining valuable employment experience in the service sector, and who receive comprehensive service training.

Since the float of Tabcorp 4 years ago the company has achieved a performance which now ranks Tabcorp as one of the top 50 Australian companies. Our 37,000 shareholders, the vast majority of whom reside in Australia, have benefited from the company's success. The racing industry is a major beneficiary of Tabcorp's businesses. Last year the businesses managed by Tabcorp contributed more than \$188,000,000 to the racing industry. These funds allow the upgrading of facilities and an improved product in the marketplace, such as night racing and Sunday racing. It's estimated that the racing industry employs more than 30,000 Victorians.

Tabcorp also pays significant taxes, primarily to the state government, each year. In 1998, in addition to the \$7,000,000 in payroll tax, stamp duty and other state taxes, Tabcorp businesses contributed \$437,000,000 in state gambling taxes. This included a payment of more than \$44,000,000 to the Community Support Fund which supports art, sport, recreation and recreation projects, as well as funding research into problem gambling and problem gambling support services.

Now I'd like to discuss the social impacts of the industry. I think it's important to point out that Tabcorp is meeting a market demand for an entertainment product in which the large majority of Victorians choose to participate. By far the majority - in fact 98 to 99 per cent - of those are able to make logical and informed decisions about the level of expenditure and amount of time that it is appropriate for them to spend enjoying those products. A small proportion of people are not able to control their use of gambling products. the VCGA estimates that about 1.4 per cent of the adult population of Victorians who gamble is at risk of problem gambling.

As with the other myriad forms of product abuse that exist within our society, it's important that people suffering a problem have access to and are made aware of counselling services that can assist them. In Victoria those services are widely available in the form of G-Line, a 24-hour gambling hotline, Gamblers Anonymous and Break Even, a face-to-face problem gambling counselling service. It's also important that our industry ensure responsible delivery of gaming products, and we are committed to doing so. To this end, in 1997 the Victorian gaming machine industry developed a gaming machine industry accord and a series of codes of practice for self-governance. It is a condition precedent for entering a contract with Tabcorp for the venue operator to sign the relevant code of practice.

To give you some examples of the provisions of the codes, they require venues to ensure that gaming machine play is conducted as an ancillary activity to a reasonable range of traditional hospitality services, to display signage and brochures promoting accredited counselling services, to prohibit any form of credit being available for gaming machine play by patrons, to encourage patrons with large collects to have a cooling-off period, and to take payment by cheque. Venues are also bound to participate in and support self-exclusion programs and the independent complaint resolution process. The self-exclusion program is a process whereby a patron may choose to have him or herself excluded from one or more gaming venues in their area. That individual signs documents in which the participant identifies the venues, undertakes not to enter the restricted areas of the gaming venues, and not to play gaming machines, and authorises staff to do all things necessary to ensure that the participant upholds the undertaking.

The independent complaints resolution process is intended to provide an avenue for the resolution of patron complaints, and is managed by the VGMI secretariat. The first step is to involve the complainant, the venue and the appropriate gaming machine operator, such as Tabcorp. If the problem cannot be resolved, then the complainant has the option of escalating the complaint to an independent arbitrator. The Australian Hotels Association and Tabcorp, as well as the LCAV, provide training to venues on the codes of practice and responsible gaming. In addition, the industry including Tabcorp, consults with service organisations such as G-Line and Break Even on a regular basis, as well as participating in the Problem Gambling Reference Group.

Finally, I would like to spend a few minutes on the industry structure and

stringent regulatory regime in place in Victoria. Gaming was introduced in Victoria with the intention of creating tangible economic benefits for the state in a regulatory framework that guaranteed the industry was free from corruption and functioned with maximum commercial efficiency. These purposes are summarised in section 1 of the Gaming Machine Control Act 1991, which states:

The purpose of the act is to establish a system for the regulation, supervision and control of gaming machines and gaming equipment, with the aims of ensuring that gaming is conducted honestly, ensuring that the management of gaming machines is free from criminal influence or exploitation, regulating the use of gaming machines in casinos and other approved venues where liquor is sold, regulating the activities of persons in the gaming machine industry, and promoting tourism, employment and economic development generally in the state.

