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**REPORT OF PROCEEDINGS BEFORE**

**SELECT COMMITTEE ON THE IMPACT OF GAMBLING**

**INQUIRY INTO THE IMPACT OF GAMBLING**

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**At Mt Pritchard on Thursday 5 June 2014**

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**The Committee met at 9.26 a.m.**

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**PRESENT**

Reverend the Hon. F. J. Nile

Dr J. Kaye  
The Hon. C. J. S. Lynn  
The Hon. S. Mitchell (Deputy Chair)  
The Hon. G. S. Pearce  
The Hon. M. S. Veitch  
The Hon. E. K. C. Wong

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**CHAIR:** Welcome to the third hearing of the Select Committee on the Impact of Gambling. The inquiry is examining the impact of gambling on individuals and families in New South Wales. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders past and present of the Dharug nation and extend that respect to other Aboriginals present. Today is the third and final hearing we plan to hold for this inquiry. We will hear today from ClubsNSW, the Centre for Gambling Education and Research at Southern Cross University, UnitingCare Mental Health, Centennial Consultancy and Fairfield City Council.

Before we commence I will make some brief comments about the procedure for today's hearing. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments you may make to the media or to others after you complete your evidence as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The *Guidelines for the Broadcast of Proceedings* are available from the secretariat.

There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Witnesses are advised that any messages should be delivered to the Committee members through the Committee staff.

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**ANTHONY BALL**, Chief Executive Officer, ClubsNSW, and

**JOSH LANDIS**, Executive Manager of Public Affairs, ClubsNSW, on former oath:

**CHAIR:** I welcome the witnesses from ClubsNSW. As you have already appeared before this inquiry you are not required to swear an oath or affirmation again. Would either of you like to make a brief opening statement?

**Mr BALL:** Thank you, we will not do that as we made a comprehensive statement the first time we appeared before the Committee. We came today to answer any further questions and to have a discussion with the Committee. Since the appearance of Josh and I before the Committee last time you may have seen some media around the announcement that we will be donating \$1.2 million, along with other industry stakeholders, to the University of Sydney so they can conduct research into problem gambling. This is the first program of its kind, and a program that we hope will lead to targeted solutions that will help problem gamblers. Alex Blaszczyński, a world renowned and probably the pre-eminent gambling researcher, will be in charge of that research. I would like to note that ClubsNSW will not play any part in conducting the research or influencing the outcomes and the reports will be published whether we like them or not. That is all I had to say.

**The Hon. MICK VEITCH:** It is good to have you back, gentlemen. When you last appeared before the Committee you advised us of your in principle support for the development of third-party self-exclusion programs. You also stressed the need for anonymity given the possibility of negative consequences such as domestic violence. Who do you believe is best placed to undertake the research required to determine the costs and benefits of third-party self-exclusion programs? Who is best placed to oversee the implementation of that program?

**Mr BALL:** It probably is something for the Government to fund through the Responsible Gambling Fund [RGF]. There is enough money in there to conduct meaningful research of that kind. It does need to be done by someone reputable and experienced. We have some names in mind—for example, someone like Clive Allcock—of who could be involved in a panel that would administer and adjudicate around third-party exclusions. There are enough people around who know the space and who deal with these issues to be able to conduct the research and to set up a scheme. Ultimately I think the Government should be funding that.

**The Hon. MICK VEITCH:** What about the oversight of self-exclusion programs—how would that work?

**Mr LANDIS:** As Anthony said, there would be a committee. It would include a clinical psychologist who has expertise in this area to assess the person's state of mind and whether or not they might well be a problem gambler as well as someone who has expertise in issues around privacy and that sort of thing. So we would be looking at an independent panel. If the Government is funding it then ultimately that is a matter for Government, but we would be happy to make recommendations if the Government is of a mind to set that up.

**Mr BALL:** The panel ultimately has to assess whether the person is a problem gambler so you need that expertise more than anything because that is what is in dispute in those situations. So the panel needs to sit down and say, "Anthony, we have had a good look at all the facts. We have spoken to your family. We have spoken to the club. We have spoken to all the stakeholders. We think that you need to be excluded". They need to stamp a bit of paper and then have the exclusion applied. So the primary expertise needs to be around assessing a person's wellbeing and whether or not they have a problem with their gambling.

**Mr LANDIS:** We have suggested that there be three panel members—one being a clinical psychologist with a background in treating problem gamblers, one being a lawyer with a background in judicial process and procedural fairness, and the third being a social worker with a background in family and relationship issues. That independent panel would then assess and determine whether an involuntary exclusion is justified.

**The Hon. MICK VEITCH:** At the last hearing when you gave evidence you spoke about the involvement of individual clubs in self-exclusion programs. Did we actually ask you to give us some figures on the number of clubs involved in self-exclusion and how many people are involved?

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**Mr LANDIS:** I think you did. My recollection is that we do not have that data. We are working through our online multi-venue self-exclusion scheme now so that we are able to assess some of the numbers. Previously each club individually managed their own self-exclusion arrangements. Now that we have a statewide approach we are able to start collecting some of that data, but I think it is too early yet to really indicate statewide type figures.

**Mr BALL:** I think we do have some numbers, but we would have to dig them out. Let us go back and have a look. Clearly since the web-based multi-venue self-exclusion scheme has been operating we do have a complete log of activity and we are happy to provide that to the Committee.

**Mr LANDIS:** There have been 1,830 people so far through the multi-venue self-exclusion scheme.

**The Hon. MICK VEITCH:** I would appreciate it if you could just take it on notice and get back to us with further information.

**Mr BALL:** Yes.

**Mr LANDIS:** Yes.

**The Hon. MICK VEITCH:** So with these self-exclusion programs an individual is not excluding themselves from the entire venue; they are only excluding themselves from where the gaming machines are located. Is that correct?

**Mr LANDIS:** It depends. It is their choice. They can determine it for themselves. We know that for many people in country areas, such as where the Hon. Mick Veitch is from, clubs are one of the only places for social engagement.

**The Hon. MICK VEITCH:** Yes, and that is what I was wondering about.

**Mr LANDIS:** That is where families will get together to celebrate a twenty-first birthday or a wedding. It is just so important that, for individuals who need access to the facilities but do not want and should not have access to the gaming area, we do not ban them, and they do not choose to ban themselves, from the whole venue but rather that they are banned only from the gaming floor. So it is their choice. We needed to make that choice available for people to be able to access the other facilities that clubs offer. They might even have a gym or something like that.

**Mr BALL:** The law is pretty clear on that. The individual needs to be given the choice to exclude themselves from either part of the club, that being the gaming room, or all of the club. It is their choice. There has been some mixed practice over the years out there in club land but it is very clear now. Certainly as part of our multi-venue self-exclusion scheme we are saying that that the excludee needs to be given that choice. Those issues that Josh talked about are very real in the suburbs and in country towns. At a club like this it is perhaps not quite as acute. The law is clear: It is up to the individual to decide from which part of the club they are excluded.

**The Hon. MICK VEITCH:** At the previous hearing we heard some testimony about the need to better understand what triggers problem gambling and what actually causes problem gambling. There was some discussion around the role of health professionals, chaplains and people like that. Do you think there should be more research into what are the triggers for problem gambling? If you do then who do you think should be involved in that research process? How can Governments go about learning more about problem gambling?

**Mr BALL:** It is true to say that research into problem gambling is really in its infancy. That is why we have committed \$1.2 million over three years to kicking this along. It is not as well advanced as research into other areas of life. So we do need to get involved in that. It is one of those things that people can see and recognise if they are trained to pick up the signs. For instance, our club staff engage in training which helps them to identify problematic behaviour in the club. So if they see it then they can make a call on it. They can escalate it up the line to their manager. Then there can be a conversation, an intervention or something like that. But we only see the person for a relatively small period of time.

Through ClubsAustralia we have put out a policy called "Part of the solution". We believe there is a definite role for general practitioners and the medical and health profession. Networks like chaplaincy networks

could be involved. That is why we worked with the Salvation Army to have a chaplain put into the Mingara Recreation Club full time. The chaplain can interact with people. The chaplain is not just looking for signs of problem gambling but also for people with problems, because problem gambling is a manifestation of other things that are going on in their lives. There are many comorbid conditions that precede problem gambling. So I guess there needs to be a communal effort. We think general practitioners and people in workplaces should be involved. It is little bit like the fight against depression where people need to be alert to these things and better at helping people. Ultimately it is up to individual to admit that they have a problem—to exclude themselves, to get out of that environment and to turn their lives around. But there are many touch points in a person's day where someone could actually see that problem and help them respond to it.

Certainly education is a big part of it on the preventative side. In the clubs we are really excited about chaplaincy because someone with a skilled eye will be interacting with all of our people. When they go to the doctor there should be a resource available, a kit, so that the doctor is looking for problems and is then able to have a conversation with them. There are probably other methods as well. It is a case of using as many as possible. There has been a bit of a reluctance to educate people about gambling, for some reason. We have actually had push back on having better education in primary schools about the odds of gambling and what it all means because some people are scared that is going to lead people to gamble. I do not take that view. I think the more information there is, done the right way, the better so that people start to understand what problematic behaviour looks and feels like. That is when interventions can happen.

**Mr LANDIS:** We think it is also important for everyone to recognise that often problem gambling arises as a result of an attempt to escape from a comorbid disorder. You will note that at page 26 of our submission we mention a study from the United States which says that up to three quarters of problem gambling incidents occur as a result of a comorbid disorder. The fact that depression, anxiety, marital breakdown and other personal issues result in people having issues with their gambling is a critical factor because you cannot resolve the person's problems by resolving their problem gambling; you have to deal with the underlying issues. And that is why the involvement of health experts, education and our chaplaincy program is so important. Because by identifying a person's underlying issues and treating those you will treat the symptom—which is, the problem gambling. So, in our view, understanding the influences on problem gambling is critical.

**Mr BALL:** It is complicated. We do not truly understand it. We need to, and I think we will in time. You need all of those things working together. That is why we have our campaign with Nathan Hindmarsh, which is designed to encourage people to seek help if they need it. So you need to do all of those things together. It comes back to the fact that you do not go looking for silver bullets here, because there are none. Do not give people a card. Do not limit bets to a dollar. Do not do those things, because you do not know what they are going to do. They will probably do nothing and they are not getting to the root cause of this, which is dealing with people and their problems. We think a far more sophisticated, coordinated approach needs to be taken. That is the journey that we have set out upon. We think we are doing a few of those things. The Government needs to help us in that and we can make our environments, which we believe are already very safe, even safer.

**The Hon. ERNEST WONG:** To refresh our memories, do you have a figure or percentage—such as 20 per cent or 10 per cent—of those club attendees where they are identified as problem gamblers?

**Mr BALL:** What we have is general data about the prevalence of problem gambling. It is worth knowing that Fairfield, where we sit today, has a very low problem gambling prevalence rate. On top of that we also have our data that we are collecting through multi-venue self-exclusion. The point at the end of that is someone who has a problem puts their hand up and self-excludes. At that point we can say that we capture them as a problem gambler. Before that it is far more subjective.

**The Hon. ERNEST WONG:** The whole issue concerns the ethnic community. After the last meeting I checked with the Chinese, Korean and Vietnamese communities. Apparently a lot of them did not know about those self-exclusion programs. A lot of them did not understand how to seek help. What I am suggesting is that when ClubsNSW or the other clubs advertise, they should add ethnic media to ensure that those communities understand there is a program where they can seek help.

**Mr BALL:** Clearly that is something we need to do more work on. We do have memorandums of understanding [MOUs] with some of the counselling multi-lingual groups in south-western Sydney. We will go back to them and build that up. It is in our interest and our club's interest to make sure that those networks are strong and engaged and understand all of the help that is available to people.

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**The Hon. ERNEST WONG:** The most important thing is to convey the message to the ethnic community so that they know how they can seek help.

**Mr LANDIS:** And to provide foreign language material so that they can access that information themselves.

**Dr JOHN KAYE:** Again, Mr Landis, thank you for coming. I want to go back to Mr Wong's second-last question. Mr Ball responded by saying that Fairfield has a low prevalence. Do you measure prevalence as a percentage in the population or do you measure prevalence as a percentage of gamblers?

**Mr LANDIS:** We do not measure it; the Government does.

**Dr JOHN KAYE:** The figure you were quoting—

**Mr LANDIS:** That 0.3 per cent is of the adult population.

**Dr JOHN KAYE:** You are saying that Fairfield's percentage of adult population has one of the lowest figures of problem gambling?

**Mr LANDIS:** Yes.

**Mr BALL:** That is right.

**Dr JOHN KAYE:** That is in contradiction to the evidence given to us by Fairfield City Council.

**Mr LANDIS:** It might be, but that is based on the numbers that the Government does in its survey. I think it reiterates the point that the prevalence of gaming machines is not necessarily linked with problem gambling.

**Mr BALL:** Nor are spend levels. That is the misconception. Just because you gamble at a certain level does not mean that you are a problem gambler. In fact, you can gamble at quite low levels and be a problem gambler. This is the issue. We need to find people who have a destructive relationship with gambling, not who might spend more than someone who spends a reasonable amount of money gambling, in our subjective analysis.

**Dr JOHN KAYE:** You are interested, Mr Ball, in the statistics of how much people gamble as a percentage of their disposable income?

**Mr LANDIS:** That is one potential impact. There is a test and I am sure you can ask Sally Gainsbury in more detail about it. But the test for whether someone is a problem gambler assesses their mental state as well as their financial position. It tries to assess whether their gambling causes them or their families concern, and these sorts of things, so it is more complicated than what percentage of their household disposable income they might spend.

**Dr JOHN KAYE:** Can I turn briefly to the research that you have commissioned from Professor Alex Blaszczyński at the University of Sydney. You said that you had no part in the conduct of the research or in accepting or rejecting the outcomes of the research.

**Mr BALL:** Yes.

**Dr JOHN KAYE:** So you have given the money blind, as it were?

**Mr BALL:** Correct.

**Dr JOHN KAYE:** Can I ask how you chose Dr Blaszczyński?

**Mr BALL:** He is the best in the world.

**Dr JOHN KAYE:** That would be a subjective analysis?

**Mr BALL:** Well, it would be a view shared by many people internationally.

**Mr LANDIS:** He has links with foreign universities, the most highly respected gambling academics in the world. He is highly recognised and he has been at this game for decades.

**Dr JOHN KAYE:** How would you respond to the suggestion that there are some who see him as being pretty close to the gambling industry?

**Mr BALL:** I think there are some who are upset that he thinks that mandatory pre-commitment is a stupid idea. He questions a lot of those silver-bullet solutions, as a good researcher or academic should. That is why he upsets some people who slavishly follow other people's views that you just stop gambling, clamp down on clubs and ban poker machines. He does not go along with that. He looks at the issue for what it is and in the right way. That is why we chose him. He is the most experienced. He is attached to one of our most august institutions, the University of Sydney, and he is the best.

**Dr JOHN KAYE:** Mr Ball, how would you respond to those who draw a line between Professor Blaszczynski's statements on issues you have raised and the amount of money he gets from the gambling industry?

**Mr BALL:** He does not get money from the gambling industry.

**Dr JOHN KAYE:** He told us otherwise when we interviewed him a couple of weeks ago.

**Mr BALL:** Personally he does not. His organisation does, but he would apply the same rigour to every study that he does whether the money comes from a donation that we give to the university or from the Government. His credibility is not questioned.

**Dr JOHN KAYE:** How would you respond to the question—and this is not specific to gambling, it is specific to any industry questioning any research, which may or may not have a critical outcome associated with it—that while you may have chosen him without any view to what sort of answer he might give you, that he would be disciplined by the fact that you have offered him a lot of money. When I say "him" I mean his research group. You may well offer his research group a lot of money in the future, but you would be less likely to do so in the event that he came out with findings that were not in line with the best interests of ClubsNSW?

**Mr LANDIS:** Well, they are in our best interests. If research is conducted which finds there are ways that cost-effectively reduces problem gambling, then that is in our interest because we want to cost-effectively reduce problem gambling. That is the critical element. There are some, as Anthony said, who think that there are silver-bullet multibillion-dollar solutions, or you just shut the industry down. Of course that does not work. We know that gambling has a net positive impact on society and that clubs, in particular, have a very positive role to play in communities. If research can be conducted which shows that there are sensible cost-effective ways to treat the concerns that we all have, we will follow them. That is why we think that Alex is the best, because is he sensible. He is not looking for those one-stop-shop solutions.

