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Telephone:

Adelaide	(08) 8212-3699
Melbourne	(03) 9670-6989
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**TRANSCRIPT  
OF PROCEEDINGS**

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**PRODUCTIVITY COMMISSION**

**INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES**

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

**TRANSCRIPT OF PROCEEDINGS**

**AT MELBOURNE ON WEDNESDAY, 25 NOVEMBER 1998, AT 9.10 AM**

**Continued from 24/11/98**

**MR BANKS:** Good morning everybody. We're into the third day of our hearings here in Melbourne for our national inquiry into Australia's gambling industries. Our first participant this morning is the Addiction Research Institute. Welcome to the hearings. Could I ask you please just to give your name and the capacity in which you're here today.

**MS EARL:** Yes, my name is Kate Earl, and I'm the national director of G-Line which is a 24-hour gambling crisis line. The auspice body of that is the Addiction Research Institute, so the Addiction Research Institute runs that service.

**MR BANKS:** We're quite pleased that you've put in this submission and come along today because we've heard a bit about G-Line everywhere we've gone, as you can imagine, because you have got a national spread. We've got your questions on the basis of your submission, but as I said, perhaps you might just like to outline briefly what G-Line does and so on.

**MS EARL:** Certainly. G-Line covers all of Australia except for the Northern Territory. As of December, South Australia are coming on. We started in 1993 with - Tattersalls gave a grant to the Addiction Research Institute as it was then and until that point, the Addiction Research Institute had not been a direct service provider but that gave us the opportunity to start a crisis line for problem gambling. The service became 24 hour in October 1994 and it is a multilingual service and it also has a TT wire, that is for hearing impaired people, it has that capacity. Since that time it has taken on - different states have come on board through the tender processes and through direct links with the funding services in those states.

I'm the national director, and we have about 40 counsellors and many of those are bilingual. In various states we have different arrangements, funding and obligations under contracts. It varies with each state. But we do collaborate very well with the industry in all those states. That's a vital part of the support we have.

**MR BANKS:** Good, thank you. As I said, we have heard a bit about G-Line obviously everywhere and there are a number of issues that have come up I think. But just sort of a basic one, perhaps to let us know how the funding is organised because each state, I understand, would be funding that state component or state activity.

**MS EARL:** Yes, they do. Each state has a different way of raising its money. In Victoria it's the Community Support Fund and that is taken from hotel gaming machines - profit on hotel gaming machines. Each state also has its own organisation that really oversees what happens to those funds. There's an attachment too to the submission which really outlines - it's at the very back page - exactly who the funding source is and the contact details and also how our contracts are going there.

**MR BANKS:** Right, okay, that's good. We had some people from New Zealand here yesterday who made a submission. You might be interested to see what they say. They were quite critical of counselling services in Australia, basically saying that the

methodologies and training and so on were deficient, there wasn't sufficient public health or medical approach being taken to these things. They talked about lack of training in particular. But I thought you might just elaborate on the qualifications of the people who operate the phones in G-Line.

**MS EARL:** Yes. Were they talking about face-to-face counselling services?

**MR BANKS:** I think they were pretty much. They didn't mention G-Line in particular.

**MS EARL:** No, well, they probably were talking about face-to-face counselling services. I've heard that observation made before. But I would think - they're very different in each state how they arrange training. The states that have more recently come to looking at problem gambling specifically to be addressed probably really haven't had a chance to get an organised training system going. Certainly at G-Line, the way that we are funded requires that people that we have are qualified. A lot of the people who are working there are psychologists, social workers or they're counsellors with many years' experience with other generalist services, like Lifeline, Crisis Line. When they come to us there are certain standards of counselling that we require because we don't have an introductory training service. Unlike a lot of generalist services, our counsellors are professional, they're not volunteers. So they have - all the basics are there, very experienced. Many of them run their own face-to-face practices and have other activities like that.

**MR BANKS:** As professional psychologists.

**MS EARL:** Yes, and social workers. In fact a lot of them - some of them work for Break Even which are the face-to-face counselling services in Victoria. But we do then - once they come to us we train them specifically in the problem gambling area which just really fills in the context for them of where problem gambling sits and how they can bring it into their own work. We have an accredited training scheme and the details of what qualifications - there's a level 1 and level 2.

**MR BANKS:** Yes, I noticed that. I wasn't sure how that accreditation process fitted in with what you do. It's not a qualification to become a counsellor with G-Line.

**MS EARL:** No, this is a level 1 and level 2. It really is an encouragement for those people I think to complete professional development requirements that we have because they're fairly demanding. It means that if they reach level 2, that's a very high level of counselling in this specialist area, so that's what we would use that for. That's in addition to what they come with anyway.

**MR BANKS:** So would these people be paid more, having achieved that level of accreditation?

**MS EARL:** No, we don't. We just have one level of pay but multilingual

counsellors are paid slightly more.

**MR BANKS:** Right. One thing we've heard in other states is that some concern that G-Line being based in Victoria there's a lack of local knowledge. I think there's some urban myths probably going around and one that's mentioned is the Carlton example. Have you heard that one?

**MS EARL:** No, tell me.

**MR BANKS:** Where someone said they were in Carlton and it was assumed that it was Carlton Victoria and it was Carlton New South Wales.

**MS EARL:** I see.

**MR BANKS:** I mean, is that an issue? Is there a problem with a national service where people are located all over the place and there may be local circumstances that need to be taken into account?

**MS EARL:** Indeed, and that's part of the professional development. With South Australia being introduced, for example, we ask the funding body to give us the local lingo on how - you may live in the western suburbs. The western suburbs of Sydney mean something different to Melbourne, or the "hills" or something in South Australia. Part of our professional development would be to incorporate that into training and orienting our counsellors. That's one way. But the other issue is that it doesn't matter where you are, you don't know everything. There are places in Melbourne, I have no idea where they are. So part of the counselling process is to find out about that. In fact it's quite a good way, a nice neutral way, to build a rapport with people to be discussing where they are. That's quite a nice neat way of getting in and build a rapport, to bring them down and feel they're managing or whatever is happening.

**MR BANKS:** When I first heard about G-Line I thought it was purely a referral service, so it took me a while to understand the range of activities that you're involved in. Where does referral come in, relative to actual counselling over the phone, and the over-the-phone activity?

**MS EARL:** I suppose, to put it simplistically, the notion that when somebody rings us, it's usually a crisis having a triggering event. The crisis may not be a hugely dramatic one for us as a service provider, but it is for them and that's why they've rung. Our main aim, I suppose, is to help people manage their crisis, get them down so that they feel they can address what's happening to them at the time. A referral is probably what we would be aiming for, to get them to a face-to-face service. That's one of our priorities - the safety of the caller and then getting them onto a face-to-face service where you can get a full history taken, a proper assessment, those kinds of things. Most of the people that ring us have absolutely no money or in terrible financial difficulty, so a referral is done on a locality basis so they don't have to trouble very far. That's ideally, but then of course the difficulty is that this is a really big country and many, many localities don't have specialist services available and even generalist services.

**MR BANKS:** You point out in your submission that you have group counselling sessions by phone which technology now probably makes possible.

**MS EARL:** Yes.

**MR BANKS:** Is that primarily then for people who wouldn't have access to face-to-face.

**MS EARL:** That is indeed, yes. Some people have physical disabilities, or they may not be ready to go to face-to-face counselling. But that isn't the sort of person that I would encourage. I mean, I think if there's face-to-face services around I'd rather they went there. The group counselling really has been pushed on to us, if you like. It's just something that's evolved that's emerged as a need. You feel ethically responsible for somebody who's on the telephone who needs something and it's probably more effective than ringing back the same counsellor or continuing to use the service in a single way.

**MR FITZGERALD:** Let's go back a little bit then. If somebody rings up, just give the process that might take place. You say that you try to manage the immediate crisis because safety is the issue. What then occurs? Do you do an assessment at all or how do you handle that, that whole process?

**MS EARL:** There's a limit to the assessment. I mean, as a practising psychologist I know that an assessment might take three sessions in a face-to-face situation. Safety of the caller is the primary notion. The assessment is done in the course of - and different people do it in different ways and counsellors do it in different ways. It depends upon the confusion or the upheaval of the person that's on the phone. An immediate assessment of crisis, that is one, and that is what you would work with. You work with that quite differently than you would in a therapeutic situation. So then having engaged the person - and if they're really in a difficult situation it may be that you need to make a little contract with them that they will ring you back when they have had a cup of tea, because some people have been up 3 days or something and fatigue generates depression and all sorts of emotions.

So you can make contracts with them to ring you back after they've had a shower or a cup of tea or a sleep, just to make sure, or you may not let them off the line and get any emergency services, or you may say this is a number for a referral to ring up the face-to-face counsellor. It really depends on the professional judgment of the counsellor there.

**MR FITZGERALD:** Do you have a particular methodology that all your counsellors use or is it very much an approach that the counsellors themselves bring from their backgrounds?

**MS EARL:** It would be a mixture of both, because to establish a rapport you have to be sincere and you have to appear completely open with somebody. So how you would do that and I would do that would be different. It would have to be really genuine. Crisis management, that is part of a crisis management model. If we have a caller that's an ongoing caller that has rung back at the same time next week to speak

to the same counsellor, they would deal with that with their own counselling model as they saw appropriate. It's basically client-centred and looking after the client.

**MR FITZGERALD:** Gary referred to the submission from New Zealand and we've heard the debates, I suppose, between a medically-based model and a behavioural model. Does G-Line itself have a particular philosophy as to how this problem should be treated or do you have a particular view on that or is it a combination of both?

**MS EARL:** I have a particular view on it, but I wouldn't like to say that this is the view of the Addiction Research Institute at all. I do know that there are models around and I don't necessarily agree with the medical model because I think in there, there are elements of labelling people. I don't think that's useful in terms of therapy. I don't think it's useful for people to give them hope and encouragement about overcoming some dysfunctional behaviour - and it could be alcohol abuse or anything - and my feeling is that the problem gambling population is a moving one, particularly where gambling is new - widespread gambling is relatively new - that the problems that arise in the behaviour are in response to a vulnerability and they are an inappropriate way of responding to whatever situation they find themselves in. If those problems can be addressed, then that person can overcome that or resolve those issues of problem gambling behaviour and they're no longer a problem gambler. So I think to label somebody as a pathological gambler or a problem gambler isn't very useful.

**MR BANKS:** Do you agree with the term "problem gambler", though, as a more acceptable alternative?

**MS EARL:** It's one way of describing something, but I wouldn't describe a person as that. I'd say it's a behaviour and this person is behaving like that at the moment.

**MR FITZGERALD:** So in terms of these approaches is there a mid-ground in this? Is there a situation where for some it's behaviourally based but for others you might regard it as at the very end of - just to use the term "pathological gambler", that very small percentage right at the very end, where in fact it's beyond just a behavioural disorder; it has actually become a mental health condition?

**MS EARL:** Indeed. I think the broad range of people that have abused gambling, if you like - yes, it can be a pathology, certainly. It might be part of a package of personality disorders.

**MR BANKS:** Yes. This was one of the points that I think the New Zealanders were making, that often the co-morbidity can be quite significant with other things and that you need a trained person to be able to pick some of that up.

**MS EARL:** Exactly.

**MR BANKS:** When you say people call you and it's crisis management - the safety of the caller I think you said is your priority - in what proportion of cases would that involve say someone who was suicidal at that time or contemplating suicide?

**MS EARL:** The specific figures I don't think that I can really give you, because they're confidential.

**MR BANKS:** Just a rough - whether it's a significant element in what you're dealing with.

**MS EARL:** The biostatistician - we were talking about that the other day. Suicidal ideation, I've seen figures of something like 60 per cent, but that's not what we are told. The face-to-face services may be told something different.

**MR BANKS:** I imagine you would be more exposed to it.

**MS EARL:** We don't get the full story, and that's where, as you say, the assessment needs to be done, because unless someone is sitting there in front of you and you get the whole history of what they're like you wouldn't know necessarily. Our job is, as I see it, to get people to face-to-face counselling, where that proper assessment can be done. Does that answer your question?

**MR BANKS:** It doesn't really. We have heard that suicide or contemplation of suicide is a significant fact and we've heard that in face-to-face. I would imagine it would be even more evident really in a crisis situation where someone is phoning you at 2 am or something like that, but I guess what you're telling me is that you don't actually screen for that necessarily.

**MS EARL:** We do. As the figures go, I think it would be under 5 per cent. They may ring up and it would be described as suicide ideation. Suicide in progress would be - I don't know what the exact things are on that, but suicide in progress is really the hard edge, and we certainly get those calls. We'll probably be able to give you those figures if you would like, but we'd need to go into the database and work it out. But the suicide ideation would be much higher. That would be as mild as saying, "I don't know if it's worth going on with this." "What do you mean by that?" That would be classified as suicide ideation.

**MR BANKS:** When you said 5 per cent, though, it would be more than 5 per cent taking into account this kind of attitude?

**MS EARL:** Yes. The database - we've defined those terms and so we can make that available in concert with the figures.

**MR BANKS:** Good. I think we've approached you separately about getting access

to some of that data and we certainly would protect it and so on. That's something we can get back to you on.

**MR FITZGERALD:** The majority of calls are coming in what circumstances? Where are the majority of your clients, your callers, coming from? Given that they're in crisis, the majority of them, or there's something that's occurred, are the vast majority of them ringing after a particular binge at the casinos, at the poker machines, the clubs? Are you able to track what is the event that has finally brought people to - - -

**MS EARL:** The most common would be within the week before excessive expenditure there's a triggering event. Some people have a history of excessive expenditure but there's been a particular one within the 7 days that has brought them to ringing up.

**MR FITZGERALD:** Do you actually collect how that triggering event has occurred? In other words, are you keeping statistics that those events have been created through wagering or through gaming machines or through casinos or what have you?

**MS EARL:** Yes, we collect that.

**MR FITZGERALD:** Your data keeps that. What's that showing or reflecting in broad terms? Where are the majority of your calls coming from?

**MS EARL:** In broad terms it would be poker machines. I think it's about 80 per cent, but then we have to remember that our telephone number is available in those venues and there are other compounds that may influence that.

**MR FITZGERALD:** As the service is emerging nationally, are there trends emerging between the various states or is it too early to tell? I mean, are you getting different patterns of callers, different triggering events occurring, depending on the state?

**MS EARL:** You could say that Western Australia doesn't have the poker machine problem that's coming out of the other states. This is anecdotal because I haven't really spent much time comparing them but, talking to the counsellors and from my own experience, New South Wales certainly has a lot of people that have had a big history of gambling. For a long time they've had a lot of trouble, a heavier call, if you like, than Victoria, for example. In Queensland it's just a pilot exercise and it's only three places, Mount Isa, Cairns and Rockhampton, but we do attract calls from the rest of the state, especially the Gold Coast. That would be the main difference. New South Wales and Western Australia are the ones that stand out as having something slightly different.

**MR BANKS:** One of the things we've heard is that, whatever you want to call it, but people for whom gambling becomes problematic - that that can happen quite quickly



with poker machines: you can go from someone who's pretty much in control to someone who's got a problem within a short period of time. Do you get any sense of that in the callers? You said New South Wales seems to be more entrenched and people who've got a long history, but do you get a sense of comparable levels of crisis occurring ever for people who've had a short history?

**MS EARL:** Yes, and it's a different feeling. People that have just taken up gambling in the last 2 years or something shock themselves. You get this sense of, "I'm really surprised at myself. I'm really quite shocked," and in that sense I think there's a role for education there. It's almost like the kids in the sweets shop or the teenagers or the under-11s breaking into the grog shop or something - you know, "What a surprise this is the effect it has," a little bit of that. Just a bit of education about how to do it and when to do it and how it's fine and fun would be really useful.

**MR FITZGERALD:** We've heard people talk a lot about community awareness - community awareness campaigns, education through the schools, through maths courses and so on. Do you believe that that would in fact have a significant impact?

**MS EARL:** When you say education through schools, through maths projects, at the school I went to we did that then, but that wouldn't have informed anybody at any level about what really happens when people are gambling. I think there's a role definitely for just knowing about how to - like anything, driving, safe sex practices.

**MR BANKS:** I guess there's a question of who designs the education program at the school. I can imagine that becoming a contentious issue.

**MS EARL:** I can imagine that, yes.

**MR BANKS:** Because we've got various people with their own publications that they'd like to see disseminated in the schools and feeling a bit affronted that they haven't been picked up and run with. Can you think of any appropriate way that that could be pursued? Presumably you'd need to get broad acceptance that this was helpful material rather than becoming an issue of controversy in itself.

**MS EARL:** Yes, that's right, because I don't think demonising at any level is going to be helpful. I think the Education Department has a role to play there and I think, yes, there would have to be some sort of reference which included industry. I think the industry recognises that problem gambling is not a good look and it's something they don't want either. From our experience people are really quite interested in doing something constructive about it.

**MR BANKS:** We'll go from sort of public education and information to the question of advertising. That's been an issue that's cropped up everywhere. People are concerned that the advertising has been somewhat loaded to sort of highlight the attractions and potential benefits of gambling rather than the other way round. Some have said that there's not enough knowledge about where to go to get help. That's partly addressed, I suppose, through distribution of material in venues and so on, but do you have any issues to raise in relation to advertising about G-Line's own services and the extent to which information is available?

**MS EARL:** I think one of the difficulties is that we don't know a lot about the help-seeking behaviour of problem gamblers, and that raises questions about where you put your material. The advertising of the industry - there are some that I don't think have been terribly responsible but for the most part I think they're all right. It's like party time and off you go. But when someone gets into a problem situation, a difficult situation, it's when they're by themselves that they're going to really look at it, and I think that convenience advertising - they target people when they're in a lavatory. They worked out the number of seconds people are normally in there and what they can read and those kinds of things, and I think that's really effective because that's when people - - -

**MR BANKS:** Is that already in place now in Victoria, that kind of advertising, or is that something that's been contemplated?

**MS EARL:** I think it's in the process of, if not already in. It's certainly in in places in New South Wales.

**MR BANKS:** What about television advertising? Does G-Line advertise in that way?

**MS EARL:** We don't actually do our own advertising in Victoria. We do some mail-out and promotion work in New South Wales, but we don't have control of an advertising budget anywhere else, so it's up to those other states to really promote the service. Television advertising for us - there was a campaign a year or two ago and earlier this year, and we just get an enormous amount of nuisance calls when a number goes on television. Unless it's in the context of a current affairs show or something like that, if it's a direct advertisement - our prank calls run at about 30 per cent anyway, which is kids being silly or other nuisance callers or people hanging up, things like that, but it can go as high as 60 per cent if there's television advertising.

**MR BANKS:** In other words, what you're saying is at least from G-Line's point of view more target advertising, venue-based advertising - - -

**MS EARL:** It may be a reflection of the advertisement itself. It could be that or the medium. I don't know; we have to find out. Radio seems to be better.

**MR FITZGERALD:** Just to clarify that, the advertising is done by the contracting parties in the various states basically. You provide the service, but with the exception of limited advertising New South Wales it's up to those that have contracted your service to provide the advertising and the campaigns and what have you?

**MS EARL:** Yes.

**MR BANKS:** Can I just go back to one thing, and that is your snapshot of G-Line on page 1 of your submission. I mean, I read through all of this, the activities you established nationally, 37 professionally trained telephone counsellors. Then you've got ARI annual accounts, \$788,000.

**MS EARL:** Yes.

**MR BANKS:** What does that mean, that number?

**MS EARL:** That number there, that is all the budgets from all the states. That's our funding from all the states.

**MR BANKS:** So that's your total budget for the G-Line service or for the broader activities of - - -

**MS EARL:** No, that's just G-Line.

**MR BANKS:** That's just G-Line. So with that you cover the costs of the people concerned and the costs of - phone costs and all that within that budget?

**MS EARL:** Yes, the service provision.

**MR BANKS:** It seemed a relatively small number to me.

**MS EARL:** It is.

**MR BANKS:** Is it too small?

**MS EARL:** Yes, we run it really close to the bone and there are other things we would like to do better.

**MR BANKS:** What could you do better if you had more money?

**MS EARL:** We'd like to do some promotion, not a massive budget. We'd also like to expand the telephone counselling. The group telephone counselling has been really just brought in from necessity. We need to develop it, evaluate it, really work a lot more on that but it's a matter of resources because if we're not getting any additional funding for it from anywhere, it would be much better to be able to augment that.

**MR BANKS:** So promotion and evaluation are two areas that you would say probably need more resourcing?

**MS EARL:** Yes.

**MR FITZGERALD:** What about in terms of the actual service, the face to face - has G-Line been able to identify gaps in relation to service provision? You've mentioned location and that's a common problem. Are there other areas where

G-Line finds it difficult to find effective referral?

**MS EARL:** Yes, in the various ethnic bodies because there's just not the number available of multi-lingual counsellors. When we say location - I mean, it would be lovely for every town to have a problem gambling service; it would be lovely for every major city to have some sort of residential program because in this state there's no residential programs available which there should - I really think that would be - - -

**MR FITZGERALD:** Can we just talk through that because it has come up in a number of places. Originally when we were having private visits there were views that perhaps residential was, you know, not necessary. As we've gone around further people have said it is necessary and yesterday there were some mixed views about it. What are your views about the need for residential therapeutic programs?

**MS EARL:** I think there's a need. There is a role for it. I don't know how - it's difficult to know how much you would need but I do think that you do need something in that - because there are those people that need to be just taken right out of where they are for a period of time.

**MR FITZGERALD:** But we hear that in some places there are some beds attached to alcohol and other drug facilities and most people would indicate that the demand would not be sufficient to justify a stand-alone facility. Do you have any particular views?

**MS EARL:** I don't know, is the short answer to that, but I do know that if you put them in with alcohol and drug facilities, the pressure on those facilities is so great that it would tend to be an occupied bed by an alcoholic or drug patient.

**MR BANKS:** We have this morning - actually our next participants are from the Australian Vietnamese Women's Welfare Association and will be talking a bit about some of the concerns in that community and so on. In terms of people accessing your facility, would you say that ethnic groups are under-represented?

**MS EARL:** If we're looking at a breakdown of the population I think it shows that they are represented in the right proportion.

**MR BANKS:** Are there actually some attractions in your view, perhaps to telephone type contact for some people who might be more nervous about face to face?

**MS EARL:** Yes, I think that's right. I think just accessing counselling services anyway, for some cultural groups, isn't an attractive thing to do. I know that our Vietnamese counsellor, his time is taken up when he's there but they know when he's on the telephone - when he will be on - so people ring him a lot and that way I think he does a lot of case management or ongoing counselling with regular callers. It's a bit hard for us to say because we don't have every language spoken. For example, we don't have a Russian counsellor and there's lots of other languages we don't have

which we'd like but when our telephone rings we need to have people who can counsel at a high technical level in English because 90 per cent of the calls are from English-speaking people.

**MR BANKS:** Yes.

**MS EARL:** That is an area though that on our new database which we've just revised, we are collecting information about the preferred working language of a person who rings because we find that country of birth doesn't indicate that.

**MR BANKS:** What about referrals? Is that a problem for you for some ethnic groups, just knowing who to refer them to?

**MS EARL:** Yes, it is.

**MR BANKS:** In other words, that they wouldn't be happy with a standard service that was seen as being predominantly for English-speaking people or Anglo-Saxon.

**MS EARL:** It may be that or it may be if they're in a relatively small rural community, you know, there might be courier service there. They don't want to use that because they know the people and they're identified and they would rather go to a larger more anonymous service.

**MR BANKS:** I take it from what you were saying earlier that phone counselling has its limitations as something that could actually bring about a major change in - - -

**MS EARL:** It certainly has its limitations, yes, but there are people that have just rung us and then said it's terrific, I'm fine. They ring back in 6 months and say thank you but that would be the exception rather than the rule. But the service that we provide also supports the face-to-face counselling services when between appointments people ring us or you know, if they're having a lapse in the evening or at some time and they don't have access to anybody to talk to they ring us.

**MR BANKS:** Yes, one of the things we've heard is that the face-to-face counselling is limited, partly for that reason, that their opening hours aren't necessarily the hours in which people are in a receptive frame of mind and likely to make an approach. So I guess G-Line in a sense bridges that but in the data you collect do you map the profile of calls over the 24 hours to see where the - - -

**MS EARL:** You mean the time they come in?

**MR BANKS:** Yes, the most intense periods and so on.

**MS EARL:** Yes, we can do that. It's all recorded.

**MR BANKS:** It would be quite interesting to see that.

**MS EARL:** It's all recorded. It's just a matter of what data we're pulling out and the biostatistician is one of the most hardworking people in the country I think.

**MR BANKS:** Yes, they all say that.

**MS EARL:** But it's true.

**MR BANKS:** That would be very interesting information actually and I mean, it would be information that you could use to show to what extent you're a complementary service in a way too, if a fair proportion of those calls were sort of coming out of hours or out of hours in terms of the normal working day of the face-to-face services.

**MR FITZGERALD:** You made a comment before and I just want to touch on it. You said that we don't know a lot about the help seeking behaviour of problem gamblers. Why is this? We hear this all the time. Problem gambling has been with us say in Australia for a long time although in much, much lesser numbers than currently and problem gambling has been throughout the world. In your view, why is it that we are still struggling with the behavioural aspects of gamblers at this point?

**MS EARL:** I don't know if we're all struggling but I am and I suppose that's because my experience is at this early intervention stage and I've made a model of where people can drop out - from the ultimate success of managing my gambling behaviour appropriately, from the first thought that I might have a difficulty, going through the process and thinking I'll ring, and ringing up, hanging up because you said hello and I got a fright and just going all the way along the line and not attending my appointments and doing all that. There's about 20 places where people can drop out and I want to know - my interest lies in where that happens and why that happens. The other thing is about problem gamblers, they're so secretive. There was a study done in America. I can't remember who it was but I can certainly find out, about successful outcomes of certain therapies and they followed up with asking the problem gamblers in 2 years' time, "Well, how did you go?" They said, I think it was 80 per cent of them were cured. When they followed up with significant others there was a 10 per cent cure rate. When they asked their spouses or their best friend or partners.

**MR FITZGERALD:** Right. People who knew.

**MS EARL:** Yes, it was just a frightening piece of work.

**MR BANKS:** I think Michael Walker from Sydney has done some surveys of some of those studies internationally. I think one of the conclusions from that - we're going to have to check on this - was that the success rate, the real success rate was relatively low no matter what approach was used including no counselling at all. There seemed to be sort of comparable success rates when you took a long-term sort of perspective on it but you know, to what extent it was subjected to that kind of - - -

**MS EARL:** It's not very comforting for the (indistinct) is it?

**MR BANKS:** No, but it does raise a bigger issue than the one we're looking at obviously, and this is the point you made earlier about the need to resource research into effectiveness, including follow-ups. I mean, would it be possible for you in a practical sense to be doing follow-ups with your clients, people who call you?

**MS EARL:** Because we're promoted as a confidential anonymous service, we would have to seek permission and go through those procedures and that would be a project. We could certainly do it as a project but there's all sorts of ethical considerations at the moment, as the service stands at the moment.

**MR BANKS:** So normally are you waiting for their call rather than having a phone number that you could call back?

**MS EARL:** Yes, we wait for the calls. But the only people whose identity we know, which is not divulged to anybody else, are the people that participate in the group counselling or people that ring up and during the process of counselling require some printed material that we can give them and then we know their address.

**MR BANKS:** Yes, all right. The only other thing was we had WELL here yesterday, the Women's Electoral Lobby, Victoria, and they were making a number of points about women gamblers and the rise in incidence of that which we had picked up in other statistics and so on, but also saying that in a number of respects services weren't well-oriented to the needs of women. They talked in particular about the need for women counsellors and so on. Do you have a view about that and to what extent you see your service actually benefiting women as well as men?

