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REPORT OF PROCEEDINGS BEFORE

SELECT COMMITTEE ON THE IMPACT OF GAMBLING

INQUIRY INTO THE IMPACT OF GAMBLING

At Sydney on Friday 11 April 2014

The Committee met at 11.00 a.m.

PRESENT

The Hon. S. Mitchell (Acting-Chair)

Dr J. Kaye

The Hon. M. R. Mason-Cox

The Hon. M. Veitch

The Hon. E. K. C. Wong

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ACTING-CHAIR: Welcome to the second 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 Eora nation and extend that respect to other Aboriginals present. Today is the second of four hearings we plan to hold for this inquiry. We will hear today from ClubsNSW, the Australian Hotels Association (NSW), Wesley Mission and CatholicCare, the Consumer Credit Legal Centre and the Presbyterian Church of Australia in New South Wales.

Before we commence I will make some brief comments about the procedure for today's hearing. Firstly, due to medical reasons the chair will be absent today. 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 a witness 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, sworn and examined:

JOSH LANDIS, Executive Manager of Public Affairs, ClubsNSW, affirmed and examined:

ACTING-CHAIR: You have provided an extensive submission to the Committee but would you like to make a short opening statement as well?

Mr BALL: I would, thank you. Thank you for the opportunity to present the harm minimisation efforts of the club industry to you today. ClubsNSW believes that gambling is an enjoyable pursuit for millions of Australians and has been for decades. The industry provides significant social and economic benefits in terms of community support and engagement, entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations. ClubsNSW has always recognised that for a small minority of people excessive gambling causes harm for themselves, their families, the community and our clubs. Clubs have worked cooperatively with both Labor and Coalition governments as well as regulators for many years to implement proven cost-effective harm minimisation policies.

ClubsNSW believes a suite of prevention, intervention and treatment measures tailored to respond to the circumstances of the individual problem gambler is the most effective way of addressing the harms from problem gambling. The efficacy of this approach is borne out by the fact that New South Wales has a very low problem gambling prevalence rate. Not all harm minimisation measures are the result of government intervention. Clubs have trialled and initiated many policies to the benefit of their members and the community. We believe that as a result of these ongoing industry-led reforms New South Wales clubs are now world's best practice when it comes to the responsible provision of gambling. There are four initiatives today that I think prove this assertion.

One is online multi-venue self-exclusion. Problem gambling counsellors have advised that since self-exclusion was introduced 13 years ago it has become the single most effective tool that venues can provide to problem gamblers in conjunction with face-to-face counselling. To strengthen this approach ClubsNSW developed a web-based multi-venue self-exclusion system designed to assist people with a gambling problem to self-exclude from up to 25 venues. This allows most participants to achieve the coverage necessary for where they live, work and socialise.

Problem gamblers no longer have to visit each club they wish to self-exclude from. In fact, now they do not have to visit the club at all; they can see a gambling counsellor and self-exclude from multiple venues without ever having to enter a club. Or course, the option to self-exclude from multiple venues in one application at their local club does remain. What this means for clubs is that they no longer rely on blurry printed photographs, sometimes in black and white, of self-excludees. This is a sophisticated web-based system which makes it easier to identify if a self-excludee is tempted to breach their self-ban and re-enter the restricted club area.

The system also helps ensure that all stakeholders involved in assisting the self-excludees to meet their abstinence goals are made aware of any detected breaches through a sophisticated reporting capability. If there is a counsellor involved they will be alerted to any breach attempt and can follow up with their client to explore if further assistance is required. The system encourages vigilance and collaboration. The Committee should be aware that ClubsNSW is now looking to roll this system out across the State and expects that process to be completed by the end of the year across all gambling venues. Eventually we hope to include every club and hotel in Australia, which will be particularly beneficial for New South Wales residents who live along State borders.

In addition to online multi-venue self-exclusion ClubsNSW has for many years advocated for further measures to enhance self-exclusion. These measures include jackpot forfeiture where the self-excludee agrees to forfeit any jackpot they might win to the Responsible Gambling Fund. That measure would substantially reduce the temptation or desire to gamble in breach of their self-exclusion. We also support a process of family intervention which would allow concerned family members to raise the alarm with a club if they believe their loved one has a gambling problem.

The second set of initiatives is Club Safe and Club Safe Premium. ClubsNSW provides Club Safe, the New South Wales club movement's responsible conduct of gambling program. It is administered by ClubsNSW and designed to help registered clubs actively manage their responsible gambling operation to surpass legislative

requirements and community expectations. We employ five people in our program including two fully qualified counsellors. In recent times we have also launched Club Safe Premium for clubs seeking a more comprehensive suite of programs. It provides advanced employee training for management and staff working in a gambling environment, audit and compliance best practice, patron information and tailored policy advice.

The third initiative is club chaplaincy. Following an immensely successful trial on the New South Wales Central Coast at the iconic Mingara Recreation Club, ClubsNSW has entered a partnership with the Salvation Army to offer chaplaincy services in clubs. The Salvos have long recognised the role clubs play as the centre of Australian communities and the club chaplain provides a supportive and understanding presence for many club members and staff in troubled times. Whether because of the death of a loved one, relationship problems, drug or alcohol issues, depression, mental illness or loneliness, the club chaplain is there to minister to the club population and the greater community that the club supports.

In our view, chaplaincy is the most significant initiative for preventing problem gambling undertaken by the club movement. For the first time an industry-led assistance program is addressing the underlying issues that lead to problematic gambling behaviour. By recognising those causes pastoral care will help prevent people from developing a gambling problem before it starts. I am pleased to report a further nine clubs are actively investigating participation in this program and we expect many more to engage a chaplain in the years ahead.

The fourth initiative is funding research. ClubsNSW is working towards a deal with a major university to fund ongoing independent research into problem gambling, harm minimisation and treatment options. ClubsNSW does not support the introduction of untested one-size-fits-all restrictions around the provision of gambling when the vast majority of its adult residents enjoy gambling without issues. We firmly believe that problem gambling is a complex issue which affects people through different causal pathways and requires targeted solutions that best address the individual's own needs. We therefore support a holistic approach which promotes a culture of responsible gambling while increasing the help-seeking rate amongst problem gamblers as the best way of reducing the rate of problem gambling.

We are spending time and money developing and implementing our own Australian-specific harm minimisation methods. These measures are evidence of a cultural shift in our industry to address and redress the harms experienced by the group of people who have a destructive relationship with gambling. On the basis of comparisons with practice worldwide, we and many international gambling academics believe these measures make New South Wales clubs the most responsible gambling providers anywhere in the world. I am happy to take your questions.

The Hon. MICK VEITCH: Are you able to table your prepared opening speech for us?

Mr BALL: I will.

The Hon. MICK VEITCH: What definition does ClubsNSW use for the word "responsible" when you talk about responsible gambling? From where do you source your definition for that?

Mr LANDIS: Do you mean responsible for venues or responsible for the individual?

The Hon. MICK VEITCH: That is exactly what I am getting to. It would appear that there is a variation around the word "responsible" when we talk about responsible gambling practices.

Mr LANDIS: I suppose there are a couple of things. For the individual it is about the enjoyment of the activity. It is when they are not in trouble, when they do not have a destructive relationship with gambling whether that is through financial pain or emotional, psychological distress. That is the individual. Obviously, we like to see people who enjoy their gambling. The overwhelming majority of people do. They believe it adds value and enjoyment to their life.

In terms of venues, we believe it is about the environment that we provide being an environment in which people are able to enjoy the activity and where we provide world's best practice so that they understand that there are treatment measures in place if they choose to access them where we try to train our staff to recognise if people have a problem and put in place options for those who want them. As Mr Ball said, we are looking at chaplains available to help people who have a problem whether it is gambling or related to anything else. In that sense we believe in providing as responsible and decent an operation as we can to allow those who have gambling problems to find the help they need.

The Hon. MICK VEITCH: The word "responsible" has been used a lot and I want to make sure we are all singing from the same hymn sheet, so to speak.

Mr BALL: I think we are, Mr Veitch. If you look at the old pub test, which is you ask somebody what they think responsible is. If you run through—and they are in our submission—all of the measures that have been introduced in New South Wales over a 15-year period now by both sides of Parliament and actively by the industry just about everybody would say that is a responsible approach. So we are about creating the safest possible environment for our people. It is not in our interest to have otherwise. They are our members; we want them to be our members for long period of time, from when they are 18 right through to when they are 70 years old. It is not a case of us wanting people to have problems in their dealings with us.

I think the definition of "responsible" is tough. What is responsible? But if you look at what has happened, if you look at the work over a 15-year period I think anyone would say that is a responsible approach. As Mr Landis said, the individual of course has their own responsibility to themselves and to their family and that is a difficult issue as well. A lot of this debate is about where do you draw the line? Where does individual responsibility stop and the responsibility on the venues start? That is something that has evolved and I think we have gained a greater appreciation about what we need to do to make sure that our environment is as safe as it can be. There is no perfect definition, but I think a common-sense test applied would see people making the judgement that we are responsible about the way we go about it.

The Hon. MICK VEITCH: If Committee members will allow me a little grace to ask about a geographic parochialism issue, on page 19 of your submission you talk about the varying rates of problem gambling prevalence. In the Riverina-Murray it is 1.6 per cent compared with the Hunter at 0.5 and Western Sydney 0.5 per cent. Can you explain the reasoning behind that increase? Is it a country thing?

Mr BALL: It is a really good question because it explodes a lot of the common myths about gambling and where it happens and the impact that it has. This is obviously a study done by the New South Wales Government. It as good a data set as we have. What we know about problem gambling is that there are comorbidities that precede problem gambling. Perhaps in country areas there is a greater sense of isolation or a greater incidence of depression. People are struggling with issues that perhaps in the city we are not dealing with, or even in Newcastle. Perhaps that is leading to a higher incidence of problem gambling.