**Mr BALL:** Dr Kaye, I think that is a question you should ask Alex. He will explain to you why he does that. It begs the question: If not Alex then who? Great researchers do not grow on trees. We are not about to donate \$1.2 million to the University of Quebec. Let us be realistic. If we want to do the right thing and donate money to good research, then Alex and the University of Sydney is probably where we are going to go.

**Dr JOHN KAYE:** With respect to the memorandum of understanding that you signed with the then incoming Coalition Opposition, one of the features of that was the capacity for clubs to amalgamate and de-amalgamate without the loss of entitlements, if I have got my language right. Since 30 March 2012 we are told 26 clubs have amalgamated. First, is it your understanding that that has concentrated entitlements into areas where there is a higher prevalence of problem gambling? Secondly, will you be negotiating a second memorandum of understanding and will it contain a continuation of those provisions?

**Mr BALL:** I would say it almost certainly has not led to a higher concentration of machines in areas where there is a high prevalence of problem gambling. They have moved all over the State, quite frankly. That commitment was made for a very good reason. Having sacrificed machines on the way in, you should not also on the way out. Effectively, you are moving entitlements between separate premises of the same company or same club. There was a good policy reason for doing that. Keep in mind, of course, that the overarching settings

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will see the number of poker machines continue to fall, and they have. It is quite deliberately set up that way. Ultimately the movement of machines leads to a reduction. Dr Kaye, without having those statistics in front of me, my observation is that that was not correct.

**Mr LANDIS:** The important point, Dr Kaye, is that moving machines between the venues of those amalgamated clubs requires a local impact assessment. You cannot just willy-nilly up and move machines.

**Dr JOHN KAYE:** I am going to cut you off there, Mr Landis, because you are eating into the Chair's time. I appreciate that. I think we know that. Thank you.

**CHAIR:** You have outlined your ClubSafe campaign, which is commendable. Do you have any other campaigns that you are planning?

**Mr BALL:** We have a range of strategies that we are pursuing. You could call the ClubSafe product a campaign. That is all about raising awareness within clubs, making training better, making the response better within clubs. More publicly we are using Nathan Hindmarsh as an ambassador so that people understand they can put up their hand and get help. We are publicising that and spending quite a bit of money on radio and through other media to move that campaign along. We run a very public and strong campaign about how you make good gambling policy. I should say we also have our part of the solution campaign that we run through the media. We do not do that to pat ourselves on the back; we do it so that people understand that clubs are active in this space.

There is still a lot of misunderstanding about the way that gambling works and the way the businesses within the industry work. We think it is important that we continue to talk about that. Without a doubt we are looking at enhancements to our ClubSafe program. We have talked about chaplaincy, we have talked about multi-venue self-seclusion. We are very optimistic that with the cooperation of the hotels this world-leading technology—a first—that was conceived, designed, built and paid for by the industry will be rolled out throughout New South Wales covering every venue and machine, and ultimately will become nationally and internationally renowned. I was reminded this morning that we are presenting at a conference in Helsinki, at their invitation to talk about multi-venue self-exclusion. It is that good.

People have different views about what works and what does not. Every researcher and counsellor says that self-exclusion is about the most important thing people can do to turn their lives around. We will continue to build that and we will continue to look for other things that are going to work. Chair, we will always look for those things that are targeted and, in our view, effective. We will not spend money on things that are not proven, tested or likely to succeed. It is a work in progress. We will continue on that. We work with government. We hope to get its support in a few areas. We think that the Gaming Machines Act needs fine-tuning. We have been lobbying for quite a while now for price forfeiture, which would mean that someone who was self-excluded, who came into a club and violated that exclusion and won a jackpot, would have to hand the money back, not because we want to take the money off them. We want to discourage them from breaking the self-exclusion. There is a range of things that we continue to work on. We need the help of government with some of those and we hope to move them forward quickly.

**CHAIR:** We are happy if you want to put some of those ideas into suggested amendments to the legislation. You can take it on notice and send it to us before we prepare our final report.

**Mr BALL:** We are happy to do that.

**CHAIR:** On the practical side, how does the third party self-exclusion work within the club? Do you have a list of people that is provided to the staff? Are the chaplains advised who the people are so they can assist them?

**Mr LANDIS:** There are privacy issues around some of this, as you would appreciate. The fact that a family member has raised concerns about someone does not necessarily mean that they have a gambling problem. There might be a range of reasons why a family member might say that sort of thing. An issue of concern raised by a family member would trigger a reaction from the club. We think that reaction begins with observing the gambling behaviour of that individual. So, yes, certain people within the club would be informed and could watch this person. They could potentially look to engage them in a respectful conversation, offer them assistance and that kind of thing and, while maintaining the anonymity of the complaint, look to protect against the risk of a reaction against the complainant such as family violence.



At the same time they look to provide the family member with information about what they can do and help address their concerns. That may be through counselling or advising them on their options that can help support that concerned family member's recovery. That is the beginning process but that really can then be the extent of the club's involvement. That is why we think an expert panel, as was raised earlier, is important to help assess and, if necessary, enforce an involuntary exclusion.

**Mr BALL:** Part of the reason for putting this forward is that it also allows the family who is distressed to have access to a network that they do not currently have. At the moment they are just banging into the club and saying, "I think Anthony's got a problem." The club says, "Well, that's hard for me to assess right now. He needs to come out." Sometimes that leads to an impasse. The family then goes away and talks to who about that problem? We think that you can formalise that so that they can then be directed in a way that allows them to deal with it and make it easier on both sides. I have seen these play out and it is very distressing for the family. We are not on the side of the club, although we are trying to manage that first, but then the families also need help. You can actually deal with both sides here.

The club, as it always does, will look after its patrons and do what is best for them. But in cases like this, and they do not happen that often, there does need to be someone with expertise saying, "Okay, let's get hold of this. We're not going anywhere. Family, we give you help. Club, we give you help." They then say to this fellow in the middle, Anthony, they have assessed that he is or he is not and therefore he is excluded. We think that can work.

**CHAIR:** As you know, there is a national policy on match fixing in sport. Does ClubsNSW have any view on that?

**Mr BALL:** We do. We like our sport pure and, like any father, I like to sit down with my son and watch football or cricket. I do not like match fixing. I do not like the fact that we are bombarded with advertising for sports betting companies right through. I think that is a real issue that needs to be dealt with. I think regulation of the online space needs to be looked at properly. We have a piece of Federal legislation that is unenforced, the Interactive Gambling Act. If we have a bit of legislation then enforce it like the government enforces the Registered Clubs Act or the Gaming Machines Act. Do your job. If you are not going to enforce it then let us look at how we deal with this. I think governments need to grapple with it and they have not been able to yet. It is complicated no doubt; all things around the internet are. Obviously, match fixing is related but that is not the main issue there. We are urging governments at State and Federal level to sit round the table and sort out the mess.

**CHAIR:** We might need some State legislation to make it work.

**Mr BALL:** To an extent, but the Federal government needs to be involved too. The reason that we are seeing advertisements for Bet365 and others is because of something that happened in Western Australia. The State boundaries do not hold up sometimes with our constitution. It does need to be cooperative. States can certainly play a role here but the Federal government needs to be involved.

**Mr LANDIS:** We made some recommendations in our response to questions on notice at our last hearing about how the State can operate here and should work in with the Federal government to resolve exactly these concerns.

**The Hon. SARAH MITCHELL:** I wanted to get a little more information about your chaplaincy program that has been alluded to today and that you spoke about in your opening statement last time. When was the trial at Mingara held and how long did it go for?

**Mr LANDIS:** It went for a year. It was a 12-month trial. I think that 12 months concluded just a few months ago. We are in the process of working with the Salvation Army to offer chaplaincy to other clubs. I think over a dozen clubs have indicated interest and we are hoping and expecting that those will begin very soon. As far as we are concerned and the Salvation Army is concerned that trial was an absolute success and so, as I said, we are looking to replicate it.

**The Hon. SARAH MITCHELL:** Have the dozen or so clubs that have shown an interest in having the program instigated it or do you as an organisation go to clubs in the areas that have a higher prevalence of problem gambling and say that they should look at taking it up? What is the process?

**Mr BALL:** We have an agreement with the Salvation Army that we will help get chaplaincy into clubs. Really what we are doing is going to the biggest clubs. That is where the people are. We are talking to most of the large clubs in Western Sydney for a start, because that is where the high impact will be. Sitting behind me is a gentleman who can answer all of these questions in detail if you want to swear him in and talk to him. Rowan Cameron, who manages our Club SAFE program, is in the crowd today. He can do that. If not, we can get you all of that detail on notice.

It is a cooperative effort. We like it so much. We know that David Slee, the chaplain up at Mingara, spoke to so many thousands of people and provided so much value that it will work elsewhere. We are very confident that in the next couple of months we will have a couple more big clubs. You are talking about clubs with 50,000 members and foot traffic of—I do not know—a million people a year coming through. That is where the Salvation Army wants to be and that is where we want them. It is cooperative. We are very active. We are funding the take-up of this so we will subsidise a contract with the Salvation Army to the tune of \$15,000 a club. We think that it is a winner. We know that it is going to work and the concept has been proved at Mingara.

**The Hon. SARAH MITCHELL:** If you would provide some more detail on notice that would be great. In your original submission you said that the goal was to eventually have a chaplain in every local government area. If you could provide details on notice about the time frame you are working towards that would also be appreciated.

**Mr BALL:** It will take a very long time but we are going to pick it off one area at a time. We are going obviously for the high-density areas initially. The reality is that the expense of it will mean that in the country and regional areas clubs will need to band together. Mingara has the muscle to employ a full-time chaplain whereas out at Armidale or Broken Hill there will need to be a cooperative effort with the clubs. It is a little bit harder to piece together and logistically it is tougher. But we will get you our estimate on when we hope to have that rolled out.

**CHAIR:** Is it only the Salvation Army or are you involving religious organisations?

**Mr BALL:** We are involved with the Salvation Army but what we have said to our clubs is that you do not have to work with the Salvos. If you have a relationship with someone else, the Catholic Church or some other, then we will facilitate that as well. We are agnostic, if you like, on who they go with.

**Dr JOHN KAYE:** That is the wrong thing to say to Fred.

**Mr BALL:** We are agnostic just on that issue. Obviously, some of our clubs do have existing relationships with other church groups and organisations. We will support whoever they want to go with.

**CHAIR:** Mr Pearce, do you have any questions for the witnesses?

**The Hon. GREG PEARCE:** ClubsNSW has given some pretty extensive evidence. We are happy to give up the rest of our time to catch up on the timetable for today.

**The Hon. CHARLIE LYNN:** People now have a lot of other options for gambling. You can lock them out of the front gate at Mingara but there are many other places they can go that are not legal but are in existence. What is your view on that? What impact does self-exclusion at a club really have?

**Mr BALL:** This is part of our whole point. You can regulate us out of existence but we are the safest, most responsible places to gamble. I can pick up my phone now. If Mounties did not let me in the door here I can simply go to Caesar's Slots and I can start playing away right here no problem at all. No doubt there are other places that are not regulated. I can certainly go to the pub. I can hop on the courtesy bus that the casino sends around here so often and should not and go all the way into Ultimo and play there.

**Dr JOHN KAYE:** Do they really send a bus?

**Mr BALL:** Absolutely.

**Dr JOHN KAYE:** They are not supposed to do that?

**Mr BALL:** They can do what they like; they should not be doing it. There are just so many options. That is why this Committee and governments need to take a very mature approach to this. We need to be looking at where the threats are. With respect, clubs are not threatening in the gambling space. Smartphones are more so. Smartphones are where the future is going to be and it really needs to be grappled with.

We know from prevalence rates but also the work we do benchmarking clubs with the rest of the world that we are at the very front of responsible gambling practice. That cannot be questioned. Let us lock that down, let us fine-tune it, let us look for improvement but let us also look at the big threats that are coming. There is not much starting price bookmaking [SP] anymore and there are not so many of the old illegal casinos although they still do exist. Let us start looking at where the problems are going to be in 10 or 15 years.

**Mr LANDIS:** The other part of that is we know from research that problem gamblers typically play three, four or maybe more forms of gambling. By only restricting poker machines, which is the approach that some people sought federally, you do not resolve the problem. You have to look at gambling holistically. You have got to look at those areas where there is a lack of regulation, where people can gamble unrestricted and where there are no age verification procedures and those sorts of issues because that is a concern. We cannot advertise poker machines and we do not seek to but there is plenty of gambling advertising. We think that should be looked at. Yes, we recognise and we try to do the appropriate thing in terms of minimising the harms that come from our club venues but there are a lot of other avenues of concern out there. That is why we have come out with our Part of the Solution policy. We intend to keep pursuing responsible harm minimisation strategies but we are one part of this picture.

**Mr BALL:** It is very clear to me that if you want to run gambling services responsibly in a way that maximises the dividend to the community then you should run it through clubs. We are not for profit. We do not pay shareholders. That is the essence of the club model. That is why a club like this can show you sporting fields and other things that governments do not build, do not want to build and do not want to maintain. It is the way it should be done, that is why we are proud of it. We think that any form of gambling is better run through a club than through a corporate.

**CHAIR:** We do not want to start a war between clubs and hotels but we have recommendations on what we should do with the hotel situation. It probably was a mistake to put poker machines into hotels.

**Mr BALL:** My view on that is that it is done and our view is to be pragmatic now. That is that we need to work to make sure that people are looked after one way or another. I spend no time, with respect, worrying about what the hotels are doing; I spend all my time wondering about how we can make clubs even better. I suspect that is not an issue that we are going to really resolve.

**CHAIR:** ClubsNSW has a policy on live odds. Would you support a total prohibition of live odds?

**Mr BALL:** I would not like to just answer that on the run here today.

**CHAIR:** Will you take it on notice?

**Mr BALL:** Yes, I will.

**CHAIR:** Because you do have a strong community influence, as you know.

**Mr BALL:** We will come back to you. We are happy to do that.

**CHAIR:** Thank you for again appearing before the Committee. We appreciate all the information you have provided and think the panel idea is a very good one. I wonder whether there should be a tender process for that.

**Mr BALL:** I think there should certainly be a rigorous process and an invitation. We think there are probably six or seven people who are good enough in this space but have they got the time to do it? I do not know. You could certainly cast the net and see who was willing to participate.

**CHAIR:** Thank you.

**(The witnesses withdrew)**

CORRECTED

**SALLY GAINSBURY**, Centre for Gambling Education and Research, Southern Cross University, sworn and examined:

**CHAIR:** Thank you for appearing before the Committee today. Do you wish to make an opening statement?

**Dr GAINSBURY:** Thank you for inviting me to appear today. I appreciate the invitation, but I thank each member for taking the time to be on this Committee and to examine this very important issue. As a gambling researcher and a clinical psychologist, I undertake research intended to inform policy and practice and conduct empirical evaluations and studies so that we have an evidence base to inform the important decisions that need to be made. I appreciate being able to share some thoughts about the issues the Committee is considering. I will start by making two points. As I am sure members have heard during the hearings, the idea of problem gambling has become highly stigmatised in the population. I think there needs to be a shift in the language and strategies which are currently being implemented and which have been implemented historically. They have been taken from drug and alcohol strategies and were never specifically created to address gambling problems. They were merged from what we knew a little bit about in an area that we did not know a lot about at the time.

Most problem gamblers do not recognise themselves as having gambling problems or identify with the idea of being a problem gambler and most do not seek help. Similarly, the term "responsible gambling" has almost become synonymous with problem gambling. That is, people say, "I do not need to gamble responsibly because I am not a problem gambler." We need to take a step back. We now have enough research and evidence to be able to step away from some of the historical trends, such as signs in clubs and stickers on poker machines, that we think have been effective. We should look at reframing those messages and refocusing on making gambling a responsible activity and keeping it fun and entertaining, not only for those who have a problem but for everybody.