**MS EARL:** There are slightly more women ring our service than men but that's help seeking behaviour. My understanding is that when they get as far as - or if there's any objection, if a man picks up the phone and he feels that the caller is not comfortable, he would say, "Would you like to speak to a female counsellor," and I think that happens at the face-to-face services as well. They're given a choice if there's any discomfort. So in that sense I think that it's being appropriately dealt with. I suppose from - the only other remark I would make is that Gamblers Anonymous, which is predominantly a male area, we do have calls - if we send women there, some of them say they felt extremely uncomfortable and they have experiences like fellows asking for their phone numbers and that kind of thing or asking them to the greyhounds, whatever that might be, and they don't feel very happy about that so they ring us back.

**MR FITZGERALD:** Yes, she was referring to also the self-help groups. You know, for some women only self-help groups would be helpful.

**MR BANKS:** Okay. The other thing was the Internet web site that you've got. Is that an interactive web site.

**MS EARL:** Yes, we can tell - at the moment we're developing the interaction part of it so we can count the hits and things like that and who is looking at it but we want to develop it further so that people can ask us for information and we can respond.

**MR BANKS:** Can respond, yes.

**MS EARL:** But then that of course takes up resources of counsellors as well.

**MR BANKS:** Yes. So that could be another area. I mean, depending on what happens with interactive gambling generally, this would in a sense be a complementary service for those people who are technologically literate and doing things that way.

**MS EARL:** Yes.

**MR BANKS:** You do see that as something that you would be doing more of?

**MS EARL:** I think it would be good as an information point. I know that there are people that think maybe it would be good therapeutically for people and maybe it would but it's an area that needs to be explored. It's just another area that needs discovery.

**MR BANKS:** Yes, all right. Thank you very much for that. That's been very helpful and thanks again for the submission.

**MS EARL:** You're welcome.

**MR BANKS:** We'll just break now for a few minutes, thanks.

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**MR BANKS:** We now have the Australian Vietnamese Womens Welfare Association Incorporated. Welcome to the hearings. Could I ask you please to give your names and your position with the association.

**MS NGUYEN:** I am Cam Nguyen, president of the Australian Vietnamese Womens Welfare Association. Our association is a 15-year-old organisation and it is currently the most active Vietnamese community organisation, not only in Victoria but in the whole of Australia. We offer a range of services to our community to both men and women. Our services include services to the aged, youth, the unemployed, problem gamblers, drug addicts, prisoners, people who need training - a wide range of services. As a provider of a problem gambling counselling service and a wide range of other social welfare services of the Vietnamese community, we would like to present some information on Vietnamese gamblers in the western region and our experience in dealing with problem gambling.

**MR BANKS:** Thank you.

**MS NGUYEN:** In providing you with information of these areas, we are drawing from our case work with the Vietnamese gamblers and their families in the western region and from a focus group we conducted in June 1998. In April 1998 we also held a forum on gambling.

**MR BANKS:** Why did you decide to do these activities?

**MS NGUYEN:** Because from our contacts with our community we have come to know that a lot of families are affected by financial problems stemming from gambling of one of their members. So we applied to have funding for a problem counsellor and we were very happy to have funds for one full-time counsellor.

**MR BANKS:** Good, thank you.

**MS NGUYEN:** In the Vietnamese community, who gambles and why? Despite the relatively high profile and the frequently exploited image of the Vietnamese gamblers at Crown Casino there has been a near complete absence of research identifying Vietnamese patrons frequenting Crown Casino. I believe that Crown Casino staff keep figures of visitors, of clients, and of the 12,000,000 people who visited Crown Casino last year, 60 per cent were people who looked Asian, east Asian.

**MR BANKS:** Could you tell me, what was the source of that information?

**MS NGUYEN:** Well, I believe that the staff were told to keep records of people who come and they were divided into three groups according to appearance. But of course people were not asked where they came from. There would be the white Caucasian, one group, and the Mongol Asian, east Asian-looking people and a third group would be all the rest, you know, south European, Indian subcontinent (indistinct) that kind of thing.

**MR BANKS:** Yes, right.

**MS NGUYEN:** 60 per cent of the 12,000,000 visitors last year were Mongol, east Asian-looking people.

**MR BANKS:** How did you find out this number that they collected?

**MS NGUYEN:** That was from figures quoted in The Age or The Australian from figures released by Crown Casino.

**MR BANKS:** So you saw that number in the newspaper?

**MS NGUYEN:** Yes.

**MR BANKS:** Okay, thank you.

**MS NGUYEN:** I must say that when we saw those figures we saw also in the article the losses incurred by clients of Crown Casino also in that year for the same period. So when these losses are extrapolated, if people lost at the same rate, whatever their looks, then the Vietnamese community would have lost quite a lot. Our gambling counselling service commenced its operation in November last year and we have provided assistance to 30 people with gambling-related difficulties during the period. Of these 30 people, 18 were females, 12 were males, 21 were gamblers and nine were family members of gamblers, 14 were not in the labour force and their ages ranged from 26 to 63. Those coming to us for assistance had a serious problem. No-one came to us at the early stage of their addiction.

**MR BANKS:** So they were in crisis?

**MS NGUYEN:** Yes, they were in deep crisis. So they had serious problems with their spouse. Their spouse is threatening to leave them or, you know, they are in the process of separation. They had financial difficulties or debts or they had been ordered by the Magistrates Court to undergo counselling or were about to appear in court because of their gambling or gambling-related activities. So of the 30 people who sought help from us, half were involved with the court; 13 had great financial difficulties; 11 had great family relationship difficulties; eight were involved in crimes; five were involved with inappropriate money-lending schemes and four had attempted suicide.

**MR BANKS:** Can I just ask you, when you say inappropriate money lending schemes, these were people who owed - - -

**MS NGUYEN:** You know, Vietnamese and Chinese have certain schemes lending money to each other at very high interest rates without collateral. So that's what I mean, money is lent at extremely high rates.

**MR BANKS:** So very high rates, and then these people were having difficulty

obviously paying that back and that was the crisis that triggered them coming to see you.

**MS NGUYEN:** Yes, that's right.

**MR DINH:** Yes, sometimes the - - -

**MR BANKS:** Could you just say your name please and your position?

**MR DINH:** My name is Tam Dinh. I'm the problem gambling counsellor working with the association.

**MR BANKS:** So you're the full-time counsellor?

**MR DINH:** That's right.

**MR BANKS:** Good, okay.

**MR DINH:** My clients have reported to me that some of them have been approached by people at the gaming venue to lend them money and then to let them know the interest rate that they need to pay. Sometimes they signed cheques that are not valid or that were found later on that were not valid or they may try to borrow money from banks without accurate information or being deceived by people frequenting at gaming venues to get into some sort of a loan system that has a very interest rate or that is not legally valid or not valid with the banking system.

**MR BANKS:** Would you have any feel for what these interest rates might be?

**MR DINH:** One of them was - I think the person had a loan of \$9000 and she has to pay \$300 interest rate a month for the \$9000. There's a lot of issues involving that sort of thing because sometimes it's a private individual lender and threats of physical violence may be used or threats directed towards the gambler, the person who borrowed the money and because it's a threat there's not a lot of thing that can be done because Legal Aid services seem not to be able to assist much with that and also there's the gambler may be unemployed and has a great deal of difficulty in making that payment to the lender.

**MR BANKS:** We've heard about this elsewhere, I suppose. That number you quoted adds up to something like a 40 per cent interest rate which by some comparisons isn't even as high as we've heard elsewhere. But you were saying that often people would be approached at the venue itself with offers of this kind.

**MR DINH:** Occasionally there are people who are approached within the casino. I think they have indicated to me that they are approached after they've lost money through gambling and then sometimes they lend the person the money and say - they may try to buy things from the gambler at very low prices to give the gamblers money to continue gambling.

**MR BANKS:** Okay, thank you.

**MS NGUYEN:** I think they're the lending sharks. They move around the casino and when they see that someone has lost the amount of money, they say, "Come on, I'll give you some money. You'll win everything back," and that kind of thing. You know, the person is so keen to get back the money that a person would agree to any terms.

**MR BANKS:** So the loan would be made on the spot.

**MS NGUYEN:** On the spot, yes.

**MR BANKS:** Right, thank you.

**MS NGUYEN:** We have a focus group of 10 participant, 10, shall we say committed gamblers because I think that's the official designation, people who frequented the casino. Five of them were men and five were women. We found that five of the 10 participants satisfied the criteria of diagnostic and statistical manual of mental disorders for maladaptive and persistent gambling. Of these participants, two actually thought that they might have a gambling addiction. Most of them gamble at the casino. Only one admitted to gambling at horseraces. The frequency ranged from a few times a year to five times a week. Quite a few of them said that when they first started to gamble, they didn't know that they would become addicted as quickly as that, especially the women.. Several women told us that when they first started to gamble, they were taken there by acquaintances, by friends, because they didn't even know how to get there on their own. Then once they started gambling they became addicted.

Why did they start in the first place? One woman mentioned that she started when her relationship with her partner started to unravel. Her remarks were, "Well, when the men get upset at least they can get themselves drunk, but we women, we don't drink. So the only thing to do is to go to the casino and then you forget your heartache or your problems." She says that's the best way to forget disappointment. When we ask the 10 participants whether they had sought the services of counsellors - as a family relationship counsellors, financial counsellors, employment counsellors - the answer was no, that they had not sought the services of any counsellors. They just sought refuge in gambling to their various problems.

**MR BANKS:** I might be jumping the gun here on what you're going to talk about later but would it be true that within your community, going to a professional counsellor is not a typical thing to do?

**MS NGUYEN:** No, no. I mean, traditionally whenever we have problems in Vietnam, you know, you go to an elder of the family - I mean, not your parents - an uncle, an aunt, a grandparent. Failing that you go to some respected members of the community. But the profession of professional counsellors did not exist in Vietnam

and people - even our community here is quite unused to the idea of going to seek professional help from a stranger. Also because our community is very tightly knit, people are concerned about confidentiality. Our community is still quite young and we have been here 20 years and at the beginning there are not Vietnamese professionals, there are not enough Vietnamese trained in counselling professions. So there are cases of welfare workers, interpreters not keeping the information given to them confidential.

So the community is very aware of the risk of news getting around, rumours getting around, and especially if the gambler is, let us say a businessman, that would be very bad for his business. So it's very difficult to convince our community to change its attitude to counselling. I don't know how we should go about it. We need to put in more resources in convincing our community to use a counselling service across the whole range. It's not only gambling or whatever, but the whole range, and especially to have trained professionals.

**MR BANKS:** Is this one of those areas that might fall through the cracks in the sense that normally a member of your community would go to an elder of the community and discuss that maybe gambling is not the kind of issue that one can discuss even within your community.

**MS NGUYEN:** That's right, because it's a stigma, you see. I've spoke to priests who have been asked by family members of gamblers, to go and pick up the gamblers from the community to go into the casino and get them out of the casino. But even those priests who were trying to help the gamblers told me that when they suggested to the gamblers to go to a gambling counsellor, the gamblers would say, "But I'm not mad, why should I go to a counsellor?" kind of thing.

**MR DINH:** I think in addition to that there's a lack of understanding or awareness of what counselling does or is, how useful it is and how can it assist them to resolve individual problems or personal issues. I think there's a lack of awareness of that in community education. It would probably be a powerful tool in raising their awareness and perhaps then they would be able to form their attitude to what they need or that they should seek counselling. There's also fear of losing face and embarrassment and shame associated with seeking help from someone and also the inherent tendency of gamblers to (indistinct) their addiction and their gambling problems. All these sort of things add up and it makes it even harder for these gamblers to admit having a problem and going to see a counsellor.

**MR FITZGERALD:** In your submission you make the point - and I know we're going all over the place - you make some comments in the main paragraph on page 2 about the propensity of Vietnamese people to use Crown Casino. Why is it that Vietnamese and other Asian people are so attracted to the casino, as distinct from other forms of gambling?

**MS NGUYEN:** Well, I would say it's because they find the atmosphere exciting, the lights, the staff is well trained to be very friendly and courteous. The lighting is such

that you don't know whether it's day or night. There are no clocks, no wall clocks. There's a lot of promotion, a lot of freebies - free chips, free meals, whatever. You talk about vulnerable women, vulnerable people who are housewives with probably lots of time on their hands who have low self-esteem who go to a place where they're called sir or madam. Doors are opened to them very courteously and everything. They feel it's great to be in there. It relieves the dullness of their lives and the boredom and that's why they become addicted so quickly.

**MR BANKS:** It's implicit in what you're saying that they wouldn't feel all of that if they went to a hotel or a club.

**MS NGUYEN:** From what I hear the casino is big enough for them at the same time to feel quite anonymous. While in the clubs, they feel more ill at ease because of the perceived, let us say, difference in appearance or look or something like that and also the fact that so many Asians go to the casino makes them feel more at home, you see. 60 per cent is Asian. People who go there feel more at home.

**MR BANKS:** Yes, as a reinforcing sort of thing.

**MS NGUYEN:** Yes, that's right.

**MR DINH:** I think also the cultural aspect of it. We are coming from a country crowded with people. We are surrounded by people everywhere. Also we tend to have a very collectivistic attitude to it, like we see things in a way that you feel, you know, you are part of a community, of a larger group, of at least a village, a community, a city or a country. The casino sort of offers a way - it appeals to that collectivistic attitude that people have that, "I'm here, I'm a part of a wider community." Also I think the forms of gambling in the casino are more familiar to them. I don't think poker machines are available back in our country. It's a very unfamiliar form of gambling. At Crown there's a lot of games that they are familiar with. Also there's a lot of things that Crown is employed to make it a very Asian-looking place. You've got Vietnamese or Asian dealers and games as well and all these things sort of makes it like you are in a place where you are very familiar with I think the forms of gambling.

Also the aspect of risk-taking of these games as well and the element of risk-taking in these games. I think games at Crown offer a greater sense of prediction and predictability and controllability than poker machines can offer. I think that appeals to some deeper, more powerful mind-set that they used to have back in their country where risk-taking is a very common part of life because life back there is very difficult. A very big part of living is having to make decisions with a great deal of uncertainty and they have to take a great deal of risks. I think playing games at the casino appeals to one's very powerful mind-set that they had, that they need to take risks to survive and to go anywhere in life. I think living in Australia it's a different life where taking risks is not a daily activity and gambling in the casino appeals to one's very active attitude or mind-set that they have. It's a very exciting thing that people can engage in.

**MR BANKS:** It's very interesting that you should say that. I mean, we've heard other people say that Australians would bet on two flies crawling up a wall and I think Vietnamese are obviously good Australians in that context. We also had somebody tell us that the first Australians who came here took a big risk in just coming to Australia, so I think there are some parallels perhaps.

**MR DINH:** Yes, I think we had that risk in coming out here too in boats without knowing where we're heading. Also there's an element, a sense, of wanting to beat something. Back in our country we hate our government and people survive by outwitting and outsmarting the government - a system. I think the casino offers something like that, that here's an opportunity to win which can be interpreted that there's a possibility of beating something here. It's a system. If you win that means you are smart enough to beat a system and I think it appeals to that very powerful mind-set as well.

**MS NGUYEN:** Another factor is - for much of the gambling in our community is that the Vietnamese community lacks recreational opportunities in sports or arts. The first generation of Vietnamese refugees and migrants have very different taste and needs from the general community. I mean, cricket doesn't mean anything much at all for the older generation, although with the young it's becoming very popular. But for the first generation it doesn't mean anything. Australian rules football is not as popular as soccer. With regard to the arts, at home we have our own opera which is very different from western opera. Theatre - everything is different. So there are very few opportunities for sport and other recreation for Vietnamese.

That came out very strongly when we have our forum. A group of older women told us that why they went gambling was because they didn't have anything else. If our organisation allow them to come to our office and play cards, then that would keep them away from the casino. So after the forum, we started to organise weekly meetings and these meetings are very popular. Every week we have between 30 and 50 older women come and play four-colour cards among themselves at very low stakes. We make sure that they play for very low stakes. The funny thing is that when I ask them, "How are you doing?" whether they're winning or losing, then I hear, "I've won 2000," "I've lost 500," but in fact they had multiplied the wins and their losses by 1000, so 2000 is only \$2 and 500 is only 50 cents. They like to hear big sums.

**MR BANKS:** Yes, like old French francs. That's been a very useful discussion and I think we have probably gone through that second page and we might have got up to the point that you make about venue exclusion now; if we could perhaps just look at that.

**MS NGUYEN:** Yes, I think the exclusion orders are a bit of a joke really because people have told us that even after going to the trouble of having their photos taken to have their exclusion order properly done, they still receive promotion materials. A gentleman said that when he turned up, he was still admitted with open arms. It was

only when he lost all his money that he was expelled.

**MR DINH:** I think it's a very cruel way of treating problem gamblers, instead of assisting them overcoming or dealing with their gambling problem. Usually these are the people who can least afford to gamble and yet they are severely fined. They have lost everything and now they have a fine to worry about as well. It doesn't seem to be an effective way of preventing problem gamblers from frequenting the casino, but it's another way of adding more financial difficulties on the gamblers themselves. Sometimes they feel the need to find money to pay for their fine and it creates another reason for them to gamble - "Perhaps if I'm lucky, I'll be able to win enough to pay my fine." It creates a very vicious circle there.

**MR FITZGERALD:** Just in relation to your comments - and we've heard this before - yesterday we heard of a court case where a person had been admitted 13 times to the casino before they were prosecuted and each time they had lost considerable amounts of money. Your statement here about only being apprehended after they have lost all their money, is that becoming a more common experience?

**MR DINH:** I have been told that - because of the number of clients. I think the number is not enough to make comment or a conclusion about the trend, but I think there is a reason to think that if it's not a common activity, at least it's sort of becoming more common. A few people reporting that, they were not detected at the entry point and then after losing some money - I don't know how much they have lost at what point, but at least they have been gambling for a while and only then would the security staff approach them. Particularly, there were other people who gamble and who lost their money and they cheat at the table by either placing a bet on a number that has already come up or they move the keeper around after it's been opened or the number has already been known to everyone. The gamblers will still pay the winnings that occur in that game. I think it's really ridiculous. They are keeping it out in the open and yet they were paid the winnings as if they actually won the game and they went on and gambled a few more times and only then were they approached by security staff to see them in the office. I think really very unbelievable things that happen there. At least they should be stopped at that point, where they are trying to cheat or something like that, but they were allowed to gamble on; not only that, but they were paid the winnings - like, everyone else had bet before their number came up.

**MR BANKS:** Would you concede though that sometimes it might be hard to detect that and they might be picking it up from their observation room where they have got cameras and it might take some time to come down?

**MR DINH:** I think there's a few always standing around and I think it's not that easy to escape the detection. Also with the person who lost everything or who was arrested after losing money for breaching the exclusion order, I have spoken about that some time ago and someone from Crown casino indicated that the reason he was detected was because gamblers who have lost tend to behave in ways that attract attention in people. I'm not sure whether that's a good and accurate explanation of what was going



on and I think it's really strange that gamblers are allowed not only to come in and gamble, but who are arrested after they have lost.

**MR BANKS:** You said yourself in your submission - how many did you say - 12,000,000 people went into Crown casino last year, so if you think of it from their point of view, they have got some hundreds of people on the exclusion list but they have got 15,000 people coming in a day. I mean, it's not an easy matter to be able to immediately pick out somebody at the door.

**MR DINH:** Yes, but given that, I wonder why they have that in the first place. Why have exclusion orders if you cannot detect the people who are on exclusion orders? I think it's really very strange to put that system into place and not being able to enforce it.

**MS NGUYEN:** There is also the fact that being on exclusion orders, people still receive promotion materials. I think that is something that could be controlled.

**MR BANKS:** You have examples of that having occurred?

**MS NGUYEN:** Yes, I have. Regarding promotion, when Crown casino first opened, I personally have taken a number of calls, very insistent calls, from Crown casino from the promotions branch or whatever, offering deals to my organisation. If we were to organise trips for our members, then we would have a free bus, a free lunch - you know, the offers vary from one offer to another - and it was over a number of months. I absolutely refused. I said, "One important part of the activities of our organisation is to organise recreational activities for our members," but I didn't want to organise gambling trips to the casino. But they kept ringing me back, you see, again and again.

That was over the first 15 months before finally they gave up on me. The last call I got, I got very annoyed. I said, "Don't you ever ring me back again because I will not ever, ever organise gambling trips." I believe that in our community, there are some groups which fell for that because of the lure of getting something for the organisation, you know, raising some money and they have organised trips. I know of one organiser who fell very badly because a couple of the people who went on those trips became problem gamblers and they felt guilty about it.

**MR BANKS:** But would you say that for the majority of people in your community however, what you have described at the casino is actually a good experience and that they don't have a major problem with their gambling, that they have got it under control and that it's a form of entertainment that actually is of benefit to them?

**MS NGUYEN:** Not having the figures, it may be true that the majority are not problem gamblers. But for those who are problem gamblers, we know plenty of cases of businesses that had to be sold, family homes being sold or that kind of thing. The number of people who are affected by problem gambling is not insubstantial, but of course there must be a bigger number of people who play without any problem.

**MR FITZGERALD:** In relation to your comments about advertising promotions, apart from the inducements of which you have talked, I want to go back to a comment that was made earlier - I think Tam may have made the comment. In the Vietnamese community, you believe that there is a high degree of expectation that one can actually win. Most of the industry tells us that it's entertainment, that people know they are going to lose, they are buying time. In your submission you very much indicate that many of the Vietnamese community believe they can beat the system, that there is actually a high expectation of winning out of this.

**MS NGUYEN:** Yes.

**MR FITZGERALD:** Could you just elaborate a bit further about that attitude?

**MS NGUYEN:** I suppose that feeling of overconfidence from the Vietnamese community may be used as a fact that many Vietnamese think that by escaping from Vietnam, being able to beat the communist system, they must be pretty smart, you see, and therefore they can have a chance at beating the gambling system or whatever system it is.

**MR FITZGERALD:** Would an awareness campaign about the - not so much the odds, but about the risks, the fact that in fact the vast majority of people actually lose and so on in the Vietnamese community, have an impact on that?

**MS NGUYEN:** I think it would have some impact, yes. I think it would be useful. I'm also becoming more concerned with the young, because I have been told that among the gamblers at Crown casino, there are quite a few young people, either young professional or even university-aged people. Especially with the young people, risk-takers, they probably think that they are invincible. Information about the odds would be good for them.

**MR BANKS:** Just coming back to your earlier point that certainly for the older people, this is one form of recreation that they feel is accessible to them, would you nevertheless say for the younger people though that they don't feel as confined as that, that they have got more options, they feel more integrated and so on?

**MS NGUYEN:** Yes, they have more options, but we don't know what type of young people are gambling, you see, because the Vietnamese community is a very diverse community. If you look at someone who is in their early twenties, that person may have come here at the age of 1 or 2, because 75 to 98 is 23. Some people the same age may have come here only 2 or 3 years ago and would not have their own network of social contacts or anything like that.

**MR DINH:** I think with regard to the need to win there's also a connection between the low income earners and the unemployed. They have a tendency to see gambling as an opportunity to improve their life. They see it as an investment, and you don't invest if you don't think that you're going to make a profit. We don't know yet what

background - we don't have enough data on the levels of income of the Vietnamese patrons at the casino but, given the finding that a lot of patrons at the casino are from a low income earner's background and also who are unemployed, we can have reason to think that that's another factor that contributes to the reason why they believe that they can win: here's an opportunity to get out of a very miserable life.

**MR BANKS:** If you have a look at the last page to see if there are any other points you wanted to make, but I think we've pretty much covered the range of issues. I notice here that you've made an advertising suggestion. You've got a slogan here - I think it's the first time I've seen that one - Gambling is a Wealth Hazard.

**MS NGUYEN:** Yes. I mean, if smoking is a health hazard why can't we advertise gambling as a wealth hazard?

**MR BANKS:** That's a good linguistic contribution, I think. You also make a point here in your conclusion that in a sense you see your community as making a disproportionate contribution of the casino in particular but you don't see a comparable proportion coming back.

**MS NGUYEN:** That's right, yes.

**MR BANKS:** Through the Community Support Fund in particular?

**MS NGUYEN:** That's right, yes. With regard to that article in The Age or the Australian I was talking about, the information was given that clients' losses were \$360,000,000. You see, I asked the Department of Immigration, "What is the proportion of Vietnamese in the Asian population in Melbourne?" I was using those figures and extrapolating, and it looks as if the Vietnamese community might have lost something like \$100,000,000 in 1 year at the casino alone. From that I don't know what the government takes, but we're not seeing that we aren't getting back anything much at all in the way of services, research or whatever.

**MR BANKS:** So what would you see as the priority areas for some of the funds that are being generated through - - -

**MS NGUYEN:** First of all I think we need research, you know, fairly in-depth research on the type of people who gamble and things; more preventative measures such as what we try to do with our limited means, such as organise day activities for the elderly or the unemployed, whatever their age; healthy recreation activities for those. Also if we could conduct a campaign regarding counselling that would benefit the Vietnamese community across the board.

**MR BANKS:** Awareness campaign?

**MS NGUYEN:** Awareness campaign of the benefits of professional counselling, because my organisation has several workers dealing with youth homelessness, family breakdown, that kind of thing, and we come across the problem of people coming to

us via the justice system at a very late stage of their relationship. It's very difficult to have them at that stage. We would like people to come to us at an earlier stage, and especially we would like to see preventative activities being organised, courses, training courses.

**MR BANKS:** Thank you very much for your contribution. I think we've learnt a lot from talking to you. As our research continues we may well find that there are things that we might come back to you on, if you don't mind us doing that. So thank you very much for participating. We'll break now.

**MS NGUYEN:** Thank you very much.

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**MR BANKS:** Our next participants this morning are the Licensed Clubs Association of Victoria. Welcome to the hearings. Could I ask you please to give your names and your position?

**MR LAUGHTON:** Good morning. I'm John Laughton, President of the Licensed Clubs Association of Victoria.

**MR WHITE:** Stephen White, vice-president of the Licensed Clubs Association of Victoria.

**MR MARSHALL:** Neil Marshall, executive director.

**MR BANKS:** Good, thank you. Thanks very much for coming along. I think John has been in the audience before today so he knows the ropes.

**MR LAUGHTON:** And Sydney.

**MR BANKS:** And Sydney as well, that's right. It's a bit less formal here than it was in Sydney. It's a better room I think. So, as we discussed, why don't you highlight the key points in whatever way you want of your submission and we can ask you some questions about it.

**MR MARSHALL:** Thank you, Mr Chairman. Basically this is a support submission for the submission that was put to you in Sydney last week by the National Council of Community Clubs of Australia and New Zealand. We specifically wish to address the issues of the regulatory structure, social impact and taxation of gaming as they relate to the club industry in Victoria. Just a bit of background: the LCAV has been in existence since 1916 as a representative body for licensed clubs in Victoria. There are currently 789 clubs with full club licences and 1520 clubs with restricted club licences. I should explain that only the clubs with the full club licences have gaming venue licences. Of that 789 there are 302 currently with gaming rooms.

We wish to stress the fact that clubs are groups of people sharing a common interest, who club together to promote and provide facilities to pursue that interest. We believe they're an efficient and democratic and economical means of funding on user-pays basis facilities for the benefit of the whole community and the first part of our submission explains the types of clubs in Victoria, many types of clubs, and the fact that they provide facilities to the community. In many regional centres and smaller country towns the local club is an essential part of the local community providing employment for the local population and trading with local small businesses.

On 30 June 1998 there were 13,230 electronic gaming machines located in 302 licensed clubs and racing clubs in Victoria. The average club had 43 electronic gaming machines. The maximum number of machines allowed in clubs in Victoria by ministerial direction are 105. There were 18 clubs with 105 and 28 clubs with a minimum of five electronic gaming machines.