The Victorian government has separated the functions of ownership and real-time monitoring of EGMs - that is Tabcorp and Tattersalls obviously - and the operation of EGMs in venues which the hotels and clubs manage. This has made it easier for the VCGA to ensure full compliance with our regulatory requirements for information, probity, operating system and machine integrity for the more than 500 venues and 27½ thousand machines by having Tabcorp and Tattersalls perform this function. Having a publicly-listed company as one of the operators ensures even higher standards of disclosure and probity under Australian Stock Exchange and Corporations Law requirements.

In closing, I would like to say that Tabcorp believes a frank and balanced study of our industry can be a useful exercise for coming to a common understanding of an industry which does have some relatively new elements. I would like to thank the commission for the opportunity to participate today, and I'd be happy to respond to any questions to the best of my ability.

MR BANKS: Thank you. Can we just clarify first who's involved in the joint submission and whether any of those - in particular Tabcorp - will be making a separate submission, a written submission?

MS WUNSCH: I believe Star City already has. It's Star City, Tabcorp, Tattersalls, Crown, TAB Ltd and Jupiters. Tabcorp does not intend to put in a separate submission. Other than Star City, I'm not certain. I believe Crown is, but you would have to clarify that with them.

MR BANKS: Okay. I understand that we'll be getting a preliminary version of that submission before Christmas. Is that right?

MS WUNSCH: Yes.

MR BANKS: I'm sure we've both got plenty of questions, and some you may want to address in the submission itself. You began your presentation by emphasising the

consumer leisure product dimension of gambling. There are a couple of questions that follow from that. One is that, some would say that while it may be a leisure product, it's one in which there's very little information for the consumer. Indeed, the cost of the product is something that's not very transparent in itself. Some have said to us that, for example, information about odds in a way that's more understandable and digestible perhaps than what appears on poker machines, for example, would be a good way to start. How do you respond to that question?

MS WUNSCH: As you're probably aware, the payout tables are on the machines, and that's basically a way for the customers to determine what the payout will be, with a given combination and based on how many lines they're playing at a time, and that sort of thing.

MR BANKS: You'd have to be a very bright mathematician, I think, to get a good sense of odds and return from that.

MS WUNSCH: Yes.

MR BANKS: Some people for example are talking about average rates of return to the player for playing a particular period of time on a particular machine and that sort of thing.

MS WUNSCH: What we find is that our customers are in fact buying time, and particularly the regular players have a very good idea of how much time they can get for their money. The average spent is somewhere around 25 to 27 dollars an hour, and customers basically can look at those payout tables. My understanding is that they in fact do use the payout tables, and that gives them an indication of how the machine pays out. Some might be more of a drip feed whereas others will tend to have more frequent, larger wins. So my understanding is that in fact customers are able to determine that, and they manage their spend according to how they want to play the game and what they can actually afford to spend.

MR BANKS: Probably smarter than I am. I think for example some of the higher payoffs, when you look at the mathematics behind them, we've had figures like 1 in 6,000,000, 1 in 10,000,000 to get the highest payoffs in some of the machines.

MS WUNSCH: I'm not a mathematician either, but one of the other challenges of course is that each spin is independent, and people tend to be playing a number of games. Obviously they're playing credits, and so what's a game? Is it a single spin? Is it a series of spins?

MR BANKS: Any information you had on that, on the extent to which your customers actually understand the price of the product that you provide, would be quite good because we will be getting a range of information, I think, on the other side that indicates ignorance.

MS WUNSCH: I'll make a note of that, yes.

MR BANKS: Even about the expectation of winning over some period of time.

MS WUNSCH: Okay.

MR BANKS: The other thing that I suppose follows from that is, in a sense, do you see this product as being comparable to other leisure products or does it have its own particular characteristics that require a different form of regulation?

MS WUNSCH: There's no question that there is a different form of regulation and a very different level of taxation. In our view it is an entertainment product that people can choose to participate in. Obviously a great number of people do, and we recognise that, again with this product as with many others including food, credit cards, alcohol, it is subject to abuse and overuse, and that it's very important as an industry that we participate in helping people manage that problem.

MR FITZGERALD: In relation to that, the industry acknowledges that there is some level of problem gambling, or as you describe it, product abuse, and there is a movement by the industry at large to recognise that there needs to be some action taken, and you've mentioned some of those self-exclusion processes. But one of the difficulties is that in Australia we have now one of the most sophisticated gambling markets in the world, according to the industry. We have technology in the EGMs that has never been introduced into America, in terms of the multi-line, multi-credit play. The continuous form here is more continuous than any other jurisdiction in the world.