The gambling population needs to be provided with these messages. We need to normalise the idea of responsible gambling rather than demonise problem gambling. It is similar to the public health approach taken in the fight against obesity. We do not try to get people who are overweight to lose weight. We look at educating the population and encouraging everybody to adopt safe and healthy habits. It is okay to indulge every now and again, but it is important to have an overall balanced approach. It is the same as preventing car crashes. We do not erect signs on the roadside saying "Don't crash". We tell people how they can drive in a safe and responsible manner. We tell people not to speed and to take breaks. It is that sort of reframing that we need to do.

That brings me to my second point. If we are going to make some changes and implement more effective policies, we need research funding so that these strategies are based on evidence and not just what seems like common sense or a political decision, even if it has community support. We need to show that things will work if we are to spend money. We need to ensure that the strategies will be of benefit to the community. The research into gambling being done at the moment is being done primarily in universities. Australia has a very good reputation in the international field as being a powerhouse in terms of gambling research, but it is at risk at the moment.

Research at university level is most highly valued by the Australian Research Council and the medical branch—the National Health and Medical Research Council. They have very competitive grants with a 10 per cent to 20 per cent success rate, but very few studies into gambling are ever funded. That is because gambling is not considered a priority by these research centres. Gambling Research Australia has been providing funds from the State and Federal governments. However, the contract is about to expire and has not been renewed. We are about to lose a significant body of funding that has paid for much of the university research the Committee has heard about over the past few days.

As we have discussed already, funding taken direct from the gambling industry is often criticised, even if measures have been taken to ensure the research is independent. Government funding is critical in allowing gambling research to continue, but it must be done in a very independent manner. It should be done along the lines taken to ensure that gambling industry research is done independently. There are solutions to this to establish research funding for specific questions the Government may have as well as for open research funding that can be applied for. Several provinces in Canada—for example, Ontario—mandate that a certain proportion of gambling taxes will be put towards research and independent research organisations must be established to manage this by granting scholarships to encourage new researchers into the field and postdoctoral fellowships to

allow people to establish their careers and grants of various sizes. New South Wales could look at some of these models and establish similar programs to ensure that the harms associated with gambling are better understood and that the strategies developed are based on evidence.

**CHAIR:** Was the funding that was stopped Federal or State funding?

**Dr GAINSBURY:** Gambling Research Australia was funded by both the State and Federal governments.

**CHAIR:** And both programs were cancelled.

**Dr GAINSBURY:** I believe that the contract is due to expire in June or July. To date I have not heard that it is going to be renewed and do not have any indication that it will be.

**The Hon. MICK VEITCH:** I am interested in your comments about language and the importance of language when talking about responsible gambling. I also want to ask some questions about online gambling. What are the risks of online gambling for the people of New South Wales?

**Dr GAINSBURY:** I have conducted numerous studies on internet gamblers. We have most recently done a number of telephone prevalence surveys involving 15,000 Australians and two large online surveys of 6,000 Australians each. We have surveyed around 12,000 Australians and another 15,000. We have an extensive knowledge. In saying that, the internet gambling field is changing and has changed since I started doing this research a number of years ago.

The key risks of internet gambling are that it is highly accessible and it is very convenient and easy to access. People usually gamble at home on their computers, but they can also gamble using mobile phones. It can be accessed anywhere. If someone thinks they might gamble it could involve placing a bet, going to an online casino, or using a slot machine. It is important to understand that it is just a mode of gambling. Different types of gambling can be done. They do not have to think about getting to the venue, organising the time, finding out whether it is open, drive to the venue and so on. During that process there is time to think about whether they really want to do it. They can simply go online very easily. Everyone has a computer close by and it is highly accessible. It is also very fast. You can bet quickly and place any bet. It is link to a credit card, so people can bet with money they do not have. Gamblers can very easily link from one site to another. They might start off placing a bet on a Friday afternoon and then an ad will come up for an internet casino site and they will try it.

A number of studies, particularly early studies, have demonstrated a higher prevalence of gambling among the people who gamble online. I have been able to analyse the results more closely. We know that gambling online does not predict gambling problems. However, the people who gamble online are more involved gamblers. So they are also playing offline, they are playing gaming machines, and they are betting on sports and races. That accessibility can make the situation worse for vulnerable people who already have gambling problems.

**The Hon. MICK VEITCH:** Do inducements work? You referred to pop-up ads and things like that. Is there any research into their effectiveness?

**Dr GAINSBURY:** Our online study asked about the effectiveness of inducements. We also interviewed about 60 internet gamblers. We found that advertising will not make someone who is not a gambler start gambling. If you are not interested in it already you will just ignore it or not even recognise it. For someone who is already interested in the topic and potentially vulnerable people—those who are already gambling online—those ads can provide an inducement. They think of it as free money. It is not really free money because you have to play it through a certain time and you only get your winnings—you do not get the initial stake. There are a lot of strings attached to it. However, it does act as an inducement for people who are vulnerable to gambling problems. It makes the urge to gamble stronger and it is more difficult for them to control those urges.

**The Hon. MICK VEITCH:** To be clear, what do you mean by inducements? Can you provide some examples?

**Dr GAINSBURY:** I am talking about offers of free credit. People sign up and they get \$150 of free credit. There are many different promotions. This is a generalisation; I would not say that one type of promotion or another is more problematic because we do not know that. However, the general idea from our interview

respondents is that the offer of free credit is seen as quite appealing and problem gamblers looked for those more than non-problem gamblers.

**The Hon. MICK VEITCH:** I refer to your opening comments about language. It is very important that governments and people in public life get language correct—and sometimes we do not. Your comments about language are very important. You talk about the use of the phrases "problem gambler" and "responsible gambling". Can you provide more detail about what you think we should be referring to? What is a better phrase to use?

**Dr GAINSBURY:** There are two different points. In academia and politics we use the phrases "responsible gambling" and "problem gambling". We are referring to quite specific things. A problem gambler in Australia is defined as someone who gambles excessively in terms of time and money and who experiences negative consequences for themselves and those around them. That is the definition that we use in Australia. The clinical term is "disordered gambling". There is a set of criteria and you have to meet a number of them. When we do prevalence surveys, we are using a problem gambling measure. It is a list of nine questions. If you get a certain score you are classified as a problem gambler. That does not mean you are necessarily what we would clinically consider a disordered gambler, because to diagnose someone you need to interview them and talk to them about how gambling is impacting their lives. We know from research that these tools give us a pretty good indication. It is quite likely that you are going to be a problem gambler if you score above a certain point and you have answered truthfully.

The language serves different purposes. When we are talking about policy and practice and behind the scenes, I think it is okay to use the term "problem gambling". The problem arises when we roll that into the language we use with the community. We need to be a lot more careful because problem gambling has become stigmatised. People still think of a dark, smoky den. Obviously that is not how it is now. Problem gamblers come in all shapes and sizes; anyone can be vulnerable. There are no key characteristics that make someone a problem gambler. We cannot pick people out of a crowd. But the ideas about responsible gambling have become merged with that.

The campaigns about responsible gambling have been so closely linked with problem gambling that people think they do not need to be responsible. That is not the case. Everybody needs to be responsible, just like we all need to put on seatbelts even if we do not speed and we all need to eat good food to ensure we stay healthy. The language needs to be changed to remove terms such as "responsible gambling". I do not have a catchphrase. British Columbia has a campaign using the catchphrase, "Gambling, keep it fun". The idea about keeping it safe and fun involves ensuring that we use language that is acceptable to the community. They do not want to feel as though they are restricted or limited. I want to ensure that people see gambling as a balanced opportunity. Everybody needs to take steps to ensure that they gamble in a balanced and fun way.

**The Hon. CHARLIE LYNN:** What is wrong with lucky and unlucky?

**Dr GAINSBURY:** Lucky and unlucky plays into potential irrational belief.

**The Hon. ERNEST WONG:** Thank you for your comprehensive submission. You identified two strategies in prevention and problem-solving and three groups of stakeholders. One group is individual gamblers who should have the incentive of identifying their own problem. The second is the providers of the gambling facilities who should have the incentive to help patrons identify their problems and solve them. The final stakeholder is the Government which should have a strategy to help the industry become responsible for gambling. Do you have a model for how the stakeholders interact and who should pay contributions towards more responsible gambling?

**Dr GAINSBURY:** You have identified the three appropriate stakeholders and they are consistent with the public health approach. It is an individual responsibility to decide if they want to gamble and if so how to do it in a responsible way. But because the product has risky features and considerable amounts of money are generated from the product, with that money going to industry and government, those stakeholders have responsibilities to ensure the product is consumed in a responsible way. That goes beyond providing information and education and relying on an individual to read and understand a brochure. Further effort is needed to engage with them. There are a lot of different permutations for the model, but one stakeholder that should be included is the role of research to tie those stakeholders together. To come up with effective strategies we need to know they are going to work, so research has a role that can be funded by government and industry jointly and handled by an independent body. That would help tie the interests of groups together. If research is done

independently that reduces the potential conflict of interest associated with the income going to both industry and government, which in turn reduces their eagerness to reduce gambling consumption. Research can be conducted to inform policies and ensure that they are effective. If you can show a policy is effective that would provide the basis to implement it and make sure it works. If it reduces revenue while reducing problem gambling the balance would be appropriate.

**The Hon. ERNEST WONG:** How do you rate the Government's contribution to and its involvement with the research institute? Should we get industry to be involved as well? Do we need to do more in Australia?

**Dr GAINSBURY:** Definitely there is more work to be done. At the moment industry funding is ad hoc, where researchers approach industry with a potential project or industry approaches specific researchers. In a few cases projects have been done and they have been very successful, but there is no ongoing, sustainable model. With Gambling Research Australia no longer being funded, there is a considerable amount of money the states are no longer contributing to that body, so they could set up a research organisation or establish scholarships. It is important to encourage young researchers to enter the field, so as more eminent professors retire a new body of people will take up these important research questions. The Centre for Gambling Education and Research, where I work, does not receive any ongoing funding, whereas the Australian National University does receive some ongoing funding from the Gambling Commission in the Australian Capital Territory. We spend a lot of time chasing money when a lot of that effort could have been put into conducting research if we had an established funding stream.

**Dr JOHN KAYE:** For clarity, does your research effort receive any money from the gambling industry?

**Dr GAINSBURY:** Yes, the Centre for Gambling Education and Research—and I did my PhD at the University of Sydney—

**Dr JOHN KAYE:** With Dr Blaszczyński?

**Dr GAINSBURY:** That is right. We have received funding from the gambling industry, from the States and I have done some Federal Government projects. We also receive funding from research organisations that receive funding from the gambling industry. For example, Victoria's Responsible Gambling Foundation receives a contribution from the gambling industry.

**Dr JOHN KAYE:** There are two sources of funds, the public purse and the gambling industry.

**Dr GAINSBURY:** There are some international projects, as well.

**Dr JOHN KAYE:** Can you roughly break down those three sources, to give us a guide? What percentage of your research is funded by gambling industry funds, direct or indirect?

**Dr GAINSBURY:** I think I have done one project just funded by the industry through my university. No, we have also done some small ones.

**Dr JOHN KAYE:** Why not get back to us, rather than guessing?

**Dr GAINSBURY:** Less than a third definitely.

**CHAIR:** You can take the question on notice.

**Dr JOHN KAYE:** Why not take it on notice and get back to us?

**Dr GAINSBURY:** Are you talking about my centre or me personally?

**Dr JOHN KAYE:** Research you are engaged in.

**Dr GAINSBURY:** I can let you know.



**Dr JOHN KAYE:** Thank you. While we are on the issue of sources of funding, somebody made the observation that there is a substantial body of research in Australia on gambling and its impacts. What impact does industry funding have on that research?

**Dr GAINSBURY:** Industry funding is important, and industry should contribute to research because industry gets a lot of revenue from gambling. But it is important that any research, whether from Government—because Government receives funding from gambling through taxation, so there are similar potential conflicts of interest—has to be done in a way to ensure integrity. For example, when we sign a contract with a body, whether government, industry or research, Southern Cross University ensures that the research can be reported, will be conducted in an independent manner and the funding body does not have any input unless that is specifically put into the contract, which has not been in any industry work I have done.

It is important that the research be done with integrity, and that is demonstrated by publication. Usually when you do funded research you produce a report, which goes to the funding body. The researchers should be free to publish in peer-reviewed journals. The peer-review process means that a body of other academics critically examine the research to make sure it has been done with integrity and the results are a true reflection of what was done. That is an international process providing not a guarantee but a level of integrity check to ensure the research was conducted appropriately.

**Dr JOHN KAYE:** Is it fair to say that people who are peer-reviewing a journal article that you might have submitted may also be funded by industry, either here in Australia or overseas?

**Dr GAINSBURY:** Not necessarily, no.

**Dr JOHN KAYE:** But it may be true?

**Dr GAINSBURY:** Yes, it might be true.

**Dr JOHN KAYE:** Given that a fair amount of industry money is going into research, both in Australia and overseas, is it fair to say that most academics, given the nature of academia in the English-speaking world, would be interested in securing ongoing funding?

**Dr GAINSBURY:** One thing about the peer-review process is that it is a blind process, so you do not see when you are reviewing an article who wrote it or who funded it. No reviewer would know that.

**Dr JOHN KAYE:** Sure, but a culture that is less critical of gambling has been created throughout academic research, both in Australia and internationally, by the amount of industry money that flows into it and academics in general do not want to cut off a source of funding by becoming known as critical of the industry.

**Dr GAINSBURY:** I would be happy to respond to that. I would suggest the opposite. I cannot speak for all gambling researchers, but my colleagues and I are extraordinarily overzealous to take extra steps, because we know that we will face criticism and scrutiny. We ensure that the findings are true and accurate and we will gladly criticise the industry if that is based on the evidence that is produced. We speak to the evidence; that is the role of a researcher as opposed to an advocate. We present a balanced view based on research, whether the results are pro- or against industry. We speak to the research findings only. We do not have a political or industry affiliation. Due to the criticism we know we will face, we are entirely sure that if we are suspected of being anti-industry or pro-industry that that will come to light. We take every step to ensure that we only speak to the true results, regardless of the funding source.

**Dr JOHN KAYE:** I turn to venue size with respect to electronic gaming machines, the number of machines in a venue and the impact that has on the prevalence of problem gambling or any kind of gambling that we should be concerned about.

**Dr GAINSBURY:** Personally, I have not done research on that. I know that there is a body of research, but I am not in a position to credibly talk to it.

**CHAIR:** Do you have any view on the Federal Interactive Gambling Act and its effectiveness for online gambling?

**Dr GAINSBURY:** Yes. I was included in the review process and consulted with the Department of Broadband, Communications and the Digital Economy in its review of the Interactive Gambling Act in 2011 to 2013. I believe I am quoted in the review document. I suggested that interactive gambling should be regulated more carefully, and that a lot of further work needs to be done in terms of the harm minimisation for responsible gambling features that online operators are required to provide. There is currently a minimal set of standards. They have to provide self-exclusion and they have to provide a few sets of warnings and deposit limits, which they mostly obey to the letter of the law. But there is not a very big effort to promote a culture of responsible gambling for online gambling operators and their customers. This area does not receive a lot of attention. That information and those tools are usually hidden in a drop-down menu and you have to find it.

Further work needs to be done to make online gambling a safer environment, so that people with problems can be directed to tools. That can be done by looking at developing algorithms to identify potentially risky play. Because it is all online, you can identify and track a customer over time, at least within one operator, to see if they are exhibiting potential characteristics such as chasing losses or increasing bet levels or bet intensity. You could identify them, send them an email and direct them to tools or give them a pop-up message to target responsible gambling strategies. There is also potential to create a national self-exclusion list so if someone excludes themselves from one online operator they can be excluded from all other online operators within Australia, not just within a state or territory. That list could be checked by an operator and it would be managed in a way to protect the identity of the individual but they would not be excluded from one operator and go to another website to gamble.

**CHAIR:** You mentioned the review and indicated you saw shortcomings in the Federal legislation. Did you make recommendations for improvements or amendments?