**MR BANKS:** What sort of clubs would typically have the most machines?

**MR MARSHALL:** Race clubs and football clubs and some of the bigger community clubs. We have a concern, Mr Chairman, that in 1997-98 the club gaming venues received approximately 40 per cent of the Victorian electronic gaming machine turnover whilst the hotel gaming venues received approximately 60 per cent. We go on to explain in our submission that by statutory and regulatory requirements in Victoria we believe that the club industry is disadvantaged, not only as against the hotel industry as regards - and we wish to talk about the policy of having to sign in when you go to a club as against a hotel. But also when we compare the club industry and gaming venues in Victoria we feel we're disadvantaged as against venues in other states and territories of Australia.

One of the major concerns under the regulations is the need to sign people in, in particular the 5 and 10 K radius. Just yesterday I was at a lunch in which amongst the guests was the Victorian Minister for Gaming and representatives from the gaming operator, the two gaming operators, and it was raised there by one of the gaming operators that in their view the club industry was not competing with the hotel industry and in the view of that operator - it was an individual, I won't say which firm it was. But in the view of that particular operator the clubs should receive less machines than the hotels in the future, and of course that's a considerable concern to us because we see that one of the perceived problems with gaming in Victoria at the moment is the perception that a lot of the proceeds of gaming is going into private hands rather than going back to the community.

We strongly believe that the way the clubs are run under their rules and then by statute, provides that that money must go back to the local area. Clubs, as you know, are non-profit making so that any money that is derived by the club goes into extra facilities for the club and with most gaming clubs it's the people in the surrounding area who do the gaming. They also provide a lot of free usage for other groups from outside such as the service clubs. I myself am a former Rotarian. Over a number of years I was in three different rotary clubs and one of those met in the Club Tivoli in Melbourne. Now, the next one I went to met in the Kooyong Lawn Tennis Club and the third one met in the Heidelberg Golf Club. So all three were service clubs providing a facility by the local club.

We have a concern over the level of taxation on the club industry in Victoria. When I say level of taxation, we not only include the 33 and a third per cent we must pay to the state government but we also include the 33 and a third per cent that goes to the gaming operator. We have a strong belief that gaming in Victoria as regards the club industry in particular - and I'm sure the hotels would probably tend to agree with this - it's fatally flawed by the fact that the clubs can't own their own machines. I'm sure the HA will be saying something about that themselves later on today. But we believe it's a serious flaw in gaming and the clubs can't control their own destiny, the way the game is presently established. It's a strong belief of ours - and I'll go in a moment into taxation and with the issue of taxation we've just been dealt another blow by the Australian Taxation Office in recent times, which I'll explain to you in a moment. But that again is based on the fact that the club industry doesn't own its machines.

As I said, Mr Chairman, the LCAV is aware the Victorian government is under strong pressure from the commercially orientated gaming operators and the hotel

industry to dismantle the fifty-fifty ratio of electronic gaming machines between club venues and hotel venues. On reflection the LCAV believes the ratio was always going to come under pressure because on the whole hotel venues are situated in better strategic locations than club venues and the hotel venues are not hampered by the requirements to police the door of the venue. In the past some criticism occurred on the slowness of Victorian licensed clubs to introduce gaming in comparison to hotels. This is to be expected, given that licensed clubs operate under member and community guidance with executive committees reluctant to take risks with community property.

The returns from gaming are so tight in Victoria that considering the risk it is difficult to justify the initial investment. Licensed clubs are also required to ensure that the majority of their membership are committed to the changes required by gaming and this takes time. They are now much better prepared to advance gaming throughout club venues. There have been positive changes in club administration and committees are now more likely to accept the need for commercial decision-making. I remain disappointed that the returns from gaming are so limited.

We believe that licensed clubs are venues desired by the community and slow growth is appropriate for the stability of operations. Our association in about November of 95 suggested to the state government at that stage that gaming - as regards the poker machines in clubs and hotels - was proceeding too fast and that we believed there should be a slow-down to allow the industry to settle, to see what the effects of the first 5 years were, and then to go on from there. Out of that, the premier announced virtually at the same time that he was going to provide that temporary freeze on the number of gaming machines, and then the Victorian Casino and Gaming Authority, as you would be aware, undertook considerable research, and I think that the Victorian industry can be quite proud of the fact that it's probably the most extensive research undertaken anywhere in Australia, and I would say almost probably, the most extensive research taken anywhere in the world onto the effect of gaming following its implementation. As you would be aware, out of that the government announced a further freeze until the year 2000.

We strongly believe that venues in Victoria other than clubs, hotels or the casino, must continue to be excluded from the gaming machine industry. These include reception centres, restaurants, shopping centres, taverns, and bingo halls. These venues are inappropriate for the conduct of gaming. We have a concern, as I mentioned earlier, with the sign-in rule. Steven White who is beside me here was previously manager of the Amstel Golf Club which had gaming machines, and Steve quite often quotes the fact that it was costing his club \$100,000 per year to police the front door of the clubs regarding having to sign people into the gaming room. With that rule in place clubs are never going to be able to compete with hotels.

**MR BANKS:** So are you saying that in Victoria - I mean, clubs generally get preferential treatment in other states relative to hotels. I think what you say in your submission is that you don't have that preferential treatment here, at least in relation to state taxes.

**MR WHITE:** The preferential treatment we do have is in the state tax where the hotels get - really it's the same, isn't it?

**MR MARSHALL:** We get taxed at 33 and a third but they're paying extra - - -

**MR BANKS:** You don't contribute to the community support funds.

**MR MARSHALL:** No.

**MR BANKS:** That's the only difference.

**MR WHITE:** The other thing of concern is the fact of - in regards to door policies within the state regulation we have actually two types of door policies within the club industry. The racing club receive the 33 and a third per cent return but actually don't have any door policy because they come under the Racing Act and don't require a 5 or 10 K radius, whereas the hotels who don't have a door policy, only get 25 per cent, so within the club industry where there is one club within a couple of kilometres of another, those two clubs work under different policies for the regime of entering that club policy. For example, Pakenham Football Club, Pakenham Race Club.

**MR FITZGERALD:** So just to clarify for me what you're recommending, are you recommending that the sign-on rule be removed for clubs or are you recommending the sign-on rule should be extended to others that provide gaming facilities?

**MR WHITE:** We recommend it should be removed. It should be up to the committee and the members of the club to allow who should be entered into that club.

**MR FITZGERALD:** That position is at variance with some of the clubs in New South Wales who have put to us that one of the strengths of the club industry is the sign-on rule, and as a major reason why they are in a better position to have harm minimisation programs and so on than the public hotels.

**MR WHITE:** Except the way that gaming is run in Victoria is completely different to New South Wales. Here when we have to compete on an equal base to keep our machines we need to be on an equal playing field. It's no value for the operator to say, "You're not doing the same as what a hotel is," when we have got all these hindrances against us. If we owned our own machines, if there was another number of issues involved, yes, but we believe that the club should set its policy who allows us to come in the door by its members.

**MR FITZGERALD:** So do you believe that there is any value at all not only for



clubs but others for having registration of gaming participants? In Europe of course you can't access a casino unless you register. You basically for commercial reasons - and I'm not being critical of that - are saying it should disappear, but you actually implicitly are also saying that there is actually no value in it in terms of public policy in having people registered if they have entered a venue which has gaming facilities.

**MR WHITE:** No, we don't believe there are.

**MR MARSHALL:** I guess to answer your question, Mr Fitzgerald, because of the way that gaming is structured in Victoria, the club venues are under constant pressure, (1) to compete with the nearest hotel, (2) to compete against each other.

The other issue I wish to raise, in fact under the present structure is that we now have a situation where the two gaming operators are telling clubs that unless you can compete with the club down the road, and your net machine revenue is up to a certain level, that you run the risk of losing machines and we have already had a number of clubs that have had machines removed, and we know, we have got a list of clubs given to us recently that are going to lose the machines - we have been told they will - early in the new year.

That constant pressure on the clubs is why the club would prefer to see the 5 and 10 K radius removed from gaming clubs. We're not saying that the 487 non-gaming clubs in Victoria should remove their signing-in rule, as regards signing in guests and members but we are saying as regards gaming clubs who are running a gaming room that they should be able to determine themselves who can enter that gaming room and who can't. The rest of the facilities of the club, again it's by the club rules that the club determines as to where those - the people who are gaming, what other facilities in the club can be used by them.

**MR BANKS:** I suppose to think my way through this, wouldn't that have implications for the mutuality principle as well? If you didn't have any sign-on rules how would you know where that income was coming from, whether it was coming from members or just members of the public, when you undermine your own capacity to maintain that?

**MR MARSHALL:** I'll come to that because you've just asked another very vexed question for us at the moment. We come to the taxation issue. We argue that clubs in Victoria are disadvantaged as against clubs in other states as regards the level of taxation. As I said earlier, we're paying a 33 and a third per cent of the revenue to the state government and on top of that we've got to pay 33 and a third per cent to the gaming operator, whereas in other states the cost of buying their own machines and maintaining their own machines at individual clubs is a lot less than 33 and a third per cent of the figure. We can provide to the commission some of the costings of Victorian clubs as against other clubs and interstate clubs.

**MR BANKS:** That would be useful. We have had some information on that. I'm not sure whether we got in New South Wales or elsewhere, comparing the clubs around the country and some hotels. But if you've got something on that, that would be useful to us.

**MR MARSHALL:** One of the issues that's forcing us to consider mutuality in relation to gaming clubs, as distinct from just non-gaming clubs - if I could just push the non-gaming clubs aside for the moment - the Australian Taxation Office approached me in October of 97 and advised that in their view, due to the structure of the Victorian gaming industry, the income from electronic gaming machines is derived by the gaming operator and not the club venue operator and as such it's the view of the ATO that the proportion of the club's gaming revenue which is derived from its members should be fully assessable for company tax purposes. That defeats the issue of mutuality for a gaming club. In the past, the gaming club has done a door survey every 6 months and has determined what proportion of its members are gaming, as against what proportion of guests and authorised gaming visitors and has applied that formula to its whole profit and paid tax on the revenue derived from the gaming visitor and the gaming guest, and has been exempt from paying tax on the members' share.

This proposal by the Australian Taxation Office removes the members' share from the equation and says the clubs will pay a company tax on all the profits it derives from gaming. We can see suddenly we're finding (1) we're restricted from who can come into the gaming room and (2) that we now lose the benefit of the members' income derived from the gaming room that normally would be going back into the running of the club.

**MR FITZGERALD:** Where is the point of difference? The point of difference is that the machines here are owned by the duopoly, the two operators; you lease them - license them.

**MR MARSHALL:** Yes, we don't lease them.

**MR FITZGERALD:** For which you pay a licence fee.

**MR MARSHALL:** No, no.

**MR FITZGERALD:** That might be the trick. What's the issue?

**MR WHITE:** They say that under the way the act is that the machines are owned by the operators and therefore the income is totally owned by the operators. So the operators are actually paying us back, if you want to say, a commission. Therefore it's not members' income. We actually collect it and pay the operator. But that's the way the Victorian government - - -

**MR FITZGERALD:** So the way in which the licence agreements are structured is you don't actually pay a commission, you actually get back a commission effectively.

**MR WHITE:** Theoretically, yes.

**MR FITZGERALD:** Yes, well, that's the problem.

**MR WHITE:** We disagree with that and it's not the intentions of how the law was put in but that's how it's written.

**MR FITZGERALD:** The Australian Taxation Office at this stage has not actually given a definitive ruling.

**MR WHITE:** We haven't got a written ruling. At this particular stage we met with them last week and they will back-tax us to 1996-97. So they're a retrospective taxation which is of great concern to the industry because we've made commitments to the banks on the principle of mutuality and how the income from gaming was going to be received. Now they're going to go retrospectively into probably 150 clubs of those 300 clubs in Victoria, those without sporting exemption. It will affect all clubs without a sporting exemption. This also has a concern - if we have to pay back taxes to where we go, one club has estimated that they will have to pay 68 per cent of their bottom line profit in tax because we cannot take the principle of mutuality off certain items. You'll see a table we prepared for you in that submission. There are ongoing discussions with the Tax Department.

**MR MARSHALL:** Can I just come back to the issue of the machines being removed from clubs. That's a very serious concern to us because to establish a gaming room, that costs a club a lot of money. Normally a club, when it establishes a gaming room, not only does it put money in capital facilities in there but it also would probably either build a new bistro or revamp its present bistro to allow for the extra people coming in the door. If suddenly the machines are removed by the operator the club is faced with an empty gaming room, so an empty capital infrastructure which still has to pay for it. The banks aren't going to say, "We're not going to collect our money from you." Also the other extra facilities provided by the club will suddenly start losing money as well. So that is of considerable concern to the club industry in Victoria.

**MR WHITE:** It's happening both in the club and the hotel industry where machines are being removed; more particularly, we believe, in the club industry.

**MR FITZGERALD:** Can I ask, the performance criteria established by Tattersalls and Tabcorp is for what period of time? Do you have 6 months within which to reach a performance criteria or what's the time-frame?

**MR WHITE:** Both operate different scenarios. If you like, without knowing the finer detail, we can always forward you a copy of a contract.

**MR FITZGERALD:** I'm just trying to get some rough feel for it.

**MR WHITE:** It's defined in the Tattersalls one, whether you have a venue - you have a competitor - how close to you. On the Tabcorp one, I don't think there's a

definite date in it.

**MR FITZGERALD:** In any club you would have machines from Tattersalls and Tabcorp?

**MR WHITE:** No, you only have one operator. You can either have one or the other.

**MR FITZGERALD:** Who requires that? Can a club decide that it wants to take from both?

**MR WHITE:** No, we don't have the opportunity to by legislation. We can only go to one operator and then that operator just controls the destiny.

**MR FITZGERALD:** I was just making the point that on the surface you would think that is potentially a breach of the Trade Practices Act. Is there some exemption for Victoria?

**MR WHITE:** We could not - - -

**MR FITZGERALD:** You wouldn't be able to answer that?

**MR WHITE:** No. But we do on intention to agree with you.

**MR FITZGERALD:** So a club - if one of the operators withdraws the machinery - the EGMs - from the venue, has the practice been that the other operator puts machines in or has it been the practice that the club is left EGMS?

**MR WHITE:** The practice is the club is left without EGMs, because if it's not viable to one it shouldn't be viable to the other. There has been the odd exception, particularly with one RSL club where it was put in, but that was for another commercial reason they did see down the track. But on average the machines are not replaced.

**MR MARSHALL:** In every other state and territory of Australia the club itself determines as to whether it runs gaming machines or whether it doesn't. The club committee might say, "Okay, those machines are running at a loss but if we keep, say, 10 machines" - if you take a small bowls club, that small bowls club can make a decision that those machines are there for the entertainment of its members and other competitors after they finish playing a game of bowls or a tournament or whatever and those people will stay at the club and will probably have a meal and a drink and mix in the club facilities. Here in Victoria you don't have that choice.

**MR FITZGERALD:** In your submission you're calling for the current system to be reviewed but you're probably going further than that. Can you just explain to me, how long are the exclusive licences that have been granted for Tattersalls and Tabcorp for? When do they run out, do you know.

**MR WHITE:** No, I don't know the exact date. Was it 2005? I'm not really sure. I think it's 2005.

**MR FITZGERALD:** At the moment you say it's 2005.

**MR MARSHALL:** 2015, I'm told.

**MR FITZGERALD:** It's a while off. Well, I won't ask the question I was going to ask them.

**MR WHITE:** We believe it should be reviewed now.

**MR FITZGERALD:** Can they legally be reviewed now or you're not sure?

**MR WHITE:** Not sure.

**MR BANKS:** Just on that, do you have a view on the famous 27,500?

**MR WHITE:** We believe it should be increased. We believe that some of the smaller clubs, particularly, and in the country, clubs are being jeopardised in their future. So we believe that now where the operator dictates where the machines go, we have a feeling that maybe the government in a sense should, through the Victorian Casino Authority, we should apply to them for machines, whereas we apply now to the actual operator for the machines.

**MR BANKS:** Under the current duopolistic situation, should the cap be removed?

**MR WHITE:** Yes.

**MR BANKS:** Still should?

**MR WHITE:** But should go to smaller venues.

**MR BANKS:** No, you can't have it both ways.

**MR WHITE:** No, you can. You could have a ministerial direction to have an increase in the number of machines which must go to smaller venues with a maximum of 10 machines.

**MR BANKS:** So that would be the condition under which you would see a cap being - - -

**MR MARSHALL:** Yes, and the minister can do that. Under legislation the minister has a right to make ministerial directions, so he could - if the cap was lifted he could make that direction.

**MR BANKS:** Otherwise what would happen if the cap was lifted with nothing else changing, do you think, in terms of how the allocation of those additional machines would go?

**MR WHITE:** If the fifty-fifty remained until the club industry could see that it was worthwhile developing infrastructure, there wouldn't be many more machines in Victoria. The fifty-fifty is most important for the future of the community.

**MR BANKS:** So there's a range of different scenarios depending on the ratio in the cap and the allocation. Okay. I mean, every state has got its own interesting story to tell on these things.

**MR LAUGHTON:** Before the cap was settled the minister was going to get the operators to give small clubs some machines but it fell by the wayside, unfortunately.

**MR FITZGERALD:** When was the duopoly created?

**MR WHITE:** In 1991.

**MR BANKS:** We had Tabcorp in yesterday and you might be interested in reading the transcript - but I asked about to what extent the clubs - there had been a constraint on the rollover of the machines and I think it was conceded that it had been. We didn't get into the question of the ratio too much which is a shame; we could have talked about that. But I have heard, in talking to some people in Victoria, that the number of new clubs have come in and those clubs have been somewhat different to existing clubs in that they've almost been gambling clubs. That's been the prime purpose. Would you like to respond to that?

**MR WHITE:** I think there's a perceived idea - and it may be true - that those clubs are actually licensed by the Liquor Commission and must have a club constitution. Our view on that is that we believe from the association that a club should hold a club licence for a period of time before it's granted a gaming machine licence unless it's an amalgamation of clubs for the community benefit. For example, you may have a Ballarat - and I use that as an example only - a football club, a cricket club and a netball club may combine who have been genuine clubs and they can show they've been in operation for a number of years. We believe they should be able to apply for a gaming venue operator's licence. But a club that is being formed today out of nothing should not be allowed to apply for a gaming licence until it proves it's a bona fide club - and we have an example of 3 years. We believe there's ways of doing it.

**MR FITZGERALD:** But what is the rationale for that, other than to protect the interests of the existing clubs?

**MR WHITE:** The rationale of that is basically we believe we're community clubs and that a club should prove it's for the community before it is given a gaming licence, given the authority to operate gaming machines.

**MR FITZGERALD:** Can I ask a bit further. Are you suggesting in that response that you believe some of these new clubs will eventually be proven not to be genuine community-based clubs?

**MR WHITE:** No, because they've already gone through the process of having a constitution already agreed.

**MR FITZGERALD:** Yes. They've got the constitution so the regulator - you said the Liquor Licensing Commission - is saying on paper they represent a community club?

**MR WHITE:** That's right.

**MR FITZGERALD:** You're now saying before they get a licence there would be a period of time in which they would have to operate before they could get a gambling licence, to use that expression. I'm just trying to get at - what would be the rationale for you saying that there needed to be this period of time? Some will say that this is simply the existing clubs seeking to put a barrier to entry for new clubs to operate efficiently and effectively. What is the public policy benefit of having this delay period?

**MR MARSHALL:** We wouldn't argue that if several present clubs, say smaller clubs, got together to form a new club between them, a new sporting club - - -

**MR FITZGERALD:** Yes, I understand that - but a new one.

**MR MARSHALL:** We would say that they shouldn't be disadvantaged as regards the issuing of gaming machines.

**MR FITZGERALD:** I understand that but just about the new ones.

**MR MARSHALL:** The new ones, we're saying that if the club is perceived as not being community based we have concerns, and we believe that people - - -

**MR FITZGERALD:** No, I understand that. Sorry, just to try to get it to a point, you're actually saying that there needs to be a period of time within which the bona fides of the club as a community club can be tested.

**MR MARSHALL:** Yes.

**MR FITZGERALD:** So what you're saying is that the mere fact that somebody has the right constitution and meets the appropriate regulations in your mind is insufficient to demonstrate the bona fides for the purpose of getting a gambling licence. You feel that there needs to be a period of time to actually demonstrate those bona fides? I mean, if you're going to build a barrier to entry there has to be some very good public policy reason why you would do that, even in the club industry.

**MR MARSHALL:** We've advised the minister for small business, who's responsible for the Liquor Licensing Commission, that we believe that the commission should be very careful as regards any application it has before it for a full club licence and that they should ensure that the applicant for the full club licence is properly constituted by the club rules, as Stephen referred to, and is definitely established for a community purpose.

**MR FITZGERALD:** I just will pursue this one further. If you were to be able to remove the current duopoly arrangements that exist, your preference as I understand it is to allow each club to own or lease their own machines directly subject to some form of capping, whatever that might be.

**MR MARSHALL:** Yes.

**MR FITZGERALD:** As I understand it that basically applies in most other states.

**MR MARSHALL:** Yes.

**MR FITZGERALD:** This is the only state in which - - -

**MR MARSHALL:** Where it doesn't.

**MR FITZGERALD:** - - - there is an intermediary.

**MR MARSHALL:** Yes.

**MR FITZGERALD:** Can you give me your reasons as to why Victoria chose this model?

**MR MARSHALL:** I actually took the opportunity about 2 years ago to speak to the fellow who was the first gaming minister in Victoria, David White under the previous state government. At that stage he'd just stepped out of parliament, but I had a chat to him and asked him why he established the gaming the way he did. He said that he'd actually established it that way with the two operators because he could perceive there may be problems as regards illegal manipulation of the sale of the machines. He was concerned about the criminal element and he felt that the two operators should be there to prevent that from occurring; there should be full regulation of who's handling the sale of machines. In fact, his comment to me was in hindsight he went too far in his legislation; he never intended gaming to operate the way it now is.

**MR FITZGERALD:** All right. Your other point?

**MR MARSHALL:** On the social issue, sorry?



**MR FITZGERALD:** Yes.

**MR MARSHALL:** In 1997 the Victorian Casino and Gaming Authority as part of its extensive research studies commissioned a study into the definition of incidence of problem gambling, including the socioeconomic distribution of gamblers. The study found that community surveys of problem gambling in different Australian states show that this at-risk group of problem gamblers ranges between 1 and 3 per cent, and those are their figures, not mine.

The club industry in Victoria believes it has acted responsibly by recognising the problem and putting measures in place to assist patrons who may have gambling problems. In late 1996 the LCAV, together with the hotels association; the two operators, Tattersalls and Tabcorp; and Crown Casino, developed a self-regulatory accord and a number of codes of practice. The accord and codes were launched on 5 February 1997 and came into operation on 17 February 97. A working group consisting of representatives of the signatories to the accord has been responsible for the implementation and operation of the accord and codes. The industry has maintained dialogue and worked with interested community groups and problem gambling support services, established what we believe is a workable credible independent complaint resolution process, introduced responsible service of gaming training for venue staff - that's for both clubs and hotels and for Crown Casino - and acknowledged that a small percentage of patrons may experience problems associated with gambling and has made a commitment to assist these patrons. We've also established a self-exclusion process from gaming venues that has patron acceptance.

We believe that the gaming machine industry in Victoria has led the way with the introduction of its self-regulatory code of practice and has been the first state to carry out such a review and evaluation. However, the industry accepts more can be done and will be undertaken in the future. I've explained in the submission how the accord is established, with five parts, with the gaming operators' code of practice, the venue operators' code of practice, the gaming machine industry accord, advertising code of ethics and the Crown code of practice. The accord binds the industries to their respective codes of practice. The interlocking nature of the codes also means that signatories support other accord signatories in their commitments.

We believe that a very important keystone of the accord is the independent complaints resolution process. It's a very thorough system that we've established within the industry so that any person who walks into a gaming venue and has a complaint of the way that they were treated or the fact that maybe the machines didn't pay out what they expected, if they thought that they had a winning payout and enough didn't occur, or they felt that a staff member didn't treat them properly, then the complaints process is there to ensure that their complaint is properly dealt with.

Initially through the Gaming Machine Industry Secretariat the complaint is advised, if it's a club for instance, to my association and to the individual club and to the gaming operator that may have machines in that particular venue. The club is encouraged to meet with the complainant to discuss the problem. If the problem isn't

resolved at that level it comes back to the secretariat, and if it cannot be resolved there it goes to an independent complaint resolution process, as we mentioned, and an institute of arbiters are available to independently assess the complaint.

The other issue I wish to raise in relation to the Victorian gaming machine industry accord is the self-exclusion that is available to gaming machine patrons who have problems with their gaming behaviour. It provides a means by which such patrons may voluntarily exclude themselves from gaming machine venues and be legally excluded from Crown Casino. The Australian Hotels Association and the Licensed Clubs Association have a joint program for gaming machine players seeking to exclude themselves from gaming venues located in licensed clubs and hotels. This program is available throughout Victoria, and in the submission I've outlined the full details.

The other issue I wish to raise with you is that, as part of the commitment to the gaming accord and the gaming code of practice, the Victorian club industry has club employees trained in both responsible serving of gaming and responsible serving of alcohol. The LCAV has also produced a pamphlet on Responsible Serving and Consumption of Alcohol: You and Your Club. The pamphlet is designed to provide advice to club members, guests of members and authorised gaming businesses in relation to their responsibilities in respect to responsible consumption of alcohol. The LCAV together with the Australian Hotels and Hospitality Association has developed an industry licence for club and hotel employees which requires that the employee has proven knowledge of the responsible service of alcohol and responsible service of gaming courses. We had a concern at one stage that it may have been possible for an employee to attend a course and maybe have a sleep in the back row or whatever, but this licence ensures that they must show that they've got that knowledge.

All club gaming venues are encouraged to keep readily available information for gaming patrons in respect to the counselling services such as Break Even and G-Line. I should say we've just recently been in discussions with representatives of G-Line as regards the establishment of signs behind doors for responsible gaming. Yes, I heard this described as convenience advertising. It took a while for it to dawn on me what that meant.

**MR WHITE:** I think the industry was very concerned originally in legislation that they had to do a responsible service of gaming course before they could actually have a licence. That was taken out of the legislation, and the industry was most concerned that it had been withdrawn and continued to develop training for its own staff. Therefore we thoroughly endorse, both through the AHHA and ourselves, the industry licence.

**MR MARSHALL:** Can I lastly say that as regards the code of practice and the gaming accord the secretariat has put out a lot of literature now on the process. We put out a document that goes to all clubs and hotel gaming venues called Responsible Gaming, which explains the code. We also have pamphlets we can supply to you - we can organise that for you - on responsible gaming that go into all venues. We have

complaint forms available in venues and we have the self-exclusion forms available. There's an application form where, if they wish to be self-excluded, they can apply to receive the information and then are contacted, receive all the relevant forms and those forms are discussed with them. They are counselled by two people and, as part of the self-exclusion process, they are advised that it would be advisable for them to go and see a further counsellor.

Pamphlets are now available in nine other languages apart from English. We've picked the nine most common ethnic languages in Victoria. We are working on further publicity on the whole issue of responsible gaming as an industry at the moment. We hope in the very near future to put out further pamphlets and information. We're also working with the Australian Association of National Advertisers and the Advertising Standards Bureau to strengthen the advertising code of practice for gaming industry.

**MR BANKS:** Thank you. You mentioned earlier that you'd hoped that provisions about training and so on could have got into the legislation. Does your association have a view on the relative merits of a regulatory versus a self-regulatory approach in this area?