What you see from that table on page 19 is that south-west Sydney has about the lowest prevalence of problem gambling, which might confuse some people. We do not know everything about this. That is why it is very, very dangerous to jump to conclusions about who is gambling, for what reason, and do they have a problem. I think you need to look at the other things happening in someone's life. We know all the solid research shows that problem gambling manifests itself a lot of the time when people are struggling. It is a form of self-medication. You need to go digging a little bit further. Looking at that table, clearly it is not just the existence of a poker machine that leads to problem gambling.

Mr LANDIS: There are other elements to it as well. You need to remind yourself that a survey—in this case a telephone survey—is a snapshot in time. There is no conveyor belt from at risk to problem gambling and back again. It is just a snapshot in time of where people are at. It may have been that at that particular time there were greater issues in that area of the State.

The Hon. MICK VEITCH: You spoke about comorbidities. I want to ask you about the experience of your constituency, ClubsNSW, of people who may well self-medicate while they have a punt or play the machines in your facilities. Is there a prevalence of alcoholism amongst people that also have a gambling problem?

Mr BALL: And other forms of destructive behaviour, no doubt. Some people spend way too much on shoes and other things. Some people drink alcohol, some people take illicit substances. There is, we believe, a percentage of the population that will engage in that kind of destructive behaviour. Our submission points out that there are other reasons that people might gamble problematically. That is a big part of it. We know from the counselling work that we do through ClubSAFE but also the chaplaincy program where we have a terrific Salvo in a club who is speaking to people. We know the types of people who come to our clubs. It is a slice of everyday life. The Salvation Army call our clubs the modern day town squares.

People are staying home more. They are not going to churches often. They tend to congregate at places like clubs. We see what the life is like there. That is why we are so determined to make chaplaincy work. We can intercept people. We can have a confidential trusted conversation with people about what is happening in their lives because the evidence shows that if you are not dealing with things in your life that can roll over into a problematic relationship with gambling. It is complicated. It also feeds into a whole lot of other things that we recommend such as the need for general practitioners and the health system to be more in tune for those issues. Let us not go looking for problem gamblers because you are looking for the wrong thing.

The Hon. MICK VEITCH: That leads to my next question which is about third party involvement in self-exclusion. You spoke about family members but what about general practitioners or counsellors or organisations in country towns that work with people such as financial counselling services?

Mr LANDIS: We are open to that. You will see in our submission that we recommend a process, a family intervention, a third party intervention. We think there needs to be some regulatory support to enable that process to occur. We have already brought in the counselling sector, as Anthony described, in respect of our multi venue self-exclusion program. People can go to their counsellor, have a conversation and the counsellor, on the spot, can exclude them from up to 25 venues of their choice. We are bringing in the counselling sector and working with them. We are bringing in chaplains. We are looking to bring in and families because they are better placed than anybody else.

The Hon. MICK VEITCH: You are open to it and would encourage it?

Mr LANDIS: We are publicly advocating for it.

Mr BALL: We have seen this. We have seen episodes where families are helpless. At the moment they do not have the power they need to intervene properly. Sometimes there are vexatious complaints against gamblers and club members but by and large it is well-meaning family members who are struggling to modify the behaviour of their loved one. Sometimes the club cannot do that either. We can do so much. We do not have trained counsellors in every club. There needs to be an official support, the backbone that allows us to do something in a situation where it is clear that a person is a problem gambler and their family cannot get them out of that environment. That issue needs to go to an independent panel to assess and make a decision and then perhaps issue an involuntary self-exclusion. We think there is real merit in that and we want to see that happen.

The Hon. ERNEST WONG: I have a follow-on question from my colleague regarding third party family members. In your club environment have you experienced family members coming to the club to ask for help rather than the gambler? Most gamblers do not admit that they have a problem. Sometimes there will be a family member who comes along. How do you address that?

Mr BALL: It does happen and they will always get a sympathetic ear. The club chief executive officer or the gaming manager will have a discussion with that person about the circumstances that have led them to come through the door. At the same time, the club needs to be mindful of the rights of their patron who is coming in and gambling, and quite possibly in a responsible way, but perhaps not. That will trigger, obviously, a process where the club looks at what is happening with that person. There needs to be more structure around it. There are conversations between clubs and gamblers every day of the week. "Anthony, how are you travelling? You have been here a while, mate. What is happening in your life?" Those conversations happen a lot. The club will never push me out the door. They will try to get me to open up and explain what is happening in my life. That is the right way to do it. The family has a slightly different perspective. They are looking at things that the club cannot see. We only see the person in the club. They see them at home and through their broader network. They are well placed to come in and have that conversation.

We think there needs to be more starch around this, so perhaps my wife, if I have a problem, can come in and force that issue a little bit more, make me observe and, if necessary, take an action that is consistent with the self-exclusion program. So let us go down that path and also build a network to allow my wife and my family to get the support that they need because often they are very helpless. They need support, how to handle that situation, how to respond, those kinds of things need to be put in place. Ultimately, if the gambler, the club member believes they do not have a problem and they want to keep gambling and the family wants them out and the club is in the middle, you will need an independent third party with some power to come in and make that assessment. This is not going to happen every day. It is not going to progress that far. A lot of the issue is getting people to open up and talk about it with their families and that resolves a lot. But we know from our experience that there will be instances where there needs to be an arbiter. That could be a psychologist, a social

worker or one other person saying, "We have assessed this issue. We have looked at it from both sides and, Anthony, we believe you are a problem gambler and you need to be excluded." At that point it will happen. Those conversations happen. I would not call it rare, but every so often it happens where that impasse is reached and we do need help.

Mr LANDIS: I will just caution the Committee. As good an idea this is, like all measures in this space we need to tread carefully. For example, failing to keep the anonymity of the complainant can potentially result in domestic violence in the home. We need to ensure that the club observes and assesses whether the complaint stacks up, has a respectful conversation with the individual, protects that anonymity, provides information and then there is a process that can be followed that has the support of the relevant parties that can determine whether the complaint is right or not.

The Hon. ERNEST WONG: A lot of submissions have mentioned policing of those prevention programs, such as the self-exclusion program. One witness stated that some gamblers have done their own self-exclusion program but that they still go into the venue. Do you see a lot of cases like that and how do you police them? The other question I have is how are staff trained to monitor those sorts of programs?

Mr BALL: I will let Josh handle the training issue. As far as self-exclusion, if you think about the way the process works, a really important part in getting help and responding to your problem is to identify your habit. Once that happens then automatically you will trigger a self-exclusion and a club would be alert to that and would execute the self-exclusion deed. That deed allows the person to be excluded from the gaming room but other parts of the club as well. They can elect to exclude themselves from the whole club but that is up to them. If you think about a country town such as Gundagai or Griffith, it might be the only social centre available to somebody, so exclusion from the entire club is socially isolating, which is why there needs to be that ability to exclude yourself from the gambling parts but from others as well, perhaps the whole club.

That is up to the individual to work through with their counsellor. But once that is set up it is on the club to monitor it and they do it diligently. If I have excluded myself from the gaming room, the club will have a system in place where they know who I am, know what I look like, particularly in country towns, and it will be strictly enforced. It is very effective. Clubs take that seriously and it works. It is not foolproof. That is why we think something like prize forfeiture adds an additional disincentive for a problem gambler to violate self-exclusion. No system is perfect. We know that self-exclusion is probably the single most important device to helping problem gamblers. It is effective. The multi venue self-exclusion system makes it easier to come into that system and to enforce. It helps clubs greatly with that enforcement. Clubs are doing that. Obviously the staff training element is an important part of how we monitor that in the club.

Mr LANDIS: Staff training is a critical area for clubs. We spend tens of millions of dollars a year on staff training. Many clubs have an intervention program for exactly this reason. Again, there needs to be some targets around when this occurs. For example, when someone reaches or exceeds their voluntary pre-commitment limit that can trigger a staff intervention of some kind. There are still some issues around the best way to engage a potential problem gambler or someone who might be showing signs of being frustrated with their gambling. We are aware that Gambling Research Australia is doing research into that specific issue. Critically, we want people to be empowered to seek out help, so we think that a club which provides information so that people can find the help that they need is a very significant issue and then we ensure that, particularly at management level, those people are trained to have a respectful conversation to help a person in need and direct them to counselling and other services.

Dr JOHN KAYE: Thank you Mr Ball and Mr Landis for your submission. I thought I heard you say, Mr Ball—I will paraphrase and correct me if I am wrong—that people have destructive behaviours and electronic gaming machines is one way they would express that. Was that the gist of what you were saying?

Mr BALL: It could be, indeed, but it could be other forms of gambling as well. We know problem gamblers do not just play poker machines. They play the ponies and gamble online as well.

Dr JOHN KAYE: Do we take from that it is your view that if took electronic gaming machines away from people with destructive behaviours they would play it out elsewhere?

Mr BALL: I think that is likely.

Dr JOHN KAYE: Is the overriding philosophy of ClubsNSW with respect to electronic gaming machines that this is just an outlet and it does not matter whether we do this or not these people will self-destruct so we might as well do it here?

Mr BALL: No. The philosophy is that more than 99 per cent of our customers do not have a problem with gambling. We start on the premise that the vast bulk of our membership can drink and gamble and enjoy a meal and do that without harming themselves or their families. Our philosophy is that we need to help problem gamblers. We do not need to treat everybody as one. When you look at that, you need to look at why people develop problems. As I said earlier, there is solid research that comorbid conditions precede problem gambling. When I say that a person with a problem, if they cannot play a poker machine will most likely gamble online or go to the TAB, I think they will. The evidence suggests that is what they do.