**Dr GAINSBURY:** One problem with regulating internet gambling is offshore competition on unregulated sites. It is very difficult to control an offshore entity. Some of the more reputable operators may respond, but there will always be sites in Caribbean nations that you will not be able to chase down. Steps can be taken and it is important to educate Australians. Our surveys have found that only 3 per cent of internet gamblers look to see where a site is regulated when choosing to gamble. Less than 10 per cent check or even care whether it is regulated in Australia. That shows a critical lack of understanding amongst Australian consumers of the importance of using only domestically regulated sites and the risks of gambling with an offshore-regulated site: if you are cheated, defrauded or have any problem there is nothing you can do. There needs to be a better job of educating consumers about only using Australian sites and then increase harm-minimisation on those sites. Then we can start making a more regulated consumer environment.

**CHAIR:** Is there any way to have technology to regulate or prevent gambling on sites outside Australia?

**Dr GAINSBURY:** My expertise is not in IT but I do know that there are a number of ways of doing it. For example, the United States looked at blocking financial institutions so that the credit card and banking institutions would not allow payments to offshore sites. Now that is not perfect. You can also look at IP blocking and creating a list of sites that would be blocked. But the difficulty is that new operators can pop up every day to get around that list. Anyone who is somewhat technologically sophisticated can usually get around those measures of force. So I think it would be a more worthwhile use of effort to encourage consumers not to go to those sites rather than using force so that they do not go to those sites.

**CHAIR:** We almost need a list of banned sites.

**Dr GAINSBURY:** There are different ways that you can do it but it has never proven effective in any of the jurisdictions that have tried it. For example, if there is a site that is advertising directly to Australians—and there certainly are offshore sites that are quite blatant in their advertising—then you could send them a cease and desist letter. Some of the larger operators may respond to that as they are looking to become regulated in other jurisdictions. If one jurisdiction regulates a site and knows that the site is behaving in a dishonest way elsewhere then that made bode not so well for the operator.

**CHAIR:** If that Federal Act is not working effectively, is there any argument for State legislation? It could give a lead to the other States.

**Dr GAINSBURY:** The structure of the Interactive Gambling Act is such that there is an overarching Federal policy but the States do still have the opportunity to make more specific regulations regarding internet

gambling. So there certainly could be an effort from the States. My understanding was that the States were talking to the Federal Government, through the Department of Broadband, Communications and the Digital Economy, about the efforts towards achieving harm minimisation. I would imagine that a State push for having a national harm minimisation approach would be effective.

**CHAIR:** It looks sometimes as if gambling is not a priority for Federal Governments, obviously given all the problems they are facing.

**Dr GAINSBURY:** Perhaps that is the case, yes.

**The Hon. GREG PEARCE:** Just to be clear, I take it that you completely reject the proposition that your research is in any way tainted because of the source of the funding?

**Dr GAINSBURY:** Yes.

**Dr JOHN KAYE:** I did not make that allegation.

**The Hon. GREG PEARCE:** Are you aware of any research that has been tainted because of the source of the funding?

**Dr GAINSBURY:** Are you talking about in the field of gambling?

**The Hon. GREG PEARCE:** Yes.

**Dr GAINSBURY:** I am not aware of any.

**The Hon. GREG PEARCE:** Are you aware of any researcher who may have had their independence in any way affected by the source of that funding?

**Dr GAINSBURY:** I think the nature of funding—and this is why I would push for more ongoing funding—of gambling research is such at the moment that gambling researchers at universities constantly have to chase money. It is not personal money. We are not getting any extra salary. Most gambling researchers do have ongoing positions. So it is not that we would lose our jobs without this funding; it is that we cannot do research if we do not have any funding to actually do it. At the moment the nature of research is such that we spend much of our time worrying about whether we are going to be able to do research and chasing grants, whether they be from research organisations, community groups, national bodies, industry or Governments. We cannot do the research if there is no money, and the universities do not provide funding for that. There will always be a conflict in the sense that we will always need the funds to do research. I think that is why it is critically important to ensure that all the mechanisms are in place to make sure that it is done with integrity and that the research is credible.

**The Hon. GREG PEARCE:** I think you have made your point fairly well. You were talking earlier about language. It occurs to me that some of the conversation is tricky. We talk about ideas to reduce the harmful effects of gambling or making products that are safer. What would you say about that sort of language?

**Dr GAINSBURY:** We do not know right now what the right language is. Some of my colleagues have actually put together a proposal to do a research study on what is responsible gambling, how people define it and what are the strategies. We tell people to gamble responsibly but what are the actual, practical steps involved? What does that mean for people? It differs across different forms of gambling. Another term, which I was discussing with a colleague recently, is "de-marketing".

It is a term used with other risky products such as alcohol. De-marketing is the idea of changing the marketing language not to avoid consumption completely but rather to consume less. So it does not mean that you have to stop gambling but rather that you should gamble less—that is, gamble in a moderate way. I think we need to do a specific research study, or maybe a body of research, to find out what language people are most comfortable with. We in this group here today can decide which words we think make sense but what really matters is what the people on the gambling floor think are the words that apply to them. We cannot just presume to know that without talking to people.

**The Hon. GREG PEARCE:** A similar word which comes to mind with some of the language is "demonising". There is a demonising of the actual implements—the machines and the smartphones. Do you have any ideas about how to changes that language?

**Dr GAINSBURY:** Yes, I am currently working on a study, funded by the Victorian Responsible Gambling Foundation [VRGF], on stigma. I am looking at how stigma affects gambling and the shame, the embarrassment and the guilt that comes with gambling. A number of people I have spoken to have said that responsible gambling goes with that—that is, if you need responsible gambling then it means that you are a problem gambler. I think we really need to address that in the terms that we are currently using and the demonising that people see. For example, I have interviewed gamblers who have said, "If I'm seen to be using that tool or that strategy then people will think I'm only using that because I'm a problem gambler." So some people actively avoid using responsible gambling tools because they think it means that they are a problem gambler, and because of all the shame and embarrassment that comes with that.

**The Hon. GREG PEARCE:** There have been references to "safer gambling" and so on. We have been talking about the products—the machines themselves. It is almost as if the machine is going to chase you down the corridor or jump out from a dark alley and grab you. I find that quite unhelpful.

**Dr GAINSBURY:** I agree. I think of the term "safer" as it applies in the case of wearing a seatbelt. So it is about taking steps to make sure that you are gambling within an appropriate level for you. Rather than demonising machines or one particular form of gambling over another I think we need to look at the research. There is a large body of research, which I have been involved in, which shows that dynamic messaging—that is messaging that comes up on the screen during play—is very effective at making people aware of how much time they have spent gambling and how much money. Rather than saying this feature of the machine is problematic or that feature of the machine is problematic and we need to change it we need to look at how we can interact with people more. We need to normalise the idea of being in control and make that part of the gambling experience rather than part of problem gambling.

**The Hon. CHARLIE LYNN:** We are here today in what is probably the most multicultural area of Australia. Have you done any research on particular cultural issues relating to gambling? Are there some cultures that use gambling more than others, for example?

**Dr GAINSBURY:** Yes, we did a study two or three years ago that looked at the motivations for and barriers to seeking help. We include culturally and linguistically diverse groups in all of the studies we do. We make sure that those communities are represented and we specifically look at those factors. In this study I went out to the Triglav Panthers club. I also went to Fairfield, Canterbury and a number of different areas. I interviewed and did surveys with gamblers and counsellors. What I found was that, for example, migrant groups often regard gambling venues as a way to integrate themselves into society. You do not always happy to speak the language that well to be around people and to socialise.

They may gravitate towards playing gaming machines because there is not a lot of speaking involved but you can feel like you are part of the community. People obviously have different cultural beliefs about gambling, the role of luck and what it means about you as a person. For example, in some Asian cultures if you win it is because you are a good person or you are lucky rather than that the machine happens to pay out while you are sitting in front of it as a completely random event. There are some elements of that in various cultures. Certainly we do need to consider cultural diversity when we are coming up with strategies on how to engage with gamblers and to encourage these messages of appropriate levels of consumption.

**The Hon. SARAH MITCHELL:** A few weeks ago we heard evidence and talked a bit about the exposure of children to gambling. There were some statistics that up to 50 per cent of kids between the ages of 10 and 14 had seen an instant lottery ticket or a scratchie. We also talked about some of the other businesses like fast food restaurants that offer scratchie cards where you can win something. Do you have a view or have you done any research in terms of the exposure of children these days to gambling, even if it is not intentional, in the way our society operates and what that could mean for future impacts of problem gambling?

**Dr GAINSBURY:** I spent a few years at McGill University in Montréal working with Professor Jeff Derevensky. He is probably the most well-regarded youth gambling expert in the world. I have written several papers with him about the role of the normalising of gambling in society. The concept is that the gambling advertising on sporting teams, seeing sporting celebrities running around with gambling ads on their uniforms and seeing how gambling is depicted in movies and TV shows is all taken in by, in particular, impressionable

adolescents and young people. One of the reasons tobacco advertising was banned was a study that found that children who watched their favourite team's sporting events could identify strongly the brand of cigarettes that sponsored that team. So it was quite clear that children were picking up on this advertising and having an affiliation with the corporate sponsor.

In terms of gambling, we do not see a causal effect. So it is not that advertising or these forms of promotion are causing children to become problem gamblers. But it is making them aware of it and it is making gambling part of a normal everyday life event. That is where I think it is critical that a balanced message is put across. If there is going to be promotion of gambling then there also needs to be equal time and space given to promotion of the ideas of responsible gambling. It is certainly not the case that everyone should gamble or that gambling is part of a healthy lifestyle—but if you are going to gamble then this is how you do it. It is a very fine line because it is an adult activity so children should not be engaged in it at all. I think it is something we need to monitor.

We are doing a research study at the moment, funded by Gambling Research Australia [GRA], looking at the impact of wagering advertising on young people. So there is some research underway to try to get a better understanding. For example, we are doing focus groups on how exactly children are impacted upon by this. If gambling is going to be part of society then they are going to bump into it at some stage. I think it is important to make sure that they are receiving a balanced message not just a one-sided one. I do not have all the answers for you, I am afraid.

**CHAIR:** I notice that when State governments introduce legislation in this area they often do not like to use the word "gambling". They use the word "gaming" instead. Do you have any views on that?

**Dr GAINSBURY:** The use of the terms gambling and gaming is an interesting area. I have read some papers on this, and there are differences internationally as well. My understanding is that the term "gaming" originated from the American Gaming Association quite a number of years ago when they were trying to distance themselves from the term "gambling". In the United States "gaming" is how it is commonly described. In Australia we use "gambling" to incorporate gaming and wagering. So "gaming" is separate and means non-wagering—it is more of a chance-based or self-contained game that you are betting on. There are some actual legal definitions used there. For me what has been confusing is that I have increasingly been doing work on online games. So when we use terms such as "gaming" there is actually a whole body of gaming that is completely irrelevant to gambling. So I think we do need to be quite careful with the specifics of the context in which those terms are used.

**CHAIR:** Thank you very much for appearing before us and assisting us.

**Dr GAINSBURY:** Thank you very much for inviting me. I thank you all for this inquiry on this important issue. I do hope the report will have some good action come out of it rather than just being a report that sits on the shelf.

**(The witness withdrew)**

**(Short adjournment)**

**MALCOLM CHOAT**, Service Development Manager, UnitingCare Mental Health, sworn and examined:

**STEPHEN ZAMMIT**, Service Manager, UnitingCare Mental Health, affirmed and examined:

**CHAIR:** Do either you wish to make a brief opening statement?

**Mr CHOAT:** Yes, thank you. We will, in tandem, as it were. To explain our services, UnitingCare Mental Health operates a number of mental health related services across Western Sydney, south-western Sydney, North Sydney and the Central Coast. My role in that organisation is executive manager. In my background in psychology, I assisted in managing the clinical direction and services of the various aspects of UnitingCare Mental Health. Stephen directly manages the particular service within the UnitingCare Mental Health that operates counselling of people with problem gambling behaviours. He will speak in more detail about that particular service. However, in general, it is a service that provides counselling for those who are affected by problem gambling behaviours, whether it is the problem gambler or their families. It is also a service that, along with other services within UnitingCare Mental Health, seeks to raise mental health literacy within the community generally and particularly around the effects and impacts of problem gambling. It is a service that provides not only psychological counselling for people with problem gambling behaviours but also associated financial counselling.

**Mr ZAMMIT:** My role is the manager of these services. I have been a psychologist specialising in the treatment of problem gambling for the past four years. In my current role I still have the capacity to see clients and treat them directly. Our counsellors who currently provide counselling to clients who have a gambling problem and their family members also see people in financial crisis because of gambling problems and other general problems and there are also generalised counsellors who treat a wide range of issues.

**The Hon. ERNEST WONG:** Mr Zammit, in all your years of dealing with problem gamblers, have you identified the causes of them getting addicted to gambling, or the problems that they are facing, and is there any kind of cultural impact? Given my Chinese background, I know there are a lot of Chinese who—I would not say gamble—always bet when they play mahjong or other card games because they find that is the excitement of the game rather than just the game. Can you identify those cultural impacts?

**Mr ZAMMIT:** Yes, we always look at the culture of the people. I am currently based in Western Sydney, and I have also worked in other regions across Sydney. It is a very multicultural diverse community. The Chinese community is one that is often represented, as well as Middle Eastern and Anglo-Saxon cultures. As Dr Gainsbury was saying earlier, problem gambling affects people of all shapes and sizes, so we have to be ready for that. I always approach gambling by looking at what we call cognitive errors or errors in thinking and beliefs around gambling that causes problems. We find that cross-culturally those beliefs are very similar, but within different cultures they have specific motivations.

Within the Chinese culture, for example, it is very common that from a very young age people are brought up gambling among family members. It is a normalised and accepted thing. There are events such as Chinese New Year. They have a different understanding of gambling than someone who is brought up in a different community who may not have had an opportunity to gamble at home or with relatives and who are experiencing it for the first time in a commercial venue. There are different motivations for different cultures. What we find is that cross-culturally there are common motivations that drive people to develop problems with gambling.

**The Hon. ERNEST WONG:** Of course we all come across gambling. It is a cultural environment, but what will be the factors that cause people to get addicted to gaming?

**Mr ZAMMIT:** We found that that common thing that I was telling you about is to do with money. In commercial gambling the outcome is always to get more money. It is as simple as it sounds. What we find is that there is a very common story that is told among the clients that we see and that is that they go on from having a very early positive experience of gambling. That could be through themselves or through somebody close to them. Generally they are introduced to a form of gambling, say poker machines, by somebody else and within the first few times that they play that game they often experience a significant win. The significance could be different for different people. It could be anything from \$20 or \$30, which buys them dinner for the night, or it could be a \$1,000 jackpot. We find that a significant early win is the key factor in the development of a problem. That development does not occur overnight. It generally takes a year or more to reveal itself. What

we find is that that significant early win triggers something in the brain that says, "It is possible to make money from these things and given that I did it so early on it is actually not that bad."

The way the cultural aspect comes into it, for example the Chinese culture—again, Dr Gainsbury was talking about luck—if you believe in luck that will trigger something personally about what kind of person you are and that possibly you are better off than somebody else who has not had that experience. Then as you go along the time course of someone's history of a problem developing, what happens is that they start to form faulty beliefs around how a particular game works, whether it is poker machines, roulette or blackjack. They form an idea of how it should work for them to maximise the amount of money that they win. The reason I say they are faulty is because most games are based on randomness and they have no control over it. The people who develop problems believe they have some sort of control and that is why they constantly try to beat the game that they are playing in order to maximise the amount that they win over time.

After the money aspect comes into it, it tends to get overshadowed by the problems that are developed in their lives, such as relationship problems, feelings of depression or anxiety, stress around their everyday lives. These things come to the forefront of the person's mind, "What is causing this problem for me?" There is a cyclic nature of I am feeling some sort of distress so I will gamble to relieve that, because I have learned that gambling relieves that distress. At the same time, the gambling is causing more distress. So they enter a never-ending cycle of chasing their tail. What we find is that underneath all of that there is still this primary goal of, "I want to make money from this." The biggest issue is that it is often hidden from people, as obvious as it sounds, so we try to reveal that.

**The Hon. ERNEST WONG:** So it seems to be the greed for money?

**Mr ZAMMIT:** I would not use the word "greed". You have to understand that if you have never seen a poker machine before and you sit down and play it and it gives you \$1,000—everybody here would not deny that they would feel really good about that. I would feel really good about that. I would think, "This is pretty easy." It may start off—we can use the word "greed"—wanting to take more money, but at the same time what happens over time is they are losing a lot more of their own money than they are gaining. Alongside that, it becomes this endless goal of trying to win back the money that they have lost. That is what I mean when I say it is not just greed. They have given a lot of their own money and they want that back.