In some senses could you explain to me why you believe this has happened. Why has Australia developed such a new form, or an advanced form of gaming machines that doesn't exist in most other parts of the world? The reason I ask that is that one of the issues that is preoccupying is we've received lots of submissions about changing the designs of the machines so that they're less continuous, that there are breaks, that you can identify the amount of money you've lost or spent depending on how you wish to state it, and I was just wondering what Tabcorp's view is about the actual design of the machines and the future direction of the machines. You may not wish to address all that now.

MS WUNSCH: I'll make a few very general comments, but I'd like to say that obviously I'm not an expert in machine design.

MR FITZGERALD: Sure.

MS WUNSCH: The machines and the games themselves are obviously very sophisticated. They're designed to be interesting to the customers. As to why that might be more sophisticated in Australia, I suppose one of the early expressions I heard when I came to this country is that Australians would bet on two flies crawling up a wall. Perhaps there just is a propensity here to gamble, and again that's speculation. As for the notion of breaks in play, I've certainly heard those sorts of

suggestions. I mean, obviously what we're talking about here is ensuring that problem gamblers are assisted; people that have a problem are assisted. I'm not sure that a break in play would necessarily be the answer. Would a person not just go to the next machine that's operating? Anyway, just for a few preliminary comments.

MR FITZGERALD: If I talk about venues: yesterday - and you may have seen it reported but certainly yesterday we had a number of the councils submit to us - make submissions to us yesterday, and we had the church groups in the morning. There was a common theme or concern and that was the ability of Tabcorp and Tattersalls to move machines, EGMs, around; in other words, the redistribution of machines. Of course you will have seen from this morning's papers the major concern with that is that there seems to be a disproportionately high density of EGMs in low socioeconomic areas, particularly areas of high unemployment and ethnic diversity. Could you explain, if you're able to, the policy framework that surrounds the allocation of machines and the redistribution of those machines.

MS WUNSCH: Okay. Well, a couple of things. As far as actually moving machines is concerned, we have a set of performance criteria when we enter into contracts with gaming venues that they are required to meet. We continue to evaluate those on a regular basis. If there are difficulties in meeting those performance criteria we work with them on their marketing strategies to try and lift their performance and ultimately in some cases we need to remove some or all of the machines from those venues. Certainly that becomes even more important with the cap on the gaming machines in order for business performance targets to be met.

As for where we put machines, obviously we put them where the demand is highest. We look at the demographics - meeting the demographics of the people that show a propensity for playing gaming machines. We look at the availability of venues and, you know, a series of other criteria.

MR FITZGERALD: How would Tabcorp react to the view that areas of low socioeconomic circumstance are being specifically targeted as a particular group of consumers?

MS WUNSCH: I would say that there is - well, again, that we target where there is the demand and it is true that there is a skew towards more - a tendency among blue-collar workers to be attracted to this product. So it's, I suppose, a bit chicken and egg. In fact, we're putting machines where there is demand.

MR FITZGERALD: Would you take the view that the supply is being demand-driven rather than supply-driven? In other words, in this particular industry there is a - if I can just go back a bit. Some would say that prior to the introduction of EGMs, certainly to the extent that we now have them, there was no great outpouring by Australians to have more and more access to gambling facilities. In a sense what we've seen is demand being fed by supply.

Others would say on the reverse side of that that there's a latent pent-up demand

and the industry is simply meeting that demand. Where would Tabcorp situate itself in relation to those two positions?

MS WUNSCH: I would say that we're meeting the demand and from what I understand there was quite a number of Victorians that used to travel to New South Wales in order to play the gaming machines before they were legal here, so I think there is some evidence that there was a demand in Victoria.

MR BANKS: Does it follow from that that in a sense a twin objective is actually to maximise what I've heard elsewhere described as the productivity of the machines but that's simply the take from the machines?

MS WUNSCH: Why would we put gaming machines where we don't think that people want to play them? Clearly, it's in our interests as a business to supply where the demand actually is. I think that's what is missing from this argument, is no-one has ever said - explained - why any company would target an area and somehow think that they could convince the public there that this is a product they should use. In actual fact, you supply where there is the demand.