Dr JOHN KAYE: Page 36 of your submission lists the current harm minimisation measures. None of those talk about restricting the number of poker machines, restricting the hours of operations of electronic gaming machines or the design of electronic gaming machines. It appears that none of those are issues you see as either density, size of venue, design of the machine or the availability of the machine.

Mr LANDIS: Dr Kaye, if we go back to the previous page that Mr Veitch raised, you will see that, based on that New South Wales Government prevalence study, there is no connection between the prevalence and accessibility of gaming machines with the prevalence of problem gambling. That nexus simply does not exist. What we are about is creating as safe and as responsible an environment as we possibly can. People can have problems with their gambling in any hours. They might have problems with their gambling because they are a pensioner and do not have a lot of money or because they have psychological issues. They might have problems with gambling because it takes them away from their family for too long. There are no hard-and-fast rules in this space. That is why we always urge caution.

Dr JOHN KAYE: Let us go to the issue of venue size, which is one of the issues. We heard contradictory evidence yesterday from gambling experts to what you said then. They said the exact opposite of what you said—that accessibility is actually a key driver. Let us go to the issue of venue size. You would be aware that the more poker machines you have in a particular venue, the greater the profitability of those poker machines will be. Are you aware of that?

Mr LANDIS: Typically, that is how it works.

Dr JOHN KAYE: And typically, for example, data I got from the Office of Liquor, Gaming and Racing last year indicates that a poker machine in a club of 500 or more is expected to earn approximately \$20,000 a quarter in gross revenue whereas a poker machine in a club of size 10 would earn approximately \$2,000 a year. The large clubs are earning about 10 times the amount earned by the small clubs. Are you aware of those figures?

Mr LANDIS: Not specifically, but I think you have to keep in mind a couple of things. One is that the clubs did not start with that number of machines. They started small in 1956 and the ones that were successful grew. The mark of their success was that people played the machines, so they got more machines. We do not just look at it in isolation and say, "Oh, you've got more machines. You might have more problem gamblers", or, "You're doing well." It is that you have evolved over time. If you look at the photographs of our big clubs, they started as tin sheds.

Dr JOHN KAYE: Sure.

Mr LANDIS: These venues evolved over time to be in that place and, because of their size—and you would know, I am sure, Dr Kaye—their diversified business strategies. They will have a range of different entertainment facilities and people will take part in the gaming machines as just one reason. Those big clubs you are talking about will have 100,000-odd members compared to the small clubs that might have 5,000 or 10,000. That also makes a significant difference. You cannot look at these things in isolation.

Dr JOHN KAYE: I am sorry; I did not quite follow you. My point was that if you put a poker machine in the large club it makes more money than if you put it into a small club. That was my point.

Mr LANDIS: The large club already will be doing better. If you put a club with X hundred machines in different areas, they will not necessarily perform as well. Those particular clubs have the services that attract people. It is not just the machines necessarily.

Dr JOHN KAYE: Earlier Mr Ball said that part of the issue of dealing with people who have problems with gambling was the conversations they have. Part of that is identifying people who are at risk of destructive gambling behaviour. I do not want to pick on a particular one, but would it be fair to say that in a club such as Mounties, which I was in recently and where there are large halls of poker machines, it would be much harder to identify somebody who is in trouble with poker machine and their gambling habits than it would be at, say—I don't know—

The Hon. MICK VEITCH: Gundagai RSL.

Dr JOHN KAYE: Gundagai RSL where there are what—eight or 10 poker machines?

The Hon. MICK VEITCH: I do not know.

Dr JOHN KAYE: Take a venue with 10 poker machines.

Mr BALL: Dr Kaye, I would not say that. The reason I would say it is that both of those clubs, Mounties and Gundagai, would treat this issue the same way. They are of a different scale, but that does not necessarily mean that it is harder for Mounties. They have far more sophisticated systems at the front end as you enter the club than, say, the Gundagai RSL does. They have surveillance cameras. They have a greater staff presence on the floor. Trust me: Mounties know their members very, very, very well.

Dr JOHN KAYE: If I went into Mounties in a bad mood with my pension cheque cashed out and I started putting it all the way through the poker machines, losing the lot of it, would Mounties know that was happening?

Mr BALL: Mounties job would be—you would be a member, of course, and you would come in and you would gamble your money. Mounties would not know the fine detail of that; nor should they. In fact, you would not want them to know that.

Dr JOHN KAYE: But if everything was the same—I did the same thing in the same mood and in the same scenario—and went down to the Gundagai RSL where—and I do not know the Gundagai RSL—in most of the small RSLs the bartender has a line of sight to most of the poker machines, is it not more likely that the bartender would know me and would identify me and go, "Hey listen, John, call it a day. Come over here and have a chat."

Mr LANDIS: If you are a regular.

Dr JOHN KAYE: Even if you are not a regular, they would see me. They would see somebody. It is more likely in a less anonymous environment.

Mr BALL: Their job—the club's job—is not to supervise you. The club's job is to provide a facility that you can enjoy. Their job—in fact, their duty—is to make sure that if they feel you are a problem gambler or you are gambling problematically, then they intervene: But not by tapping you on the shoulder; by having that conversation that you just talked about. That happens at Mounties just as often. In fact it happens more at Mounties than it does at the Gundagai RSL. It happens differently.

Dr JOHN KAYE: How do you know that, Mr Ball? How do you know that?

Mr BALL: Because I know the systems that Mounties have in place and I know the way they manage their business.

Dr JOHN KAYE: Do you have data on the number of conversations that occur?

Mr BALL: Mounties would do, for sure. They have incident reports and they have quite sophisticated work on that. Yes, absolutely. The casino could probably tell you the same.

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Dr JOHN KAYE: Can you get us information on that? Could you take that on notice and get us the information?

Mr BALL: On the number of conversations?

Dr JOHN KAYE: Yes, comparing large clubs to small clubs—the number of conversations.

Mr BALL: I can certainly bring to you the systems that Mounties employ and how that plays out on the floor.

Dr JOHN KAYE: Because our time is limited, perhaps I can ask you to take that on notice.

Mr BALL: I will do that, for sure.

Dr JOHN KAYE: Can I go to an interesting topic which causes a lot of debate? Your members pay a lot lower tax rate on the electronic gaming machines than the people we will be interviewing next, which is the Australian Hotels Association. In fact, Treasury talks about it as a tax loss. They talk about \$791 million of tax loss. There have been a number of reports from the Productivity Commission and the O'Farrell Government's Commission of Audit that have been quite critical of the \$791 million. I have two questions: First of all, how do you justify that? Secondly, is it fair to say that that \$791 million is being reinvested in clubs to make them bigger?

Mr BALL: Tax expenditure is a part of the Treasury lexicon. It is not one that I particularly identify with. The first thing to point out is that the club tax rate has been set since 1956. In many ways that is the benchmark. If the Government chooses to tax another sector higher than that, then that is their business and certainly not mine. I would then observe that whatever tax expenditure the Treasurer might believe that we are making is more than repaid. If you look at the work that we have done through KPMG you will see that the clubs make a value-add of \$3.2 billion a year to New South Wales. On top of that there is a social contribution or dividend of \$1.2 billion dollars, which is substantial. We pay taxes of around \$1 billion so you can talk about a \$700 million tax expenditure, so-called, or you can talk about an actual tax contribution that employs police, nurses and teachers of over \$1 billion.

Dr JOHN KAYE: But if you were taxed at the same rate, you would accept that you are getting \$791 million. You accept that that figure is getting bigger as a result of the memorandum of understanding that you signed with the then O'Farrell-Stoner Opposition in early 2011 or late 2010.

Mr BALL: Late 2010. Look, the tax position of the clubs is now certain. I think that was done for a very good reason—to promote employment.

Dr JOHN KAYE: But the differential between clubs and hotels is getting greater in the tax machine.

Mr BALL: I do not know, but what I do know is that our tax paid to the government is increasing at about 5 per cent a year. That is a big number and it will continue to grow. The New South Wales taxpayer is happy that clubs are there to pay over \$1 billion a year in tax so that other forms of tax do not have to increase.

Dr JOHN KAYE: Most clubs—in fact, I would hazard a guess that all your clubs—are not for profit.

Mr LANDIS: All of them.

Dr JOHN KAYE: All of them are not for profit, so they make large amounts of net revenue.

Mr BALL: Some do.

Dr JOHN KAYE: Some of the bigger ones do, in particular. Where does that money go?

Mr LANDIS: It goes back to the core reason for being. If they are rugby league club, it goes to amateur and, in some cases, professional rugby league. If they are an RSL, it goes to veterans' welfare or local community needs.

Dr JOHN KAYE: So all the money they make, all the operating profit they make, goes into their club.

Mr LANDIS: Not all. Obviously, some goes back into the maintenance and the up-keep of the vehicle itself.

Dr JOHN KAYE: And expansion of the club?

Mr LANDIS: Of course.

Dr JOHN KAYE: What percentage of club revenue goes into club expansion?

Mr LANDIS: It depends on the club.

Dr JOHN KAYE: Across your sector? Do you have a breakdown of where your revenues go?

Mr BALL: We do.

Dr JOHN KAYE: Can we get access to that?

Mr BALL: We can, but just to make that clear.

Dr JOHN KAYE: And you will take that on notice?

Mr BALL: No, no. I will answer a bit of it now, but I will provide that.

Dr JOHN KAYE: Thank you.

Mr BALL: If clubs make a dollar, first of all, they have to pay their people. They employ 45,000 people.

Dr JOHN KAYE: Yes, I understand, but we are talking net of that.

Mr BALL: They then pay—you are talking about what is left.