**The Hon. MICK VEITCH:** I want to talk about the emergence of online gambling and the easy accessibility that is provided by using smartphones, as we heard from representatives from ClubsNSW earlier. Has there been a change or trend towards online gambling issues for those people who are accessing your services?

**Mr ZAMMIT:** Not that I have observed. Of those people accessing treatment for gambling, there is still a trend towards problems derived from poker machines. We find that people traditionally will go to a venue and gamble in person rather than online. They may do it on the side here and there but it is not their primary means of accessing gambling.

**The Hon. MICK VEITCH:** Why is that?

**Mr ZAMMIT:** It offers a different experience.

**The Hon. MICK VEITCH:** Putting your hands on the hard-earned cash?

**Mr ZAMMIT:** That is part of it. They go with friends. Again, there is that social aspect. People generally like to be around other people, even if they are not communicating with them in any way, which often occurs, but there is something about the environment that makes that form of gambling more engaging, more exciting. If you are sitting at home by yourself, you do not necessarily get that.

**The Hon. MICK VEITCH:** I am not saying this is a commonplace scenario but my 20-something-year-old son and his mates can sit around the lounge room on their smartphones engaged in online wagering on sporting events, which I have seen them do, or they go to the pub. They are doing it in a social group but they have got accounts with different sites. They still engage in gambling socially but, in my view, it appears to be a changing way of doing it.

**Mr ZAMMIT:** Yes. And it may be a delayed roll over to people seeking treatment because the people who have primarily been doing gambling on a smartphone would be a younger generation. The research shows that the people that access services are still within the 30, 40, 50 year age groups and plus. It may be the case that a few years down the track we may start seeing more and more people who have had problems from online gambling.

**The Hon. ERNEST WONG:** During the earlier hearing there were comments that children playing online games are not betting for money but are getting other presents. That could create a sense of gambling that could make them develop into online gamblers. What is your comment on that?

**Mr ZAMMIT:** When we talk about gambling we need to give it a generic definition. The definition of gambling that I use is that it could be any activity on which are you staking something of value—typically we think of that as money, but it could be anything—that is going to lead to two possible outcomes: you win more of that item of value or you lose it. Kids who might not have access to money can still gamble within that definition with things that are valuable to them. Credit on a game may not mean anything to you or me but it could mean something to that child.

**Mr CHOAT:** If I could just add something to the history of youth and problem gambling. The 2007 Mental Health Survey indicated that people between the ages of 12 and 25 are the group within our society with the most number of psychological issues. Statistically they have more psychological distress than other groups but it is that group that is the least likely to obtain help for those issues. Essentially, what I am saying is that it could be quite expected that a young person with problem gambling behaviour is not necessarily likely to seek assistance for that behaviour.

**Dr JOHN KAYE:** Thank you for your evidence today. At Item A in your submission you make a number of recommendations about poker machine design and specifically about reducing the rewards, the amount that individuals can place on spins, the spin rate and the number of lines on machines. What evidence do you base that on?

**Mr ZAMMIT:** There have been studies that have looked at different features of machines and what effect altering those has on a person. For example, there have been studies that have looked at the spin rate and if we make it slower or faster what does that do for the person playing it. What they have found is that when you slow them down obviously you have to wait longer for the outcome to occur, which for one thing means that you play fewer games within a period of time. The average spin rate is about three seconds. You could play a game every three seconds. By delaying that you are saying for starters that now you cannot play as many games as you could in a minute but also the outcome is delayed slightly more. One aspect of poker machines that makes them so attractive is that the outcomes are very rapid compared to the weekly lotto. You buy a ticket and you have to wait and wait. In this you press the button and three seconds later you are told what is going to happen.

**Dr JOHN KAYE:** One thing that might be said about reducing the spin rate is that people will just gamble for longer but you are saying it is not only the total amount they gamble but also the rate of return that has a psychological impact?

**Mr ZAMMIT:** Yes.

**Dr JOHN KAYE:** You also talk about having smaller prizes and fewer larger prizes. Presumably, what you are saying is to keep the total expected payout the same but deliver it in smaller payloads.

**Mr ZAMMIT:** Not necessarily. Again, we are talking about things that are more likely to impact on people who have developed a problem or who are getting to that point. For the majority of people these things probably would not make too much of a difference because they are gambling—if we use the word—responsibly. They can put in \$10 or \$20 and then walk away. In contrast, people who have developed the problem are attracted by the amount that they can win.

As an example, I was with a client yesterday and we were talking about poker machines. He was at a point last week where he was up \$17,000 in a span of two hours. That is massive. If you are only up \$17, emotionally that does not mean as much to the average person but \$17,000 is a massive amount of money. He was faced with, "Do I gamble this to make \$20,000?" That was his goal for the day, \$20,000. He took the gamble, he lost it all and \$17,000 went in the span of three seconds.



**Dr JOHN KAYE:** Are you saying that the large-scale payouts encourage the psychology that works against the fact that you are on a loser in the long term when gambling?

**Mr ZAMMIT:** What it can do is give people the hope that they can make that money back. For someone who has lost \$50,000 over a few years in gambling, by having a large prize it can set up the idea that getting that money back is attainable versus the thought that if I know the maximum I could win is \$100 how am I ever going to get to \$50,000?

**Dr JOHN KAYE:** That will work both in retrospect and in prospect. That is to say, it will stop people running up large debts in the prospect that they will win and it will stop them running up even larger debts once they have lost.

**Mr ZAMMIT:** Yes.

**Dr JOHN KAYE:** You also talk about limiting the perception of near misses. Can you talk briefly to that?

**Mr ZAMMIT:** Sure. A near miss on a poker machine is generally defined by a combination of symbols that make it appear that you are very close to a win but you have not won. If you think about a reel on which we had two kings and then the third one was a queen and the king is just directly above or below, in terms of the poker machine that is a loss. There was no winning combination. But psychologically the way we interpret that is, "If the machine ticked over one more space I would have won." It is all random so it does not mean you are any closer to winning or losing but it sets up a perception that you are close to winning and that if you just keep playing it is going to be coming anytime soon. When I was talking earlier about these erroneous beliefs that people tend to have, they are around some of these things.

**Dr JOHN KAYE:** You are not alleging that the poker machine manufacturers are deliberately building in near misses; you are proposing that we bias the randomness to reduce the probability of near misses?

**Mr ZAMMIT:** No, not necessarily. I cannot speak for what gaming operators do or do not do but the near miss comes about purely from chance. If you took away the pictures that are on the screen you would have numbers. If you were to see the numbers themselves you would not think this is a near miss or anything, this means nothing to me. One aspect possibly is reducing the amount of near misses that occur but, again, you cannot stop them from coming up altogether because it is random. If you start altering that you have a game that is no longer random.

**Dr JOHN KAYE:** I have run out of time but perhaps you might like to expand on that on notice.

**Mr ZAMMIT:** Sure.

**CHAIR:** At page 4 of your submission you recommend that the number of gaming machines be limited in poorer socio-economic areas. What changes would you like to see made to the local impact assessment process that might reduce the number of poker machines?

**Mr ZAMMIT:** From my understanding that process has become stricter and stricter. They try to do everything they can to limit the impact of the amount of machines or venues in these areas, but it is at a point now where those figures are fixed. They cannot go up any more. But what happens in the process is that if a venue requests a change in machines they have to give up some of their own. What will happen is that over time the number of machines will slowly drop. But if a venue just says, "Let's just leave things the way they are, I do not want to forfeit anything", then they are going to stay the way they are now. Otherwise what you would need to do is start saying that we are going to start collecting these machines back from people. I imagine that would not go down very well.

**CHAIR:** Your reference to poorer socio-economic areas refers to the western suburbs?

**Mr ZAMMIT:** Yes.

**CHAIR:** Do we see more problem gambling where there is a limitation of money and people are poor as compared to the northern suburbs of Sydney where people are affluent?

**Mr ZAMMIT:** Not necessarily, but they define it by three bands. The three bands represent how disadvantaged that area is. What we find is that statistically there are a greater number of machines in the higher bands, which are the more disadvantaged bands, than the North Shore. Obviously, those more disadvantaged areas that have the higher density of machines are poorer areas. In one way it may seem weird that you have people who cannot really afford to gamble so much having more access to gambling versus people who could afford to. I am speaking largely about areas such as Fairfield, the western suburbs and the south-western suburbs specifically compared to, say, the North Shore.

**CHAIR:** Gambling does not appear to have the same attraction to people in the northern suburbs as it does to people in the western suburbs?

**Mr ZAMMIT:** No. There are a few factors that come into play. One is more accessibility, but greater need for money can be another thing. When you have a means of potentially getting money quite easily, for someone who is financially disadvantaged that is a form of hope that they can turn things around. They think that if I just won the jackpot I could pay my bills or I could move to a better area or whatever their motivation is versus someone who is more financially advantaged who may have better means to be able to do some of those things.

You then have other things. Dr Gainsbury said in regard to migrants that gambling is quite inviting to migrants as a form of engaging in their community where language might be a barrier. These disadvantaged areas tend to also be areas that have high concentrations of migrants. They are the areas that over time as those communities develop and become less disadvantaged they will move on and then the next set of migrants will move into them. There is not just one factor that is going to influence them; there are going to be quite a few things.

**The Hon. ERNEST WONG:** If a multibillionaire has spent millions of dollars gambling and has no financial problems but is addicted, is he identified as a problem gambler?

**Mr ZAMMIT:** When we are talking about money, we need to talk about percentages. If someone is a multibillionaire and is gambling millions of dollars, we need to look at what proportion of their income they are spending on gambling versus someone who is on a disability pension and is getting only \$400 or \$500 a fortnight. For that person \$50 is too much, but for everybody else that might be seen as nothing. We need to talk about what proportion of money you are spending on gambling and whether you are able to cater to your financial needs—are you able to pay bills and provide a living for your family or yourself? Is gambling affecting your ability to do that? Someone might be gambling five days a week and spending millions of dollars, but if it is not impacting on them socially or professionally or whatever then it would not be a problem.

**The Hon. SARAH MITCHELL:** I refer to what the Hon. Mick Veitch was talking about in relation to online gambling. He said that most of the people who come to you for counselling services tend to gamble on poker machines rather than online. In general terms in relation to people accessing your services, over the past five or 10 years have you seen an increase in demand for help with problem gambling or are the numbers fairly stable?

**Mr ZAMMIT:** In the time that I have been seeing clients the numbers have been fairly stable. If you look at prevalence rates within Australia and around the world, they tend to fluctuate within certain percentages—between 0.5 per cent and 1 per cent of the population. They tend to go up and down between the minimum and maximum values, but they generally stay about the same.

**The Hon. SARAH MITCHELL:** I know you are based in Sydney, but do you have any outreach services in regional areas?

**Mr ZAMMIT:** The most regional would be in Gosford.

**The Hon. SARAH MITCHELL:** One of the things that has come to light, particularly in the early days of the inquiry, is that once people come to an organisation like yours and have ask for help it is provided. However, sometimes the bigger issue is getting them to admit that they need help and to have that light-bulb moment. Do you have any views on what the Committee could do or recommend in terms of making services available and more obvious to those with an issue and perhaps what we might need to look at in terms of reducing the stigma around problem gambling?

**Mr ZAMMIT:** A big part of it is education and wider promotion. A lot of money is available for regular promotion about the harm that tobacco causes. The attitudes around smoking are changing dramatically. People have always known that smoking is harmful, but they are now starting to change their attitude and say, "I do not want to do this anymore." The gambling industry does not have anything like that. We do not see new advertisements on TV or in the media about the harm caused by gambling or anything like that. You only see it from the other point of view; that is, this is a product you can gamble with or this is a new wagering site. The other side does not seem to do any promotion.

**The Hon. SARAH MITCHELL:** It is difficult because smoking is bad no matter whom you are, but some people gamble responsibly. It is a legal activity and some people do it without any problem; in fact, the majority of people do. It is a fine line.

**Mr ZAMMIT:** Definitely. It needs to be targeted at what we mean when we refer to a "gambling problem". We should educate people that gambling in and of itself is not an issue. The majority of people do it and there is no harm. But there are people who develop quite serious problems and they have a flow-on effect for those around them. It can happen to anyone.

**CHAIR:** Should the Government launch an advertising campaign about the harm caused by gambling like the anti-smoking campaign?

**Mr ZAMMIT:** Any kind of attention will be good and can change that stigma. If no-one talks about gambling then it will remain in the dark, gloomy dens. We tend to think that only a certain type of person develops a problem with gambling. One of the keys to targeting that group of people who may be at risk is to reduce the stigma so they are okay saying, "Look, my gambling is out of hand. What can I do?" A lot of the time it is hidden. Even when people come for treatment, if someone else knows it is generally because they have found out by accident. A spouse finds out because the bills have not been paid for the last year or so, or money has been stolen. Gambling problems tend to reveal themselves in those ways. From speaking to people who do develop problems, there is a lot of shame around admitting it.

Even when they are coming in for treatment they do not want anyone to know. You cannot have a sign on the door saying "We are here to help you", because if someone is seen walking into the building everybody knows they have a problem. That is a big issue in some of the culturally and linguistically diverse services. They are there to target a certain community and they employ people from that community. They think that will be the best thing and in theory it sounds good. However, when people in the community identify that the building houses a facility that treats gambling when they see someone they know walk in they will tell others and soon the whole community knows.

Changes need to be made to people's attitudes to gambling so they do not feel ashamed. They might think they have spent more than they should have, it is causing them problems and they want to do something about it. People should have that attitude rather than not feeling that they can say anything, that they must keep it to themselves and that they must solve it themselves—and the solution is generally gambling more. The problems will remain hidden.

**Mr CHOAT:** I believe that there should be advertising to raise the awareness of problem gambling issues within the community generally. That also needs to be targeted towards culturally and linguistically diverse and other populations—for example, Aboriginal populations. There also needs to be a raising of awareness within health services generally and in other service providers. It is often the case that people will come in for assistance for some type of mental health or other type of issue as a consequence of their gambling behaviours, but they do not disclose the fact that they have problem gambling behaviours.

Also, the clinician may be more interested in other sorts of issues, such as substance abuse, homelessness and so on does not necessarily see the importance of problem gambling. There is not a uniformity of belief or opinion about the importance and prevalence of problem gambling behaviours, even within our services. I must admit that across the various services that we operate there are differences in knowledge and awareness of problem gambling behaviours and their impact. A more targeted awareness campaign among those workers at the coalface would assist in enabling these sorts of issues to be disclosed and discussed.

**The Hon. GREG PEARCE:** I want to be clear. Mr Zammit, you said specifically said that you did not see any problem with gambling as such, but that there are people at risk. Both of you are talking about identifying those people and making it much easier for them to get treatment and assistance.

**Mr ZAMMIT:** Yes.

**The Hon. GREG PEARCE:** In relation to those proposals you have talked about spin cycles and so on. You said that that would not impact on the vast majority of people, but it might have some sort of impact on those who already have problems. In other words, it might actually help with treatment. However, those changes would not have any major impact on people at risk.

**Mr ZAMMIT:** If we look at it through a time line, the majority of people can gamble confidently and walk away; it does not mean anything to them. But when I was talking earlier about the early significant wins, that tends to be the trigger that gets people moving along the course. Strategies like that, although they may not have any effect on some people, can start to influence as they move along.

**The Hon. GREG PEARCE:** How many psychologists do you have in your service?

**Mr ZAMMIT:** There is me and another psychologist. We also have counsellors who are trained specifically to treat problem gamblers.

**The Hon. GREG PEARCE:** Roughly how many problem gamblers would you see in a year?

**Mr ZAMMIT:** I would probably see—

**CHAIR:** You are dealing with all mental health problems, not just problem gamblers.

**Mr ZAMMIT:** In the past few years I have specialised in problem gambling. People will come in for treatment with problem gambling, but that is not their only issue. There is generally a wide range of issues behind that, and we will look at them as well. I would say probably around 50 a year.

**The Hon. GREG PEARCE:** You are agreeing with the evidence that the clubs gave us earlier today that the small number of people at risk have these other issues as well.