**MR MARSHALL:** Yes, we do. With the responsible serving of alcohol there is a requirement under the Liquor Licensing Commission. They actually have the licence for the training of staff for the responsible serving of alcohol, and anybody who runs that course must be accredited by the Liquor Licensing Commission. Previously in Victoria the Victorian Casino and Gaming Authority had a requirement that anybody going for their gaming licence, special employee's licence, must do training, and there was a course actually approved by the Victorian Casino and Gaming Authority which was run jointly between the Australian Hotels Association and the LCAV. In our view unfortunately, about 12 months ago the Victorian Casino and Gaming Authority removed that requirement for special employees' licences. As an association we believe that the Victorian Casino and Gaming Authority should be doing more through regulation, making sure that people working in gaming establishments are properly trained.

**MR FITZGERALD:** One of the issues that came up in the Sydney hearings was the complete disparity between the level of probity checks on employees in casinos and that that existed in hotels and clubs. I don't know whether they're covered in the codes or what have you, but just in terms of this issue about employees, you're talking about training. Do you believe that there is a case that those that are involved in the operation of the gaming rooms should have to have a higher level of scrutiny, given that an increasing amount of the gambling dollar is going through clubs and hotels generally?

**MR WHITE:** They already have to be scrutinised by the government before they're permitted to actually operate on a machine.

**MR FITZGERALD:** Is that the same level as the casinos?

**MR WHITE:** I can't comment. They're two different licences, so I can't comment on the casino, but they all have to fill in particular information of their own and have to be

fingerprinted and the whole lot, even down to the committees of and owners of hotels. The committees of clubs who have any say in the running of a club have to have an associate's details passed in to the VCGA and have to be approved by the VCGA before they can actually take part in making decisions on the committee.

**MR FITZGERALD:** What level of staff does it go down to?

**MR WHITE:** All staff that work in gaming rooms.

**MR MARSHALL:** I should point out, commissioner, that's under regulation. It's not under the codes of practice.

**MR FITZGERALD:** No, I'm aware of that. I was just raising that. A couple of things: in relation to the codes of practice, we have received other submissions but not at this public hearing, that have questioned these codes. I don't have that paper with me, so I won't go into any detail. I thought you mentioned the word "evaluation" - in fact you do - for the state to carry out some sort of review and evaluation. Can you just talk to me about how these codes are actually now being evaluated and what is the ongoing process for evaluation of their effectiveness?

**MR MARSHALL:** We can provide you with a document, the review and evaluation document, that was completed last year or actually earlier this year and it was actually sent to relevant government ministers and government departments and other people involved in the gaming industry. We had community groups and clubs and hotels as well who had gaming rooms and also municipalities evaluate what they felt the code had achieved to date. The general feeling was that we needed to do more promotion of the code, and as I said earlier, we are undertaking that feeling. The other area I guess of concern was the advertising code needed to be strengthened and as I mentioned, we have had discussions in recent times with the Australian Association of National Advertisers and the Advertising Standards Bureau. We have started working on expanding that code.

The interesting thing is that I am only aware of one complaint in the last 18 months as regards to advertisements which is interesting. That in fact was a club, and it was virtually that his venue had machines that would give a better winning percentage than did others. I was able to persuade him to withdraw that advertisement.

**MR BANKS:** Was it accurate?

**MR MARSHALL:** It wasn't accurate, no, because the machines, as you would be aware under the current system, are operating at about the same level.

**MR BANKS:** We heard there's variation among individual machines. It's only a

threshold, isn't it? You could choose to give a higher payout ratio if you wanted.

**MR WHITE:** Basically the operator sets the parameters of the returns.

**MR BANKS:** Right, the actual venue, that's right, in Victoria.

**MR WHITE:** Yes, in Victoria. I think that's the whole thing; in a lot of our areas, we are in Victoria.

**MR BANKS:** I was going to ask you, on page 6 at the bottom you talk about other venues, ie:

Other than clubs, hotels or casinos must continue to be excluded from the gaming machine industry. These include reception centres, restaurants, shopping centres, taverns and bingo halls. These venues are inappropriate for the conduct of gaming.

Why?

**MR MARSHALL:** We believe there's nothing worse than a gaming establishment established in a regional shopping centre. We have very strong concerns about that.

**MR BANKS:** Could you elaborate on that?

**MR MARSHALL:** I would say it was part of the social conscience really, commissioner, that a person who is going to buy the household shopping for the week suddenly sees a gaming venue and may be distracted and suddenly finds unfortunately that they have spent that shopping money. For that reason we don't believe there should be gaming venues located in shopping centres.

**MR BANKS:** But a lot of hotels are in shopping centres, aren't they?

**MR MARSHALL:** I would say they were distinct from the shopping centre. They are not part of the building in which the shopping centre is in.

**MR BANKS:** You mean like a shopping mall?

**MR MARSHALL:** A shopping mall, yes.

**MR BANKS:** We have a very strong feeling that shouldn't be the case.

**MR LAUGHTON:** The government have let a few go through and now they have legislated to stop it.

**MR FITZGERALD:** I think it's an interesting issue. At the moment we have TABs or whatever you call them down here, operating within shopping centres and what

have you for wagering on races, yes?

**MR LAUGHTON:** Yes.

**MR FITZGERALD:** We also have various forms of lottery games now going through newsagents and there is an issue about keno in various jurisdictions. What makes this form of gambling - and I presume we're talking about EGMs predominantly - different? Why should we be concerned in relation to the social implications of this form of gambling as distinct from TABs as distinct from lottery outlets? In your view as an association, what distinguishes it?

**MR MARSHALL:** I would say that with poker machines, with the electronic gaming machines, that there may not be the consideration beforehand in relation to whether they game or not as they would be with TABs or with lotteries and so on. I would say the majority of households in Victoria would make a decision that they are going to spend a certain amount on Saturday night Tattslotto and regularly somebody from the household goes down and places the money on their chosen numbers. That's a conscious decision beforehand, and I guess with TABs, not to the same extent, because TAB - but it's a decision to go and start - or to follow the races. Well, say with the TAB, most people before they go and bet on the races have actually bothered to buy the newspaper for the day or some sort of a betting guide and have studied as to the form of the various horses, and so they have made a conscious decision before they are going to go in there and place some bets for the day. With the gaming machines if they're located in that sort of locality, I believe it's an instant decision to go in the door, that's the difference.

**MR FITZGERALD:** So you would regard EGM gambling as being impulsive, and I use that term in the sense of you go past it and you do it, in a sense that impulse, and the continuous nature of the game itself lends itself to those issues. If we then took that into the club venue, the point that you raise about them being impulsive is obviously so, and the way in which these machines are now designed are designed to attract that attention. One of the issues that we have heard a lot about has been - and we have raised it just about every day - the notion of informing the consumer in a better way about the risks associated with it. Now, we can talk about general risks of gambling or we can talk about the amount that that entertainment, that gambling, is going to cost. Does your association have any particular view about the type of awareness or signage that should be displayed to better inform the consumer of the risks and/or the spend that is likely by the use of EGMs?

**MR WHITE:** We believe that the signs that are on the machines now give the player the knowledge of what is returned or could be returned to them with their wins.

**MR FITZGERALD:** But the information that's on the machine only tells you the payouts but there's no way that I can work out my risk involved in that, nor could I work out how much money I'm going to spend in an hour or 30 minutes. As you would have read in the paper today - and there were comments yesterday about the

amount that is spent. My point is because it is an impulsive and continuous form machine, and that's correct, the player is unaware of some fundamental information. The industry and in our other states has said to us the consumer is actually well informed. They move from one machine that's not paying enough and so on. I'm yet to be convinced that's true but I'll take that on face value. But do you believe there is a case, either as part of the code or by way of regulation or simply good practice, for an improvement in the amount of information given to the consumer?

**MR MARSHALL:** There is a pamphlet that has been put out by the industry in recent times.

**MR WHITE:** We haven't got it but we'll send one in. Gaming is - I forget the terminology.

**MR MARSHALL:** It was put out in consultation with Break Even and G-Line and it explains what the return is per player set by regulation. As the gaming machine industry secretariat we have been having discussions in recent times as to the possible signage on machines and in venues. We're currently looking to see what has been happening on other states and territories, in particular in the ACT.

**MR BANKS:** You see, that payout ratio doesn't actually provide a lot of information. It can actually distort people's understanding of it because they think - for example, say it's a 91 - 81 - what is it, 89 per cent?

**MR WHITE:** We'll say 90.

**MR BANKS:** Yes. So even the more educated one would possibly think that they would go away with 90 per cent of the money they came in with, you know, which isn't the case, so we know it's a probability which is repeated over and over at independent trials means that at the end of it you have lost your money basically, but along the way you're getting credits back and so on which add up in that way. I mean, this is just an issue that people are raising with us so we're exploring it, and indeed, it's not clear yet whether it will make much difference, but it's something that is clearly an issue that needs to be considered.

**MR FITZGERALD:** Can I ask another couple of other very brief questions which have come up and none of them would be surprising. In a number of the documents we have received, but again they have not been presented at the public hearings, there have been recommendations from various community service providers including a whole range of Break Even organisations about venue design issues. For example, clocks, better signage, the movement of ATMs further away, signage particularly near cashiers, the payment of winnings over \$100 or \$500 by cheques and so on and so forth. The majority of those sorts of recommendations are not specifically in your codes of practice and I haven't given full consideration to all of it. How far do you believe that the club movement is prepared to move in terms of venue specific or machine design specific action that strikes a balance between responsible gambling without removing the entertainment value?

For example, there was a survey that was done in one of the regions in Victoria, the Greater Grampians or something or other, I don't know, whatever it is, and said that when they interviewed club employees there was only 30 per cent of them supported the putting of clocks into venues. For the life of me, I don't understand why anybody objects to clocks going in any venue, including this room, and yet it struck me as strange that there would be in fact a concern that putting clocks in would in fact somehow inhibit. So I just want to get a feeling for your association in Victoria, how far are you prepared to move in terms of machine and venue specific requirements?

**MR MARSHALL:** On the clocks issue there is no conscious decision by our association either way as regards clocks. In fact, I'm aware of a number of club gaming venues where there are clocks on the wall, and I would argue that most people who are gaming these days are wearing watches anyway.

**MR FITZGERALD:** I presume my question was a bit broader than the clocks, that's why I sort of bundled it in a group. There is a view that the clubs and hotels are prepared to talk about responsible gambling in a whole range of ways until such time as you actually say the machines themselves contribute and therefore need to be modified, or that the venues themselves contributed and need to be modified. At that point there seems to be resistance. Would you say that's a fair comment or an unfair position

**MR WHITE:** No, we would be open to anything under our code for the responsible service of gaming. So depending - you're giving us a theoretical thing. We would be open to any discussion of improvement such as the light, as the previous speaker said, that was by legislation in Victoria originally, that there was not allowed to be seen into the room. That has been rescinded and I think most of our gaming rooms have got a lot lighter but a lot of them were built to the regulations at that stage. We are willing to consider anything for the better and responsible serving of gaming to our customers because we really believe it's part of the leisure and entertainment industry. We would be open to any consideration.

**MR FITZGERALD:** Just going back to this issue of mutuality because it's a significant issue, you're obviously saying to the commission that we should recommend - not make recommendations - but support the notion of mutuality generally. I just want to put to you, this may be less of a problem in Victoria but it's certainly - and John was there in New South Wales would have heard it - that there's a view that in some states the club industry has gone well beyond anything that was ever envisaged of community clubs. In other words, that they have become major competitive businesses competing directly with the private sector. Now, again that may not be the case in Victoria but one could say the trend could be there. How do you support this notion of mutuality as clubs generally become greater and greater in terms of their business activities from retail outlets to motels and so on. How does this notion of mutuality retain its credibility or its integrity, as that happens?



**MR MARSHALL:** Are you referring to all clubs, commissioner, or just to gaming clubs?

**MR FITZGERALD:** Specifically clubs with gaming.

**MR MARSHALL:** We would argue that due to the nature of the structure of gaming in Victoria, that we are not going to get clubs unfortunately of the size that you have, say, in New South Wales and the ACT and to a certain extent now in Queensland. The economics are just not there. As much as we would like to see them - imagine how we feel when we go interstate and see what's happening in the facilities. We would have an argument that where a club is putting its money back into facilities for its members and those members tend to be from the local area, then they should be protected by mutuality as is any other organisation under the tax rules that gains income from itself to spend on itself.

**MR FITZGERALD:** Irrespective of the nature of the activities undertaken. In other words whatever the activities are, be it gaming or an extension of activities, is not the defining principle.

**MR MARSHALL:** We have a concern at the moment with the figures we have put in our submission is that the way the Taxation Office is now approaching the issue of the share of gaming revenue derived from members, in fact it is going to disadvantage clubs in relation to taxation. A club of a similar size to a hotel down the road will actually finish up paying more in the way of taxation.

**MR BANKS:** Because you are pretty much on a par in terms of the state tax.

**MR MARSHALL:** Yes.

**MR BANKS:** That is a difference here.

**MR MARSHALL:** Most gaming clubs are running their food and beverage at a loss and as such they won't be able to take that loss against any tax to be paid on the full profits from gaming. We believe that the gaming clubs are still providing the normal facilities, such as a golf club that has a gaming room. They still are providing the same facilities for those golfing members. The same with the bowls club or an AFL club. The AFL clubs are still providing facilities to the many thousands of football members that they have.

**MR FITZGERALD:** Just one final question that I have and it is related to tax and the hypothecated amount that is payable by hotels to the community support fund. There has been a lot of comment to us that the clubs and the hotels should be treated in the same way in respect of that payment. I understand that effectively would mean that there is no differential in overall taxing. Assuming that one wanted to maintain a differential between hotels and clubs - assuming that - is it better for you to pay less tax and no community benefit fund levy, community support fund levy, or would it be better to pay the community support fund levy which then goes back into other purposes, including gambling research and so on and for you to have a differential on the tax rate or do you have no view on that?

**MR WHITE:** As it currently stands, I will have to get that question again, but as it currently stands we believe that the infrastructure that we are doing now is putting probably more than that amount or equal to that amount back into the community with either infrastructure or new community facilities and contribution to the community through RSLs, clubs, golf clubs, whatever it may be.

**MR FITZGERALD:** If you want to have a think about that, because there is an argument that there should be a level playing field in terms of all of these community benefit funds as they exist around Australia and they are all different, so let me just make that comment, and that you then transparently deal with taxation. You either favour clubs or mutual organisations or you don't, rather than the contribution to community-wide funds.

**MR WHITE:** We will take that on notice. The other incident with that is that currently the government in its own wisdom and correctly so, gives us 33 and a third per cent, but then they have put the door policy on which can cost us more than what that difference does anyway. So they are saying, "Yes, we will give the club more to come back into the community," and do it that way and then they put the door policy on which can cost some clubs more than what it does.

**MR BANKS:** I just have one hopefully brief question, just to get you to clarify where you say the two-operator system, the duopoly that you have in Victoria, involves the highest cost in the provision of gaming machines and network services in Australia.

**MR WHITE:** We will forward you some information on that. We had some statistical information taken out to show that the cost of actually servicing and maintaining machines in Victoria, there may only have been us owning it ourselves, is a lot dearer, therefore we could put more back in to the community.

**MR BANKS:** This is a comparative - - -

**MR WHITE:** Yes, between all the states.

**MR BANKS:** That would be useful to see.

**MR MARSHALL:** What we have done is taken an imaginary club with the same revenue from gaming, same revenue from food and beverage and then applied the state taxing regimes, each state's taxing regimes against that and it showed that the Victorian club comes out at the bottom line, way below any other state.

**MR BANKS:** That's a different issue in a way. There is the question of - - -

**MR MARSHALL:** The cost factor is in there. We have shown the cost factors in

there. It will show that having to paid the 33 and a third per cent to the gaming operator to get the machine is far more expensive than then buying your own machines in other states and providing maintenance and so on.

**MR WHITE:** For example I think in the example we sent you there was a new ACT club, I think it made \$1 million profit and if we did everything exactly the same in Victoria and paid the Victorian rate of taxation, it would have shown a loss of \$2 million.

**MR BANKS:** But I guess what is of interest to me is whether the underlying costs of running the system, not the distribution or who gets the benefits - - -

**MR WHITE:** No, we can give you some information. We will forward that to you.

**MR BANKS:** Thank you very much for that. That has been very helpful. We will break now and resume at 2 o'clock. Thank you.

(Luncheon adjournment)

**MR BANKS:** We will resume now, ladies and gentlemen, and our first participant this afternoon is Gabriella Byrne. Welcome to the hearings. Perhaps just confirm your name and then tell us the capacity in which you are appearing today please.

**MS BYRNE:** My name is Gabriella Byrne and I developed a program called the Free Yourself program. The program I developed based on my own personal experience as a gambling addict, so I think I feel a little bit like the odd one out from everybody who has submitted so far, because I experienced the effect of the so-called form of entertainment. A lot has been said about the set-up of the gaming venues and what could be done to make it better. I felt when I started gambling and I was under the opinion that it is just another form of entertainment, that I didn't have, looking back, an educated choice when I walked into this gaming room.

We talked about the lighting of the rooms and the level of lights are similar to hypnotherapist offices or meditation classes, except from the flickering lights that come from the poker machines. Like a trance induction through a hypnotherapist, the sense of sight gets automatically drawn to the lighting that flickers from the different machines. If you would count the tempo of this lighting you would be surprised that it comes close to the tempo of a slightly aroused heartbeat, which in retrospect if you open and you are not aware of this fact, will produce certain chemicals that stimulate a slightly aroused emotion. So that is in my opinion deliberately set up and through my experience as a counsellor, very often people tell me, "I feel mesmerised, I feel like I am in a trance." So it is not just my personal experience with them.

**MR BANKS:** Has there been any work done, systematic work done on that or is this just your observations?

**MS BYRNE:** No, I counted it and I know that a lot of money is paid from aristocrats and the manufacturers of machines and psychologists to basically work out what makes people tick. I don't have any documentation on that to prove this, but if I tell you the next sort of distraction of a sense which is the hearing part, for example, very often in advertising here in Victoria, I am not sure about New South Wales and anywhere else, you hear the sound, "Doo, doo, doo, doo" which sort of comes out of a winning machine.

Well, if your subconscious sort of checks for reference where this has been heard before, which you are not consciously aware, you will find that it comes from the Messiah of Handel, Easter Sunday, big church, people singing hallelujah. I mean nobody knows that and it is distorted in a way that you would not recognise it, but as you know how our brain works, subconsciously everything gets checked for reference and what it would come backwards is attributes like holy, sacred, victorious. Things like this. That is proven. If you know the tune you know that it comes out of a machine and that is deliberately set up.

**MR BANKS:** What about joy?

**MS BYRNE:** Yes, joy of winnings, which is something that people knew when they

installed this kind of thing. The reason I mentioned that is, to make a conscious decision and it doesn't matter what kind of decision you make, you have to be in the possession of your senses. Without your senses, without sight, hearing, feeling, smelling and tasting, really the process of taking in information, checking for reference and then doing something about it is not complete. If you have ever been in a nightclub where you know the music just blares and lights flashing everywhere and you were asked to make a decision about your job, you would have to leave, because you wouldn't be able - because your senses are overpowered.

What I am trying to say is that with the deliberately set-up of distraction of senses, and I mean all senses, every gaming venue smells the same; spilt alcohol and cold and hot cigarette smoke. In my opinion they are making enough money to provide fresh air, even though people smoke non-stop there. But what happens is over a period of time, if people frequent a venue, even the smell creates a sense of familiarity. It is like going to your parents' house and it smells of moth things, whatever they are called. I mean, you don't like the smell but it links with some sort of emotional positive impact.

**MR BANKS:** It smells bad; I must be home.

**MS BYRNE:** So the sense of touch, we heard yesterday that it is an automatic electronic device, so really you don't have to push a button, you could probably just put in - I want to play five games with 25 credits and it would run by itself. But if you touch something it gives you somehow the impression that you have an influence on what is happening. I mean, I have been stroking the machines and telling them that I need that win and I really classify myself as halfway intelligent, that there is no way that it would give me a win, but that is the impression you get by using your sense of touch, feeling, that you have some sort of impact on what is happening.

**MR BANKS:** Are you saying that at the time when you had the problem with your gambling you nevertheless also in an intellectual sense understood what the odds were or not?

**MS BYRNE:** No, I didn't understand what the odds were, but I think everybody who has been addicted to gambling will tell you that that doesn't matter. Money is not the issue. I think maybe the warning that was suggested yesterday that if you press 50 credits you go through \$130 in a minute or whatever, that might on a conscious level have some impact on a person gambling. In that respect, also what was said about alcohol, if somebody has a gambling problem, the last thing they worry is spending money on alcohol. They take the coffee and tea that is provided, because that is free, and it serves the purpose to increase arousal chemicals in your brain, because as you know, caffeine is another stimulant. So it adds to the chemical imbalance that you get anyhow. So that I think was the point I wanted to make.

About the warnings, when we talked about that, I would really think if we would display things like "entering this menu on your own risk" and have an explanation about what can happen, over-stimuli of the senses so you might not be able to make a conscious decision about how much money to spend and when to leave. That would have made an impact.

**MR FITZGERALD:** When you say that it's not about the money, what is it about?

**MS BYRNE:** Well, there are two aspects of this. I think gambling addiction is a drug addiction. You are after the high that gambling provides. If you gamble you flood your brain with endorphins and adrenalin, especially if you have a few wins. If you gamble under stress, you produce a hormone like cortisone which then serves the purpose of not storing the emotions that you have into your long-term memory. That is why a lot of gamblers leave the venue and say never again. I said that millions of times, you know, "I won't go back." But because the pain and the emotion and frustration that you feel is not stored, 2 days later, what you are getting back visually is all this sort of beautiful sounds of winning machines that you experience.

But to go back, I think it is a drug addiction in that sense that you get used to a certain chemical imbalance. Now, the gambler, or myself when I was gambling, I felt the minute I walked through the door I changed. Like, not only emotionally or mentally, but I changed physically. As I said, through the lights my heart started to beat faster, like the blood ran a bit faster. I even experienced some sort of flight syndrome. You know, you get very focused if you talk to other gamblers, it's like you have a favourite machine, a lot of people have that and it's like this is all you want. Once you make the decision to gamble, this is where you go to and you are changing personalities the minute you enter. You create chemicals, like adrenalin starts to pump up, endorphins flood your brain if you win, so you have like a high arousal chemical make-up which is pushed up through coffee and a very, very low well-being chemical make-up. That is why a lot of GPs prescribe things like Prozac for gamblers, because serotonin is very low.

But our brain is very strange. If you do this over a period of time this is what you get used to. This is what you feel is normal. So when you stop gambling and the arousals drop, then you have a normal healthy looking brain, but because that is not familiar, you become irritable and aggressive and all these emotion producing chemicals that push the arousals up - and nothing feels as good as walking through the door and this all familiar feeling. This is where I belong. This is what I want. That is why part of the things that I had to do to free myself from this addiction; also look at the physical aspect of it and try to counterbalance the imbalance in my brain through a change of diet and exercise.

**MR FITZGERALD:** Just talking about the venues that you went into, where were you basically gambling; what type of venues would you most frequently visit?

**MS BYRNE:** For a long time I frequented just poker machine venues, mainly because I started close to work. After work on Fridays we used to go. Then I lost my job because of my gambling problem and I became an administrator down here at the other end of Collins Street, so the old casino was just like very close walking distance away. So I gambled, but just poker machines. I tried the table. I thought maybe I can

compensate a bit, because I knew it didn't really interest me that much, but I always ended up back at the poker machine. There is an interesting study in America, I think they call the gambling machines the crack cocaine in gambling addiction. So it is a very fast addictive.

**MR BANKS:** Could you tell us perhaps a little bit about your own program and why you feel that other counselling services aren't as efficient or effective?

**MS BYRNE:** Probably the best way I can describe it is after I realised I had a problem, I called the help line, I was suicidal more than once and I called the crisis line and I got referred to Gamblers Anonymous meetings. I really admire the fellowship for their work and there is also a place for people to go and share their stories, irrespective of their social status and how well they can talk and how long they want to talk. But the first thing I objected to do was to get up and say, "I am a compulsive gambler," because I wasn't born with a gambling deficiency. I learned that behaviour and if I say I am something, then that means I put on the code of identity that my belief system looks for evidence to prove; that if that is what I am, you had better find out that you are.

So just in the premise of this sentence I got knocked back, because I didn't want to say that. I was able to say I have a gambling problem, but I would not say, "I am a compulsive gambler." The second thing that I really couldn't cope with was you went through certain rituals every time you read the 12 steps, but I wanted to know what to do when the urge hit me. When I walked out of that door the first time what I did was go gambling, because the only time that I saw some excitement on people's faces was when they talked about the time they were on the punt. When they talked about the life that they lived 3450 hours after they stopped, they had sort of gloom and doom sort of aspects.

I really felt that reading through their brochures it said things like, "You will be able to live a satisfactory life." Now, I read the reports of my children and if somebody said a satisfactory life, it is not really something I would like to strive for. If I have been in prison, that's how I felt when I was gambling. I felt I was a prisoner. Now, if I get out of that prison, why would I count the days and the hours and the time that I spent between when I was there and now? It just keeps you linked to something that doesn't serve you any more. Really, the program was founded in 1963 by a guy who had an alcohol problem, who then developed a gambling problem that transferred all this and he died of emphysema because he couldn't cure his smoking habit and it has never been changed. There is nothing changed since then, no research done, no success rate sort of tried.

I mean, it's hard to establish, I know, but for something to be a first referral base, I mean, every person I counsel has been there and every person I counsel has the same problem. So I'm querying why we do this to people that obviously are desperate for help because once you have been there you have been even more desperate because, you know, you also look at criminal records. The first thing, you know, people do is talk about how great it was to be on the job to get the money to be on the punt because

that's where it leads to, the arousal chemicals, you know. Eventually betting the highest stakes doesn't do it any more to get a kick. So now then you have got to steal a TV and pawn it, so that it just gives you some more stimulus, some more excitement, some more hype. So after that Break Even at that time wasn't available. They just suggested, "Well, if that doesn't work for you then go to counselling," and I had to pay.

I went through 1 and a half years of counselling with a very good counsellor and I learned a lot about myself and I think that's one thing that counsellors are really good. You know, you're talking about maybe if I cure the issue, the underlying issue that causes you to gamble then maybe you don't gamble any more, not realising that if my need is something - you know, it's like a street. If I want to go somewhere and I start gambling I first sort of make a little path and eventually I fill it up with concrete and it's like taking away the end bit but still having the road established, and you just are not able to change to get there. So my program - I wasn't talking about my program. I was talking about the counselling session.

So after 1 and a half years of counselling I felt - yes, something. I was devastated. I needed some sort of help and I came across a little ad in the paper how these things are falling out of the sky sometimes. It said, "If you would like to change yourself and other peoples' unwanted behaviours, you know, join this class," and it was a practitioner course in neural linguistic programming, NLP for short. When I went there for the first time there were strategies that I could adapt to my gambling problem. The best one was that all of a sudden the internal war that every person has that fights some sort of addiction or bad habit, call it whatever you want, has two voices inside of their heads. There's normally one that says, "Let's just do it," and the other one that says, "No, but you shouldn't, you have a family to worry about," and then your voice says, "Come on, you deserve it, you've worked for it. Just \$10 will do," you know, all these things. Somebody relates to what I'm saying.

So what happened was with NLP I discovered that if I looked at myself as the split personality as basically somebody that was two people in one body, I could, through language, take control back of myself. Just one little example, it was, you know, a very good line of this gambling part is to say, "Well, we'll start this tomorrow or the new year's coming, why don't we just wait till then," just having sort of a time-frame. I would then visualise this voice as something that was not me. Like, in my little book there's a picture of a monster-type face, something that was outside of my body. Some of my clients have it inside, you know, it depends whatever turns - no, whatever turns you on. Then I would talk to this thing like I would talk to my worst enemy because at that stage of my life it was destroying me, so I would say to it, "Well, you would like to start next year. I will start right now, so just get lost," you know, and I would really swear and visually kick it or whatever I felt like, but if I had control over the internal war that everybody probably can relate to, whoever sort of fought some sort of addiction, even if it's just chocolate, that was the first step.