Dr JOHN KAYE: Yes.

Mr BALL: When you are talking about revenue you are talking about—

Dr JOHN KAYE: I said net revenue—the revenue left over after you have paid all your operating expenses, your club tax, your tax on poker machines, debts and everything else. There is revenue left over. As I said, I have been to Mounties recently.

Mr BALL: Indeed, there is some left over. That is a fraction of what people might think is left. Out of that they will prudently put money aside for reinvestment, but they will also donate and contribute over \$100 million a year to worthy causes. At the end of that, there is nothing. There is no dividend paid.

Dr JOHN KAYE: Exactly.

Mr BALL: There is no profit distributed.

Dr JOHN KAYE: Precisely. But what there is, if one looks at these larger clubs like Mounties that are growing dramatically, you would have to say that the big clubs in New South Wales are in a major growth phase.

Mr LANDIS: They are very, very popular, Dr Kaye. They are very popular.

Dr JOHN KAYE: They are in a major growth phase.

Mr LANDIS: And they do vast amounts—

Dr JOHN KAYE: And they are aggregating more poker machines.

Mr LANDIS: They do vast amounts for their communities. If I can say this as an example: If Westpac gave \$113 million in 2010, that was two-thirds of 1 per cent of the revenue and they were regarded as the top company in Australia. Clubs gave \$1.2 billion in social contribution, which is 24 per cent of their revenue. If you look at cash alone in excess of \$83 million, at 1.6 per cent revenue it was more than three times the largest corporate donor in Australia. Clubs are more than doing their share and, typically the bigger the club, obviously the better able it is to deliver for its community. Clubs are only as strong as the community allows them to be.

Dr JOHN KAYE: Sadly the time allowed for my questions has come to an end.

ACTING-CHAIR: Yesterday we heard from some psychologists from the St Vincent's Hospital's Clinic for Gambling Treatment. One of them raised the issue or the idea that in the same way that the responsible service of alcohol [RSA] operates whereby a bartender can actually cut someone off for the night and not serve them any more alcohol, when it comes to the responsible conduct of gambling [RCG] and staff training, they can of course enquire about someone's welfare and direct them, but they cannot actually say, "You have had enough. It is time to go home." Do you think in a practical sense that could ever work as an option for treating people who the local club staff know have a problem? Is there room in that space for further reform, do you think?

Mr BALL: I doubt it. I think there is room for investigation of that. Even if we draw the comparison— and it is not a strict one—with alcoholism, someone can be awfully drunk but exhibit no signs of that. With gambling, it is even more complex because, as I said earlier, the club sees the individual for a couple of hours a day, 10 hours a week, and we do not know their financial position. It was often talked about when Kerry Packer dropped \$10 million at the races and no-one cared about that. Of course not, because he had plenty; whereas, for another individual, a spend of \$50 can be more than they can afford. The club cannot be aware of everything it needs to be aware of to make a decision to actually turn someone off arbitrarily. The strategy we think works is to be vigilant and trained and aware of what is happening in the club, and where problematic behaviour is identified for there to be an intervention. That is something that is quite a new concept.

If we think about the comparison between alcoholism and gambling, the body of research on gambling is much, much smaller. We have been looking at this seriously for only 15 years now. It is certainly something to work on, but keep in mind that clubs will not be employing psychologists on their gambling floor. The larger clubs certainly will have experience and expertise and will be well aware of how to identify problematic behaviour, but at the Gundagai RSL I do not think we will ever get to the stage where someone is physically removed or taken out because of their gambling. What we need to do is get better at having people understand their own activities, empowering third parties including their family, and up-skilling staff even more so that they can be aware, observe and then report up. Eventually that will lead to the gambler, if they do have a problem, saying, "I've got a problem." Then counselling is very strong.

The Hon. MICK VEITCH: But in communities like Gunnedah or Gundagai, it is more than likely that staff in that club, because of the size of the community, either will be related to the individual or will know the individual, and will have a bit more awareness of the individual's personal circumstances than would be the case for a staff member at Mounties. That is just by virtue of the size of the communities.

Mr BALL: That is true, but also in smaller communities there is a reluctance to actually—you know how small communities work.

The Hon. MICK VEITCH: Right.

Mr BALL: People are very, very reluctant to put something like that out there into the town, you know.

The Hon. MICK VEITCH: Local privacy is very important.

Mr BALL: Indeed. It is a balancing act and it is difficult. We say anything that could work should be tried. It has to be targeted. We have to look after problem gamblers. We do not treat everybody as though they have a problem. We need certainly to be better at that and that is why, as Josh said earlier, we are investing in training and in our ClubSafe product. We think that will lead to the right result. Remember, we are still talking about a fairly small cohort. The vast bulk of people who come through our door can play a poker machine without a problem and out they go and they come back time and time again.

ACTING-CHAIR: Page 10 of your submission talks about minors in gambling. The frightening statistic raised yesterday in evidence is that 50 per cent of children aged 10 to 14 say they have used an instant scratchie lottery ticket. Your submission states that further action is needed. Do you have any ideas on what recommendations the Committee could make in preventing children from accessing or being exposed to gambling?

Mr LANDIS: We have strong concerns about the online environment and the ability of minors to gamble, as well as people to excessively gamble, without any oversight at all, without anything in the way of intervention or harm minimisation or even a regulatory environment. Putting that aside, I suppose to some extent it is not our place. We are the club industry and look to make the clubs as safe as we can. You have to be typically a member to get in—there are sign-in procedures—and there are a range of things, as we have described, that clubs are doing to prevent minors from getting access. To some extent, I guess that is a matter for those who sell scratchie cards and provide those facilities.

Mr BALL: I think there is a legitimate community concern about the exposure of minors to gambling. That is why there is a heated debate about Tom Waterhouse and Ladbrokes and all of that kind of thing. That is legitimate. What I can tell you about clubs is that if you are younger than 18 you will not get in. If you are really sneaky, you might, but you will be found out. You will not be able to gamble in a club, but I will be able to get my mobile phone out and get gambling-style apps through Facebook. It is ultra accessible. Whilst that of itself might not be a big problem, it might well become one. Clubs are highly regulated environments. The Internet is the Wild West. I think it is something that governments do need to look at. I have an 11-year-old and an 8-year-old and I am concerned about that. My first gambling experience was in a club and it was a good one. I do not know about the younger generation who live on their mobile devices.

The Hon. MATTHEW MASON-COX: Did you want to get into the Wild West? Page 60 of your very comprehensive submission suggests that if stronger enforcement measures for online gambling were not pushed by the Federal Government, perhaps a club-operated community-owned online gaming model should be preferred?

Mr BALL: What we are saying is that there is legislation federally that needs to be enforced. The Interactive Gambling Act is not enforced. That means there is \$1.5 billion at least being spent by Australians, a lot by New South Welshmen, on unregulated offshore sites in Vanuatu and elsewhere. So focus one, enforce, and you can do that through the banking system and other ways. What we are saying there really is a pragmatic position that if the Government is not going to grapple with this, if it is not going to enforce it, then it needs to regulate it. It cannot just turn a blind eye. If it regulates, it needs to regulate in the best possible way. We are observing that we think that the club-based not-for-profit model is the best in the world. It is the safest environment and it maximises the social dividend to communities. So one day, maybe, if governments decide to get serious on the issue, we will be saying enforce, and if you are not going to enforce, then regulate. That is the right thing to do.

The Hon. MATTHEW MASON-COX: I was interested in your discussion in your submission about problem gambling and the lack of research in defining problem gamblers. The Productivity Commission came up with about 40 per cent of the gambling cohort being problem gamblers. I think you have done some research and sought to, if you like, look very carefully at how that is defined. Why is research lacking on such an important area?

Mr BALL: I will let Josh answer the bulk of that, but whenever you are looking at a very small part of the community, the sample size is small, there is variability. It is inherent in any analysis around problem gambling. You are not dealing with 50 per cent of the community. That is why research is difficult and we dispute strongly a lot of the findings of the Productivity Commission. But even it admits that it is a difficult thing to research when so few people are affected by this. Obviously, some of its methodologies and findings we have disputed, and Josh could run you through some of those. Also, in fairness to everybody, it really has only just started. In the late nineties we only started to get our teeth into this.

The Hon. MATTHEW MASON-COX: If we are going to talk about policy and how we deal with problem gambling, we have to understand exactly the size of the problem. I would have thought that if you are going to talk about evidentiary basis for policy making, we need to get the understanding right. You do not need to explain it to me; I get that. I just wondered why we have not done it yet.

Mr LANDIS: There are wildly conflicting numbers and part of that reason is, as I said, that there is no conveyor belt from safe gambler to problem gambler and back again. It can be a point in time. It can be based on financial losses or psychological problems. Typically, three-quarters, based on international research, come with a comorbid disorder. So you do not fix the problem gambling on its own; you have to fix the comorbid problem. Critically, we thought the Productivity Commission just simply got it wrong. It found there were 95,000 problem gamblers who played poker machines and that they typically spend \$21,000 each year. If you multiply those figures, you get \$1.9995 billion, which is—

The Hon. MATTHEW MASON-COX: I get all that.

Mr LANDIS: But that is in fact 16.8 per cent of the total gambling spend on poker machines, not 40 per cent. The problem is that it has been inflated in comparison to what we think are the real figures.

The Hon. MATTHEW MASON-COX: I get all that, and your submission does an excellent job in pointing out those things. Perhaps you could my next question on notice. You make the point that New South Wales should seek to harmonise gambling advertising and promotional regulation for the entire gambling industry. You note a couple of things particularly in relation to advertising practices, inducements, promotion of credit betting et cetera. Could you give us your recommendations on what we specifically should do regarding our legislative mandate—our part of the field, if you like—and, indeed, what we should, as ClubsNSW's recommendation, take forward to Federal COAG in order to deal with some of the issues in this particular area?