**Mr ZAMMIT:** Yes.

**The Hon. GREG PEARCE:** It is a matter of focusing on identifying to those people and getting them the assistance they need.

**Mr ZAMMIT:** Yes, definitely.

**CHAIR:** Is there adequate funding for your service?

**Mr ZAMMIT:** I am sure anyone would say there is never adequate funding for anything. The money to fund these services comes from only one source in New South Wales; that is, Star casino. That limits what can be done with that money. Obviously the intention is that it will reach as many people as possible, but the money is very finite. What often happens is that in order to achieve that wide spread there are many services that have only one staff member. That makes it very ineffective. That one staff member is always a counsellor or psychologist who has the qualifications to do that work. However, because they are a sole person and they are under-resourced it often means that they are required to do a lot of other roles such as marketing, relationship development and so on.

**CHAIR:** To raise funds?

**Mr ZAMMIT:** That is not their skills set and they do not have the right personality to do that. It makes it extremely difficult to do that job effectively.

**CHAIR:** As with Star, if we had a percentage of all the poker machine profits designated for counselling and advertising—

CORRECTED

**Mr ZAMMIT:** Yes. A few years ago there was an advertising campaign about gambling hangovers. The number of calls to the gambling helpline significantly increased during that period. The flow-on effect to people seeking treatment from counselling services also significantly increased. That was only a very short campaign and after that it went back to normal levels. Something more sustained would be helpful, as would keeping the word on the street that gambling is an issue.

**Mr CHOAT:** We are funded to do more than just counselling. We are funded to raise community awareness, to provide submissions and to do a wide range of activities. It is fair to say that within our service—I am sure that we are not unique in this—we are stretched, especially in those areas where there is only one or two counsellors working at a particular time. A lot is expected of people, but we do our best. Ideally more money means more support and more effective services generally.

**CHAIR:** Thank you again for appearing before the Committee. We appreciate the information you have provided and the work you do. Members may have more questions on notice and you have 21 days to answer them.

**Mr CHOAT:** Thank you for the opportunity.

**Mr ZAMMIT:** Thank you.

**(The witnesses withdrew)**

**BETTY CON WALKER**, Principal, Centennial Consultancy, sworn and examined:

**CHAIR:** Do you wish to make a brief opening statement?

**Dr CON WALKER:** Just some comments that I will also table. Knowing the content of the terms of reference, the Committee's lateral thinking is appreciated in its preparedness to hear evidence about the impact of gambling industry concessions on government revenues. On first sight, the reasons for these concessions are puzzling, since claims of benefits flowing from the gambling industry have been exaggerated. This applies not only to claims about cash community contributions but also to other areas—for instance, employment. I give an example. As recently as its submission to this Committee, the club industry claimed that it employs 41,300 people. However, data obtained from the Australian Bureau of Statistics last week shows that in the February quarter of this year club full-time employment was 17,788 and part-time employment was 16,042—that is, total employment of 33,830, a difference of around 7,000.

The club industry is not alone in exaggerating its employment. The hotel industry's submission to the Committee claimed employment of 55,000. The Australian Bureau of Statistics data for the same quarter as the club's, February quarter this year, shows a vastly different figure with the category of "pubs, taverns and bars" employing a total of 26,306, with 10,657 employed full-time and 15,649 employed part time. The difference between 26,306 and 55,000 is material, I believe. I present these figures as an example of how interest groups exaggerate and to show that exaggerations of social and economic community benefits are no substitute for accurate data. An examination of the facts leads one to conclude that claimed social and economic benefits of the gambling industry do not outweigh the costs of government concessions, particularly as they affect State revenues. In short, my advocacy is for government policy-making to be evidence based.

**The Hon. MICK VEITCH:** I wish to comment on those figures. It has been my experience that variation in employment figures can often be attributed to the time they are collected. Do you agree that there may be some variation because of that?

**Dr CON WALKER:** Absolutely, but I have figures going back to 1991. The maximum figures available for the club industry are 40,248 in 1997 and 40,744 in 2009. In the most recent year, if you take an average of the four quarters, it is even less than the figure I have quoted. It is 32,600. It is in that vicinity and it has been as low as 25,000 or 26,000. I have gone through the historical data, but that is correct.

**The Hon. MICK VEITCH:** I am from regional New South Wales. As you would be aware, clubs often play a significant role within country communities. You made statements around how clubs expend proceeds of gaming machines in their establishments. Do you think there should be tighter rules around how those proceeds can be expended? Are you an advocate for legislative change to tighten how clubs can spend their money?

**Dr CON WALKER:** I have done detailed analysis of the largest clubs. The ones I chose were the ones listed in the 2001 legislation by the Government as the ones that needed to reduce the number of gaming machines—in other words, they had 500, 600 or more gaming machines. Having looked at those 18 clubs, it is apparent that their expenditure is fascinating. One of the problems is that it is difficult to find this information because annual reporting has not been great in terms of how they spend the money. Some of them give a single figure for revenues and a single figure for expenditure. You need to dig deep.

When I did an analysis I had to go through annual reports many times in order to get to the bottom of where money was spent. It appears that what is spent in New South Wales and what is spent by these major clubs is very similar. A minute proportion of their gaming revenue goes into cash contributions to the community. No one has been able to contradict that, because that is a fact. When you look at actual monetary contributions to the community you find that is normally stated as a global figure. That does not take into account the fact that the Government provides a subsidy to clubs. The subsidy is in the form of taking off a proportion of the top tax rate.

**The Hon. MICK VEITCH:** A tax concession.

**Dr CON WALKER:** It is actually a tax subsidy. In the past, say if the tax rate was 21.5 per cent, the clubs paid 20 per cent of their revenues. Now it is even higher—under the Coalition Government the subsidy has been increased to 1.85 per cent. When you look at those figures there is also the problem that a lot of so-

called cash contributions were made in kind. I do not know if the Committee has paid a fee for this room, but in the past rooms of this kind have been used by, say, club members and the club would place a commercial—that is, exorbitant—rate on that room instead of its actual cost and claim that as a tax concession. The club did not spend any money, but it was getting money from the Government for the use of the room. I hope we are not caught out.

**CHAIR:** This Committee is paying for its accommodation.

**Dr CON WALKER:** I hope it is not an exorbitant fee. Even if the club industry was claiming it was paying \$60 million to the community at large, you had to take away from that around 60 per cent as a subsidy and from that take away the in-kind contributions, so you ended up with a very small amount of cash contributions. A review of that scheme was undertaken by a consultant to the department a few years ago. He found that in a few cases the whole of their contributions were in kind, so no money was paid out but the clubs got back a monetary value for that social contribution.

**The Hon. MICK VEITCH:** Have you analysed the difference between facilities such as the ones at Mounties and the ones at the bowling club at Gundagai, which has gone broke? Have you looked at the difference between facilities at large clubs and smaller regional clubs?

**Dr CON WALKER:** The point about this industry is that the majority of clubs pay no tax. About two-thirds of clubs pay absolutely no tax, Federal or State. Small clubs in regional areas pay no tax. One of the reasons I undertook this research was that politicians were claiming that clubs were closing in every town because of the tax they were paying, when in fact they were paying no tax. The factors leading to their closure were totally different: demographics and other reasons.

**The Hon. MICK VEITCH:** I am talking about clubs closing across country New South Wales.

**Dr CON WALKER:** Yes, because of demographic factors and that kind of thing. Is that your experience?

**The Hon. MICK VEITCH:** Yes. My original question was whether the Government should legislate tighter rules around expenditure of revenue from poker and gaming machines.

**Dr CON WALKER:** The department used to have a little oversight. It used to collect the annual reports of every club in the State. Once a year, all clubs had to submit a report. I am not saying the department had the officers with skills to analyse what was in those reports, as good or as bad as they were, but at least there was an appearance of oversight. That has been abolished, and I know that because when I was doing this work the department rang me and said they were throwing out all their reports because they were not going to collect them anymore. They sent me boxes and boxes of these reports and they are now out of date. Even that little oversight has gone. It seems to me there should be better accountability to Parliament about where funds are going. These big clubs are major corporations.

I have a table in my book published a while ago by Sydney University Press. I refer to that table because it is important to know how big the big clubs are compared with Australian Stock Exchange-listed [ASX] entities. I took the average of the 18 biggest clubs' revenues, operating expenditure, total equity, total assets and pre-tax profits. Every one of those was significantly more than the ASX-listed entities. The 18-club average was more than two-thirds of the ASX-listed clubs in terms of revenues, total assets and pre-tax profits. In terms of operating expenditure, they were more than 96 per cent of ASX-listed corporations. They are quite large operations and that is why I am so concerned about the way they are operated and governed, and the way the Government is providing subsidies to those operations.

**Dr JOHN KAYE:** Thank you for your excellent submission, Dr Walker. I would like to begin with some numbers. The annual difference in the poker machine tax that would be paid by registered clubs in New South Wales if they were paying the same tax rate that hotels paid on poker machine profits is \$800 million. Is that correct?

**Dr CON WALKER:** That is correct.

**Dr JOHN KAYE:** Do you see any justification for there being a differential rate between clubs and pubs on that tax rate?

**Dr CON WALKER:** If you are looking at our society and how it operates, it is the only industry where there are differential tax rates applied to two participants.

**Dr JOHN KAYE:** Can you name a reason for doing that?

**Dr CON WALKER:** I can name many reasons for why they are doing that but not reasons for why they should be doing it.

**Dr JOHN KAYE:** I am sorry, I meant rational economic reasons?

**Dr CON WALKER:** No.

**Dr JOHN KAYE:** The clubs may claim that they are mutual organisations whereas hotels are for-profit organisations. Can you comment on that?

**Dr CON WALKER:** Well, they started as mutual organisations. In fact in 1956 when the Minister introduced legislation to allow the legal use of machines in clubs, because they had been using them for some time illegally, he referred to the decision to introduce them as being:

... to ensure that the club applying for registration must be a body, association or company formed for social, literary, political, sporting, athletic or other lawful purposes. It must consist of no fewer than sixty persons if established within 15 miles of the General Post Office, Sydney, and of not fewer than thirty persons if established elsewhere.

That gives you an indication of what the politicians of the day thought the size of the clubs was going to be. That is when they were mutual clubs.

**Dr JOHN KAYE:** So that was their view of mutuality?

**Dr CON WALKER:** Yes, that was their view. That was the reason they allowed them to operate—to sustain their existence, basically. It seems to me that we have come a long way since then. The majority of clubs are continuing with those purposes, and I think two-thirds of them are still operating in that sort of vein—bowling clubs or other types of clubs and do consist of members who are joining for the purposes for which the club was formed. But the ones that benefit the most from the Government subsidy are not those clubs, because the mutual clubs, as I said earlier, do not pay tax. A Treasury analysis was undertaken some years ago. It found that 20 per cent of clubs enjoyed 80 per cent of that subsidy.

**Dr JOHN KAYE:** The club we are sitting in at the moment, the Mounties club in Fairfield, which is one of the largest in New South Wales, is a mutual club. Am I correct in saying that it would pay no Federal income tax?

**Dr CON WALKER:** It would pay very little income tax. In fact I can give you a figure. Back when I did my analysis I did look at the income tax for each of the large clubs. It amounted to around \$1 million or less.

**Dr JOHN KAYE:** Was that per club?

**Dr CON WALKER:** Yes, it was per club. I think the total for the 18 clubs, without referring to my exact figures—and I stand to be corrected—was \$4.7 million in that particular year. That was for the top 18 clubs in total.

**Dr JOHN KAYE:** So it was a really desultory rate of Federal income tax.

**Dr CON WALKER:** Yes, and the reason for that is that they only pay tax on services provided to non-members. That is the mutuality principle at play at the Federal level.

**Dr JOHN KAYE:** I ask you to comment on some figures that are in the submission from ClubsNSW to this inquiry. They claim that gambling in New South Wales provides \$2 billion a year in tax benefits whereas the total economic and social cost of gambling to New South Wales is somewhere between \$44 million and \$93.8 million a year. I presume that \$2 billion would be made up of \$1.2 billion from poker machines and \$800 million from wagering. They claim therefore that there is a net benefit to Government of just shy of \$2 billion.



**Dr CON WALKER:** We need to look at the actual figures in relation to the clubs themselves. Their current tax payments are less than the subsidy they receive. In 2013-14 the clubs are due to pay \$694 million and the cost of the subsidy is \$805 million. They may be bringing in all sorts of other areas where they are not so profitable. But in terms of the club industry that is the position. In fact I have looked at that subsidy over a period since 1997, which is the first time when they could receive a subsidy because that was when the hotels were allowed to have poker machines. If you look at the period from 1997 to 2014, you see that the total paid in government revenues is just over \$10 billion and the cost of the subsidy is just under \$9 billion.

**Dr JOHN KAYE:** So they are hardly paying their way. Is that what you are saying?

**Dr CON WALKER:** Yes, and that is without adding in the income tax subsidy, which could be as high as \$200 million a year, which they should be paying but they are not. No-one has really done the calculations accurately. I have had a go at some calculations using different levels of expenditure and it varies. It is in the hundreds of millions of dollars.

**Dr JOHN KAYE:** Briefly, those calculations are in your book, aren't they?

**Dr CON WALKER:** Yes, and I also have some of those calculations in my submission.

**CHAIR:** On page 3 of your submission you state that the net cash contributions of clubs to the community total about \$30 million or less than one per cent of their annual gaming profits. Where do you believe the rest of the profits go? A lot of the clubs sponsor children's and teenager's sporting activities and teams. Have you estimated the contribution they are making through those activities?

**Dr CON WALKER:** All of those activities are included in the so-called community contributions. Another flaw of the community contributions scheme is that a number of clubs were providing assistance to their sub clubs, for example, their fishing club or their chess club. They would claim that as a community contribution. For example, if they provided a room to their chess club then they claimed that as a contribution to the community—whereas legislation requires clubs to provide accommodation to their sub clubs. So they do provide assistance to children's clubs and so on but that is included in the community contributions section of the claimed club's contributions. The \$30 million figure that I got to is a maximum really because in that particular year they made a contribution and, from that, 60 per cent or thereabouts they received back as a tax reduction, basically. Some of the \$30 million is in kind. So that is a really optimistic level of cash contributions.

**CHAIR:** Do think it would be harmful if clubs were forced through any changes that we recommended to cancel those sporting activities and community activities? What if they said they could no longer afford to sponsor them?

**Dr CON WALKER:** I cannot see that they could not afford to sponsor them. Do you mean that they should not do them through the government subsidy?

**CHAIR:** Yes.

**Dr CON WALKER:** I think they can afford to provide assistance to sports clubs for kids regardless of what this Committee recommends in terms of government assistance. You may recall that the Carr-Egan Government tried to introduce an increase in the tax rate of the top clubs in 2003. There was a huge revolt from the clubs industry—we had demonstrations near Parliament House, Martin Place and so on. In the end Carr and Egan felt that they had won the fight. It was an increase they introduced over seven years. It was not one that was suddenly increased; it was one that was going to increase each year.

Unfortunately, Mr Iemma came in with promises he had made to certain backbenches about that tax and he stopped the increases at a certain level. That was to do with a lot of internal political manoeuvring and getting the votes. At the time he had a competitor in Mr Scully, so they were both trying to replace Mr Carr. Mr Iemma made certain promises to backbenchers who were involved with clubs so it stopped at a certain level. That was the first attempt at bringing some of the money back into the bottom line and having a bit of a bigger share coming into the budget. That is all we are talking about. We are not talking about a huge increase in one go; it was a graduated increase.

Before the Coalition came into office they made promises to further reduce tax rates—not sustain or increase, but rather reduce. There did not seem to me to be any reason for that to happen because clubs were

already on side and the then Opposition was in a sure position to gain office. It is unclear as to why they promised that and they did introduce reduced tax rates in 2011. That will cost, according to the Government's own figures at that time, another \$200 million to the budget.