When I got that, I was fine for quite a few months and I relapsed, you know, I went back there. Relapsed is the term I guess in the gambling - I kept strict diaries.



Since the time I started gambling I always recorded how I felt because I thought I might get some clues about patterns and triggers and what came out was that for the weeks leading up to my relapse, that I had neglected myself physically. Like, I was rundown, under a lot of stress, didn't sleep or there were late nights, some alcohol - you know, a lot of things that just impacted my physical well-being. And so I started to read books about brain chemistry and how food impacts moods and what to do to be on an even keel so that the drop of the chemicals are experienced, like withdrawal - would be sort of picked up by increasing well-being chemicals and I changed my diet.

I didn't eat red meat any more because that drains oxygen which I needed in my brain to work properly. I increased rice on a really incredibly dramatic basis, rice cakes, I had them with me all the time, because if you have a lot of rice it increases serotonin on a natural basis. I didn't have to take tablets. All these little things just made me feel better, and when I was feeling better I was able to work with the beast better.

**MR BANKS:** Have you found - I mean, you comment on the effectiveness of other services and so on. To what extent have you monitored the effectiveness of your own system with those - - -

**MS BYRNE:** I have counselled in 2 years roughly about a hundred people and because I follow up - my program is not an anonymous program. I have questionnaires that people fill out at the end and I ask them if I can contact them after 3 months and 6 months.

**MR BANKS:** Yes.

**MS BYRNE:** I would say that my success rate is just a little bit below 70 per cent. If people follow my program strictly - and it makes sense really. If you look at - when you have an addiction, something that your nervous system has a lot of reference about is how to make a decision and then fail to keep it. Like, very often you make a decision and you become very undisciplined because that's what you have reference about. Now, in my program I tell people, "Okay, once you hear that voice, you visualise something." So they're small little steps but they give their nervous system the reference that they can make little things, make decisions to do something or not to do something, but then also experience the success of doing so.

Like, one thing that I recommend is, before you do anything else in the morning, you go for a walk. Now, for some of my clients that's too big an ask because they haven't been exercising for a long time and it's not the physical exercise that I'm trying to promote, it's when you wake up in the morning your senses are supposed to be very sharp and ready to take in information, like oxygen, green colours, flowers, all these things are positive things that you are taking in through your senses, and that produces serotonin and you start your day on a completely different note. So some of my clients will just walk out into the garden straight after they wake up and just walk around and then come back, so that's the first step, but they're experiencing that they are disciplined, do something, where they create reference for their nervous system of

succeeding.

**MR FITZGERALD:** Just explain to me the concept of neuro linguistics.

**MS BYRNE:** Programming, yes.

**MR FITZGERALD:** Yes. What is it?

**MS BYRNE:** Okay, the three words - like, neuro comes from nervous system, so a little example would be if a dog would walk into this room here, right? You and I would maybe see the dog. Maybe - can I say Gary?

**MR BANKS:** Yes, sure.

**MS BYRNE:** Okay. Maybe Gary just turned his back so he wouldn't see the dog, okay? He might hear something funny. So the neuro in nervous means the perception through the sensors. Now, then once you have perceived something through our senses we translate it to ourself. You would say, "This is a dog." I would say, "Oh, this is a cute dog," and you might not even say anything, but you recognise there is a dog. Now, depending on our experience, what we translated to ourselves, is programmed in how we react, okay? If you ever had a bad experience with that dog you would run and leave the room. I might go there and pat it and so it is a science of trying to work through how people perceive things, how they translate things, and then depending on their experiences, how they react.

**MR FITZGERALD:** In the document you have given us on your program, you talk about two types of addictions. You talk about process addiction and substance addiction.

**MS BYRNE:** Yes.

**MR FITZGERALD:** Yet a short time ago you talked about gambling as if it were somehow or other related - - -

**MS BYRNE:** A drug.

**MR FITZGERALD:** A drug. Yet in this document you talk about it as being an example of a process addiction. Substance addiction, I'm familiar with. Process addiction, I'm less familiar with. Can you explain the difference there.

**MS BYRNE:** When I wrote the document it was quite early in the stage so I don't think I contradict myself, but what I learned since then is that process addictions are also chemical addictions but we're producing our own drugs. It's not like something coming externally through.

**MR FITZGERALD:** So must compulsive disorders, you would regard as falling within the process addiction - not all. I mean, some are actually mental health issues

but in that area.

**MS BYRNE:** Yes.

**MR FITZGERALD:** To what extent have you had this approach evaluated or have people commented on it? As you have commented on other counselling services, what has been the feedback from those in the service provision area on this program? What are they saying good about it, and what are they saying it's not so good about it?

**MS BYRNE:** Well, I went and approached the Addiction Research Institute and you heard Miss Kay Earl speaking this morning.

**MR FITZGERALD:** Yes.

**MS BYRNE:** Everybody that I approached and tried to explain this program to - and I was hoping that because - I mean, we are all interested in helping people that have a problem with gambling. I thought when I put this together and I had success in training that the government funded organisation would be really happy because it would be an approach that actually promised some success. To my disappointment I didn't get any response. They all took my book. I sent them the coloured copy which is not the ones that you have got here, and I had no feedback whatsoever, even though I called a few times, and I was asking about setting up a project where maybe through G-Line clients unknown to myself and other help organisations could have a questionnaire filled out so that we have an idea about how we stand, what is working or what is not working.

**MR FITZGERALD:** But in light of that, when you say that they have not taken it up, have they actually commented or have you had feedback as to what people perceive to be the strengths or weaknesses of the program?

**MS BYRNE:** Just professionally or from my clients too?

**MR FITZGERALD:** Professionally first and then from your clients.

**MS BYRNE:** A lot of people that work in the help profession, like my doctor, my GP, and some psychologists and hypnotherapists who read through it, thought that it was a real good approach of dealing with it and a lot of people that are working with people that have gambling problems thought that they would like to take it on board, so I am working on a workshop to provide other counsellors with the opportunity, yes.

**MR BANKS:** Do you get any funding for this?

**MS BYRNE:** No, I am not funded at all.

**MR BANKS:** So people pay you directly.

**MS BYRNE:** Yes. I mean, Tim Costello mentioned in his submission that some of the agencies were knocked back and I was one of them because I am not a non-profit organisation.

**MR BANKS:** right.

**MS BYRNE:** My problem is that I am trying to expand on this - see, I don't think this program is perfect but I think if we would get some research into the area, say, for example of diet or - you know, I work very strongly together with naturopath and homeopath, that's part of my program. If that could be looked at in a better way - but I don't have funding. I don't have the resources to do it on my own.

**MR BANKS:** You have got a particular approach. You're sort of visualising sort of enemy within in a sense, you know.

**MS BYRNE:** Yes.

**MR BANKS:** When you talk about education and compulsory school programs, what sort of education? Is it education about that kind of technique or education of a more generic - - -

**MS BYRNE:** I would like to see that our young people become aware of what happens through distraction of senses. I am not only talking about gambling. You see, our kids play Nintendo. They play computer games which is the start, you know, because they get used to an over-stimuli of senses with - you know, you see more and more computer games come out that are more vivid and more powerful and noisier and all this because what we had - you know, Mario 1 doesn't do it any more. You have got to have three-dimensional things. So I mean, it's the start. From there, and if you look at the casino you know they start then in the nightclubs walking down to the - start at the movies, then nightclubs and then end up in the gaming room. It's a natural progression because that's the way they perceive entertainment to be, and I think it has to be part of the curriculum to help kids understand the danger, because I personally wasn't aware of it.

**MR FITZGERALD:** If you perceive the danger or the risks associated with gambling, how do you advise somebody who is not yet a problem gambler? How do they in fact control or deal with those risks?

**MS BYRNE:** If they're not a problem gambler?

**MR FITZGERALD:** Awareness of the risk is one issue.

**MS BYRNE:** Yes.

**MR FITZGERALD:** But then actually behaving in a way that contains or controls that risk is another set of elements, so what's your approach to preventative action?

**MS BYRNE:** Very often I tell them that I believe to become addicted to something is a lot of little decisions made in favour of, say, that gambling part which is in all of us. Like, we all have different parts of us. The first time you spent more than you wanted, the first time you stayed longer than you wanted, so they know that if there is a decision to be made, that they could run the risk of becoming addicted if they break

that decision that they made. If they walk in there and say they plan to spend \$10 then I tell them that that's what they're supposed to do, if they're not addicted yet. I don't believe in control once people have passed that threshold.

**MR FITZGERALD:** Sorry, just explain that. Once they pass the threshold you believe in abstinence from it?

**MS BYRNE:** Yes.

**MR FITZGERALD:** Not a controlled environment?

**MS BYRNE:** No.

**MR FITZGERALD:** Why do you do that? Most people that have come from a behavioural approach to this, which in some part you are, would say that control is - sorry, some people are able to exercise control. You're saying no. Why is that?

**MS BYRNE:** Can I explain it with an analogy?

**MR FITZGERALD:** Sure.

**MS BYRNE:** Like, I believe the process of addiction is like if you invited a person to come over for dinner and you have a real good night and the person says, "Well, let me stay for the night, I don't know where to go." You say, "Okay." So that night has turned into a week and the week turned into a months and they slowly start spreading their belongings and they decide what's on the menu for dinner and they rearrange your furniture. Eventually you're cornered in your own house and it's your place, but it's taken over by somebody that doesn't belong there. To reason with that person and say, "Let's go back to the first night that you came and we had a good time," is just not possible any more. It's like you have got to throw them out, change the key, and find a way on how to talk to them, which I do and my clients do very successfully. This is how I - - -

**MR FITZGERALD:** So you have to throw them out rather than shove them back into a room.

**MS BYRNE:** Yes.

**MR FITZGERALD:** In your personal submission you refer to something that is commonplace in all that we have heard. You had an early win, virtually on the first, second or third occasion of your gambling?

**MS BYRNE:** Did I?

**MR FITZGERALD:** One of your clients.

**MS BYRNE:** Yes, in general that happens very often. I didn't. What I experienced was though that I came into the room, coming from work Friday nights, feeling quite frustrated because I didn't really enjoy the job and when I left I felt different. It gave me the illusion that by being there I solved some of my problems and I think that is a common pattern with everybody that gambles to excess.

**MR FITZGERALD:** We have heard that people who have problems with gambling get into a stage of chasing the losses. On my quick scanning of this you are not talking about chasing the losses at all.

**MS BYRNE:** No.

**MR FITZGERALD:** Just tell me in your experience is chasing the loss - you are talking about chasing the high.

**MS BYRNE:** Chasing the high.

**MR FITZGERALD:** Many other counsellors talk about chasing the loss.

**MS BYRNE:** It's the similar thing though, because the addictive part of you, if I can refer to it as such, will give you rational reasons why you should chase the high. The rational reason for this chase the money, because if you don't do it you would be in deep trouble. It is just something I think that is human nature, that you want to win. We don't want to lose and our society is programmed to support only winners. Now, to leave that venue with nothing and knowing that your kids have to eat no-name products for the rest of the week and only 2-minute noodles, is nothing that is appealing to people.

**MR FITZGERALD:** We have heard of the very large number of significant others as they have been described - partners, children, others who are affected by the actions of the problem gambler. Do you counsel those people as well?

**MS BYRNE:** I normally ask the client if the partner would like to attend the first session, or children, if they are capable of sitting still for 1 and a half hours. I think most partners find it very helpful to understand how the process developed and why so far the partner didn't have a lot of success. With the strategies that I give through my program it is very good to have the support of a partner in knowing what they are supposed to do and encouragement that is important. So I counsel on that level. If there are too many family issues involved I refer to a professional. I think once people stop gambling the void that they used gambling for will emerge again. Then if I am not able to help them with my master practitioner skills of NRP, I refer them to a psychologist or family counsellor, whoever is more appropriate to deal with it.

**MR BANKS:** Were you here yesterday when we had the New Zealanders in the morning?

**MS BYRNE:** Yes.

**MR BANKS:** What were your reactions to the proposition they were putting which were somewhat contrary to yours I think in the sense that they were saying that the first point of contact should be a trained psychologist who is in a position to judge whether there are co-morbidities or other issues of mental illness that need to be addressed and so on and then a decision made at that point? What you are saying is that you would - - -

**MS BYRNE:** I would go the other way.

**MR BANKS:** - - - try to treat the person and go the other way.

**MS BYRNE:** Yes, I think if a person is addicted they are in a merry-go-round of dealing in their mind with nothing else than where to get the next fix from. We wake up in the morning and it's like, "How can I juggle funds to get the money and who do I have to pay back?" and constantly you are facing the red elephant. But once you stop the behaviour, it is like the saying, "Use it or you lose it." The more you stop using it and you find it an easy way to do so, the more the power of behaviour disintegrates. Then I think it is time to look at the real issues, because then they are able to come up, because they are suppressed by the behaviour that you try to engage in.

**MR BANKS:** I mean, one of your bottom-line recommendations actually is I think that we need more research into the efficacy of different approaches.

**MS BYRNE:** Approaches, yes.

**MR BANKS:** And I think others have supported that.

**MS BYRNE:** I think as long as one helps one person it has got a right to be there. But I find it very frustrating to find exclusively two organisations being recommended that through my personal experience and hundreds of clients that went through it first have no proven record of success.

**MR FITZGERALD:** But just on that, I mean one of the things we would all acknowledge is that in most community service aspects we would acknowledge that different models often are appropriate for different people. Gamblers Anonymous has its role for some. The Break Even face-to-face counselling has its role for others, your program perhaps for others. Do you agree with that or do you actually believe that's not the way to look at it. In other words, a diversity of services or methodologies is an appropriate public policy approach - and of course the fourth one to that is the mental health strategy - or do you believe that that is not the way to go?

**MS BYRNE:** As you said, everybody is different and as long as a program helps one person I think it has the right to be there as an alternative. I would strongly recommend though that - we've been looking at I think therapy in, like, alcohol and drugs and gambling from, in my opinion, the wrong angle. It's not just a single thing. It's like a whole list. The person is affected as a whole so we have to address the change as a whole and the therapies that you just talked to, in my mind just work on the mental aspect of the addiction and I think we have to be strongly looking for the other areas as well, which is diet and exercise and the spiritual part of it, which I think where change has to happen on an identity level.

See, people might ask themselves, "How do I know that I will never gamble again?" you know, because you hear this phrase, "Once a gambler, always a gambler," and I use the analogy of that: "I used to have a hot, passionate love affair with George." You know, "Wouldn't you rather be at George's than with your friends?" And in a hot, passionate love affair sometimes things don't work out and you make the decision to split up, and you go through a period of feeling some sort of grief or loss. But I don't know who has it happen to them that you meet this person again - and I go through gaming venues to place my cards in there - and you look at them and you think, "God, what on earth did I ever see in him?" you know. This is how I know that it doesn't affect me any more and that's where I get my clients to see it the same way.

**MR BANKS:** Do you find the venues are receptive to providing your information?

**MS BYRNE:** No, because they're basically told that Break Even and G-Line are the governmentally-funded organisations so they're just a bit afraid to do anything that would contradict.

**MR BANKS:** All right. Thank you very much for discussing those things with us.

**MS BYRNE:** Thank you for having me here. It was quite helpful.

**MR BANKS:** We will break now just for a few moments please.



**MR BANKS:** Our next participant today is Mr Rob Hulls. Welcome to the hearings. Could I ask you please just to give us your affiliation and the capacity in which you're appearing today please.

**MR HULLS:** Sure. I'm Rob Hulls. I'm the Shadow Minister for Gaming in Victoria and I'm here to make a submission on behalf of the Victorian branch of the Australian Labor Party.

**MR BANKS:** Thank you.

**MS PIKE:** Yes, I'm Bronwyn Pike and I'm the Labor candidate for the state seat of Melbourne and I'm an industrial officer with the Finance Sector Union appearing on behalf of the Australian Labor Party, Victorian branch.

**MR BANKS:** Thank you for coming along today. You've given us material recently outlining some of the key points you want to make, but why don't I give you the opportunity to go through those and then we can talk about some of them.

**MR HULLS:** Okay. Thanks very much indeed. I want to obviously thank the commission for the opportunity to make a submission. I think this is probably the first real open and public forum into the gambling industry in Victoria for many years and therefore I think it has a critical role to play in relation to future policy development as far as the industry is concerned and we will all be obviously awaiting your findings with key interest. I think one of the questions you may be asking yourselves is why gambling is so politicised, particularly in Victoria, and it certainly is politicised in this state.

It's a fairly controversial area of public policy, perhaps more here than anywhere else in Australia. I think we all agree that Victorians specifically and Australians generally love to have a bet and none of us are advocating, I don't think, the prohibition of gambling. Despite the politicisation of the industry or because of the politicisation I suppose of the industry, Victorians are extremely concerned about the way in which gambling is affecting our communities and our lives. There was a report of the Victorian Casino and Gaming Authority in 1996 which surveyed the positive and negative perceptions of gambling in this state and it found that 56 per cent of people strongly agreed with the statement that gambling is too widely accessible in Victoria.

51 agreed with the statement that gaming and gambling facilities should not be allowed to be advertised. 84 per cent agreed with the statement that gambling related problems have worsened over the last 3 years with those under the age of 25 indicating 91 per cent agreement to that. 86 per cent disagreed with the statement that there are not enough hotels and clubs with poker machines. 57 per cent agreed with the number of poker machines operating within Victoria should be reduced. 62 per cent agreed with the statement that the increased availability of gambling opportunities resulted in an increase in the level of crime. 86 per cent agreed with the statement that increasingly people who have problems with gambling are those least able to spend

money on gambling. 57 per cent agreed with the community needs to more for the families of problem gambling. 95 per cent disagreed with the statement, disagreed with the statement that Victorians should have more casinos.

So it's clear that although Victorians love a bet, there is unprecedented community concern about the gaming industry in its current form and the cause for this concern I think goes beyond the large increase in gaming choices, venues and products in the market. The concern is principally based upon how the industry has been managed and who or what is representing the community's interests in the industry, and I want to take the commission through my view of the current climate in the Victorian gaming industry and then take you through what I believe are a range of solutions and proposals that Victorian Labor believes are entirely necessary for the creation of a properly regulated and civilised industry.

In relation to the current climate, the first thing I want to deal with briefly is the government's role as an agent and a promoter of the industry. I think that the record of the government in the past has been to facilitate the expansion of the gaming industry with fairly limited regulation and very little, if any, protection for ordinary Victorians. Unfortunately we have in this state a government that continually promotes gambling and attacks and vilifies anyone raising legitimate concerns about the industry. In effect, we have a government that makes people feel, I suppose, un-Victorian unless they're at the casino or sitting in front of a gaming machine. Consequently I believe we've got a government that has become an agent of the gambling industry and as a result has somewhat abrogated its responsibility to the wider community.

Nowhere is this more evident than in the critical area of policy development. The commission may have heard that the Victorian Casino and Gaming Authority is an independent body free of influence, that makes recommendations to government based on its independent assessments. It may not be aware though of the fact that enormous pressure is placed on the authority by public statements made by the government. I'm not going to prolong this hearing by going through the plethora of public statements by members of the government that I believe constitute a clear intervention in the supposedly independent policy development process.

I'll just provide you with two examples and I give you these examples to demonstrate what I believe is at the heart of concern in the Victorian community about the relationship between the government on the one hand and the gaming industry on the other. It's my view that any decision by government over the future of the gaming industry should be based upon independent advice free from government pressure - and I would like the commission to appreciate the pressure on the authority that is exerted when persons holding high office actually pre-empt the provision of such advice. Take for example in 1995 when before Crown Casino even put in an application for more tables at the casino to increase the number of tables from 200 to 350, the premier of the state was actually calling for more tables at the permanent casino and there was a front-page article in the Herald Sun with the headline, Kennett Seeks More Tables.

In that matter the premier actually pre-empted, I believe, the proper processes by simply calling for more tables because in his words, "I think if people want to use these facilities there's not much point if they have to hang around three, four or five deep for

a long period," and of course the cabinet went on to approve the casino extension at a cost that the auditor-general estimated was a \$174,000,000 discount. In other words, the auditor-general said that Victoria should have got a further \$174,000,000 for this expansion.

The commission may also be aware of the latest controversy in relation to the round of taxation on commission based players at the casino. On this occasion, before a submission was made by Crown Casino the premier actually rose in the Victorian parliament and said as follows:

If the casino were to make an application to the Victorian Casino and Gaming Authority to equate the taxation rate for high rollers to that which Bob Carr has introduced in New South Wales, I cannot imagine that the government could afford not to consider it favourably.

Now, it's impossible for a pure, independent process, considering all community interests, to take place when the premier uses the parliament to pre-empt a finding of the authority before even a submission has been made. It's also impossible for the government to remain at arm's length of the process when it refers to the casino as "the new spirit of Victoria".

The second element of the government's promotion of the gaming industry is the attack on critics of the industry in its current form. You'd be aware that the premier has constantly attacked anybody who has questioned gaming policy in Victoria and that may be judges or churches or community organisations, all who have been branded "whingers" or "bitches" or "un-Victorian." The productivity Commission may well be aware of the extent of the attacks, having in fact seen the premier attack this actual inquiry, and now the premier in recent days has been taking pot shots at those who dare to make submissions before this particular inquiry. I think it's the view of all of us that this is not consistent with free public debate over these issues and that if anything needs an open public debate free of vitriol, then I think it is the gaming industry, and not necessarily the level of remunerations, for instance, for politicians. The fact that this commission has provided a forum for such debate is welcome.

The next thing I want to deal with briefly is the abrogation, I think, of government responsibility in relation to the industry and I think the government has abrogated to some degree its regulatory role in relation to the industry. This has resulted, I think, in a largely self-regulated environment - and I know you've heard a fair amount about that - and I think that environment maximises the adverse impacts of gaming and limits resources for problem gamblers. I think an excellent example of how this environment operates is the electronic gaming industry and the venue operator's self-regulatory code of conduct. The government has actually chosen a self-

regulatory model for gaming venues in terms of providing for responsible gaming venues. I think this model is more or less free from the risk of enforcement.

On the other hand, of course, the ability of Tabcorp and Tattersalls to simply remove machines from non-performing hotels and clubs is a very real gun, I think, to the head of venue operators. It is enforceable on a contractual basis and involves a constant monitoring of performance. Of course, confronted with the choice of responsible venues and retaining gaming machines, the self-regulatory code of conduct, I think, is rendered somewhat meaningless. This tension is created because of the failure of government involvement to represent the community interest. This failure extends to the exclusion of the community interest in the determination of proposals by the casino and the latest being, for instance, a \$73 million waiving of Crown's fines for failing to meet its contractual obligations and also an absolute failure to promote problem gambling services and warnings about the dangers associated with gambling products.

I want to touch briefly on the dependence of government on gambling, and the government's dependence on gaming revenue has dramatically increased. As you've probably been told over the last 6 years, the economic relationship has created internal policy pressures to maximise gaming revenue. The latest budgetary figures indicate that state revenue derived from gambling is \$1.341 billion out of 8.734 billion, which constitutes just over now 15 per cent of state sourced revenue. It obviously creates its own incentive for state governments to promote gambling at the expense of its wider responsibility to the community. The government's dependence on gaming revenue has led to the potential for an interstate and international bidding war for gaming revenue through the relaxation of taxation levels. It's my submission that such competition could have severe adverse consequences for the gaming industry in Australia. A bidding war can only benefit the industry at the expense of the community at large and it may be that an agreement has to be reached between the states as to the appropriate taxation levels to prevent renegade states slashing taxes and forcing similar cuts in other states.

Briefly, the regulator. The dependence of government on gaming revenue and the continual intervention of the premier in the policy-development process and the self-regulatory elements of the regime have all led, I think, to a weak and somewhat compromised regulatory authority. The Victorian Casino and Gaming Authority has been placed under enormous pressure by the industry and the government. Its functions and role have shrunk and it's really taken somewhat of a bunker mentality. An example of this particular style of operation is evidenced by the way it actually sees its relationship with the government. Members, for instance, of the Victorian Casino and Gaming Authority - a supposedly independent authority - have informed me and my staff that any question regarding any matter from the state opposition in relation to gaming actually has to go through the minister for gaming, despite the fact that those requests are made to the supposed independent Victorian Casino and Gaming Authority.

Part of the problem with the gaming authority is its powers and mission

statement. There is, I think, an inherent conflict between the concept of a regulator and a mission statement that includes the requirement to promote the economic and tourism benefits of the gaming industry. As you're probably aware, section 109 of the Gaming Machine Control Act states that:

The objects of the authority under this act are, amongst other things, to promote tourism, employment and economic development generally in the state through the administration of the act.

Clearly, the industry and the government is already playing the promotional role with great gusto and with many resources. You've probably seen, for instance, the latest advertisement from Crown Casino detailing what it believes are the benefits of private operation and these full page ads appeared in newspapers only two days ago which really leaves one wondering who the real government of the state is, whether it's actually Crown Casino or indeed the Kennett government, and I'm sure we all have our own ideas about that. The authority as a regulator, I think, should have no role whatsoever in promoting the industry. Public policy is obviously developed through the competing interests of differing bodies and organisations. The current scheme however involves the industry, the government and the regulator, all kicking one way, with the premier, I think, shirt-fronting anybody who dares to ask why.

I think the authority is also handicapped by the fact that it plays no role in the distribution of gaming machines throughout this state. It simply licences people, based on probative checks conducted every few years. It has no role in examining the economic and social impact of the gaming in terms of machine distribution. As was pointed out yesterday to you, this means that irrespective of what research the authority conducts, it seems to have limited powers to act.

In relation to the self-regulatory regime, just briefly: as was pointed out previously, the weakened authority and a government that has abandoned its responsibility to properly regulate, I believe, the industry, has resulted in a largely self-regulating scheme with adverse social and economic consequences. Nowhere is this more evident, I think, than the distribution of gaming machines. The commission is no doubt now aware that there is one and one only basis for distribution, it appears, of machines in Victoria and that is profit. Yesterday I know you had an admission by Tabcorp that it targets blue-collar working-class areas for the distribution of gaming machines. The state government has refused to legislate to stop this practice, so what is clear for everybody here is that the dumping of machines is occurring in poorer disadvantaged areas and this seems to be condoned by the state government.

The state government says machines should be distributed according to Tabcorp and Tattersall's financial interests only, and Tabcorp has admitted that their financial interest is for machines to be put in areas where the target demographic, blue-collar workers, are present. You combine this with performance-based contracts, the capacity to move machines and a self-regulatory code for venues and this policy I believe is a massive exploitation of persons least able to afford what Tabcorp says was buying time on gaming machines and most likely to develop gambling problems.

The commission will of course have already realised the huge concern from people at the coalface of the effects of problem gambling and I want to re-emphasise my concerns about the dumping of machines in poorer areas. For a number of years I've been actually distributing information obtained through parliamentary questions on notice about the distribution of machines. I'm sure you have already heard evidence that places such as Dandenong, Moe, Footscray, Sunshine, Cranbourne, St Albans, Brooklyn and Broadmeadows have been flooded with gaming machines. I've seen the despair of community organisations attempting to help people tread water when they hear of another 105-machine venue opening up down the road. In other places, like the City of Boroondara, for instance, that includes some of the highest income areas of the state, they are comparatively pokie machine barren. With the absence of regional and/or municipal caps, it seems clear that this trend will continue for, without any meaningful regulation of the distribution of machines, Tabcorp and Tattersalls will move machines to maximise shareholder value to those areas with the maximum return, the western suburbs, the outer east and specific regional areas such as the Latrobe Valley and Geelong.

One of the other problems in relation to the distribution of machines is the absence of community involvement. There seems to be an absence of proper planning and local government involvement which means the roll-out of gaming machines is being done with no community involvement or very little community involvement. Communities are simply forced to watch as another venue opens with little or no capacity to change the future development of their areas. This is both disempowering and counter to the objective of an active civic culture.