Mr BALL: We would be happy to do that. The point we will be making is that the regulation of clubs by successive governments in New South Wales has led to very good outcomes and, as far as possible, that should be replicated across all modes of gambling. We will come back to you.

ACTING-CHAIR: We will have to conclude. Thank you for appearing before the Committee. You have taken some questions on notice and Committee members may wish to put more to you, in which case the secretariat will contact you. We ask that the answers be returned within 21 days.

Mr LANDIS: Sure.

Mr BALL: Thanks Chair, and thanks Committee.

(The witnesses withdrew)

CORRECTED

JOHN WHELAN, Director, Responsible Gambling, Australian Hotels Association (NSW), sworn and examined:

ACTING-CHAIR: Would you like to make a short opening statement?

Mr WHELAN: Yes, I would. New South Wales hotels operate a number of forms of gambling: we have Keno, TAB wagering and also gaming machines. Overwhelmingly, the majority of hotel patrons enjoy gambling and do so responsibly. In terms of poker machines, New South Wales hotels have an average of just under 15 poker machines per venue and a maximum cap of 30. It is worth noting that because of the forfeiture trading scheme that exists in New South Wales and has done for a number of years, there now are 2,000 fewer gaming machines in New South Wales hotels than there were back in 2001. It is interesting to note also that still the majority of hotels that have gaming machines actually are located in country and regional areas of New South Wales. The ability of hotels to offer gambling to our patrons is important to the venues, but we are still primarily food and beverage operations. If you look at our submission, some time ago the Australian Bureau of Statistics looked at hotel revenue, particularly of venues that have gambling facilities, and found that 72 per cent of hotel revenue actually comes from food and beverage sales.

New South Wales has a problem gambling rate that is lower than all other jurisdictions, but we certainly believe that it is extremely important that we do everything we can to prevent people from developing gambling problems and to help the small number who do have a problem with gambling. We are extremely proud of our self-exclusion program, GameCare. We actually initiated GameCare in 2002 before it was mandatory to have self-exclusion programs. We have had a multivenue self-exclusion program for around a decade. It has been extremely successful. We have had that independently assessed and it has been found to be extremely effective. In terms of self-exclusion and multivenue self-exclusion, we are now in discussions with the clubs and seeing that they now have a multivenue self-exclusion program, we are actually looking to join our hotel multivenue self-exclusion program with the club program. This would mean that a problem gambler, essentially, could go to one place and exclude themselves from all venues, whether it be a pub or club, in their local area, making it a lot more convenient and effective, we believe, for the problem gambler. I am happy to take any questions you might have.

Dr JOHN KAYE: One of the understood wisdoms about pubs is that poker machines are killing off live music. Do you want to comment briefly on that?

Mr WHELAN: I would actually. Page 32 of our submission deals with live music and gaming. The "Vanishing Acts" inquiry into the state of live music in New South Wales was undertaken back in 2002 when the number of hotel gaming machines was probably at its peak in New South Wales. You will see that the report did not blame gaming for the demise of live music. It said that gaming has proven to be a means of subsidising live music. Independent of that, we had a comprehensive report undertaken by PricewaterhouseCoopers in 2009. We asked them to look at this issue because it is a constant that we hear. There are songs written about the pokies killing off live music. They found that venues with gaming machines are actually twice as likely to offer live music in their hotels as those that don't. We certainly encourage live music. A lot of the problems that venues have with live music are with local councils and noise complaints and a lot of local residents not liking live music, but we are certainly a big promoter and supporter of live music.

Dr JOHN KAYE: Is there a requirement that there be some form of surveillance of poker machines in pubs?

Mr WHELAN: Yes, there is. You have to monitor your gaming room.

Dr JOHN KAYE: What is involved in doing that? Is it live monitoring or just a tape?

Mr WHELAN: No, it is live—CCTV or live monitoring.

Dr JOHN KAYE: And somebody has to be watching at the other end for the whole time?

Mr WHELAN: Yes, they do.

Dr JOHN KAYE: Are they looking for problem gamblers when they do that?

Mr WHELAN: Absolutely. We have a code of conduct that we distribute to all members of the AHA in New South Wales and each venue actually has to sign that. One of the conditions is that they need to monitor the players in those gaming rooms.

Dr JOHN KAYE: Twenty-five per cent of the revenue in pubs comes from poker machines.

Mr WHELAN: Around that mark, yes.

Dr JOHN KAYE: About a quarter of the revenue comes from poker machines. What do you think would happen if there were a move to take poker machines away? Would pubs find other ways of generating that revenue?

Mr WHELAN: There are 1,500 pubs but you would feel it mostly in those bush pubs I believe. As I said, there are actually more country and regional hotels with gaming machines than there are in the city. It does provide important income to them. A lot of those hotels are not particularly profitable. They do provide a good service and a good facility for their local community. I think if they lost that revenue it would make it very difficult for them. Other venues—you have seen this probably more with venues that do have poker machines—have been able to use some of that money to actually improve their facilities.

Dr JOHN KAYE: In your submission you present data that shows that the price of food in hotels in New South Wales is cheaper than in other States.

Mr WHELAN: Yes.

Dr JOHN KAYE: Do you think there is an argument to say that poker machines are subsidising the price of food in hotels?

Mr WHELAN: I am not sure. It was interesting and we weren't sure—again that was from PricewaterhouseCoopers—it may well be. We do not know the reason why that is the case but, as you noted, the price of food and other things in New South Wales hotels are more affordable than they are in hotels in other States and Territories.

Dr JOHN KAYE: Hotels pay a significantly higher tax rate on their machines than clubs do. Why is that?

Mr WHELAN: Because the Government has determined that it is appropriate for hotels to pay a higher rate of tax than clubs.

Dr JOHN KAYE: Why does the Government believe that is appropriate?

Mr WHELAN: I am not sure. That is probably a question you would need to ask of the Government, and it has been a policy.

Dr JOHN KAYE: Do you think it is fair?

Mr WHELAN: I am not going to comment on the rate of tax that clubs pay. We are certainly comfortable with the rate of tax that hotels are paying. So that is not an issue.

Dr JOHN KAYE: Forfeiture rates of poker machines occur largely at the point where they are transferred from one venue to another. Is that correct?

Mr WHELAN: Yes. The way it works is that for every three that are traded one poker machine is forfeited out of the system and disappears forever. That trading has seen the number of machines in New South Wales hotels reduced by 2,000.

Dr JOHN KAYE: There is no facility for amalgamating two venues and moving them within an amalgamated venue as happens with clubs?

Mr WHELAN: Yes, there is a different exemption for clubs. The only way that forfeiture is not required is if a hotel is closed and relocated within the same local government area to a different location.

Dr JOHN KAYE: Which is significantly more restrictive than the forfeiture requirements on clubs?

Mr WHELAN: It is.

Dr JOHN KAYE: With clubs you can transfer wherever you like provided it is an amalgamated club.

Mr WHELAN: I believe that to be the case but I am not that familiar with the club law.

Dr JOHN KAYE: Do you see an interaction between the service of alcohol and problem gambling? Do you think that our culture which sees gaming machines in areas where alcohol is being served exacerbates problem gambling?

Mr WHELAN: I think it is something that we need to be aware of and our staff need to be conscious of. In that code of conduct as well we actually require staff to be mindful and to look for people showing any sort of signs of having issues with alcohol relating to their gambling.

Dr JOHN KAYE: Alcohol, apart from all the other things it does, impairs impulse control and some gambling is associated with impulse control.

Mr WHELAN: We are hotels; we serve alcohol—that's what we do. It may well be that someone else comes into a venue and they might be on some other form of medication or illicit drug as well. As I said, it is an issue that we are conscious of and we make our staff aware of. Our staff look for anyone having difficulty or who might be showing signs of intoxication when they are operating gaming machines. It is something that we believe we are on top of.

Dr JOHN KAYE: There is no law in New South Wales that says you cannot operate an electronic gaming machine while intoxicated. You cannot be in a venue I suppose while intoxicated.

Mr WHELAN: No, I do not believe there is but it certainly is not a practice that we—well, you can't be at a venue if you are intoxicated. In clubs you can't be in a venue if you are intoxicated is my understanding, and I think in the casino as well.

Dr JOHN KAYE: Intoxication, firstly, is poorly defined in the Liquor Act and, secondly, you would accept it is quite subjective, would you not?

Mr WHELAN: I do, yes.

Dr JOHN KAYE: If intoxication is a measure of getting somebody off a poker machine then you would accept that is really up to the publican or licensee to make that decision.

Mr WHELAN: It is a decision of the publican to make sure that the people—firstly, they should not be intoxicated in your venue. That is fundamental for a hotel because you are not permitted to have intoxicated people in your venue. They are certainly always on the lookout for that. They have signed up to this code of conduct and they are very conscious of people who are having difficulty with their gaming or showing signs that they are not gambling for recreation and enjoyment as well. The venues are very conscious and aware of that.

Dr JOHN KAYE: Do you have any data that compares the rate of problem gambling in hotels with the rate of problem gambling in clubs?

Mr WHELAN: No, I don't. I have actually never heard of that data being available. That is not to say that it is not out there but no, I don't and I haven't heard of it.

Dr JOHN KAYE: In your submission you identify a variety of venue sizes—that is, the number of poker machines per licenced venue or hotel?

Mr WHELAN: Yes.

Dr JOHN KAYE: Do you have any data that would talk about the different rates of problem gambling for different size venues?

Mr WHELAN: To my knowledge that work has not been undertaken. Again, as I said, we are capped at 30.