MR FITZGERALD: Yes. It comes back to the point you made earlier that it's not quite a normal product and then the question arises: what's the best way to address the particular features of this industry and this product? Some have been arguing to us that a structural system through the duopoly that's really designed to maximise profit and to create maximum incentive on operators who are licensed from you in turn to use the machines to maximise the take may be inconsistent with the harm minimisation strategy.

MS WUNSCH: I don't see the connection. I think it's very clear that the current regulatory structure and the two operators system was put in place because it was felt that it would be easier to manage, to ensure probity, to minimise potential for corruption and crime. So why that would make it more - I mean, why would that be inconsistent?

MR FITZGERALD: Well, that's not inconsistent. I mean, minimising crime, I think, is one good objective, and often you have lots of objectives and sometimes they might fight with each other, and I suppose that's the tension that interests us in some ways. But you're clearly creating a much more heightened incentive, I think, here for operators to get the maximum take out of their machines. Now, at the same time you have a code which is saying to them, "But beware of those who spend too much" and it's difficult to achieve, that's all.

MS WUNSCH: But any business faces that. Any business faces that challenge. I mean, any business is in business to make a profit and that always needs to be balanced with operating responsibly so I guess I would just respond by saying that's no more a challenge for us than it is for any other business.

MR FITZGERALD: I suppose the difference here in Victoria is - and I could be

incorrect on this. I believe it's the only state where there are two private companies as the intermediaries in terms of the licensing of the machines and they have the capacity to move machines based on performance. In other states you get the machine and whether it does anything or it doesn't do anything it stays, so it's a very very unusual environment in which Victoria finds itself; that it has actually designed that structure. So to that extent there is a third party, being yourselves, trying to profit-maximise whereas in most other jurisdictions it's still between the government and the end operator with a different set of conditions applying. That may not be so in every state but I think that's the difference here.

How do you believe that that sort of structure works? You obviously believe it works effectively but could you just describe to me what you think the benefits of the structure, as it applies in Victoria, are in terms of both economic and social benefits. What makes this structure something that produces maximum economic benefit and minimum social impact?

MS WUNSCH: All I can do is go back to what I said in my presentation. There were certain reasons that the structure was put into place. It was to ensure probity, to make that easier to manage; obviously it was to maximise the taxation revenue for the government and we believe that the structure is reasonably effective.

MR FITZGERALD: If I could just move through a couple of these to the general taxation issue. Do you have any particular views about the current levels of taxation or the way in which they operate across the various forms of gambling within the state?

MS WUNSCH: Obviously the taxation levels are quite high, particularly when compared to other forms of entertainment but we live within the regulatory and taxation structure that exists in the state.

MR FITZGERALD: Do you have a view in relation to the differential treatment of clubs and pubs and hotels in relation to gambling activity generally?

MS WUNSCH: No.

MR FITZGERALD: Okay. You contribute to the Community Support Fund - you indicated about 40-something million dollars.

MS WUNSCH: Yes, that's the additional tax that is levied on the hotel side.

MR FITZGERALD: Yes, it's only on the hotels.

MS WUNSCH: Yes.

MR FITZGERALD: That's correct. We heard criticism today, and you may or may not wish to comment on it in the sense that the Community Support Fund is very much the instrument of government and that there is very little community input into

that whereas in other states we have Community Benefit Funds where there are community bodies and trustees and what have you. How effectively do you believe the Community Support Fund functions or, again, is that an area on which you don't wish to comment?

MS WUNSCH: Obviously, it's very important that those funds are used to the benefit of all Victorians and to manage problem gambling but I think that that is - I mean that's in everyone's interest and I think we're seeing a great fracturing and obviously very wide opinions and many groups that would like to be recipients of that fund. So it's important that it's managed properly but I don't really feel that it's the place of industry to tell government how to manage that fund.

MR BANKS: Could you tell me if Tabcorp has a view on the cap; currently has a view on the cap and whether it should be increased.

MS WUNSCH: Well, we believe that there is unsatisfied demand but I would say that it also falls into the category of something that we currently need to live with.

MR BANKS: Does Tabcorp have a view on how decisions about something like the cap should be made or would you like to take that on notice?

MS WUNSCH: I'd like to take that on notice.

MR BANKS: Because people have said to us that - not just in this jurisdiction but they have said to us generally - decisions have been made in a way that hasn't always taken into account the economic and social impacts, both positive and negative. A lot of the work has been done ex post rather than ex ante so any comments you had on that would be useful.