There are also a number of other specific areas of concern for the community in the current climate for gaming policy and I will touch on them just briefly. Political associations and interdependence: an obvious area of concern is the relationship, I think, between political parties and the gaming industry. The US experience I think shows us that gaming and political ties in such a lucrative industry have the potential not only to distort public policy development but actually to corrupt it. The relationship between government and the industry in Victoria has been blurred by the existence, I believe, of a blatant conflict of interest between the political future of the government and the economic fortunes of Melbourne's Crown casino. As we know, the federal treasurer of the Liberal Party is a director of Crown casino Hudson Conway; he is also a major fundraiser for the Liberal Party, a huge donor. That very same person has been appointed to head up a company called Melbourne Major Events whose purpose it is to attract major events to Melbourne and one of the major beneficiaries of this major events coming to Melbourne is of course the casino.

I think that these relationships have actually poisoned public confidence in the industry ever since the casino tender process and subsequent myriad of favours for Crown have been done by this government. Those favours of course include planning changes, discount licence fees for expansion, waiving of fines, increase in tables. They are now proposing or at least considering an increase in the number of gaming machines at Crown casino and other such favours.

The other thing I wanted to touch on is what seems to be the concentration of control of gaming machines in Victoria. I don't think it was ever envisaged that the

control of gaming machines in Victoria would be as concentrated as it currently is. Similarly, the transparency of this control continues to cloud the industry in what could be described as a veil of secrecy. There certainly is a substantial concentration of the control of the machines in the hands of a fairly small number of major operators.

The Community Support Fund also is of some concern and I'm sure you've heard evidence about that. One of the more significant concerns is indeed the use of that fund. As the commission would be aware, the fund is derived from taxation on gaming machines at hotels and is now under the auspices of the premier personally, as opposed to the minister for gaming. You will see from the material I have provided to you that the fund could be described as a slush fund for the premier, and it has some very interesting characteristics, including - and the documents will back this up - there appears to be no guidelines for distribution from the fund, there's no requirement to return money to geographic areas from where it came; it's the only problem gambling fund that I'm aware of that has funded a yacht that sunk to the bottom of the ocean. In one year, not a cent of nearly \$80,000,000 - not one cent of new money of that nearly \$80,000,000 - was spent on problem gambling. There is no facilitation of any community input into the distribution of the fund, bar that of course of making an application.

Research: a serious matter that needs I think to be addressed is the manner in which research into the gaming industry is conducted. It seems that the focus of the Casino and Gaming Authority has been to conduct research on a "What have we done?" basis. Research I think has to be proactive and look at harm minimisation strategies. It must also be acted upon. One thing that I think will probably become clear when reading the Victorian Casino and Gaming Authority reports is that very little seems to be done, based on the findings of the research that has been undertaken by the Casino and Gaming Authority.

Finally, I just want to briefly talk about Internet gambling. I want to conclude this part of my submission or the discussion of the current climate of the gambling industry by stating that the current regime I think is inadequate to deal with Internet gambling and in particular, the introduction of virtual casinos, which are regarded in the United States to be the crack of the gaming industry. I think we have got to get it right before we allow an explosion of Internet gambling products to hit the market.

I now want to finally turn to what I believe are the solutions to a number of the issues that I have raised. I think the first thing I have got to say is that the gaming industry is an industry that requires, if you had to put it in a nutshell, more regulation rather than less. The position of my party is that there must be an increase in regulation of the industry in order to protect the community as far as possible from the adverse effects of gaming. This is not an industry where it seems anybody is arguing for a complete open market, as far as I can gather. It is of course an industry

dominated by a few main players who wish to maximise their return to shareholders. In those circumstances, I think it's clear that the debate is not over whether the government should be involved in the regulation of the industry but the way the government should be involved.

In Victoria, there are some key areas that need to be addressed to achieve the balance between on the one hand, public interest, and on the other hand, market freedom. They are firstly a responsible role for government. Government has a duty to play an active interventionist role in the gaming industry to protect the community and to limit the adverse social and economic impact of gaming. I think its role can be enhanced in Victoria through a number of initiatives that form the basis of what our approach would be, if we were in government, to the industry. The first is reducing the dependence through the examination of federal and state financial relations. I think the dependence of state governments on the gambling dollar has to be addressed. The federal government needs to provide adequate funding to reduce the necessity of state governments to rely on funding from gambling. As shadow minister for gaming, however, I don't intend to go through this issue in detail. I have however included a paper on the subject by the Victorian leader of the opposition.

I think we also need to outlaw certain political associations. I think it's critical that in order to create a properly regulated environment for the industry, the relationship between government and the industry is clearly defined. I think there has to be a clear demarcation between people that are clearly associated with senior positions in political parties and the gaming industry. Legislation needs to be introduced, I believe, to outlaw senior office holders of political parties from directorships or senior employment with gaming companies.

In relation to the Victorian Casino and Gaming Authority, I think its role needs to be strengthened and it needs to play a more independent role, free from government pressures. I think this can only be achieved by governments having respect for that independence and the authority's findings.

In relation to the distribution of gaming machines, I believe that as well as the overall cap on the number of gaming machines and the fifty-fifty rule division between pubs and clubs, there also should be regional and municipal caps. I think that there is a requirement for regional and municipal caps on gaming machines to prevent the further dumping of machines in certain areas, especially those areas that you have already heard about that are already at a comparative economic disadvantage.

Advertising: I think the creation of truth in advertising legislation needs to be brought in to outlaw such marketing slogans as "everyone's a winner" and other ads such as one that appeared in today's Herald Sun that said something like, "Don't pay for it, play for it," in relation to a car. Of course there are other such ads that basically attempt to target people's loneliness, if you like, and any alienation that might be caused by, for instance, old age, with the slogan, "Wouldn't you rather be at the pokies with your friends?"

I think it's fair to say that we believe companies have a right in most situations to market their product and compete in the marketplace. However, it is our view that



advertising has to be responsible and it would appear that self-regulation has not worked in this regard. I think there has to be an enforceable code of conduct. I think that enforceable code of conduct should operate for gaming operators and that includes such basic requirements as things like natural light at venues, clocks on walls, the provision of problem gambling material and indeed appropriate warnings to be displayed on gambling products.

In relation to the publication of payout rates, I actually wrote in 1996 to the Victorian Casino and Gaming Authority's director of gaming and betting, requesting an examination of section 135 of the Gaming Machine Control Act in order to determine whether it was desirable to publish the win rates on particular machines. I advocated that it was appropriate and that the more information punters had, the better it was for an open and transparent industry. In New Jersey, for instance, the New Jersey Casino Control Commission actually publishes on a regular basis returns paid out by gaming machines at venues. The publishing of this information creates competition amongst venues and actually increases payouts to players. It should be a natural extension I think of any attempt to bring competition into the industry.

I think there is also a need to review the current licensing regime that allows significant concentration of control of gaming machines. This would be in line with the original purpose I think of the Gaming Machine Control Act.

Local government: I think local government has an important role to play in the planning process of the establishment or expansion of gaming venues. Planning legislation I believe should allow local communities to take into account the social and economic consequences of any proposed venues, and I think that should be done prior to the venue being set up, rather than after. As you know, the current situation with research really is done after the event, rather than prior to new venues being set up.

I think there needs to be a more accountable Community Support Fund. I think the Community Support Fund should be expended with greater regard to the geographic source of the revenue that is generated into that fund; also with greater regard to the importance of problem gambling services and with greater regard to input from local communities.

In relation to the framework for research, I think the Victorian Casino and Gaming Authority should not have primary responsibility for research into the social and economic impact of gaming. I think state and federal governments should work with leading universities to establish a school of research into the industry and its impact. I think that there is a conflict with the authority in conducting research and it should be taken out of the hands of the authority.

And finally, Internet casinos - what is the proper approach? I think there are adequate gaming services for Victorians at the current moment. There's no evidence, in my view, of a market for Internet gambling services, nor a regulatory framework to

adequately control the emerging industry. It is my view that the industry should not be licensed by the state government at this time until proper analysis of the effect of such an industry is developed and there are adequate safeguards in place. In any event, under no circumstances should there be a monopoly ownership of the right to operate any Internet casino in the future.

So in conclusion, I want to thank the commission for its time and trust that its findings will ensure a more responsible industry that believes that the economic and social consequences of gaming on communities is of paramount importance. I don't think that it has been of paramount importance to date. Thank you.

**MR BANKS:** Good. Thank you very much for that. As you know, this is a national inquiry and we're spending time in each jurisdiction learning how different states and territories do it and every state and territory does it a different way. So I guess perhaps it's one of the advantages of a federal system that you can learn from experiments going on around the country. I guess, by the same token, we probably see the inquiry trying to draw some principles for good public policy in this area that could be drawn on by all jurisdictions and therefore I value the comments that you've made which addressed that side.

I guess I'd be interested in your views, for example, on some of the key issues that crop up in every jurisdiction and they generally have to do with the accessibility of gambling, and in particular poker machines, and we've heard in South Australia and in other states that they've done it different ways and there have been various reactions. I mean, in a good public policy sense, how do you think a decision about, say, the state-wide cap on machines or any division of that cap into, sort of, you know, regional communities should be made? What would be the elements of a good public policy process that would inform a decision of that kind?

**MR HULLS:** I know Bronwyn will want to comment on this. I think that - if you'll excuse the language - we've got it arse-about at the moment. We're actually simply whacking machines into areas that will return a profit for people who control those machines - Tattersall and Tabcorp and their shareholders - without taking into account in the first instance the economic and social consequences of placing machines in particular areas on those communities, and I think that we should be doing it the other way around. Before we place machines in a particular area we should be able to establish that the placing of machines, whether it be in the country or in the city or in certain suburbs, actually has an economic and social advantage to a particular area and I think that that should be one of the major criteria.

I think that simply a profit motive is not good enough. That's how we've operated in the past and as a result - and there are people more expert than me - you'll see that there is an unequal distribution of machines in the poorer areas of the state. And that's been done for a reason, and I think, you know, Tabcorp yesterday were open and frank when they made it quite clear as to what that reason is. So I think that you've got to conduct the research first and you've got to be able to show that there is an economic and social advantage to a particular area prior to placing machines in

those particular areas.

**MS PIKE:** To just expand on that a little further: I mean, it's clear that gambling has, in a sense, become a fiscal strategy for states in Australia and I think when we're looking at that we need to expand it into a much broader framework. And just moving a little bit further on from your question, Gary, what we are constantly told by government here in Victoria, and I think nationally, is that we have a huge dependence on gaming - 15 per cent of our revenue here in Victoria - but that is an inevitability, that if we actually want to provide services to the community, health and welfare and education, then we need that source of revenue. What we fail to do is to, in a sense, properly do a cost benefit analysis of gambling as a sustainable and long-term revenue source and also to look at the regressive nature of that revenue as it's collected, and until we're actually able to do that, I think we really are quite blinded and we are proceeding in a very foolish and fiscally irresponsible way.

I'd like to cite research by the American academic, Robert Goodman, whom I'm sure that you have read and heard of, but particularly in this area where he talks about the way that political leaders, in a sense, contribute to future fiscal crises in their states in two specific ways. The first is that in order to be effective they actually have to divert large amounts of consumer spending away from other business; and secondly, they have to contend with the public and private costs that result when more people gamble. So while the states might be able to use this money that's coming in from an ever-expanding gambling industry, what they have to do is they have to look and deal with other areas and other economic costs, such as the loss of investment income, loss of worker productivity, high levels of personal debt, insurance claims, extra police, courts, all of those other areas that go well and beyond the costs of dealing with problem gambling. And all of these things end up on the debit side of the financial ledger.

So in terms of developing a much broader framework, I think that we have to move beyond this unquestioning dependence on gaming as a fiscal strategy and while we note that the development of more appropriate federal/state financial relations is one strategy - and of course an assured long-term income from the Commonwealth to the states is one facet of it - that until we actually are able to really say that this is the financial windfall for the states that we really think it is, then I think we're contributing to a further demise of our financial fortunes, and if you couple that with the bidding war that Rob alluded to, we, I think, are on that slope of actually diminishing state revenue and not expanding it through the expansion of the gaming industry.

So I guess the connection back to your question is that it's obviously not just a matter of low income communities bearing the greater brunt in terms of the social effects but the actual profoundly regressive nature of that tax, which as we know is not good public or economic policy.

**MR BANKS:** I suppose what you're saying is, there's a fiscal imperative which is conditioning the kind of regulatory environment as well, and I mean, that's a story that we've heard in a range of jurisdictions.

**MS PIKE:** But the fiscal imperative, it shouldn't be deterministic.

**MR BANKS:** Just on the question of regions and what, say, they could have. You'd be aware that yesterday we had a number of local governments - it might have been the day before - talking to us about a role for them. Would you see this kind of cost benefit, that you talked about, being driven by local governments themselves? I mean, the principle of cost benefit sounds fine. Ultimately though the costing benefits do vary from one community to another and there's a question in a pragmatic sense of how you can take that account. I mean, how much empowerment would you give to local government in this kind of process?

**MR HULLS:** I mean, it's my view that local councils certainly have a role. I mean, I don't think that the ball should be entirely in their court but they certainly do have a role and I also think that the casino and gaming authority ought have a role and there ought be independent research conducted as well. I think one of the problems is that we have had research conducted in the past in relation to the economic and social benefits of gaming. However, as I said to you, it's been done after the event and it's been done by an authority that has as its charter the promotion of employment and tourism, if you like, through gaming, and I don't think that's appropriate. But, I mean, I certainly think that local councils are very well placed to have a role, at least in part, in making decisions about the economic and social impact of machines on gaming in their particular areas.

**MS PIKE:** Here in Victoria, local councils have been stymied through the planning regulation and I think there is a weakness in the act around this in that when local councils themselves have joined with people in their local community to oppose developments, they find themselves up in what was the Administrative Appeals Tribunal and because of weaknesses within the planning act and (1), the lack of research, but (2), the non-mandatory character of the act which says that the tribunal "may" look at social and economic impact rather than "must" look at social and economic impact, it in a sense weakens the position. Of course, now changes to that tribunal and the imposition of not only financial penalties for people who are not successful in their applications in the Civil Administrative Appeals Tribunal, which it is now known as, further diminishes the role of local government, who don't have the necessary resources and local communities to actually effectively campaign and to appeal decisions that are made about things that are happening in their local communities.

**MR FITZGERALD:** One of the things that's happened over the last three days, I suppose, has been this undercurrent of concern about politics, regulation, enforcement and so on. How do you see the separation between policy making, licensing, compliance, enforcement, and research? At the moment in some senses the VCGA model has been touted as a best practice model in that it takes account of all of the gambling activities under one authority and yet in this state more than anywhere else there seems to be a view that this is not working, and you've articulated that. How do you actually believe this works? Where is policy made and how is it formed, which is

going back to Gary's question? For example, just dealing with the cap. Ultimately that's going to be a decision of parliament or of the minister, depending on the nature of it. Is that where it should rest and who informs him or her in relation to that and what is the role of the VCGA in that or do they have no role other than to implement government policy? So can you just talk through your view of these various areas.

**MR HULLS:** Yes, it's a good question. Look, I think ultimately policy rests with the government, obviously, and regulation rests with the authority and I think research should not be with the authority. I've made that clear. I think there should be a separate body undertaking the research and I think that - obviously I don't have a problem with recommendations being made from the authority and/or the research body to the government but ultimately the government will make the policy decision and it will have, as with any decision governments make, it will have a whole range of inputs from a whole range of different groups and one of them would be, indeed, the regulator advising on policy in relation to regulation and the like, from the research body advising in relation to the economic and social impact of gaming machines in a particular area, and all that will be placed into, if you like, the policy advisory basket upon which government will then make policy. You talk, for instance, about the cap on gaming machines. The government will take all those matters into account.

What I do see happening though at the moment, as I tried to articulate, is that the authority has a problem with its dual roles - research and regulation - but it also has a problem in that it's continually having pressure put on it by the government, and that doesn't make it as independent as it should be. So the policy buck stops with the government, have as many inputs as you possibly can but you need a clearly defined regulatory role in relation to the authority.

**MS PIKE:** It might be worth illustrating my own experience in this regard. I was at one stage a member of the ministerial advisory committee into gaming that was established and has now been disbanded. It was clear that there was a real confusion about where policy decisions were made. It was a ministerial advisory committee and it was chaired by the head of the casino and gaming authority and the minister never came. Every time we tried as community representatives on that committee to get answers about what the government's policy was on a particular matter, we were referred to the casino and gaming authority. Now, that committee was eventually disbanded at the change of a minister and a new committee has never been established, partly because of disagreements about and confusion about where the ultimate decision for policy would lie and how community and also industry representatives would be selected and be part of that decision-making process. So I concur completely. It's an area of great confusion that's unresolved and I think the public feel that.

**MR FITZGERALD:** One of the issues that has emerged in Victoria, which is completely distinct from any other state, is the duopoly created. Now, as I understand, it was created in the time of the Labor government, yet you've indicated a number of issues in terms of concentration and the power of the duopoly operators to be able to move machines and what have you. You also, and others, have indicated that what

now exists was never intended when you introduced the legislation creating this environment. If you can explain to me what was intended and what we've ended up with and why that's happened? In other words, the duopoly is completely unique and creates a new layer that doesn't exist in any other jurisdiction in Australia and many of the submissions we've received in the last 2 and a half days have cast doubt on whether that is an appropriate model. Clearly the operators have indicated they think it is. So your view - - -

**MR HULLS:** Yes, the situation as I understand it, was set up I think about 1991 and the then minister - I think it was David White - wanted to ensure that there was an arm's length process from government in relation to gaming machines and where they were placed. He didn't want, as minister, to be making decisions personally as to where gaming machines could be placed because obviously he would be subject to accusations of cronyism and corruption and the like. It's my understanding that he also believe that simply if you had no middle person, if you like, there was again that potential for corruption. You had potential for gaming machine makers if you like, suppliers, to offer all sorts of inducements and incentives for particular venues to take machines.

So he believed that it was appropriate that Tattersall, a reputable organisation and the TAB at the time, or Tabcorp, a reputable organisation, act as the middle person to ensure that the distribution of machines was seen to be at arm's length and it added another layer, if you like, of regulation. It was a lot easier, I think he believed, to regulate - oversight Tabcorp and Tattersall than to have to oversight every single individual venue. I think you'll find that was the philosophical reason behind having Tattersall and Tabcorp. Has it worked? Well, you know, to speak to Tattersall and Tabcorp, they'll say yes. You speak to AHA, who will be making a submission shortly and I don't know how forthright they'll be but certainly the licensed clubs, I think they would like to be the third operator - AHA and the licensed clubs. But you'll have to hear that from their mouths.

I think that the current situation has added another layer of regulation and it is a lot easier, I think, for the government to oversight Tattersall and Tabcorp than, as I said, the individual venues. Is it the way we want to head into the 21st century? Well, I think the contractual arrangements are in place until about 2015 and I think there would be huge compensation, apart from anything else, that would have to be paid to get out of the current arrangements. So as shadow minister for gaming and perhaps future minister for gaming, you know, we're happy to look at all alternatives but I've got to say to you that it won't be a priority for us coming into government - we certainly wouldn't be breaking contracts and to be paying huge amounts of taxpayers' funds to Tattersall and Tabcorp to get out of contracts.

**MR FITZGERALD:** But within those contractual arrangements you've made suggestions - for example, the regional capping and those sorts of things. Can you explain to me how you can implement those sorts of changes without in any way having the same difficulty you've just identified in terms of compensation? Is that possible through regulation?

**MR HULLS:** As far as I'm aware, absolutely. I think you simply regulate, as has been done in relation to the overall cap on gaming machines. I don't see the slightest problem - in fact, I've actually discussed this matter with Tattersall and I'm sure Tabcorp are also aware of what our view is in relation to regional caps but I don't see the slightest problem at all in regulating to ensure that you have not only an overall cap, just as you regulate to ensure there's a fifty-fifty rule, to ensure that you have regional and municipal caps as well.

**MR FITZGERALD:** Just whilst we're on caps, one of the views that would have been put by industry is that in some sense the market is simply dictating where the machines will go. We put to Tabcorp yesterday afternoon this proposition. They maintained that they were not deliberately targeting low socioeconomic areas but rather the market was demanding that those machines go there. What is wrong with allowing the market in this environment to actually dictate the movement of machines, given you have a statewide cap. How would you approach that?

**MR HULLS:** I mean, I think - - -

**MS PIKE:** It's poor public policy.

**MR HULLS:** Yes, I think that - you know, what's wrong with the market being free to dictate who smokes and who doesn't smoke? I mean, why do we have anti-smoking ads? Because we believe in harm minimisation. I think that this is a unique industry and I think that there are enormous social and economic problems associated with an unfettered - I suppose an unfettered proliferation of machines and I think that's why you have to have a civilised industry that involves government regulation and government regulation includes harm minimisation and the current government and the future Labor government believes that that includes caps. It includes an overall cap and I believe that it should also include regional caps so communities of lower socioeconomic background aren't simply milked.

**MR BANKS:** It's interesting to think - and we're obviously thinking our way through a whole range of principles there and you could imagine a situation - depending on how you determine the cap - where you have heavily under-utilised machines in some areas and queues in others and how one deals with that again in a public policy sense is quite difficult.

**MS PIKE:** Except that some of the research does point out that access has a direct impact on usage and I mean, we know that ourselves in our lives. You know, if there's an ice-cream shop next door we're more likely to eat ice-cream and the gaming industry obviously operates in the same way. So yes, there may be a certain extended market demand but market demand is also created and driven.

**MR FITZGERALD:** Could I just ask a couple of quick questions. You talk about, in terms of some of your proposals, the enforceable codes of conduct. We're aware of a number of codes of conduct which exist within the various gambling industries.

When you say an enforceable code, you're obviously saying that you're not satisfied that the voluntary nature of the codes are sufficient and that you believe they need to be regulated. Throughout Australia the industry and others have said that the industry should be given time for these voluntary codes to be put in place and a reasonable time for them to be given an opportunity to work. You've come to a conclusion - or have you come to a conclusion about their effectiveness?

**MR HULLS:** Yes, I assume you have a copy of the current code in Victoria - the responsible gambling industry code of practice, and I think the industry is to be congratulated in putting together the code but I think that it hasn't proved effective. I think that some of the ads that have appeared, despite the code, have been, if you like, all one way. If you go and use a gaming machine you're going to be a winner. I think that some of those ads are inappropriate. There has been an evaluation in relation to the code but of course the evaluation was done by the people who actually put the code together which, you know, seems a touch odd. If you're going to have a proper evaluation of an industry code it should be an independent evaluation. Of course the industry, in praising the fact that it has put this code together, isn't going to 12 months later, if it was 12 months later, give itself a big cross. It has given itself a big tick.

So I just think that - it's my philosophical view that there should be more regulation rather than less to have a responsible industry and that we should go that step further and indeed have an enforceable code rather than a voluntary code.

**MS PIKE:** I think it's also important to compare the industry with other sectors and other industries and I understand that there is disquiet that the gaming industry is in a sense able to make claims that a used car salesman would be put in gaol for making.

**MR FITZGERALD:** Your truth in advertising - you're talking about truth in advertising legislation that only applies to gambling or generally?

**MR HULLS:** Well, more generally but I think as far as advertising is concerned, I think that in relation to television ads, let's say, there should be the same warnings across the ads as there are on cigarette packets, for instance. I think that people should be advised that if they use a gaming machine, in all likelihood they will lose rather than win. Even the fact that, you know, it's legislated that gaming machines will pay out 87 per cent - 87 per cent of what's put into them. I think that in all ads, whether it be an ad like this from Crown Casino, "Don't pay for it, play for it," there should be a warning down the bottom of each ad, advising people of the true odds in relation to gaming machines.

**MR BANKS:** What's interesting is that those ads don't appear in any jurisdiction of Australia. I mean, there's not - to our knowledge we haven't seen that anywhere in this country. So these are obviously important issues that have far-ranging application potential so we'll be looking at them quite carefully. I don't think we have any more - - -

**MR FITZGERALD:** No, just the very last one, just on Internet casinos. Your



position is to hold - have you got a particular view on the national scheme that has been spoken about? You're saying in your submission - of your comment at the moment is until proper analysis not to licence but do you have a particular view as to the overall framework of that cooperative approach?

**MR HULLS:** It is my preferred view we go down the American track - that we simply don't have Internet gambling. I'm not convinced that there's a market for it, for a start, and I think that without being a computer buff, there are probably some logistic problems with taking that stance. I mean, I don't know how you actually ban it, to tell the truth, but my preferred view is that we don't have Internet gambling but if we do I don't think, as has been proposed by the government in this state at least, that there will be a monopoly in relation to it, that is, that the current casino operators have a monopoly in relation to Internet gambling. I think that there should be a proper tender process and that tender process should include safeguards in relation to those who have access to the Internet. I think that's absolutely crucial to ensure that, you know, you don't have young kids knocking off the old man's credit card and simply having access to the Internet gaming.

**MR BANKS:** Yes, I mean, one thing I think that Robert and I have learned in the last couple of weeks is that there are technologically lots of quite effective safeguards that seem to be being considered and I think the draft national code envisages all of that. Thank you very much for participating in the process. We'll break now for a moment before the next participant.

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**MR BANKS:** Our next participants today are the Australian Hotels Association (Victoria). Welcome to the hearings. Could you please give your names and your positions with the association.

**MR GILES:** Yes, thank you. My name is Alan Giles. I'm the chief executive officer of the Australian Hotels Association. I've been a hotel keeper in this state and in two other states in Australia for nearly 40 years. I've owned and operated two gaming venues and a number of venues that have also had wagering. In other states we have also had wagering but no other gaming machines. Margaret is an ex-president of the association and now works as a consultant to the association, particularly in areas of legal and this type of activity.

**MR BANKS:** Margaret, perhaps you might just give your full name for the record.

**MS KEARNEY:** Margaret Kearney.

**MR BANKS:** Good.

**MR GILES:** What we would like to do today is read out a short submission that we put together as an interim submission in response to a number of issues that have come up here that we feel we need to address. You would be aware that we are going to make a more formal and fuller submission in due course, so I'm going to ask Margaret if she could read it and then I will attempt to answer any questions that you might have.

**MS KEARNEY:** Thanks, gentlemen. As Alan said, the Australian Hotels Association will be making a detailed written submission, addressing the issues raised in your issues paper. The written submission will be ready before the end of these proceedings - soon, we hope. In the meantime, as Alan said, we considered it appropriate to address some of what has come up here through the hearing.

Firstly, we would like to recommend a useful definition of "gambling". Tabcorp yesterday defined gambling very broadly, and we would concur with that. However, it's our submission that gambling is a super-set with some subsets. Another participant in these hearings proclaimed that the word "gaming" has come into vogue as a softer word than "gambling" and that "gaming" is somehow euphemistic for something more sinister. We disagree with that. As the issues paper has asked about a definition, we take this opportunity to propose the following, which is largely a definition used by the Break Even group in Victoria. We say, as I have said, that gambling is a super-set and there are different forms of gambling. There is gaming, which is the exchange of money in a game of chance, for example, roulette, pokies, bingo, scratchies. Gaming involves a random event over which a player has no control. The player can only increase his or her chances by increasing participation, that is, by spending more money.

Apart from gaming, we have betting and wagering. Betting and wagering is staking money on a future event, for example, a horserace or football or TAB betting

or playing cards. Then we have a third category, speculation; gambling on the stock markets or real estate would be an example of speculation. Gaming does not involve an element of skill. Betting, wagering and speculation all involve some degree of skill, where the odds are calculated on form. Speculation, as defined, results in the speculator having an asset, be it of higher or lower value, at the end of the speculation. The other forms of gambling as defined do not result in any asset if the gambler loses, other than the entertainment value of participation.