Dr JOHN KAYE: Do you do any cross-venue analysis with problem gambling? Do you try and identify the specific features of any venues that might lead to greater problem gambling?

Mr WHELAN: No, we don't because the Government undertakes regular studies of problem gambling. From the most recent one we have quoted some problem gambling figures by region. That is as specific as we have had in any prevalent study that has been undertaken. These prevalent studies are quite comprehensive. The last one prepared by the New South Wales Government was over 100 pages long. For the first time they have looked not just at the New South Wales rate of problem gambling but they have drilled down into the specific regions—I think there are about eight or 10 regions in New South Wales.

Dr JOHN KAYE: I think you present that data in your submission.

Mr WHELAN: That is in our report and I think the clubs might have that in their submission as well. At this stage, to my knowledge, they certainly have not drilled down any further than just by specific region.

Dr JOHN KAYE: What do you make of the relatively low rate of problem gambling in western New South Wales?

Mr WHELAN: Western Sydney?

Dr JOHN KAYE: No, western New South Wales. It is 0.9 per cent, which is significantly lower than, for example, Tumut.

Mr WHELAN: South-western Sydney is actually the lowest.

Dr JOHN KAYE: Sorry, my question was with respect to western New South Wales. Western New South Wales is 0.9 per cent whereas the Riverina-Murray is 1.6 per cent, the south-east is 1.2 per cent and the Illawarra is 1.1 per cent. It is great news, but why is western New South Wales relatively lower than say Riverina-Murray?

Mr WHELAN: I do not have an exact reason for that. Obviously this represents problem gambling at a snapshot in time and also because the number of problem gamblers out there is so small that could also account for some of the variations and differences there.

Dr JOHN KAYE: One of the lines taken by previous witnesses was that problematic behaviour happens. People have self-destructive behaviours—I am paraphrasing what they have said but I think I am more or less accurate—and electronic gaming machines are one way in which that could be displayed or actualised. The implication being that there are problematic behaviours with electronic gaming machines but if we did not have those electronic gaming machines they would be elsewhere so we cannot blame them for that. Do you subscribe to the same view?

Mr WHELAN: I certainly agree that a lot of people who have issues with gambling don't just have problems with gaming machines or gambling, they have a range of psychological or other health-related issues. That is the feedback that we certainly get from our counsellors and our self-exclusion people who talk to these problem gamblers. It is extremely common that they actually do have more than one issue that is going on in their lives so when we deal with them, yes, we can help them with self-exclusion and their gambling issues but quite often we will refer them to receive other help because it is not simply just gambling that is a problem for these people in their lives.

The Hon. ERNEST WONG: What do you do as the Director of Responsible Gaming for the Australian Hotels Association? Does your job include monitoring the industry in regards to the prevention programs that are being implemented?

Mr WHELAN: A big part of the job involves being in charge of our GameCare self-exclusion program. We have around 1,500 members statewide in this GameCare self-exclusion program. We have to make sure that all the venues participate in it. At the moment the way it works—and this is quite an exhaustive

process—if someone self-excludes from our venue, they might come in and say: "I am a travelling salesman and I spend time in Newcastle but I also head up to the north-west. I would like to self-exclude." They might give us a list of 30 hotels that they would like to self-exclude from. They complete a deed of self-exclusion and we also take a photograph of them and, at our cost, we distribute that information, that photograph to each of the hotels that they have nominated as venues they would like to be self-excluded from. That is quite a time consuming and expensive process but it is a very important thing that we do.

In terms of being the Director of Responsible Gaming, GameCare and our self-exclusion program is the showpiece of what we do. You will see in the report that it has been extremely effective over a long period of time. We had Macquarie University evaluate it back in 2002 and then we also undertook some research through an independent company, Sweeney Research, where we had them interview people who had participated in the self-exclusion program. Both Macquarie University and Sweeney Research reported back that it was extremely effective. So, as I said at the start, it is certainly something that we are extremely proud of.

The Hon. ERNEST WONG: Do you think the industry is enforcing it effectively? Yesterday a witness said that a lot of gamblers who have applied for self-exclusion are still allowed to go into some of the venues. Are you aware of that? Is it very regular or common in the industry?

Mr WHELAN: I certainly do not hear of it being a common occurrence but that is not to say that those who have chosen to self-exclude themselves do not try to sneak back into a venue. Our venues are on notice. As I said, we send photographs to the hotel that are viewed by staff. We certainly respect the privacy of an individual and we do not promote those people, or at least identify those people to those outside the hotel, who are on the self-exclusion scheme. We certainly take that very seriously and staff are on notice, and it is an absolute responsibility of the staff, to keep an eye out for any self-excluded gambler who might come into the venue. If they do identify someone they should approach them and remind the individual that they signed to be self-excluded from that venue and did not want to be there in the first place.

The Hon. ERNEST WONG: Are you 100 per cent sure that all staff in the various venues are aware of those people and can identify them and stop them from entering the venue?

Mr WHELAN: It is something that is very important. Obviously it is something that we stress to each of the hotels that they need to make sure—we have got 1,500 hotels across New South Wales. It is extremely important that these hotels and their managers do show these photos and information on these people who are self-excluded so that the staff are able to identify those people who have self-excluded.

The Hon. MICK VEITCH: How many people are involved in the self-exclusion program? What is the average timeframe in which they are involved in the program?

Mr WHELAN: They sign up for a year and then they can renew that. Some people say "I just want to be self-excluded for ..." a period of time and some people want a longer period of time. We constantly refresh it. Approximately 3,500 people have been through our game care self-exclusion program.

The Hon. MICK VEITCH: Over what period of time?

Mr WHELAN: A bit more than 10 years. I am happy to provide the exact details and the numbers each year.

The Hon. MICK VEITCH: That would be really good. You are the first person who has said they can do that.

Mr WHELAN: We do have that data. We usually publish it in the AHA's annual report. It is freely and publicly available.

The Hon. MICK VEITCH: On page 22 of your submission you comment on online gambling and its impacts. Your definition states, "Interactive gamblers are more likely to be male, younger, have home internet access, participate in more forms of gambling and have higher gambling expenditure."

Mr WHELAN: That was me inserting a quote that was made from a study.

The Hon. MICK VEITCH: I am concerned about scenarios around online gambling. Do you have any idea of how online gambling impacts on the patrons of your constituency? What are your concerns?

Mr WHELAN: I know it is not a State responsibility but you certainly see today a lot of young people in our venues who are betting on their mobile phones and that is certainly apparent. Obviously that technology did not exist a number of years ago and so that was not happening. I think it is also very apparent that while we, quite rightfully, are not able to advertise poker machines in our venues, and we certainly are not advocating that we should be able to, we have seen recently through a number of, particularly, corporate bookmakers who are doing heavy advertising encouraging people to place bets with them and to sign up with them.

The Hon. MICK VEITCH: Inducements?

Mr WHELAN: There are all sorts of sign-on bonuses and money back for second and what have you. We are seeing that having an effect in our venues where once people would sit around, particularly in the TAB, and they might bet through the hotel TAB, they are still there but they are now placing those bets on their phones.

The Hon. MICK VEITCH: The culture has changed?

Mr WHELAN: It has—no question.

The Hon. MICK VEITCH: If I walk into a pub now I will see people with a beverage in their hand, particularly the younger generation, and rather than playing the gaming machines in your venues, they are gambling online via their smartphone.

Mr WHELAN: Yes.

The Hon. MICK VEITCH: Occasionally you will see people on their own in a corner of the bar doing that and are not interacting at all?

Mr WHELAN: Yes. It is an issue that society has. On Facebook there is a lot of advertising for poker machine-type games which has been ongoing for many years now and nothing has been done to stop that.

The Hon. MICK VEITCH: What inducements are being offered to the youth for online gambling?

Mr WHELAN: I do not have any data because we do not operate online gambling. But I certainly suspect that it is encouraging people to sign up if there are inducements there. We are certainly not offering inducements to place poker machines in our venues whereas these other forms of gambling are. There is Roy Morgan research which shows the participation and the percentage of the population playing gaming machines is actually declining. It is quite a steady decline. I have not seen similar data in terms of online gambling but I suspect it is going right up.

The Hon. MICK VEITCH: With the more recent advent and sophistication of online gambling applications to us see that cutting across revenue streams of some of your venues?

Mr WHELAN: I do, particularly in wagering. It is very expensive for a hotel to actually put in a TAB. They pay on average approximately \$20,000 a year in Sky fees to broadcast the races in a venue. Most venues that have a TAB actually run at a loss because the commissions are probably only around 2 per cent for the venue in terms of their percentage of turnover that the venue receives. Those venues that have a TAB, and in New South Wales there are approximately 1,000 that have a pub TAB, are consistently reporting that they are losing business to people who are betting on their phones.

The Hon. MICK VEITCH: I refer to your multi-venue self-exclusion program particularly from a country perspective where in a place like Young people can self-exclude from one hotel, but there are four or five others and three clubs. I can see in that scenario self-exclusion from all of those venues for the purpose of having a punt for gambling is quite beneficial to an individual. Have you started that process in your discussions with ClubsNSW?

Mr WHELAN: We have, yes. We have been in talks for more than six months and we are not too far off formalising an agreement where we would roll it out to have a joint pub-club self-exclusion scheme which would be an Australian first—and quite possibly a world first—but we think it is the right way to go.

The Hon. MICK VEITCH: Will you put that into the local liquor accord or is it a stand-alone separate document?

Mr WHELAN: At the moment it is not included in the liquor accords. That is not to say that we would not promote it through the liquor accords because it is a new feature that both pubs and clubs would be offering in each of those regions. That could well happen but at the moment I do not believe that clubs promote their self-exclusion program through liquor accords, and we do not either. But if we can get this over the line—and I believe we will in the very near future—it is certainly something that once we do we would like to go out and promote significantly.