MS WUNSCH: Well, the only thing that I would like to point out is that when Tabcorp floated 4 years ago there was a commitment that the cap on gaming machines would be - I think it was 42½ thousand - so obviously we have a temporary cap in place that's nowhere near that, so that's the only thing I would like to say.

MR BANKS: You see the current one as a temporary cap.

MS WUNSCH: It's going to be reviewed in the year 2000, from what I understand.

MR BANKS: Well, any views you had on how that review should be conducted, I think, would be quite valuable.

MS WUNSCH: Okay, I'll take that on notice.

MR BANKS: I think Victoria might be unique also in the - but I may be wrong on this - in the channelling of money from the machines into the racing industry. Is that correct?

MS WUNSCH: Well, I think if you look at the TABs in other jurisdictions you'll find that most of the money - in fact, once expenses are paid the rest of the money goes into the racing industry but you'll have to confirm that.

MR BANKS: No, I'm just saying the origin being from the EGMs in the Victorian case. I mean, the fact that Tabcorp has - - -

MS WUNSCH: We're the only - yes, well, we're the only publicly listed company with this structure, you know, from a former TAB and that was - part of the agreement was to have this joint venture structure where 25 per cent of revenue goes into the industry; into the racing industry.

MR BANKS: That was something you were presented with as a regulatory requirement.

MS WUNSCH: That's historical, yes.

MR FITZGERALD: Just explain to me: longer term in the other states at the present time the TABs are separate and they don't have the EGMs, as was just identified. You now have a situation where the racing industry gains benefit irrespective of whether the gambling comes through the EGMs and/or the TABs basically. It doesn't matter where that revenue now comes from. Do you believe that there's any likelihood of now - how does an organisation such as yourself now deal with the competition between TAB for the same dollar as EGMs? In the other states that's not an issue. They're in competition and they compete. Here you actually own two levels of the - or two parts of the gambling sector which are competing for the same dollar. There are concerns by some that there may be a trade-off between the two; that there would be a lack of interest in one over time. How does Tabcorp see its responsibilities or its direction in terms of handling those two areas?

MS WUNSCH: Well, first of all I understand that TAB Ltd does actually have gaming machine licence. I'm not sure for how many. I don't know the details and obviously it's not a business that they're in and operating currently. To a certain extent we find that the profile of the wagering customers and the gaming customers is different so there probably isn't quite as much competition as you might think at first.

I see that largely as a marketing issue and again I would simply say that there's probably not as much competition between the two as you might think. The wagering business, as you probably know, has been fairly flat over the last few years. That's changed slightly. We had a good year last year. In that business we see it largely as trying to target - as existing customers sort of grow older, bringing new customers into the business.

MR FITZGERALD: At the present time EGMs are linked to liquor licences. I just want to put a hypothetical to you. There is a view that at some stage, for example, Tabcorp may well ask that EGMs could be extended into TAB agencies and that the linkage between liquor licensing and gambling licences could be separated. There are

some that would actually say the linkage between liquor and gambling is in fact a problem already. Do you have a particular view as to the future direction of venues for EGMs?

MS WUNSCH: If you can just clarify the question for me?

MR FITZGERALD: Do you envisage ever a situation where, for example, Tabcorp or others could actually request the introduction of EGMs into non-alcohol, non-liquor licensed premises? Is that in contemplation at all, as far as you're aware?

MS WUNSCH: Not that I'm aware of, no.

MR BANKS: Jumping about all over the place here - it's partly because you didn't give us a submission in advance, so you'll have to excuse us.

MS WUNSCH: Yes.

MR BANKS: You talked about the incidence of problem gambling and that's something that we're obviously trying to independently get some information on. To me it seems inherently difficult, because of I suppose the willingness of people to disclose whether they're a problem gambler, even through questions that are indirectly trying to find that out, but people seem to generally agree that at least a minimum would be about 1 per cent of the population, and so on.

An issue that some have raised with us, though, is just how that minimal figure in terms of a percentage of the population wraps up in terms of the percentage of the operators' revenue from gambling. I haven't checked the arithmetic on this but some have said to us that 1 or 1½ per cent of a population could end up being 20 per cent of the revenue of operators. That's a hard one for you to answer on the spot but it's something you might look at in your submission because it has been said to us and we are going to look at it.