The authors of the issues paper which you have presented identify that gambling is defined by perception. Investing in a risky stockholding may be considered a gamble, but this activity is not considered to be part of the gambling industry. We contend that gambling, as part of the gambling industry, is best defined as an activity where the only product is the actual bet. If the bet is lost, the bettor has no residual asset, except the intangible entertainment value of having placed the bet. In contrast, other risk-taking activities, non-gambling for these purposes, usually leaves the risk-taker with some potential tangible asset, albeit diminished in value. A gamble on the stock market or in a new business which does not pay off does, at least potentially, leave the investor with an asset that can be sold for a loss. A gamble on the races, at the roulette table or on Tattslotto which does not pay off has no residual tangible value, hence, gaming, wagering and betting should be considered to constitute gambling. Speculation, as defined, should not be considered as gambling.

**MR BANKS:** That's a relief. That reduces the enormity of our task.

**MS KEARNEY:** So what should the commission include as gambling in its inquiry, so we can further reduce it for you? For the purpose of this inquiry, gambling should include any activity where what is produced is a bet and not some other goods or services. For example, in horseracing, the product is the race; a further service is provided, namely, the taking of a bet. Only the latter is properly included as gambling. A cricket match is a product in its own right, as is an Olympic swimming event. Contesting in these events does not constitute gambling. However, a service provider may take bets on these events. This service provider is involved in the gambling industry. Holding a raffle is also gambling. The holder of the raffle is offering participants a chance to win a prize; that is the service offered. The distinction between the game and the gambling is not new. For instance, playing a game of poker, cards, in a hotel is not illegal, but placing bets on the game is illegal. There's a distinction.

For the purpose of this inquiry, gambling should include all activity where the only product is the gamble and if the gamble is lost, there is no potential residual tangible asset. This definition will pick up casual bets between friends, for example, "I bet you lunch next week you don't get sacked." While such an activity is gambling, it is not part of the gambling industry.

The terms of reference refer to Australia's gambling industries for inquiry. This would limit consideration of gambling to where the activity can be said to be part of an industry, a business. If one of the friends in the above example was in the business

of making such wages, he would be in the gambling business. If he entered such deals on a regular basis with the intention of making an income from the arrangement, he could be said to be in the gambling industry.

It is submitted that the commission should include as gambling in its inquiry all gambling that is carried on as a business. It should include legal and illegal gambling, regulated and unregulated. So that's your task, but our task today we're going to limit even more. As a recent increase in interest in regard to gambling is mainly concerned with the introduction of gaming machines, our submission today will be limited to gaming on electronic gaming machines, so that's what we're addressing today. We are, as I've said, only addressing some issues that have arisen that we wish to take issue with through the hearing. There will be a further submission made on other points.

**MR BANKS:** Good.

**MS KEARNEY:** So we will address the cost-benefit analysis; many people have addressed this to date. The Victorian government in 1991 made an informed decision to legalise gaming machines in Victoria. The decision was made for revenue reasons. For its own purposes, before the introduction of gaming machines into Victoria, the AHA, our association, conducted a count of buses crossing one bridge into New South Wales. 100 buses crossed one bridge in one day. These buses were taking Victorians to play New South Wales pokies. It is estimated that the lost revenue to Victoria was in the vicinity of half a billion dollars to a billion dollars a year. Presently, the average bus trips across that border, that bridge, are one per day.

Clubs on the New South Wales side of the border are going broke. The decision to introduce pokies into Victoria was made for revenue reasons. When the decision was made, it was understood there would be a percentage of people who would have a problem controlling the use of this product. This was a given. It was the evidence available to the government at the time of the introduction of machines. The level of problem gamblers is within the range that the evidence suggested it would be. The international studies reviewed in the Dickerson report, the VCGA report of which I think you have, Occurrence and Definition of Gambling, that report, shows very similar levels of problem gambling in all jurisdictions over quite some decades when new and varied forms of gambling are introduced.

Much anecdotal evidence has been provided about increased demand for welfare services due to an increase in gaming and the increasing incidence of gambling as the cause of family stress. We have not been presented, and to our knowledge there are no statistics, supporting a proposition that the increasing demand for welfare services in Victoria is greater than the increase in, say, Western Australia where there are no gaming machines in pub venues.

**MR BANKS:** I'm not so sure of that, by the way. I think one of the studies that was done in WA found a lower incidence, even by that kind of SOGS-type test that they have used and there has been some criticism of. I think the incidence there was lower

than in the other states, but you might just check that.

**MS KEARNEY:** The incidence of using welfare services?

**MR BANKS:** No, I'm talking about those who were seen as problem gamblers in the - - -

**MS KEARNEY:** Yes, but I'm saying that there has been an increase in the demand for welfare services in Western Australia and there has been an increase of demand for welfare services in Victoria. The increase in the demand in the two states - I've been looking for some evidence of this, and at the recent ACOSS convention held in South Australia - where the Prime Minister called us all to be more philanthropic - the ACOSS people produced a paper called Living On the Edge, and they documented the increase in demand for welfare services across Australia.

I got a copy of that particular document, because I have been looking through the statistics to see if I could find this, and asked them whether they could give me - it wasn't actually pointed out in the results that they published. I said did their results show that there was an increase in demand for welfare services in Victoria over and above specifically Western Australia. I actually spoke to the researcher. She said they haven't actually collated that information but her immediate response was no, in fact the opposite. She got the opinion that Western Australia had a higher demand for services. Now, that's not to say that the people who are presenting in Western Australia are not claiming the problem being gambling. She says when she gets funds - everybody here is talking about funds - that they will look at that if we request it. Western Australia has an increase and Victoria has an increase. I can't find anywhere that there is a greater increase. All that can be said is there are more people in Victoria who are saying the cause of their problems is gambling than in Western Australia, where people aren't citing gambling.

I might say too that in the ACOSS study, Living On the Edge, they cited reasons for the increase and the demand for welfare services and also the reasons why the welfare services could not respond to the demand and gaming was not cited in that study.

All the participants who have appeared before the commission over the past few days have stated categorically that they are not opposed to gambling or gaming in particular. Of course how could they be? Obviously Victorians enjoy this product. The Tabcorp representative gave statistics yesterday. 60 per cent of Victorians use this product annually. Half a million people use it weekly. With this level of patronage, the product is more than an addictive, sinister commodity. It is a welcome addition to the entertainment package provided by our hospitality venues. If 1 per cent of people have a problem, 99 per cent of people don't have a problem. Maybe the upper limit is 10 per cent; that means 90 per cent of people don't have a problem.

Realistically, this product, like alcohol, chocolate and powerful cars will be

misused by a small percentage of people. The stories accompanying the misuse are horrible, just as the stories accompanying misuse of alcohol and powerful cars are horrible. The only way to eliminate all inappropriate use of gaming machines is to ban gaming machines. This may stop the use of gaming machines in Victoria, but it will not eliminate problem gambling. We are told that a total ban is not the intention of the participants of this hearing. However, they have nearly all expressed a zero tolerance for any harm. Zero tolerance should be the ideal, but it is not realistic unless the real agenda is zero gambling.

What is required is considered and effective measures to assist those people at risk to control their behaviour. Programs should be directed at the problem, not broad brush responses that disadvantage the many for the few. It is impossible to ban gaming machines a little bit. This leads us to the cap. People don't want to ban all machines, they want to ban some machines. They want a cap. Nearly all participants in this hearing have recommended a cap on machine numbers. None of the participants have explained how the cap will assist those persons with problems. One respondent suggested that there is a relationship between the number of machines and the indicators of problem gambling. Our understanding of the research reveals no such relationship.

In overseas studies there has been an increase in the indicators of risk related to the introduction of new types of gambling. However, once a new type of gambling is introduced, there is on our reading no evidence that the number of outlets is related to an increase in risk factors. This relationship is between the amount of money spent on gambling and the indicators of problem gambling. So there is a relationship between how much money is spent and people at risk but we can find nothing that says number of outlets puts people at risk.

The cap in Victoria has done nothing to reduce the amount of money spent on gaming machines. All it has done is make those machines that are available very profitable. Victorian machines turn over nearly three times the turnover of other states. New South Wales average turnover is around \$700 per machine per day. In Victoria the average turnover in hotels is around \$1900 per day. The cap is an attempt to ban machines a little bit. I repeat, there is no evidence that the cap does anything at all to reduce problem gambling. Problem gambling is best addressed by attending to the persons with the problem, not by creating artificial restrictions on entrepreneurial activity.

Dealing with problem gambling is a complicated process, as all the experts bear witness, as we've heard through the days. In nearly all cases the gambling is symptomatic and not the major cause. Capping machine numbers is an ineffective knee-jerk reaction that achieves nothing beyond the publicity for the people who are able to do the capping. It is simple for politicians to say, "No more machines" and then avoid doing anything concrete to address problem gambling. Like, it is simple to build more gaols to lock up more criminals rather than do something about crime.

The experience with alcohol is that when licensing was deregulated and the

number of liquor-licensed outlets in Victoria increased by around 50 per cent, alcohol consumption decreased by around 20 per cent over the same period. Now, there are actual figures that I will provide in the written submission.

**MR BANKS:** It's aggregate consumption of alcohol in the state?

**MS KEARNEY:** Per head of population.

**MR BANKS:** Yes, not per venue.

**MS KEARNEY:** Not per venue, no. The evidence presented to the Neubenhausen Inquiry, which led to the deregulation of liquor in Victoria, was that there was no relationship between abuse of alcohol and increased number of outlets. This has proved correct. I might say at the time the AHA disagreed with that but it has proved correct. What has worked in respect of alcohol is education and demystifying the product. If it is not a forbidden fruit, it has less appeal. People tend to use it more responsibly when they are made aware of the dangers and it is simply another option and not a hidden vice. Now, that's the state caps. We've also heard a lot of discussion about regional caps. Just as state caps do nothing to reduce problem gambling, neither do regional caps. If there are less machines in the City of Maribyrnong, all that would achieve is that the machines that are there would be very profitable and genuine non-problem patrons would be inconvenienced.

Now, at this stage I'd just like to make reference, as I've discussed the experience with liquor, with what Mr Hulls just said about a cost-benefit analysis that comes before the introduction of gaming machines. In this state, as in other states, a social and economic cost-benefit analysis had to be done on every application for liquor. They were extremely expensive. It made liquor outlets - the liquor industry somewhat protected. The Neubenhausen report and the recent NCP report we had in various steps, did away with exactly that. It did away with a cost-benefit analysis that the applicants for liquor outlets had to present to the Liquor Licensing Commission before they got a liquor licence because it was found to have absolutely no social or economic benefit.

**MR BANKS:** Could you say though that the liquor industry is a much more mature industry, in a sense? I mean in the sense of having been liberalised for significantly longer, so therefore its effects are a bit more predictable?

**MR GILES:** I think gambling has been around just as long as liquor.

**MR BANKS:** Probably, yes but I suppose it's one of the original - - -

**MR GILES:** The difference has been, one is legal.

**MR BANKS:** Yes, but that's not true of the machines, I suppose.

**MS KEARNEY:** And the problem was that the restrictive legislation that we have in

respect of liquor was found to actually increase the problems, and this is what Neubenhause found, rather than what it was expected to do, decrease the problems. So we all know when you could only drink till 6 o'clock we had people drunk and sick at 6 o'clock. That was the outcome.

**MR GILES:** We will address this in greater detail in our further submission.

**MR BANKS:** Okay.

**MS KEARNEY:** Okay. The concentration of machines in lower socio-economic areas. Much has been said of this too. There are more gaming machines in those areas identified in the slide presentation by Marilyn Webster because the people in those areas like to use gaming machines. There is no sinister plot to visit upon the residents of these areas a seriously debilitating affliction. There are less fine-dining restaurants and art galleries in those areas because the people who live there, on the whole, don't like them. This is not surprising. The majority of people who use gaming machines would probably disagree with the subsidies that go to the ballet and the opera. What is surprising is the proposition that the operator should be forced to place limited machines in those areas where they don't work. The reason there are only a few machines in the City of Stonnington or Booroondara, which was mentioned today, is because the people who live there don't like using them. Forcing machines into areas where they are not profitable will only force the proprietors of the venues to bus in the clientele.

If there is no state cap there may be more machines in Stonnington than at present. However there would still be only a fraction of the machines that were in Maribyrnong because more people in Maribyrnong use them. They want to go to pubs that have machines. So publicans want to offer an entertainment package that includes gaming. As it is, there is a state cap and therefore it simply does not make any sense to suggest that the commercial activities of the operators, who have paid for the right to carry on these activities, should be regulated so as to deny them the right to maximise the return on limited resources. Now, something was made of gaming and I think this refers to your point too, Gary, about the change in culture and you say a mature industry, and I must say that as an NCP student or student of National Competition Policy, such terms - I'm interested to hear them come from economists, but at any rate, if we look to - - -

**MR BANKS:** I'm a human being.

**MS KEARNEY:** Do you know what the collective noun for economists are?

**MR BANKS:** This isn't a forum for economist jokes. Right, back to your script.

**MS KEARNEY:** Okay. We have heard today that gaming represents a cultural shift. Yes, this is a new product and it represents a new and popular form of entertainment, just as television did before it and electronic games and credit cards and the Internet. They all affected cultural change. Every middle-aged person will remember the threat the TV dinners were going to pose to family life, as we no longer sat around and spoke to each other.



**MR .....**: That was true.

**MS KEARNEY:** Families were going to fall apart. Yes. The burgeoning consumer credit resulted in unprecedented personal bankruptcies but we did not experience an anti-consumer-credit political party. There was no call to cap the number of credit cards so that only two of the four banks could provide credit cards. This would have been an inappropriate and unfair means of curbing the excesses of consumer credit. It would also have been ineffective. Instead, codes of practice were introduced for banks covering the issuing and provision of consumer credit. Personal bankruptcies continue. This is tolerated because to restrict everyone's use of credit cards would be unconscionable.

Likewise, it is an inappropriate means of curbing excess gaming to allow only a few hospitality providers to produce the product. It just simply makes no sense. It would be an inappropriate response to liquor abuse to only allow a few hotels to sell beer. We would just have a few very rich publicans. As with credit cards, the appropriate measures are codes of practice which encourage provision of full entertainment experiences, not just gambling. Maybe the initiatives regarding advertising will work and warnings may be helpful. What are required are processes that address behaviour of the customers, not convoluted caps and regulations that create protected business environments and interfere with legitimate commercial operations.

Now, we've also heard, mainly from the councillors, about the effect on retailing and we always get very miffed about this because hotels, pubs and clubs are part of the retail sector. We are part of retail. This effect on retail - we're not over here and retail is there. We are part of retail. Although the evidence to date does not support the proposition that gaming has negatively impacted on other retail expenditure, so what if it does? If gaming is a legitimate leisure option, why should other retailers be protected from the competition it represents for the discretionary dollar? No-one sprung to the aid of the cinemas when videos poached their market. No-one campaigned on behalf of traditional pubs when McDonald's captured the family restaurant trade. This is the market at work. If gaming loses its appeal and new entertainment options become popular, that will be the market at work.

Representatives from the municipal councils bemoaned the perceived concentration of trade that has occurred since the introduction of gaming. This is a direct result of the cap and would only be exasperated if regional caps were introduced. Country people now drive to and shop in larger regional towns because gaming is available there. This is at the expense of the local traders in the town. This argument is more fully explored in the full submission. Suffice here to say, if more pubs and clubs have access to gaming machines the productivity factors would be multiplied many times with more employment, more refurbishment and more local spending.

Now, the questions on taxation and revenue collection. Much has been made of the aggressive nature of gambling taxes. All indirect taxes are aggressive. This one at least is voluntary. Gaming machine customers do not complain about the amount of tax. It is submitted that the real reason that gambling taxes are high is because it is a

soft target, especially tax on gaming machine play. It is a readily accessible service tax that the states can collect independently of the Commonwealth. Also, it has general acceptance. Players do not care that at least 33 per cent of what they lose goes to the government. They are more concerned that at least 87 per cent of what they pay comes back in prize money, and the figure is actually closer to 91 per cent. It could be argued that a lower tax would allow for more returns to players. It is doubtful that this would minimise any harm.

Gaming provides the most return to government of all entertainment options. As such the direct social and financial benefit of having a play at the pokies outweighs the social and financial benefit of going to see a movie. The former option delivers more into the general coffers. There should be no embarrassment about the taxation revenue collected from gambling. So long as the product is delivered responsibly it is no different to the taxes collected from other sources. Usury was once scorned. There is now no objection to the government taking its share of bank profits.

Another question that we heard you asking was, what is the relationship between the increased revenue from gaming and government regulations? We believe that if gambling was revenue-neutral to the state government, there would be much less regulation. It is because licence fees have been paid that there are only two operators. It is to protect the casino's market that the state cap of 45,000 machines was introduced. This cap is contained in casino legislation. The cap was not introduced to minimise the harm caused by gaming. Alcohol is a much more dangerous product than gaming. Now that the government does not collect liquor licence fees, there is no incentive to regulate and the government is on an inexorable path of deregulation. However, we submit that the licensed hospitality industry has substantially reduced misuse of alcohol by adherence to codes of responsible service.

Now, the community support fund. Hotels are very proud of the contribution they make through the community support fund. If gaming is a legitimate leisure option, why not advertise that the Aquatic Centre was built from money from gaming? It couldn't have been built on money from cinema tickets. People who use gaming should know that they are contributing large amounts to the general revenue and to the Community Support Fund, just the same as they should know the chances of winning. Contribution to the Community Support Fund is an added advantage that gaming has over other entertainment options. As to the distribution of the Community Support Fund, we do not disagree with the criticisms we have heard. We see no reason why funds cannot, to some extent, be used to fund projects in the area from which they were raised.

There was some discussion about control by local government, the 25 per cent rule and the S69 town planning. Gaming is now part of the entertainment package that

customers seek from a hospitality venue. As discussed above, demystifying the product is a major measure in addressing misuse. The as of right 25 per cent rule encourages the incorporation of gaming as an ancillary entertainment option in venues. I make the example of a pub which has 30 pool tables and no food is probably better disguised as a pool room. A pub which has two pool tables and a public bar and a dining room is still a pub. The same can be said with gaming. Much was said that apparently milk bars have to apply for a permit for a pinball machine. Milk bars are not hospitality outlets. Pubs have had to apply for a town planning permit to provide hospitality products. Gaming is part of the hospitality product they provide. Pubs did not have to apply for permits for pinball machines when they put them in because they already had a permit for hospitality.

In conclusion, the above discussion is only an interim submission which addresses some of what has been presented by the participants at the hearing here in Melbourne. A full written submission will follow. Suffice to conclude here with a reiteration of our contention that it is not possible to ban gaming a little bit. If the government has decided that gaming is legitimate then the appropriate action is to minimise harm. This involves changing the behaviour of the problem gambler and instituting responsible service. Caps on numbers of machines simply do not address behavioural problems.

**MR BANKS:** Okay. You provided some challenging propositions in relation to a lot of things we've heard. I asked one of the other participants what would happen if you removed the caps under the current sort of duopoly arrangements in terms of the distribution of machines. Would you like to reflect on what that might mean?

**MR GILES:** If the cap was removed completely on machines?

**MR BANKS:** Or if it was extended - you know, if it was increased by a certain amount.

**MR GILES:** One of the great difficulties is having any cap at all because if you're going to have a free and deregulated responsible industry and you're going to focus on problem gambling, then you can't impose any form of cap or restriction at all. It just doesn't work. At some point in time you arrive at that cap and all of your problems catch up with you again. So what we're saying is clearly that there shouldn't be caps. We believe that it should be the right of the operator to access the product if it's required in the area and to deliver it. It doesn't make sense really to have fifty-fifty caps between clubs and hotels. We believe that all clubs and all hotels should be able to access gaming but we will develop that more and answer that to a greater extent in our submission.

**MR BANKS:** Are you saying that the current arrangement with the cap is actually having a perverse effect on problem gambling? We've heard a fair bit about the way essentially - you've mentioned yourself that the machines in Victoria are being sort of worked a lot harder and reallocated to achieve that end. There's probably a focus on profit maximisation that's a bit greater than we've seen elsewhere that perhaps reflects

the structure.

**MR GILES:** Again we come back to the cap. It all comes back to the cap and the real problem is if you're going to keep your machines obviously you have to focus on turnover. The question then would arise from a lot of people, does that focus on turnover take away your concern from responsible delivery. We contend that our venues try very hard to be totally responsible in the delivery of their product but eventually, if you have a cap in place and you've still got a very dynamic market underneath that's driving the trade into the venues, and it is a dynamic market and it's growing all the time, that you're going to have explosions of all kinds. Again, we can come back to you with a more detailed position on that as well.

**MR BANKS:** Yes, just if you could elaborate on I suppose the incentives that are being set up under the current arrangements in terms of the incentives on pub owners, I suppose, and whether they're consistent with the kind of responsible gambling approach that has been discussed. I'm just curious. I mean, there is evidence now available that increased accessibility - that word - leads to an increased prevalence of problem gamblers. The issue is not that, although industry argues about it. The issue is what is accessibility? Is it venue or machines? That's a very important issue. There are some, for example, that believe that the governments have made a grave error by allowing EGMs into pubs. They should have stayed with clubs say in New South Wales. Clearly that's not a view that your industry shares.

**MR GILES:** No.

**MR BANKS:** But the issue is a vexed one between numbers of machines, numbers of venues and various others. For example, in Western Australia there are no EGMs outside of Burswood. There is no screaming for increased poker machines other than from the industries. The politicians are not responding to those pressures at this stage. They can access one venue for what we call card machines. Yes, they have a prevalence of problem gambling which is less than in other states. So I'm just trying to flesh this issue of access out. I'm not necessarily disagreeing or agreeing with the position you've put but I do want to deal with the issue of accessibility. If you believe that it's not the number of machines that is a problem, what's your view about numbers of venues? Why should we go down the route of removing the cap on machines but also removing any restrictions in terms of venues? In other words, you're saying clubs and pubs - everyone should have access to it as they do in South Australia, to a capped level. I should just make that point.

**MR GILES:** To a capped level of whatever in each venue.

**MR BANKS:** Of 40 per venue, where I might tell you the state government tells us that's absolutely right. As I've said earlier in the week, everyone tells us it's absolutely right, that they're convinced. So it's about venues and machine numbers. You've taken the view that machine numbers are not relevant, quite clearly. Tell me about venue accessibility.

**MR GILES:** We haven't developed any policy but we will. We'll come back to you with regard to what we think should be the ideal level per venue but we clearly believe

that every venue should be able to access the products because it is now an expected part of hospitality delivery. People expect it if they go out at the moment. Putting aside - what we're saying is let's look at this in terms of a responsible product demanded by the public and delivered well. Why should there be any restriction on the number of venues?

**MR BANKS:** Then tell me why should we restrict it to hotels and clubs that only serve liquor? I don't understand. If it is a good product, it is worthwhile and the public demand it, why the hell does it have to be linked to liquor?

**MR GILES:** It's not linked to liquor.

**MR BANKS:** In fact you could argue that it might be better in milk bars because of what some people have said is a co-morbidity problem - I'm learning all this jargon - in relation to alcohol having an effect on people's judgments and how much they might spend.

**MS KEARNEY:** Can I just say it was interesting today to hear the one problem gambler we have heard from and this is our experience too, that people who do have a problem with gambling don't waste their money on alcohol. So there isn't a problem and there may be that in a particular - you know, the bonhomie, but I think that the association is not with liquor. The association is with some restriction on the delivery of the product. There is an age limit.

**MR GILES:** And when the government looked to how they would control it, they looked to the Liquor Act in the first place because the Liquor Act was the hospitality - and it was controlling the hospitality industry and I think gaming machines clearly are a hospitality-based product so that if you're going to have them in the hospitality industry you control them through the Liquor Act.

**MR BANKS:** Why couldn't you have just, you know, gambling parlours that had age restrictions on them in the way pubs did before?

**MS KEARNEY:** Can I just develop that? There is a concern in Victoria to have it as an ancillary product in hospitality and it was considered, I presume, a minimisation of harm that it was better off in a general hospitality. So it wasn't anticipated that pubs would turn into, what did you say, a pokie palace - but it would be part of a general - and so was our code.

**MR FITZGERALD:** I understand that's the rationale but I don't understand what's rational about it in this sense. What we've heard in many states is that the extension of EGMs out of casinos or out of clubs into pubs and what have you has been to ensure the viability of the hotel industry in those things or at least to allow them to compete.

**MR GILES:** Allow them to compete.

**MR FITZGERALD:** In this case of course it's a bit different in Victoria where the club industry is less developed in terms of commercial development. If the industry is right, that this is a demand that is being met, isn't it only a matter of time before restaurants, motels, hotels, can argue that they lose trade to you and to the clubs and to the casinos and therefore they should be entitled to establish gaming rooms within their facilities, in which case, where does this continue - in terms of public policy I'm talking about. Where do public policy makers finally draw a line or is there no line to be drawn?

**MR GILES:** In the first part of your question, any restaurant can simply apply for a general licence. All it needs is a town planning permit. So it can go to the local council and say, "I want to become a general licence." That general licence then, when the town planning has been considered, has the 25 per cent availability of machines within it, in its structure. So there is no prohibition on a restaurant getting it. There's simply on a restaurant without having a town planning permit getting it just as the same if I wanted to open a new hotel somewhere I've still got to go along and get a town planning permit. So to a great extent the local councils are very much involved in this process. There was disagreement by the councils as to how real that control is but they certainly do have some control and all other types of hospitality venues can apply similarly.

**MR FITZGERALD:** Let me give you an example and you may not wish to answer this because you may not have considered it. Yesterday I asked Tabcorp whether there was any possibility of them extending gambling machines into TABs and they said no, but you know, we don't take that as a given. In other words, we weren't trying to hold them to it. Would you have objections to it being extended into that and why I'm getting at it is not your answer so much as what process do policy makers go through to make that answer.

**MS KEARNEY:** The thing is - - -

**MR FITZGERALD:** I don't want to - I'm not trying to trap you into an answer. I'm trying to talk about the process.

**MS KEARNEY:** No, but if I can explain to you that in Victoria we have a deregulated liquor licence and this is the point I was trying to make with the 25 per cent. People who have applied for a hotel licence in Victoria have applied for a hospitality licence which includes being able to offer maybe a public bar but you might not do it; maybe put pool tables in but you might not do it; maybe put pinball machines in and maybe put gaming machines in. So there is - it's different in Victoria where licences are deregulated. There is not a set number of liquor licences. It's not tying liquor and gaming. It is saying, "If you want to provide gaming" - at the moment it's part of the hospitality package and therefore it's something that people who already have a liquor licence have a permit from the local councils to provide hospitality products. They are allowed to provide it.

If you are new, if you already don't have the permit, you must go to the town planning, to the council, and you must apply for a permit that allows you to provide the full range of hospitality products. At the moment somebody with a restaurant licence only has a permit to provide some. It is the town planners, even though they sat here and said they don't have that power - and I think we heard this morning they don't - the Supreme Court has actually said in this state that town planners should consider social and economic effect of gaming in their deliberations. Maybe these people are being overturned at VCAT. I understand that's happening. That's a different question. But the question of whether or not they are at liberty to consider the social and economic effects of gaming, they not only are at liberty, they are required to. The Supreme Court has said it.

So if you are a milk bar and you want to provide hospitality products you go to the council and you get the appropriate permit and the council considers the full range. You are going to be at liberty to provide the full range of hospitality products now and will consider the lot. So in our experience it is not limited to licences. It is just limited to a hospitality permit.

**MR FITZGERALD:** In terms of your codes of practice you haven't referred to them specifically here, we heard from the shadow minister for gaming that he believed they needed to be enforced through regulation. Whilst it is true that people are obviously gambling services and that's meeting a demand, the figures that he quoted in relation to people's views about gambling, the perceptions, the concerns about gambling, are nevertheless reflected in all of the states, whatever the figures are. Why do you think there is this enormous miscorrelation between the concerns of the community and the usage by the community? What is creating this?