The Hon. MICK VEITCH: I refer to third party involvement in self-exclusion. I am not sure whether you were present when I spoke to ClubsNSW?

Mr WHELAN: I was, yes.

The Hon. MICK VEITCH: In rural communities particularly what is the value of the involvement of the doctor, the local financial counselling service and other support mechanisms around an individual, not just family?

Mr WHELAN: In 2009 we made a submission to the Productivity Commission and we advocated third-party in self-exclusion. We were talking about families being able to do it but I certainly do not disagree with you that there could be other members of the community who also should be involved in that process.

The Hon. MICK VEITCH: It could be the local chaplain.

Mr WHELAN: It actually operates in South Australia. It had it up and running for a number of years. I think there is real merit in it allowing third parties to self-exclude.

The Hon. MICK VEITCH: What would you like in the legislation to strengthen or improve the self-exclusion process?

Mr WHELAN: I would probably have to think about that because it does work very well. Our research on our self-exclusion programs shows that it is extremely effective. It is an initiative of venues so mandatory self-exclusion, for example, is something that we have chosen to do because we think it will be effective. There is no legislation that says that we should do that and equally there is no legislation that says that hotels and clubs should combine and create a comprehensive self-exclusion scheme in an area. I do not really know if there is a need to legislate because I think we have shown over many years that we have actually stepped ahead of the legislation and we are continuing to do that by joining pubs and clubs together and offering a comprehensive scheme.

The Hon. MATTHEW MASON-COX: It is a great initiative to bring the pubs and clubs together and I applaud you for that. Will you provide the Committee with a copy of the deed that a person signs with you in relation to self-exclusion? We would like to examine precisely how it works.

Mr WHELAN: Certainly, no problem at all.

The Hon. MATTHEW MASON-COX: In the circumstance, for example, if I were self-excluded from one of your pubs and I walk in, is the self-exclusion from the whole venue or just the gaming part of the venue?

Mr WHELAN: You can do both. Some people do not want to go into any part of the venue at all whereas others do not have a problem, and it is their local hotel where they socialise, and they still quite enjoy going there for a beer and they believe that by going there in a different part of the hotel, catching up with their friends, is not an issue. The issue is once they set foot in the gaming room and so for that reason we allow them to decide to either just do the gaming room or to do the whole hotel.

The Hon. MATTHEW MASON-COX: Not all hotels have a specific gaming room, do they?

Mr WHELAN: No.

The Hon. MATTHEW MASON-COX: Is self-exclusion available across all hotels in New South Wales?

Mr WHELAN: It is across all AHA member hotels: it is a service that we offer so, yes. As a member of the AHA they are part of our game care self-exclusion program.

ACTING-CHAIR: What percentage of pubs are members of the AHA in New South Wales?

Mr WHELAN: Eight-five, ninety.

The Hon. MATTHEW MASON-COX: Does each of those hotels, as a requirement of being a member of the AHA, have to sign up to game care?

Mr WHELAN: Yes they do. They have to sign each year and renew that commitment that they make to game care.

The Hon. MATTHEW MASON-COX: Do you keep a record of how many times a person who has self-excluded might come into a venue after they have signed that deed of self-exclusion?

Mr WHELAN: I do not have that data, no.

The Hon. MATTHEW MASON-COX: Is that data captured anywhere across the AHA?

Mr WHELAN: Not that I am aware of. No, I do not believe it is. It would be up to the individual hotels and whether they all keep that data and compile that data, I would doubt that 100 per cent would. But I am sure that certainly many hotels would, particularly the bigger ones, the more sophisticated hotels, but to answer your question, I do not have that data.

The Hon. MATTHEW MASON-COX: You could capture that data?

Mr WHELAN: Yes. I do not hear it being a real issue. Once someone has gone to the extent of actually arranging to sit down with the counsellor to go through the whole self-exclusion process which takes a couple of hours—

The Hon. MATTHEW MASON-COX: So you sit down with them and go through—

Mr WHELAN: Yes, with an individual. You talk through it with them.

The Hon. MATTHEW MASON-COX: With a trained counsellor?

Mr WHELAN: Yes, that is right. They have the deed and you walk them through that. So it is quite a detailed process, and we find that once people have completed that and gone through it, they have determined themselves not to go into the venues. That is not to say that the odd one does not try and get back in, but it is not a huge problem that we hear of.

The Hon. MATTHEW MASON-COX: Do you use that as an opportunity to refer that person to other services?

Mr WHELAN: We do, yes.

The Hon. MATTHEW MASON-COX: For counselling and support?

Mr WHELAN: Of course, because, as I said, for many people it is not just gambling that they have an issue with. We certainly make them aware and we can refer them to other areas to get help.

The Hon. MATTHEW MASON-COX: You mentioned earlier that at the moment there are no legislative requirements in relation to self-exclusion in New South Wales.

Mr WHELAN: Not in terms of the pub/club self-exclusion.

The Hon. MATTHEW MASON-COX: That is what I meant.

Mr WHELAN: Or multi-venue self-exclusion, no, there is not.

The Hon. MATTHEW MASON-COX: I wondered whether you would have a problem with a reporting mechanism back to the Office of Liquor, Gaming and Racing in relation to self-exclusion in terms of the number of people, incidents, so that those issues can be managed.

Mr WHELAN: Before that happens I would like to go and have a look, and maybe that is something that OLGR or the Government could have a look at, in terms of is this issue. It is another administrative issue that the venues have to deal with. If it is not really an issue then I would not see a need for it. However, if it is an issue and you do have people repeatedly trying to get around their self-exclusion then it is certainly something that we should look at. But before you go down the path of legislation I would really want to have a look at whether it is an issue. I imagine that pubs and clubs would be affected by it.

The Hon. MATTHEW MASON-COX: If I open an account—I do not have an account at a hotel or a club—how does it work?

Mr WHELAN: Is this for alcohol—for food or alcohol?

The Hon. MATTHEW MASON-COX: For gaming. What do I do?

Mr WHELAN: You walk in there, you pull out \$5.00 from your pocket and you can put it in the gaming machine. You do not identify yourself.

The Hon. MATTHEW MASON-COX: I notice that in some venues you have got cards.

Mr WHELAN: Some venues have loyalty cards—very few. I do not have a percentage for you but I would expect that less than 10 per cent of hotels would operate loyalty schemes.

The Hon. MATTHEW MASON-COX: They are more common in clubs, are they not?

Mr WHELAN: In casinos they are very common, and I think they are more common in clubs. Some hotels do have loyalty schemes but most do not—the overwhelming majority do not.

The Hon. MATTHEW MASON-COX: So those cards that I see people put in machines, are they used as a debit card as well as a loyalty scheme card in the sense that there is money that you put on that card by putting money into an account that you can access via your card on a machine? Do you follow my drift?

Mr WHELAN: I do, and, to be honest, I am not that sure, just because it is not that common at all.

The Hon. MATTHEW MASON-COX: It is not that common in your industry.

Mr WHELAN: I am happy to take that on notice and provide that information, the specifics of exactly how it works.

The Hon. MATTHEW MASON-COX: If you could, because I would like to understand that better. We might ask that same question of the clubs. I would like to understand how that works and how the incentive scheme also works in relation to that. Clubs NSW mentioned they have a program with the Salvation Army. I have been in a few pubs where the Salvos have dropped in and rattled the box.

Mr WHELAN: They do. They are extremely welcome. There are not many organisations can walk around and ask for donations in pubs and clubs. The Salvos are always welcome.

The Hon. MATTHEW MASON-COX: They are wonderful people. The clubs are encouraging in a pilot program the Salvation Army to come to the clubs at particular times and to keep an eye on gamblers. Do you see a need for that in some of your larger venues perhaps?

Mr WHELAN: We are capped at 30 machines. However, I think what the clubs have done is a great initiative. They have trialled it up at Mingara and following on from that I got in touch with them and said I think it is a good idea and I think the Salvos do a great job. So they put me in touch with the people that they have been dealing with at the Salvation Army about hotels and the Salvos creating some sort of a joint arrangement where they could assist where needed. We have had preliminary talks but it is certainly something that I think has a future and I would like to progress it, but they are certainly a lot more advanced than the hotels. But I think there is real merit in that.

The Hon. MATTHEW MASON-COX: Are there any other areas where you see there might be some cooperation between clubs and pubs heading forward in this area?

Mr WHELAN: We work very closely with clubs. Sometimes we come with a good idea. Multi-venue self-exclusion was a hotel idea and clubs have now adopted that. They came up with this Salvation Army chaplaincy-type program. We think it is a good idea so we have gone and started talking with the Salvos. There are things we can learn from them and they can learn from us and it is good that we work together to improve the way that we both operate.

ACTING-CHAIR: I want to clarify something. On page 20 of your submission, in terms of training, it says that hotels commit an estimated \$72 million each year to staff training. Is that specifically for gambling or is that for—

Mr WHELAN: No, it is unrelated to gambling.

ACTING-CHAIR: It is not just gambling training—

Mr WHELAN: Not at all.

ACTING-CHAIR: It is alcohol training and—

Mr WHELAN: All—exactly.

ACTING-CHAIR: One of the things that was raised a lot yesterday and in some of the submissions is the 10 per cent figure of people who ask for help, people who are having a problem with gambling. I note very clearly from your submission and from what you have said today that self-exclusion is the area that your industry is focusing on, and you should be commended for that. But in terms of anecdotal experience with your industry in what else works, we have talked about the various advertising campaigns, having the gambling helpline numbers out and about, the clocks on the machines—measures that have already been taken—are there things that stand out that you think have made a real difference, or is it up to that individual to say "I need help", and, regardless of all the other work that you try and put into it, unless you can get that person to ask for help, and if that is through self-exclusion, you are fighting a losing battle?