MS WUNSCH: Okay. One thing that I will say, just in terms of where the revenue comes from, is there's a general 80:20 rule, the idea that 80 per cent of your revenue comes from 20 per cent of your customers, and that's certainly true in our business as well. Obviously somewhere in that 20 per cent would fall anyone that might have problems with gambling but I couldn't say how much.

MR BANKS: That's the sort of thing we're pursuing.

MS WUNSCH: But obviously we'd like to minimise that. That's part of the whole goal of the codes of conduct and responsible gaming.

MR BANKS: One could argue that an 80:20 in relation to Crown might have a different profile to an 80:20 rule in your business, which is purely domestic and has an outlet through the clubs and hotels, rather than a potential from the high rollers from overseas to be the ones who are contributing - being the 20 per cent who contribute

the 80. That might be something on which your constituents or the various members of this coalition have different perspectives. So that would be helpful.

MS WUNSCH: Okay.

MR FITZGERALD: Somewhat related to that, I was going to ask, if that is so - the 20:80 rule, and we have heard that that applies, although some say it's 30:70, it doesn't much matter; that's what we'll find out - it does create some tensions and difficulties for venue operators who on the one hand have a very large amount of their revenue staked on a very small percentage of players by and large. You've spoken, and the industry generally around Australia has spoken, about the endorsement of harm minimisation strategies. In your case can you explain to me the extent to which you as a private company can determine the conditions of your licences to hotels and clubs, or are they prescribed by government?

In other words, you license the machines and TABs to licensees which are hotels and clubs. To what extent do you as a company have the control over the terms and conditions of that licensing, and in particular the ability to enforce harm minimisation restrictions? And to what extent is that controlled by government?

MS WUNSCH: I should probably take it on notice. Obviously in general terms it's set by government but I'll take that on notice.

MR FITZGERALD: As I said, it's a unique arrangement in Victoria and I'm keen to know how much the companies, Tattersalls and TAB, actually control those terms or they are imposed by government; to what extent the two companies are critical to the actual implementation of harm minimisation strategies at venue level. In the other states that's not a problem because it's government direct to venue operator.

MS WUNSCH: Okay.

MR BANKS: This is where it's interesting and maybe where there's a divergence between Tabcorp and Tattersalls and perhaps some of the other members of this coalition. We've had discussions with hotel representatives and club representatives in this state who have raised some concerns about the allocation process - and some of them obviously who are agreed that they're not getting machines, and others who are getting machines but probably want more machines, and some who are saying that they have fairly insecure property rights over machines even within the licensing agreements and that there are decisions being made which kind of leave them out of pocket, having made substantial investments and so on. We'll see at the end of the session whether those issues come up but you may just want to respond to those. As I say, perhaps that would require an individual response rather than a joint one. I don't know whether now you want to make any comment about that process.

MS WUNSCH: Just to say that I think I described a bit earlier the process, which is that we have individual contracts for a certain term and we do have performance criteria.

MR BANKS: So they're freely entered into knowing the term, knowing the conditions and the downside.

MS WUNSCH: Absolutely, and also we give them regular feedback. We have an extensive system of regional managers and area managers that report to them. They meet with the venue managers on a regular basis and we see it as an important part of our responsibility to ensure that they are aware of how they're performing so that they can then make any investment decisions wisely.

MR FITZGERALD: In terms of enforcement of government regulations, can you explain to me how that works vis-a-vis the venue operator and you as the licensor of the gambling product? In other words, there are independent regulatory authorities at government level. What is the interaction between yourselves and those regulators? Can you describe how that works?

MS WUNSCH: The interaction between us and the Victorian Casino and Gaming Authority?

MR FITZGERALD: Yes, and the enforcement of their standards. In other words, if they have a complaint about a venue operator does that come back to you in any way or does it simply go through another process?

MS WUNSCH: If I can take that on notice. Obviously there is regular interaction at an operational level but the precise process - I think if you want a description of that process - - -

MR FITZGERALD: Let me be more precise. If a venue operator is found to be in breach but hasn't actually been sued by the public prosecutor, do you become involved in that at any stage? In other words, what is the process by which you interact between the enforcement authorities and the venue operators? If they're in breach or they're not acting in accordance with whatever regulations there are, when do you step into that? Is it only when there's a successful prosecution or is it at some stage earlier and so on and so forth?

MS WUNSCH: I don't know. Obviously we do the monitoring, so we have a lot of information about what's happening at our fingertips. I think it's important - I don't want to answer this question until I find out exactly what the process is but I'll certainly take it on notice.