**MS KEARNEY:** We have to some extent addressed this and what is being reported is perception. To some extent the media have been locked out of partaking in gaming in Australia. Very early reports - and I will find this and put it in the submission - have suggested that publishing - women's magazines and things - was one of the early victims. But there is a concept of it being a bit naughty and people enjoy that, and they hear these stories. If you asked somebody about liquor, they would disagree with problem drinking, "Yes, it's bad," but they know themselves they use it well. I don't know about the perception on liquor but - - -

**MR GILES:** It's some form of curious middle-class morality thing here. When we first approached the Inter-Church Gambling group task force to tell them about our codes of conduct - and we wrote these codes, sitting down one day and writing that operators' code - we took it in and said, "Look, this is the concept that we have got." This was before anyone said there was a need to do it; we just went along and did this on our own. We could see that the community eventually would start saying, "We want some regulation." Because of the way the press was treating us, we said, "If we're not going to get regulation put upon us, we'd better put regulation upon ourselves and be seen to be not only being responsible but be seen to be responsible." That's why in Victoria, these codes - I know they come up for criticism - but they are

miles and miles in front of anything else in the world. You can look at what other states do; they just can't believe we do this. We enforce them and they in force.

One of the curiosities is - they're taking about the advertising codes - we haven't had a complaint yet. I think we have had one complaint about advertising. It didn't even go through to a hearing. It was dealt with very quickly and the problem was solved. So we're not getting the complaints in and all of the people that complain about these factors are fully aware of the codes and if they feel that we're breaking the code, why aren't they coming along and telling us? I think they just talk about it and say, "It's wrong, it's terrible." When we went to the Inter-Church group and said, "Here's what we're going to do," the first thing they said was, "You have to realise of course that many of us believe gaming and gambling is a sin," and my response was, "Is it a go to hell sin or what sort of sin is it? What are we dealing with here? How far are we going to go?" I looked up on the wall and on the wall - and this was in I think the Baptist or one of the other church premises - was a sign that said, "Gala Sunday, all welcome, \$20 per head includes barbecue and wine." 35 years ago when I entered the alcohol industry, I went to work in a hotel in Brighton and my job was to serve liquor through the bottle shop and to also work on a tap at the end of the bar. The manager told me, "If anyone comes into this bottle shop, buys a bottle of wine and then goes in the hotel, you immediately notify the manager because we have got a plonko on board and we don't want any of them. They're a problem." The change in the attitudes towards alcohol have come about because the middle classes and the professional classes have discovered alcohol.

I went to the opening of Wine Australia and there was the minister standing up and saying, with a glass in his hand, "I declare this open and I'm the best vigneron in the parliament," and he is, and everyone thought that was wonderful. We know that there is more misuse with alcohol. I've lived it for 40 years. I see what happens. We also know how to handle it and we are handling it very well. I've been on the committee for the ministerial adviser for the misuse of alcohol in this state for many, many years, and we are handling the problems with alcohol. The major problems that occur with the misuse of alcohol in this state do not occur in the hospitality side of the industry, they occur from the retail side of the industry where there are no controls. We say the same thing about gaming.

**MR FITZGERALD:** Yet you as a state are moving down a deregulated or a less regulated liquor licensing approach. Why? Why would you move down that way? If you're saying that the regime has served us well, in the sense that we know how to handle it, why do we now need, as a public policy, to now open it up even further? What is the imperative of the community that drives us to that, or are we saying that the current circumstances have not served us well? It's a bit like gambling; we have had gambling in New South Wales for 42 years, in that particular forum. Suddenly in 6 years we have changed all that. What drives this? What has changed?

**MS KEARNEY:** I would like to say that what was found here was not that the legislation served us well, what actually served us well in the responsible service of alcohol was our adherence to codes of responsible service, not legislative codes of



service. What's actually been found is that things like, before you were allowed to have a liquor licence, "You must prove the social and economic impact you're going to have on this society," that was found not to prove well. That was found to make money for lawyers, take up a lot of misused resources. It was not found to minimise the harm.

**MR GILES:** And also the taxation has gone out of it. The government said, "Well, that's the finish of that. We're not even worried about that one. We won't even care whether there's a need criteria or there's amenity criteria. It doesn't really matter much. You look after it now, it's your problem." To some extent, what is going to happen - and we have developed in our industry an industry licensing program that we haven't spoken of, only have spoken of here, which ensures that our venues are protected from duty of care claims, and I think that the emergence of courts awarding duty of care claims for people who do irresponsibly serve products, whether it be food, liquor or gaming, are going to have a greater impact than all of the regulations that governments can put together.

**MR FITZGERALD:** I think you would acknowledge, Alan, the industry certainly has and in fact one of the things that has driven it to the current level of serving alcohol responsibly has in fact been those liability issues. Let me make it clear, it is clear that the hotels have not had responsible gaming practices previously, but there has been a new development of which the industry acknowledges.

**MS KEARNEY:** Yes.

**MR FITZGERALD:** In part, it is also true that that is corresponding with an increased level of litigation about the duty of care of servers. Without those responsible liquor practices, the industry has indicated to us clearly that of course they are concerned about their duty of care and the liability. Similarly, we now know of test cases being potentially run in relation to gambling. So is it an accurate statement to say that the increased risk of legal liability, as you've said - and there's nothing wrong with this, I mean, that's the pressure - is actually the pressure point for some of these improved practices? Again, that's not a value statement, it's simply wherever the pressure point comes - - -

**MS KEARNEY:** It's very significant, but it is not the cap. That is not what's helping us introduce responsible service, quite the opposite. It is not the cap. All those things impact, but the cap does not.

**MR FITZGERALD:** Your argument in relation to the effect on retailing is not dismissive; you've taken a different approach to say even if it were true, it's just good competition, in other words, the shift in terms of the retail dollar moving within the retail sector.

**MR GILES:** I think that's fair and I don't think it's unreasonable to say it. It is a legitimate product. The government is sanctioning it. Why on earth are we now complaining if somebody - you know, I don't complain about the hotel down the road

doing better than me. I get off my tail and do something better than him. All we ask in the hotel industry is to be able to compete with one another. We don't want to have a situation where one hotel cannot compete with another hotel or one club can't compete with another club because it can't offer a commonality of products. You can argue about whether or not particular products should be completely deregulated and sold everywhere or not; I don't think that's a matter for here. It's certainly something we're not considering at the moment.

**MR FITZGERALD:** Just in relation to that, the issue between pubs and clubs here, you have a fifty-fifty split and I presume it's trying to give a level playing field between the pubs and the clubs, why ever that is. Your view on that at the moment, when you talk about caps being removed, do you have a view about the fifty-fifty split? I think you were present for the presentation by the Licensed Clubs Association.

**MR GILES:** Yes. We have never really come out and made any public comment about it. We have never developed a public policy about it - possibly something that we should have. However, if you go back to the start of this industry, it came into being because the government at the time said, "We want to make sure that there is equal development in both sections of the industry." However, there was no cap. When all this was set up, when this structure was set up originally, there was never any consideration of the fact that there would be some artificial barrier placed on the development of the industry. It was seen to be a dynamic industry or potentially dynamic industry; it should be simply allowed to develop in a normal commercial way. Once you start to interfere with the racehorse, you finish up with this dreadful camel.

We have just heard Rob saying, "We want to put other regulations in." Everyone wants to keep adding regulations and all that does is add to the problem. Handle the problem, don't mess about with the racehorse. Now, what we say about the fifty-fifty split is that if all clubs and all hotels were able to access the product through normal commercial arrangements because there is no cap, you wouldn't need a fifty-fifty split because they would all be able to get at it, if you like. So again we come back and say a fifty-fifty rule doesn't really make any sense. It's just part of the mess.

**MR FITZGERALD:** The other question there, just relating to that, if you take that approach - let's take the South Australian approach where they have done that, except they have put a per venue cap on it and I'm sure we will hear submissions in the next couple of weeks about that - what's your general view about the transferability of machines and licences between venues? Is there a concern that you end up with super-large venues to the detriment - for example, in New South Wales we see that there has been a diminishing of the number of clubs and we have seen the creation of what is called "super clubs" and there is now an argument about whether that is in fact a good thing or not a good thing. The registered clubs can speak for themselves on that. But what's happening there ironically is that the people say, "We're losing our small clubs, we're losing our small venues, we're losing them because it's all going to these majors." South Australians say to us, "We've avoided all that. Everybody is an equal. We don't have super clubs, we don't have super pubs, not through gambling." Do you in Victoria have a particular view about that?

**MR GILES:** We have certainly got a view. We agree that everyone should be able to access the product. We haven't developed a policy, but we will, in relation to whether or not there should be some sort of a concentration and we will take that back. However, again the cap causes all this. The minute you put a cap in place, you're going to have this polarisation, if you like. Again, the way the industry was introduced here in Victoria, it started off with some getting it. It was done deliberately. But again, it was done with the best intention. There was no intention of a cap. Both operators said, "The best way for us to get it off the ground is if you give us 10 venues each and we will get them." After that, you had to be a certain distance outside the - and in certain country areas, and it came out in little tranches which meant that some people got access to it, some people didn't, because it was a profitable business and we were coming out of a recession and things were very bad in the recession here in Victoria and particularly in the hospitality industry.

Once people got that, they certainly found that they were in a better position financially and a better competitive position to compete. I think we started off with one venue operator per venue and now we're getting close to probably half of the machines in Victoria being controlled by a limited number of people. That doesn't matter, as long as there is no cap. What we have to consider - and we will come back to you - if a cap remains in place, what it means.

**MR BANKS:** Just on that point, are you saying that the current arrangements with the cap in the way machines are being distributed is leading to a concentration of venues with machines in terms of the larger players?

**MR GILES:** Most certainly. That's reasonable and that's commercial. It may perhaps occur even if there wasn't a cap - who knows? But then it would occur because of the normal commercial reasons, not because someone is denied access that therefore just can't get at it and those that have access therefore become more financially able to access. That's where the cap again causes the problem.

**MR FITZGERALD:** Just one final then, and it's related to harm minimisation. We've heard in various jurisdictions a concern that the pubs, the hotels are in fact not necessarily able to deliver effective harm minimisation programs whereas larger venues, the clubs and so on, are may be able to do so. Now, again, in Victoria you don't have the differentiation of size so I just want to deal with that. But there has been raised concerns because of the other issue and that is that a small percentage of your players deliver a large percentage of the overall turnover in gambling and we'll look at those numbers. So therefore there's a disincentive on the publican, the licensee to actually enforce too vigorously harm minimisation strategies. Because in effect you may well be damaging some of the players that produce some of your highest turnover. Do you have a particular view about that argument?

**MR GILES:** The first thing is, I think, we have to identify what is harm minimisation and we hear all sorts of people say, "There's something wrong with the gaming industry, people are still gambling." "Oh, God, how do we handle that one?" "There's something wrong with your code of practice, people are still coming to your venue. People are still losing money." So we know that machine over there, you put a dollar in it gives you back 91¢, put 91¢ in it gives you back 82 or something and so on. They

know that, we know that. They don't come in, you know - and I think it's a given that people don't come into a gaming venue because they think they're going to win a lot of money. They come in for all sorts of reasons. The most primary reason is for entertainment and all those other things. But some people say, "This is dreadful. These gaming venues are pleasant and they encourage people to relax and enjoy themselves. That's terrible." You know, we can't win here.

Obviously, we're presenting our product in the best way we can. Now, harm minimisation, in the alcohol industry a person who is harmed by alcohol on your premises is very visible. I can pick a drunk from a long way away. I can pick a drunken person who is also an alcoholic. In coming to know a drunken person I can tell you whether he's a problem drinker or he is a true alcoholic. There's an old saying, "There's no such thing as a wealthy alcoholic, just wealthy problem drinkers. There are poor alcoholics." Perhaps that's the same with gambling. Unfortunately, this is what happens, is it manifests itself in suburbs where you do have, you know, all the other things that Marilyn put up the other day seem to manifest themselves in the same areas. There's got to be a reason for that and we know what it is.

If you can identify what more of these harmful things are - now, if we don't provide credit, we don't allow people who are underage in, we provide cooling off periods for people, we try and encourage them to take cheques, hotels get to know their customers, they know who they are. The last thing you want on your premises at a hotel is a drunken person. The last thing you want on your premises in a gaming venue is a problem gambler. We don't want them. We don't want to take money from them and we don't want money on our premises. We've put in place what we believe is the most effective program to handle problem gambling which exists today and that is the self-exclusion program which Margaret here wrote. It's now got about 450 people on it and it works because people don't gamble where they used to and the way they used to while they're on it.

We know that it's working because we only allow them to be self-excluded for a shortish period of time, a minimum of 6 months and a maximum of 2 years, so that we can get them back so that they can't change their hairstyle, if you like, and they can't put on glasses or get fat or get thin or whatever so that they're recognisable. We know because they're coming back in now and continuing on with the program and we're in contact with them and we know that it's working. We've had criticisms from some of these people that have been excluded, why weren't they told about this program before by the problem gambling council and we say, "We were told by the problem gambling councillors that it's a bit like an alcoholic, you've got to reach the bottom and admit that you're an alcoholic before you can actually stop being an alcoholic. You stop being an alcoholic where you stop the problem of being an alcoholic by stopping drinking," you've got to handle the problem gambling the same way.

We've got a fellow in one area that wants to sue the Break Even people because they didn't tell him about the self-exclusion program day 1 and he lost his house by the time we got to him. We fixed him but he hasn't got his house. So we've put in place really good harm minimisation strategies where we can identify them. People keep telling us, "You're not doing it," but they don't tell us what it is. All they say is, "You've got problem gamblers." We can't identify any more. You can't look at a person sitting in

your room and say, "That person there is a problem gambler," unless you happen to know what his bank balance is and all his personal situations. We believe we're doing everything that you possibly can, but if someone can come up with other means by which we do it better, we will embrace it as quickly and as effectively as we possibly can.

**MS KEARNEY:** And the cap does not help.

**MR FITZGERALD:** The cap just exacerbates it. It makes it even worse.

**MS KEARNEY:** The cap does not help. The competition makes it very difficult for venues to - to go to the specific question, the competition that the cap introduces make it very difficult for venues to do all these things that Alan has brought up.

**MR BANKS:** So what you're saying though is you're doing as well as you can but the current arrangements are making it hard.

**MR GILES:** They're crazy. They don't make sense. It's unfair of the government to sell to Tatts and TAB for a lot of money and to float to the Victorian people a public company at which they raised a lot of money, and to raise a lot of taxes to sell a commercial activity which they then turn around and interfere with for political reasons - no other reason. It doesn't help one problem gambler to have a cap. It satisfies the view of people who aren't really informed as to what it's all about and make them feel good - and you've heard plenty of that. But no-one comes up with any evidence how the cap fixes, helps, improves. All it does is mess things up.

**MR BANKS:** All right. Thank you very much for that contribution. We look forward to receiving your formal submission, hopefully in the next couple of weeks. Thank you. I should just ask, for the record, if there's anybody else who would like to appear who is desperate to get up here and hasn't spoken so far. There not being anyone - there is. You're welcome to come forward.

**MS PASHALLIS:** My name is Jane Pashallis.

**MR BANKS:** You realise this is all on the public record, okay. Whatever you say will be on the transcript, all right.

**MS PASHALLIS:** I don't care.

**MR BANKS:** No, that's fine.

**MS PASHALLIS:** I would like just to say a few words of my own as a private citizen.

**MR BANKS:** No, of course, that's the opportunity you've got.

**MS PASHALLIS:** Thank you very much.



**MR BANKS:** Okay. We will resume now. In response to my invitation if anyone would like to come forward, Jane Pashallis has done so. Perhaps she might just say though for the record in what capacity you're here in, as an individual or whatever.

**MS PASHALLIS:** I'm Jane Pashallis and I'm just a private citizen who's come in to observe proceedings here with great interest, I might add. It's been a very interesting 3 days and we've heard a lot of different scenarios, stories, etcetera about the gaming, gambling industry. I find it interesting about the fact that caps, no caps, political agendas etcetera, the one thing that has not been brought up in this whole thing in 3 days to a more substantial level, let's put it that way, is the amount of money that people are actually getting back for their gambling dollar. You talk about problem gamblers, I could very easily be one. You go in with your 50, 100 dollars and you spend that money and you might spend an hour, you might spend 10 minutes, depending on how you bet and how long you want to bet for.

But my argument with all of this is I don't care who runs it, I don't care how many machines there are in the state, there's always going to be problem gamblers, there's always going to be problems as within any industry whether it be cigarettes, petrol, alcohol, cars whatever. There's always going to be problems. I believe that there should be certain regulations in place, but the biggest one that should be in place which has not been properly addressed, in my opinion, is what the consumer is getting back for their dollar. It makes me very angry to think that they're just getting an entertainment value. When a person goes in - and I've been to many venues, I have spent a lot of time at poker machines, I've caused myself a lot of stress over poker machines - this concoctive story that they're bringing out that the machines are paying 87 per cent. 87 per cent of what? Of what? That's a meaningless statement.

87 per cent of 100, of the whole lot, of the whole turnover, of what? It's just misleading statements. It's straws in the wind, it's rubbish. To me there should be a council or a body that says they must put down every year how much they're losing, how much they're winning and what the actual - what's the word I want - what the actual win for the player is. These Mickey Mouse stories that you've been getting - and they are Mickey Mouse - about, "Yes, but you know that if you get five Georges you get \$50." That doesn't work. You could spend 500 before you even get \$5 out of a poker machine and this is where problem gambling starts. Because if there is not a fair return to a player, not a proper return to the player, then naturally they're going to feed this machine more until they're thinking that they are going to win. They're not going to win.

If they took away caps, if they were required by law to stipulate on every given machine what the odds of that machine are per dollar to make it fair for the public, and if they had general procedures in place where the public could say, well, you know, "It's not like a museum in here, it's not too dark and there's clocks and all these peripheral things." If these things were put into place I think it would make it fairer for the public. I don't think caps are going to do anything. There's no caps on alcohol. There's no caps on cigarettes. Why should there be on a poker machine? That's wrong. But the biggest criteria here is if you take away all of that and put in place

regulatory board perhaps or committee to say, "Right, well, they must pay back 87 or 91 per cent of the whole turnover and must be required by law to publish" - which they don't in Victoria - "to publish these things." See, they don't have, they made a deal that they can put these machines into a venue, they don't have to disclose what their actual profits are to the public. They give a certain amount of turnover but they don't have to disclose all their financial procedures.

What business do you know of that doesn't have to do it? Every business has to disclose how much they're earning and losing and I think it's unfair to the public and for myself because I do enjoy the gaming machines, I love them very much, but I am not going to go putting \$100 in a machine and not know what odds I'm going to get. I think it's misleading to the public and the public are gullible. You have to remember that the public are gullible. They see something new, lights flashing, they see something pretty, you put your dollar in and you sit and play, "Oh, isn't this wonderful," and before you know you've done 50 bucks - and I've done it, I did it last week, I put \$60 through a machine within 10 minutes, playing five lines, 10 cents a line. Within 10 minutes the money was gone. The machine didn't say to me, "Well, Jane, I'm sorry, but this machine is only paying out 21 per cent or 11 per cent, so therefore you lose." It must have regulation to be fair to the public.

Okay, it is an entertainment, but it is also a service to the public. Every other service to the public - I believe as a consumer that it should be put into legislation that we have our rights as well as our responsibilities and that the public has a right to know who is earning what. I honestly believe this. It's the one thing in the three days - I've never seen anybody stand up and say, "Look, what's all this mickey mouse stuff? Your problem would be solved with gambling if you take away the people at the top that are only interesting in filling their own coffers. You put into place powers whereby the public has to know what is being paid out," and also that there should be a minimum amount that the public must be paid out in terms of dollar, not in terms of, "Oh, you play five lines, you've won two." I haven't won two, I've lost three. If I'm paying 50 cents a game and I win two credits, 20 cents, I haven't won 20 cents, I've lost 30. The public are gullible.

**MR BANKS:** What you're saying - I mean, I think it is a theme and obviously we haven't addressed it in a way that has satisfied you - but clearly it's something that both Robert and I are concerned about and that is, even if you accept that this is just a form of entertainment, it's a form of entertainment for which the price is pretty unclear for a lot of people.

**MS PASHALLIS:** Yes, not only that, but it's also unfair. You don't go into a shop and buy a pound of steak and not see it being weighed up and know how much you're getting. You go into a club and you can put a hundred bucks into a club - and believe me, I've done it many times and got myself into a hell of a lot of trouble - but I don't know what the odds are or what the base - you might be able to help me here. They're supposed to pay 87 per cent in Victoria. Now, that's a lot of mickey mouse rubbish, I can tell you that much now, because we worked it out. They are getting 87 per cent but they're brilliant at covering it up. Sorry, but that's how I feel.



**MR FITZGERALD:** No, that's fine. We have in fact had a number of people talk in similar ways that you have, not at public hearings but privately and we are looking at it. Can you just tell me this: we have heard a lot of submissions that the odds should be displayed.

**MS PASHALLIS:** Of course.

**MR FITZGERALD:** The problem I have is what odds, and it's the very issue you raise. If you say 87 per cent is being returned - we have heard many people say to us that it means nothing because is that over 1 hour or 1 day, 1 week or a year?

**MS PASHALLIS:** 87 per cent of what?

**MR FITZGERALD:** So that's an issue. In fact we have heard it said to us that publishing that figure is just actually misleading because it doesn't mean anything. The alternative is we have heard suggestions that you should say, "On average in an hour, you will spend \$50 on this machine," so in other words, its dollar per time, because the industry says to us that people are buying time. From your point of view, what should be displayed? What is it that would help you as a consumer? What is the information?

**MS PASHALLIS:** The whole lot should be made much more transparent. The consumer should know what he or she is up against. There should be definitely a code on the machine or a thing on the machine that explains to you - I'm sorry, I'm not very good with words but I will do my best - - -

**MR FITZGERALD:** That's fine.

**MS PASHALLIS:** - - - that says, "Well, your odds of winning five Georges are 150,000 to 1," and also on the machine, "This machine has paid \$106 this hour and it's taken 240 this hour." Consumers have a right to know what they're up against. A blind lamb is not going to walk off a cliff, yet you will see hundreds of people go to a poker machine who can ill afford it and not know what they're up against and that hurts. It not only hurts me, it makes me angry to think that these operators are allowed to allow that.

**MR BANKS:** Quite often the operators will say to us that while those odds aren't displayed, that people actually have a good sense of the odds and indeed will gravitate towards a machine that actually pays out a bit more than another one.

**MS PASHALLIS:** Mickey mouse schemes. I've been in hundreds of them - all mickey mouse stories. Nobody knows if you walk up to a particular machine what it's going to say. Joe Blow might say, "That one has taken \$100. It's probably due to pay." Now, we cop this all the time. So you put your 50 bucks in there and most people play a minimum of five lines or 10 lines double bet. They don't just play 5 cents a line, they're playing 25 credits per go. But you can't tell me that Joe Blow

will say, "That one's due to pay." That's all mickey mouse. You don't know what's going to pay. It's all controlled by Mr Computer who has a card in there and says, "Right, that's not allowed to pay out until about 4 o'clock this afternoon and then we'll only give them X amount of dollars."

**MR FITZGERALD:** Just to take a couple of things you have just said, we've heard from people who say to us that if you said, "Right, five Georges," whatever they are, you know, it's a one in 200,000 chance, that that actually wouldn't make any difference. People have said to us that what actually matters is what you have just said, how much does it take and how much has it paid out? In other words, trying to identify what should be disclosed, if anything, is really a very hard task at the moment. If you said you have a got a one in a million chance of getting these five in a row or whatever, would that make any difference to your gaming habit or is it something else? Is it some other piece of information?

**MS PASHALLIS:** No.

**MR FITZGERALD:** What would be the most powerful piece of information you could get that would impact on your decision?

**MS PASHALLIS:** For me, it would be having on the screen or somewhere on the machine what percentage that particular machine was going to pay out, what the odds are on that machine, say, for the hour or the day or something like that. People should be able to know that because people go in there with a perception that contrary to what you have heard in the last 3 days, people do go in to win. They take their 50 or 20 dollars or whatever - "I'm going to win today, I know I'm going to win today" - and it's so entrenched in their minds that they're going to win and of course, it's rubbish. I very rarely come out winning, very rarely.

When they first came out in 92, I remember when an RSL club opened up in Box Hill, the first 2 years were magic. That's all I can say. There weren't that many venues open at the time, I must admit, but you got a bit of a chance. It was the lead-up to getting people to play these machines, to get sucked in, if you like, to play. Now, of course, there's more venues. The government is taking a bigger cut of course. They've got their finger in the pie for some reason. They're spending a lot of time saying, "Yes, it's wonderful entertainment value," but people aren't getting what they really deserve or pay for your money. You spend a hundred and you get 5 back. That's not fair.

If it was me and if I was sitting in your shoes, do you know what I would do? I would say, "Right, one, you're going to have codes up there to say how much that machine has paid out this hour, what the odds are of getting a certain amount of jackpots, get rid of all the mickey mouse schemes of cars, holidays" - and that includes the casino which is the biggest joint of all - "Tattslink, get rid of all that, put that money back into the machines to give the player a fair chance of winning," that would be my second thing. Number 3, I would take the cap off the machines. That's not going to help. If people in Maribyrnong want machines, let them have them. Competition is what it's all about. Perhaps if you bring in the competition value of the

gaming industry, it would not only make the standard higher of gaming, but I think you will find too that people, knowing that they have access to these gaming rooms or machines, say, 24 hours a day, they mightn't be as interested. It's still a new industry to us relatively. It's only been in for 7 or 8 years. It's still new. Give them a chance to make their own dreams. If you want to open a takeaway shop, nobody is going to stop you. Why shouldn't Joe Blow open his own hotel or club and have as many machines as he wants? To me, regulation of that sort is ridiculous.

But definitely the three things would be the capping, the odds should be displayed, get rid of all the mickey mouse schemes of win a car, win a holiday - that's all rubbish - make them put that back into the machines and say, "Right, you are going to pay 90 per cent of your full turnover back to the public in real terms," not two wins here, two wins there, "You've won two credits," and you've played five. They count that, you see, as a win. I don't. Play five, win two, I've lost three. They think I'm stupid, but I am stupid because I go there and play. Those are the three things that I would do myself. But I mean, I had to say my piece after the 3 days. I was really - - -

**MR FITZGERALD:** You have done it very well.

**MS PASHALLIS:** I thank you very much for listening to me.

**MR FITZGERALD:** You have put it very strongly.

**MR BANKS:** Thank you for coming forward and we value your contribution as someone who has actually been at the coalface, so to speak.

**MS PASHALLIS:** Yes, I've been going for 7 years and I've got myself into a fair bit of trouble over it, but also I think that the biggest thing is the unfairness to the public in general. Thank you for hearing me.

**MR BANKS:** Thank you very much for that. I think it's fair to say now that there's no-one else who wants to participate in these hearings in Melbourne. I think we have done very well in Melbourne. We have had a range of perspectives. We have had a lot of information brought forward. I'm conscious that there are a number of participants who have not yet provided their submission. We will be looking at those submissions and there's an expectation that, depending on the content of the submissions, that we would hold perhaps a special public hearing at some later date to discuss them. I've got in mind particularly the submission that's forthcoming from the coalition of players, including Tabcorp and Tattersalls and the casino, so that's something that we will just signal possibly for later. It may be in the new year. With that, I adjourn the hearings and we continue in Canberra next Monday morning.

AT 5.38 PM THE INQUIRY WAS ADJOURNED UNTIL  
MONDAY, 30 NOVEMBER 1998

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