**CHAIR:** You are critical then of the Government making that sort of agreement?

**Dr CON WALKER:** Absolutely.

**CHAIR:** It is almost like a contract between the Government and the clubs?

**Dr CON WALKER:** It was absolutely a contract, which even overstated the position in terms of what the clubs were going to pay. When you look at the memorandum of understanding, it claims that the top clubs would be paying 37.49 per cent as a top tax rate. In fact, that rate included GST and the 1.85 per cent subsidy. When you take those figures out, the top club rate is now 26.55 per cent, not 37.49 per cent. So it does not help when even governments misrepresent or exaggerate figures of that kind. It seems to me that unnecessary decisions have been taken which have cost the State a lot of money, in the hundreds of millions. Firstly, the Lemma decision cost the State about \$150 million a year and now the Coalition Government has further reduced the rates, which you will see in the table. To show you how the subsidy is moving, on page 13 of my submission you will see that the subsidy has gone up from \$500, \$600 per year to \$805, and that is because of the reduction in the top tax rate for clubs.

**CHAIR:** Have you tried to estimate what the social benefit of the club movement would be, for example, in providing accommodation et cetera for aged pensioners and others?

**Dr CON WALKER:** That was something that was calculated by IPART but it seemed to me to be a very inaccurate calculation. Firstly, they relied on the figures provided by the clubs' own consultants. Secondly, they included in that social contribution things like bowling greens, golf courses and so on. Most of those are owned by government and they are available mainly to members, and if they are available to the community then the community pays a fee for the use of those facilities. So it is not a free provision of a social contribution in that sense. The thing they provide to their members is the accommodation of the club in terms of food and drink and so on. My point is, I guess, \$800 million in the hands of club boards is not as useful as \$800 million or less—I am not saying there should be a recovery of \$800 million but, say, \$400 million in the hands of a government, whatever its complexion, can be better allocated because it can set better priorities for those funds.

**The Hon. GREG PEARCE:** You have a wonderfully optimistic view of government expenditure of money.

**The Hon. CHARLIE LYNN:** Yes, you sure do.

**Dr CON WALKER:** As a former Treasury official—

**The Hon. CHARLIE LYNN:** I am aware of these areas out here because I have been through them before these places existed. Are you saying that if Mounties did not exist the Government would be able to provide a better social community benefit in the form of entertainment, community development, sport and so forth?

**Dr CON WALKER:** I am not saying that at all. I am not saying that the club should not be in existence. What I am saying is that they earn sufficient funds to fund those activities without the Government having to put its hand in its pocket to provide it with subsidies. When you look at the revenues, we now have—

**The Hon. GREG PEARCE:** Can I stop you there for one second. The Government is putting its hand in its pocket to provide subsidies. That is not true, is it?

**Dr CON WALKER:** What is that?

**The Hon. GREG PEARCE:** The Government is not putting its hand in its pocket to provide subsidies.

**Dr CON WALKER:** Well, the clubs are putting their hands in the Government's pocket. Let me put it that way.

**The Hon. GREG PEARCE:** Let us be a little bit careful about what the suggestion is.

**Dr CON WALKER:** Yes. It is an expense.

**The Hon. GREG PEARCE:** It is a concession. It is not a cash payment.

**Dr CON WALKER:** Well, part of it is. The community contribution is a cash payment because they get the money back.

**The Hon. GREG PEARCE:** Primarily it is—

**Dr CON WALKER:** Yes.

**The Hon. CHARLIE LYNN:** I am saying that if Mounties was not here do you believe the Government is in a better position to provide what Mounties provides to the community?

**Dr CON WALKER:** As I said, Mr Lynn, I do not believe that the club should not exist. What I am saying is that you have a club industry—and I will get to this in a minute—that currently earns \$3,544 million. When you have trouble accounting for where that money has gone specifically, I think there is a lot to answer for in that regard. The majority of those revenues—gaming industry revenues—come from the top clubs. This is the second most profitable in gaming revenues in the State, so Bulldogs then Mount Pritchard. So you have come to a very large club.

**The Hon. CHARLIE LYNN:** The revenue they are earning is not going to be distributed to shareholders or going into director's pockets. It is either going to the Government in the form of tax or to the community in the form of benefits. You are saying it could be done better?

**Dr CON WALKER:** The community, in terms of benefit, let us be a bit careful about that, because it is really going to its members through the use of the facility.

**The Hon. CHARLIE LYNN:** In the value of membership. It costs \$4 or \$5 a year to belong to Panthers. I bought a membership for the Panthers for \$5. I did not think that was overly expensive for a year.

**Dr CON WALKER:** Exactly. That is what I am saying. They are not paying for anything. Exactly, that is one of the issues. People who want to belong to this facility pay about \$5 and you get a \$5 lunch voucher, probably, along the way. That is exactly what I am saying. If you look at the analysis that I did of the top 18 clubs, I tried to find where the money went, and that was an extremely difficult process to do because of the way the reporting was done by these big corporations, and I repeat that they are big corporations. I tried to find, for example, how much they spend on sport because about 15 of them claim they are there for sport, either in their constitution or in their name.

Only nine provided information on how much they provide to sport. Then you try to find out how much money did go to sport and how much money they received in, for example, gate revenues and sponsorships. They get a grant issued from National Rugby League. In the cases that I studied, the clubs made a profit on sport rather than incur expenditure on sport. So they paid some out but they got more back. That is the kind of analysis that comes out once you start looking and trying to find where the money is going. You get your expenses but then you get an entry called "other". A lot of clubs have other expenditure. It could be that over 12 per cent of their total revenues from gaming is called "other".

**The Hon. GREG PEARCE:** So does every Australian Stock Exchange company.

**Dr CON WALKER:** Yes, that is true. But they do not get a subsidy from government.

**The Hon. GREG PEARCE:** They have other expenditure.

**Dr CON WALKER:** Yes, that is true.

**Dr JOHN KAYE:** But we are not funding it.

**The Hon. GREG PEARCE:** We are not funding it.

**The Hon. CHARLIE LYNN:** One of those "others", for example, such as Anzac Day throughout New South Wales, probably would not exist in many areas if it were not for clubs. To my mind, that is a national benefit, it is a wonderful community benefit, and it is a reality that the Government would not subsidise or support every Anzac Day service and sport and everything that goes with that if it were not for the local club.

**Dr CON WALKER:** They get compensated for a lot of those things, a lot of those expenditures.

**The Hon. CHARLIE LYNN:** I do not think they do.

**Dr CON WALKER:** Give me an instance which club would be—

**The Hon. CHARLIE LYNN:** The Government has trouble paying for the Anzac Day service in Sydney. I am talking about Walgett and places such as that where it is a local community. It is usually centred around the club that often does not exist now and you also have programs where major clubs are supporting these smaller clubs nationally to the extent that they are able. RSL sub-branches are another one. They would not exist in many cases if it were not for the clubs.

**Dr CON WALKER:** That is not quite right. That is something that a lot of people believe, but when you examine the issues, not much money goes from major clubs to local RSL clubs. There is no legal connection.

**The Hon. CHARLIE LYNN:** I am not talking about RSL clubs in particular; I am talking about other clubs. I believe that they have looked at programs where larger clubs, through amalgamation or partnerships or whatever, are trying to keep or help other clubs.

**Dr CON WALKER:** Sure, and in some cases what they have done, if they have any machines, they transfer to the most profitable club, so they gain something out of that association as well. The big club gains the machines. This club, for instance, has been applying for transfers of machines from smaller clubs to this club. I agree they help small clubs to exist, but they get some benefit.

**The Hon. GREG PEARCE:** In your opening remarks, you suggested there was an exaggeration in the employment figures by the clubs. I assume you were using Australian Bureau of Statistics [ABS] figures, were you?

**Dr CON WALKER:** Absolutely.

**The Hon. GREG PEARCE:** Can you assure us that the methodology of the clubs and pubs used was the same as the ABS uses?

**Dr CON WALKER:** I have to tell you that in the past when I have used club figures and checked them with the ABS, they have been even more exaggerated. They have improved a little bit.

**The Hon. GREG PEARCE:** You cannot assure us that the same methodology has been used, can you?

**Dr CON WALKER:** I cannot assure you—

**The Hon. GREG PEARCE:** No. I think we should invite the clubs and pubs to explain the difference in the numbers.

**Dr CON WALKER:** Yes.

**CHAIR:** I have made a note of that as a question on notice.

**The Hon. GREG PEARCE:** When you were asked about the difference between pubs and clubs, you did not seem to think that there was any difference. My understanding is that most pubs are privately owned, paying for—

**Dr CON WALKER:** Sorry, when did I say there was no difference?

**The Hon. GREG PEARCE:** In answer to Dr Kaye's question.

**Dr CON WALKER:** In terms of taxing them.

**The Hon. GREG PEARCE:** Yes. Do you stand by the comment that there is no difference between pubs and clubs?

**Dr CON WALKER:** Well, there are a lot of differences between clubs and pubs—a lot of differences.

**The Hon. GREG PEARCE:** Do clubs pay dividends?

**Dr CON WALKER:** No, they do not.

**The Hon. GREG PEARCE:** But pubs do, if they are profitable?

**Dr CON WALKER:** Well, it depends on what the ownership structures are. But also, pubs pay income tax on all their revenues.

**The Hon. GREG PEARCE:** It seemed to be foreign to you that different entities could pay different rates of tax. Is that the case?

**Dr CON WALKER:** No, I said that entities in the same industry—

**The Hon. GREG PEARCE:** Same industry?

**Dr JOHN KAYE:** That is what she said to me.

**The Hon. GREG PEARCE:** Would you think then that companies and individuals who were working in the same industry should be paying the same rate of income tax?

**Dr CON WALKER:** Say that again?

**The Hon. GREG PEARCE:** Companies pay a different rate of Federal income tax to individuals. They often work in the same industry, so are you suggesting that they should be paying the same rate of tax?

**Dr CON WALKER:** No.

**The Hon. GREG PEARCE:** Okay. Are you aware that some taxes fall on some entities but not on others? For example, payroll tax is only applied to employers?

**Dr CON WALKER:** Sure. Thank you for reminding me. When I talk about the tax subsidy for clubs, the tax concessions to clubs are not limited to the gaming tax. They also have—

**The Hon. GREG PEARCE:** My simple point is—

**Dr CON WALKER:** Can I just add—

**The Hon. GREG PEARCE:** Let me just—

**CHAIR:** The witness wants to finish that sentence.

**The Hon. GREG PEARCE:** My simple point is that it is not unusual in public policy for there to be different rates of tax or for there to be concessions, but different types of taxes and that is a sensible public policy situation.

**Dr CON WALKER:** No, you are describing something different, Mr Pearce.

**The Hon. GREG PEARCE:** I am not.

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**Dr CON WALKER:** You are. Can you name an industry where two participants in that industry paid different rates of tax?

**The Hon. GREG PEARCE:** The legal industry.

**Dr JOHN KAYE:** Doing the same thing?

**Dr CON WALKER:** Doing the same thing, absolutely the same?

**The Hon. GREG PEARCE:** Start with the legal profession, listed companies that provide legal services and individual solicitors.

**Dr CON WALKER:** Well, they are different structures. You are not comparing like with like.

**The Hon. GREG PEARCE:** We are. Pubs are different structures to clubs.

**Dr CON WALKER:** Most of the pubs are owner-operators.

**The Hon. GREG PEARCE:** You cannot have it only the way that you want to put it.

**Dr CON WALKER:** They are not all corporations. Are you implying that—

**The Hon. GREG PEARCE:** My understanding is that there are a large number of pubs and certainly the biggest ones are corporations.

**Dr CON WALKER:** Well, some of them are.

**The Hon. GREG PEARCE:** Yes.

**Dr CON WALKER:** Some of them are, so are clubs. Clubs are corporations, and they are bigger. They are much bigger.

**The Hon. GREG PEARCE:** But they are not for profit.

**Dr CON WALKER:** They are not for profit but hotels—

**The Hon. GREG PEARCE:** Thank you.

**Dr CON WALKER:** But hotels do not receive a subsidy from the Government and they also pay top rate income tax.

**The Hon. GREG PEARCE:** Yes.

**Dr CON WALKER:** They are truly different in terms of—

**The Hon. GREG PEARCE:** That is my very point. It is a matter of public policy to treat them differently because of the way that their profits are utilised. In the case of clubs—and I am not making the case of clubs; I do not have a view on it one way or the other—I want to know that the information that the Committee is considering is accurate and that it reflects the real reasons it is in place.

**CHAIR:** Our time has expired.

**The Hon. GREG PEARCE:** The fact is that clubs pay a different rate.

**CHAIR:** Committee members will put any other questions on notice. We are happy to give you 21 days to answer any further questions on notice.

**Dr CON WALKER:** Can I just add one point, Chair, in relation to what Mr Pearce was saying, and that is that the subsidy I focused on, while it is the gaming tax subsidy, clubs also have subsidies or concessional

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rates on payroll tax—they pay no payroll tax—and also transfer duties and other stamp duties, which amount to about \$100 million.

**The Hon. GREG PEARCE:** And pensioners get concessions on their council rates. Concessions and things are part of—

**Dr CON WALKER:** So you are comparing pensioners with clubs?

**The Hon. GREG PEARCE:** Well, why not?

**Dr CON WALKER:** I am puzzled.

**Dr JOHN KAYE:** Clubs have turnovers of hundreds of millions of dollars.

**CHAIR:** That brings us to the end of the questions for this witness before we get into deeper water. Thank you very much for your appearance and for the work you have done in your research to provide that information.

**(The witness withdrew)**

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**SUSAN GIBBESON**, Manager, Social Development, Fairfield City Council, and

**AMANDA BRAY**, Group Manager, Community Life, Fairfield City Council, sworn and examined:

**CHAIR:** Do you wish to make an opening statement?

**Ms GIBBESON:** First of all, I would like to thank you for inviting us here today. We come from local government, so our interest is the community of Fairfield. We are not researchers or treatment service providers, so we speak generally. I work with secondary research and anecdotal evidence.

The Fairfield City area is quite a unique place in that we are the home of about 20 per cent of people who enter New South Wales on humanitarian visas. About 25 per cent of our population speak only English and about 20.4 per cent do not speak English at all or not very well. The remainder are effectively bilingual. This gives us a little bit of a problem when we are looking at the impact of gambling on Fairfield and things like that because there really is no research that specifically looks at particularly refugee communities that have experienced high levels of trauma and torture and all the stresses that go with the migration experience. Nor do they look at that situation in a highly disadvantaged community. We are now the third most disadvantaged community in New South Wales with Central Darling and Brewarrina only coming below.

Specific research within our context is really important. One of the reasons it is very important is when it comes to legislation and applications for new poker machines. These have to be assessed in terms of the specific proposal on the specific venue in the specific community. At the moment legislation for all new applications requires the community to really do that analysis and respond to applications. This requires a lot of investment. It is quite specialised and complex so I would like to put to you that bringing back independent assessors to do the assessment of benefit and detriment to a community when they are looking at new machines would actually be very helpful. Local government, health and police are not resourced to really do that level of analysis and research. Our community is language challenged, it is financially challenged and it is very difficult for them to be articulate and have a voice.

**CHAIR:** Who would pay for those independent assessors?

**Ms GIBBESON:** I am only fairly new to this sector but I believe under previous systems the State Government paid for them.

**CHAIR:** That takes the pressure off the council and the council staff.

**Ms GIBBESON:** Yes, because it is quite a lot of investment in resource investment to do the analysis and it is quite tricky.

**The Hon. ERNEST WONG:** In your submission you stated that the impact of gambling will probably be felt more severely in Fairfield than other areas. What do you base that statement on and how do you think local government can be involved in helping to address those issues?

**Ms GIBBESON:** There is a lot of information there. How do we work out the impact? Really, we look at the density of machines. I look at how many people there are over 18 years of age. I think there is about 37 or 39 people per electronic gaming machine [EGM]. That is a lot. That is a very high density. We can look at the net profits generated by the machines. That is about \$389 million from all poker machines across the area. So we have got a sense of how much our community is expending or losing. That is the profit the venues are making, so it is coming largely out of our population. Then I look at the level of median individual income.

When you put all those numbers together, which I do not always do very well, while it is not a large amount it comes out to quite a significant proportion of household income or individual income. I think our median individual income in 2011 was \$369 a week. The gap between income levels in Fairfield and the rest of Western Sydney, New South Wales, Sydney metro and Australia just gets bigger and bigger. In the five-year period between censuses our incomes went up by \$50 whereas every other area I have named went up by at least \$100. So our gap is getting bigger. Our profits in poker machines are increasing on a dollar value. That is how I can do it. That is how I draw those conclusions. Your second question was how can local government be involved?