MR FITZGERALD: Are the EGMs here centrally monitored in Victoria?

MS WUNSCH: Yes, they are.

MR FITZGERALD: Who is the central monitoring authority?

MS WUNSCH: We monitor on behalf of the government.

MR FITZGERALD: You monitor your own and Tattersalls monitors its own?

MS WUNSCH: Yes.

MR FITZGERALD: So the monitoring actually rests with the licensing companies?

MS WUNSCH: Yes, and audited regularly by the VCGA, obviously.

MR BANKS: Am I right in understanding that each of you, Tabcorp and Tattersalls, are required to distribute the machines fifty-fifty between clubs and hotels?

MS WUNSCH: Yes, and 20 per cent minimum in rural areas.

MR BANKS: Am I right in saying that to some extent the clubs have been a bit of a constraint on the roll-out of machines?

MS WUNSCH: I wouldn't say that they've been a constraint. I would say that certainly, generally speaking, club performance is below that of hotel performance; that's true.

MR BANKS: Right.

MS WUNSCH: With some exceptions. There are some clubs that perform quite well.

MR BANKS: Every state has its own unique characteristics, which you're probably discovering. In New South Wales the club industry is much stronger than it is here in Victoria, obviously, and has a long tradition of access to poker machines. One of the interesting things for us is just comparing what's happening in different jurisdictions and trying to understand what seems to be working best.

MS WUNSCH: Sure.

MR BANKS: I don't have any further questions, Robert, do you?

MR FITZGERALD: The codes of practice to which you refer in terms of social impacts, those codes are currently in place?

MS WUNSCH: Yes.

MR FITZGERALD: Are they under review at the present time or is there a mechanism by which they are reviewed?

MS WUNSCH: Yes, they are under review at the present time. The codes actually allow for periodic review. They don't specify any particular time-frame for that but I

think, recognising that the codes are actually just over a year old, we do have the right to review them and there was an evaluation that was done recently of the codes.

MR FITZGERALD: The evaluation was done by - - -

MS WUNSCH: There was actually feedback by special interest groups, by the venues, by customers themselves. It was mostly to see how much understanding and awareness there was of the codes because at that stage I think they had only been in place for 6 months.

MR FITZGERALD: That evaluation was contracted out to an independent party, or how was the evaluation process done?

MS WUNSCH: I think it was conducted by the VGMI secretariat; I'm sorry, I don't know. I wasn't in the industry at the time, I'm afraid.

MR FITZGERALD: That's fine. Okay, so therefore we need to explore the way in which those codes are effectively evaluated because one of the difficulties we face is that codes of practice can be terrific on paper but in the submissions we've received throughout Australia many people believe that they are not practised, and the question is how do you actually evaluate to make sure that they are not only rhetoric but actually reality? I'd be keen to explore the methodology by which that evaluation is undertaken and who does it in this state.

MS WUNSCH: It was really just done in order for the group to know how effective they were in terms of communicating and making people aware of the existence of the self-exclusion process, the independent complaints resolution process, and again it was only in place for about 6 months at the time, so I'm sure it wasn't a perfect process.

MR FITZGERALD: Can I just ask a couple of concluding questions. Is Tabcorp under any obligation to undertake social or economic impacts when it decides to move or change the nature of EGMs or TABs at all? Does it have total discretion in terms of where and how, subject to those broad limits? Are there any requirements at all to undertake social or economic impacts?

MS WUNSCH: No, as far as I'm aware. The VCGA obviously does extensive research and they obviously approve the gaming licences. So Tabcorp, no, does not do that sort of research to date.

MR BANKS: All right, thank you very much for that. We really appreciate Tabcorp coming along and responding. There are a number of things which could be rolled into the joint submission or perhaps another separate submission from Tabcorp would be appreciated.

MS WUNSCH: Sure, okay.

MR BANKS: We look forward to receiving that submission. I believe it's going to be detailed and soundly empirically-based, so that will be a great contribution.

MS WUNSCH: Absolutely.

MR BANKS: So thank you very much for that.

MS WUNSCH: Thank you.

MR BANKS: That concludes the hearings for today. We're resuming tomorrow morning at 9 o'clock, thank you.

AT 4.50 PM THE INQUIRY WAS ADJOURNED UNTIL
WEDNESDAY, 25 NOVEMBER 1998

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