**The Hon. ERNEST WONG:** Yes. I have been on Burwood Council for a long time. We do not have a particular division to look into those issues. We do have studies, but we do not conduct outreach with the residents to see if they have problems with gambling. I am not sure if that is what Fairfield council is doing. How are you able to get involved?

**Ms GIBBESON:** We are not involved at that level. We do have a policy. We recognise that gambling is a recreational activity. We assess every application that comes in for additional machines and assess their detriment over their benefit and make responses accordingly. We are not resourced to go out and do it. However, we do some basic looking. I know our emerging communities are coming in with languages for which there is no literature either through the multicultural gambling unit or the Office of Liquor, Gaming and Racing [OLGR] about gambling in the community language. There is nothing there in languages.

**The Hon. ERNEST WONG:** Do you provide information in different languages to various ethnic communities to make sure that they understand the risk they will be facing?

**Ms GIBBESON:** We do not do that because it is very expensive. Translations are very expensive. I think there might be something in the legislation that says there is some information that has to be given but you cannot translate that separately. I would need advice on that. I did see something about it having to be provided in Chinese, Arabic and a few languages but you could not translate it separately.

**The Hon. ERNEST WONG:** Your role is very much in identifying the problem and then your submissions go to whichever government body looks into and addresses that issue?

**Ms GIBBESON:** We make submissions. When there is an application for additional machines we respond to those submissions with the analysis we have managed to do on it.

**The Hon. MICK VEITCH:** Your submission refers to the unquantifiable impact of gambling. What do you mean by that as it relates to the Fairfield community?

**Ms GIBBESON:** In the 1999 Productivity Commission report and I think the 2010 report there is reference to "unquantifiable".

**The Hon. MICK VEITCH:** You have drawn your comments from that?

**Ms GIBBESON:** Yes. I draw it from those. You cannot quantify them. It is very difficult. What I do know is in the information published by the Public Health Unit coming out of South Australia in the mid-2000s the data showed that the Fairfield area has a higher rate than other areas of people with mental illness and mood disorders. That also showed that 40 per cent of our children were living in poverty. I think we have got slightly higher suicide rates in some cohorts.

**The Hon. ERNEST WONG:** Do you receive a lot of applications for new machines?

**Ms GIBBESON:** We have only received two in the time I have worked at council.

**The Hon. MICK VEITCH:** Local governments have to have strategic community plans and statutory plans in place. Are there specific provisions in Fairfield City Council's plans around the impacts of gambling for this community?

**Ms GIBBESON:** Gambling is mentioned in that, along with other addictions and other health issues. We have a goal in our community strategic plan, yes.

**The Hon. MICK VEITCH:** And the goal is?

**Ms GIBBESON:** For a healthy and active community. I cannot remember the wording under that but we obviously have a number of public health issues in this area and addiction is something that does come up.

**The Hon. MICK VEITCH:** You mentioned the need for more research, which comes up a lot in a range of our inquiries. Who do you suggest should pay for that research?

**Ms GIBBESON:** I am happy for the Responsible Gambling Fund to pay for it. I actually have not got an opinion on that. All I know is when I come to having to analyse an application for machines the legislation for that requires very specific research. In my scanning of research, there is almost nothing on newly arrived people. There will be information on culturally and linguistically diverse [CALD] communities but there is nothing on newly arrived and highly disadvantaged people in the context of an area with a very high density of machines.

**The Hon. MICK VEITCH:** We have heard from Dr Betty Con Walker about how clubs contribute to communities. If Mounties was not here who would you suggest would provide some of the things it provides?

**Ms GIBBESON:** In my previous role I was a cultural planner and I spent quite a bit of time looking at the development of Western Sydney in the post-war period, which of course is when Western Sydney really took off. In the mission to provide housing to everyone the State government provided very little other infrastructure. This was acknowledged sometime after with the Area Assistance Scheme and special funding programs. Those programs have now gone. The response of the local community was to form into clubs. I also believe that liquor licences were very hard to come by in that period, so the formation of community clubs based around sport or whatever was the way the community provided self-help. I think it is on the record that local government is struggling and under a number of financial pressures. While Fairfield is in a relatively healthy financial state, that does not mean we are rich. It also does not mean that we have a lot of spare money either to undertake research into gambling or to promote responsible gambling. We have a huge number of social pressures and demands.

**Dr JOHN KAYE:** I begin by thanking Fairfield City Council for its submission and congratulate you on taking the health concerns and the social issues of your population seriously. You are not only person in this room who has had a numerical error in a submission; it is not uncommon. I know there is one and there may be more who have done similar things in the past.

**Ms GIBBESON:** Thank you.

**Dr JOHN KAYE:** It is an excellent submission. I will go to what I think is the heart of the matter. You say that the median income is \$369 a week for Fairfield residents and that the average resident is spending \$53.25.

**Ms GIBBESON:** Yes.

**Dr JOHN KAYE:** You refer to disposable income, and you say that there is significant gambling stress on the average Fairfield resident.

**Ms GIBBESON:** Yes.

**Dr JOHN KAYE:** That is the nub of what you are saying.

**Ms GIBBESON:** Yes.

**Dr JOHN KAYE:** I do not know whether you were here, but we heard earlier this morning from ClubsNSW that Fairfield has a remarkably low rate of problem gambling. Mr Ball made that suggestion, and I think he based that on official figures that he obtained. Would you like to comment on that?

**Ms GIBBESON:** I am not aware of the source he is quoting. From what I have seen, there are at least two ways to work out problem gambling. One has involved statewide surveys asking people how often they gamble and then applying the Canadian index and things like that and coming up with a percentage based on the number of people. That is very rough. That is the methodology that I understand was used by the Ogilvy research commissioned by the Office of Liquor, Gaming and Racing and published in 2012. That shows that south western Sydney has a lower rate of gambling as a percentage of population because they have looked at how many people have said they gamble. In 2011, 27 per cent of the population in south western Sydney said they had used poker machines in the past 12 months. The rate in other areas of New South Wales was significantly higher than that. That is a methodology they have used.

The Productivity Commission used a different methodology. I think it stated that every \$21,000 worth of expenditure equates to one problem gambler. You look at the amount of expenditure in an area and divide it

by 21 and that will give you a rough idea of the level of problem gambling. They produce two completely different figures, particularly in an area like Fairfield. The first methodology is saying that it is evenly spread. I do not agree with it. However, the Ogilvy research treats south western Sydney as one area. South western Sydney goes from Wollondilly and—

**Ms BRAY:** The Hills.

**Ms GIBBESON:** No, not south-western—Camden and that area, up to Fairfield. The difference in demographic profile is extreme. It is a difficulty we have correlating the differences in south western Sydney. If you start quoting greater western Sydney you are looking at the Hills district compared to us. There is no homogeneity; it is polarised.

**Dr JOHN KAYE:** On those figures, if there is a low rate of gambling in Fairfield and a high rate of median gambling expenditure, would that not then suggest there is in fact an extraordinarily large number of punters who are gambling a lot of money to drive up that median figure?

**Ms GIBBESON:** That is logical.

**Dr JOHN KAYE:** That would suggest that in fact there is a significant gambling problem in Fairfield.

**Ms GIBBESON:** I think that is logical.

**Dr JOHN KAYE:** A previous witness talked about what Fairfield would look like without Mounties. What would Fairfield look like if the revenue that comes from Mounties that is used for community facilities were collected on a more socially just basis, that is, on a more progressive basis? I am talking about the same revenue but collected from high income households rather than from lower income households.

**Ms GIBBESON:** Within Fairfield or generally?

**Dr JOHN KAYE:** Generally.

**Ms GIBBESON:** I am a bit stumped by that. We have about 4 per cent of New South Wales's poker machines and we generate about 7 per cent of the profit. We have 4 per cent generating 7.6 per cent of the profit. We contribute 8.9 per cent of the amount of tax received by the State Government. Poker machines in Fairfield are quite profitable for the State Government.

**Dr JOHN KAYE:** So it is fair to say that via the poker machines here at Mounties we are actually taking tax revenue out of Fairfield even though it is the third most—

**CHAIR:** The honourable member can put that question on notice.

**Ms GIBBESON:** Thank you. We have 21 clubs and Mounties is only one of them. We also have 18 hotels, all with poker machines. There are many venues and most of them are clubs, and we are the most disadvantaged area in Sydney.

**CHAIR:** Your submission refers to crime and gambling. You say that the link between crime and gambling is not addressed. You are also critical that the police do not record crimes that are caused or influenced by gambling and therefore the effect of gambling on crime cannot be known. Can you comment on that?

**Ms GIBBESON:** I do not mean to be critical; it is a statement of fact. It is the same in the health system. When someone comes into the health system from what I understand they do not record the driver of the injury or that presentation. If it is a domestic violence dispute, when the police make the arrest they have a list on which they mark the primary cause of the crime, and that includes alcohol. There are a number of options, but they do not include gambling. That data collection enables us to split domestic violence into alcohol-related and non-alcohol-related domestic violence. It is data collection at that point that enables us to do that analysis.

At the moment when people ask about the relationship between crime and gambling—and looking at the legislation I would presume that it has been seen as a money laundering operation—anecdotally we know that it is shifting but we have no way of getting that hard data. The case of a woman who was arrested as a drug

mule was identified in the court system as being gambling related. However, no-one knows how many situations like that are actually occurring. I do not mean to be critical; it is a statement. That level of data collection in the police and health systems would be very helpful in terms of understanding the situation.

**CHAIR:** You would be very happy if the Committee made a recommendation along those lines?

**Ms GIBBESON:** Yes, in the health and police sectors. That would be fabulous.

**CHAIR:** Your submission states that in addition to electronic gaming machines some venues in the Fairfield area have effectively established electronic casinos. We often debate in Parliament whether we should have another casino. You are saying that you have casinos throughout Fairfield.

**Ms GIBBESON:** That is my interpretation of it. Officially they are called multi-terminal gaming machines. You can play Blackjack, roulette or whatever.

**CHAIR:** You made the comment there are also casino games such as roulette, Blackjack and so on occurring in Fairfield.

**Ms GIBBESON:** Yes.

**CHAIR:** There is a wide range of gambling activities going on.

**Ms GIBBESON:** Yes. We have approximately 3,789 electronic gaming machines in this area. So there would be a very broad variety of locations, styles and complexity. We have multi-terminal machines that I cannot understand, casino-style operations, private rooms and pubs. There is everything.

**CHAIR:** Your submission also refers to the need for research into the impact of gambling in disadvantaged communities and communities with high levels of new arrivals. That would be something you could not address; it is beyond your resources, but it could be done by the State Government.

**Ms GIBBESON:** That is correct; it is well beyond our resources. However, it is needed because of the experience of refugees and those related to them. That is significant.

**CHAIR:** You also stated that Fairfield City Council has a policy to address gambling in acknowledgment of the impact that it has on your residents, you do not support any additional electronic gaming machines and you encourage leisure activities and gambling-free venues, particularly for young people. Are there many gambling-free venues?

**Ms GIBBESON:** We certainly do not have as many gambling-free venues as we would like and as exist in other places. That goes back to the point I was making earlier about the development of Western Sydney. The clubs and pubs are incredibly important and they are critical points of socialisation and entertainment. Without the clubs, there would be nothing to do in Western Sydney. In the development of Western Sydney they are very important. But, in terms of the relationship of gambling to Western Sydney, we need diversity. If you self-exclude from gambling in any venue, club or pub, you cannot enter that venue. That means you cannot come to the restaurant, gym or anything else. You are excluded from the premises. That is part of the reason that we need alternative social areas. Someone spoke earlier about how new arrivals find clubs and pubs—the gambling environment—very comfortable because they are language free. We need to find other opportunities because it is about the normalisation of gambling in our everyday lives. Dr Gainsbury spoke about that.

**CHAIR:** Should that self-exclusion be qualified to allow people to enter the premises and enjoy the recreational areas and the restaurants without being allowed to go into the poker machine areas?

**Ms GIBBESON:** That would be very difficult because the gaming machines are often visible and easily accessible from the eating areas and the other social areas.

**CHAIR:** They are highly attractive.

**Ms GIBBESON:** Yes. It would be very difficult, particularly if you were an addict. I do not know how an addict would walk past. I am sure some could, but it would be very difficult. One of the clubs pointed out to

me when I suggested that that would make it very difficult for them to uphold the exclusion because once people are inside the club there are no boundaries. There are no check points going into the gambling areas.

**The Hon. GREG PEARCE:** We have been bamboozled with a lot of figures today. I draw your attention to the figures quoted earlier, that Fairfield has 4 per cent of gaming machines and 7.6 per cent of profits. You also point out that Fairfield is the third most densely populated area. Could it simply be that there are more people putting more money through the machines in Fairfield than there are in Gunnedah, for example? Might that account for the variation?

**Ms GIBBESON:** You could suggest that, but when you compare that to income levels, Fairfield has a median income level of \$389.

**The Hon. GREG PEARCE:** I was troubled by that number, too.

**Ms GIBBESON:** Almost anything is likely to cause some sort of impact, because of rents and everyday life. I could not live on the \$389 a week.

**The Hon. GREG PEARCE:** What is the source of that number?

**Ms GIBBESON:** That is census data from 2011.

**The Hon. GREG PEARCE:** It is pretty apparent that you think there is something wrong with gambling and gaming.

**Ms GIBBESON:** No. As an individual I do not play poker machines but I do indulge in other forms.

**The Hon. GREG PEARCE:** I am the same.

**The Hon. CHARLIE LYNN:** In your liaison with police, have you had any hint of the level of money laundering here?

**Ms GIBBESON:** I have never discussed that with the police. In a public hearing for one application, a policeman recounted an anecdote about a gentleman who was quite a large drug dealer and half his profits were going through the poker machines and the other half was returned to his family. Apart from that, I am picking up money laundering more from legislation and guards in the legislation to prevent money laundering. I do not have any knowledge of it.

**The Hon. CHARLIE LYNN:** They are not the sorts of people who would respond to a survey and admit to the degree of their laundering, so you would have to rely on anecdotal evidence. Do you have any idea of the extent of illegal gambling activity in the area?

**Ms GIBBESON:** I do not directly deal with that, but I know that in some premises there is illegal gambling. I am not aware of the frequency or how widespread it is. Yes, it does exist.

**The Hon. CHARLIE LYNN:** You deal with community policing in your area. Do they have any idea of the extent of illegal gambling?

**Ms BRAY:** They may. That would be another department of the Fairfield Council, the enforcement department around use of buildings. They work closely with the police, but we are in the social planning department. We could take that on notice and see whether there is some information. I am aware that they have closed down one or two, but I have not heard that there are a lot of investigations or closures in that area. We can come back to you.

**Ms GIBBESON:** We have some controls, like we do not let some premises have window coverings to try to prevent illegal gambling. It is acknowledged as an issue, but I do not know the extent.

**The Hon. SARAH MITCHELL:** In your submission you make reference to children's exposure to gambling in certain venues. Although they are not able to gamble, by being in the area they see the machines and things. Do you get feedback from people in the community about that?

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**Ms GIBBESON:** In Fairfield gambling is so widespread that it is normal. We do not get a lot of negative feedback about it. There is some and it has been raised in our community engagement process. Dr Gainsbury explained that process really well.

**The Hon. SARAH MITCHELL:** I am following up because you put it in your submission, so I thought it must be something you are aware of.

**Ms GIBBESON:** I have been seeing a lot of applications come through, many for expansion of areas where minors can go compared to liquor licensing. I have noticed there has been an upward trend in making venues more accessible to minors. From an acculturation and normalisation process, I think that is a problem.

**The Hon. SARAH MITCHELL:** The Committee could look at how that is defined, using the example of liquor as supposed to gambling.

**Ms GIBBESON:** Yes. A lot of it is about co-location and the visibility of gaming machines from food service areas. A lot of people like to take their children to restaurants, but at times they are right beside poker machines or there will be raffles, the soft entry point, in those eating areas.

**CHAIR:** Thank you for the valuable information you have provided. It is very nice to be in your local government area. You have 21 days to respond to any questions on notice.

**(The witnesses withdrew)**

**(The Committee adjourned at 1.12 p.m.)**