Mr WHELAN: I think that that is an area that we need to work on—everybody: pubs, clubs, government—in terms of promoting the help, because once people go into help it really does work and they improve. But whether it is 10 per cent or even 20 per cent, we have got to work towards making sure that people do seek that help. I think, and it is in this submission, if we were going to look at an area to invest in and to spend money on, I would certainly be encouraging organisations to spend money on the promotion of problem gambling help programs and education as well. Prevention is always better than a cure, and if you can educate people before they develop those problems then I think there is real merit in doing that as well.

ACTING-CHAIR: We are unfortunately out of time now but we appreciate you appearing before the Committee today. You have taken some questions on notice and there may be some more that the Committee have for you, in which case the secretariat staff will be in touch. We just ask that the answers are returned within 21 days.

Mr WHELAN: No problem.

CORRECTED

(The witness withdrew)

(Luncheon adjournment)

CORRECTED

KELLY LESTER, Policy and Research Adviser, CatholicCare, affirmed and examined:

SEAN PANAMBALANA, Manager, Holyoake Family Alcohol and Other Drugs Programs, Gambling Interventions Family Team, Clubs Gambling Awareness Intervention and Support, CatholicCare,

DR KEITH GARNER, Superintendent and Chief Executive Officer, Wesley Mission, and

RICHARD BRADING, Principal Solicitor, Wesley Community Legal Service, Wesley Mission, sworn and examined:

ACTING-CHAIR: Before we begin questioning would anybody like to make a short opening statement?

Dr GARNER: I am very pleased on behalf of Wesley Mission to be given the opportunity to make a submission and also make this opening statement to the New South Wales Legislative Council Select Committee inquiry into gambling in New South Wales. Wesley Mission has been providing financial and gambling counselling for more than 25 years. It also established a gambling helpline, which is now run by government. It is a core service for us. We work with hundreds of individuals each year for whom gambling has gone beyond recreation and become an addiction. It also supports the families who suffer because of this addiction. We see the impact upon others.

A legal advocacy service provides vital support for those who are experiencing gambling-related legal issues. The service reaches across New South Wales and helped 125 individuals and families last year. We stand not as the moral cop on the beat but as a Christian agency actively concerned about the wellbeing of damaged and broken people and the wellbeing of our community. We trust the inquiry will address the ongoing issues surrounding gambling and will bring real and effective long-term benefits to the community, particularly those who are impacted by gambling.

Wesley Mission does not support gambling but recognises that because of legislation there will be gambling activities in New South Wales. Wesley Mission works with hundreds of individuals each year for whom gambling has gone beyond recreation and become an addiction. It also supports their families who suffer because of this addiction. Gambling has become a pervasive practice and lifestyle. From poker machines to online betting to sports betting, it is a numbers culture. Sport, which is traditionally a family activity, has become a marketing exercise for betting companies. Sports commentary is just as likely to be talked about in terms of odds rather than just the sporting competition or athletic ability. It seems unlikely that this advertising barrage is for the benefit of existing gamblers; rather, it seems to be aimed at recruiting a new generation of gamblers and many of them young people who may not yet even be old enough to legally practice and place their first bet.

Gambling is socialising children and young people into a world view that makes gambling a mainstream activity with little social, moral or ethical consequences. It is portrayed as purely a natural part of life and requires little risk or effort. Gambling advertising does not present an accurate picture of the result. The message of winning is endlessly repeated with scant mention of the possibility of loss. Hidden from public view is online betting, which is made from a computer, tablet or phone device. Such practice blurs the line between public and private activity. Current indications are that the global internet gambling industry has an annual turnover of about \$42 billion. A decade ago the annual turnover was just \$6 billion, which is a sevenfold increase in a decade. Australia's share of this global market is about 5 per cent; significantly more than our share of the global population.

It is often said that Australians would bet on two flies crawling up a wall. What would be far more meaningful to us would be to say what would those flies see if they looked from their position on the wall? They would see a growing number of Australian households where gambling has become an issue, financial stress, bankruptcy, family breakdown, theft, depression and anxiety, domestic violence and substance abuse. Our gambling counselling, financial counselling and the staff of our two hospitals see the impact of addiction firsthand. Online and interactive gambling is increasing quickly, with recent research indicating that problem gambling rates for internet gambling once it is established are higher than for pokies gambling. The world of technology is rapidly changing and this is particularly evident in relation to gambling technology. Electronic gaming machines in their present form are likely to change and develop to an inclusive online virtual reality which can be played at home. This may include the ability to log on to the same game that is played at clubs and

hotels to allow continuation of playing in the privacy of the home. Gambling is a regressive taxation. Poorer people contribute proportionally more than wealthier people to taxation revenue via gambling. To me, this is a main issue of social justice.

The local impact assessment process undertaken by the Independent Liquor and Gaming Authority is designed to assess the impact of additional gaming machines in a local government area. It shows that there are more electronic gaming machines and greater use of them in low-income areas. As an organisation that cares for the most vulnerable and disadvantaged in the community, the prevalence of electronic gaming machines is a moral and social justice issue. Our poker machine market has some unique characteristics and more local research is needed to identify which harm minimisation measures are effective and which could do with improvement. In particular, further consideration needs to be given to the location and marketing of poker machines and poker machine gambling in this State.

Wesley Mission strongly supports the current restrictions on poker machine advertising. It advocates tougher restrictions on the advertising of all forms of high-intensity gambling. There is no doubt that gambling advertising contributes to the incidence of problem gambling and can trigger relapse in recovering problem gamblers. Much more could be said, but I know we will be able to expand on those and I am sure the Committee is hearing much more about this during this time from those who have expressed written submissions like ourselves. Wesley Mission thanks the inquiry for this opportunity to place this most important social and moral issue into the public space as it seeks to implement effective long-term legislation to be able to deal with this problem.

Ms LESTER: CatholicCare Sydney is the official welfare agency of the Archdiocese of Sydney. We deliver more than 140 programs in the areas of ageing, dementia and disability care, education, training and support services, and children, youth and family services. The mission of the agency as an instrument of Christ's liberating presence in the world is to enable the social and emotional wellbeing of the communities, families and individuals living in the archdiocese.

CatholicCare promotes the dignity, equality and participation of individuals we assist through the provision of more than 745,000 occasions of service each year. CatholicCare endorses a person-centred approach across all of our programs. CatholicCare's person-centred approach places individuals at the centre of our services, systems and relationships. It is a shared vision that drives staff to collaborate with and accompany those we serve to support and enable choice and decision-making. CatholicCare's submission is derived from our professional experience in the area of support for people affected by problem gambling. CatholicCare's submission was also written within the perspective of the broader Catholic Church and the Archdiocese of Sydney, which has a strong tradition of social justice and is deeply concerned with the social and emotional wellbeing of people and communities including those affected by problem gambling.

Through our programs, CatholicCare is a witness to the incredible devastation that can be caused by problem gambling. This devastation is felt by individuals, families, friends and communities as a whole. We seek to assist people affected by problem gambling in the context of our mission to assist vulnerable people across the spectrum of the community to overcome their challenges and live a life that is meaningful to them. We welcome the opportunity to assist this inquiry with its important work and to contribute positively to the lives of individuals, families and communities.

The Hon. MICK VEITCH: Dr Garner, would you be prepared to table your written opening statement for us?

Dr GARNER: Yes.

The Hon. MICK VEITCH: Thank you. I will open my line of questioning by asking about third party involvement in self-exclusion agreements. What are your views on self-exclusion agreements and their effectiveness? Do they work?

Mr BRADING: Self-exclusion is mandated by law for clubs, hotels and the casino. Tabcorp also provides a self-exclusion scheme. I think pretty much all the online bookmakers also offer self-exclusion. The object of self-exclusion is to give people assistance in their resolve to keep out of a gambling environment, that sort of thing. In New South Wales we have a very large number of gaming venues, particularly gaming machine venues, so there are practicalities in how that is implemented. It is generally considered impractical to self-exclude a person from every venue in the State, and there are a number of self-exclusion schemes. Generally

those schemes have some degree of effectiveness but self-exclusion by itself is shown by research to be of only limited effect in helping people who want to get over their gambling problems. Generally they need counselling and other assistance as well.

Mr PANAMBALANA: I completely agree. The only thing I would add to that is the introduction of the multiple venue self-exclusion system in New South Wales is a positive thing but it all depends on the ability of the clubs to monitor it. Also the effectiveness of the system depends on the ongoing counselling, as far as we are concerned. It depends on that counselling being followed up and the person that has been excluded being supported and monitored on an ongoing basis. That is an essential part of it that needs to be built upon.

The Hon. MICK VEITCH: If we were looking to strengthen third party involvement in self-exclusion programs—for instance, by including general practitioners or local priests—how could we do that? Or do you think that is worthy?

Mr BRADING: Only a couple of schemes offer third party self-exclusion. The ClubsNSW scheme does not offer third party self-exclusion.

The Hon. MICK VEITCH: That is why I am asking. I am looking into the future.

Mr BRADING: The issue with third party involvement is validating the strength of the claim of third party self-exclusion. You would have to look at what is happening in other jurisdictions including South Australia, the Australian Capital Territory and Tasmania to see which model would be most appropriate for New South Wales. One of the other problems we have with self-exclusion is there is no sanction that can be imposed on venues other than the casino for failure to enforce self-exclusion. Whilst the vast majority of the industry does make a good effort to enforce it, there are some minority of venues that do not and there is no way to force them to do that.

Mr PANAMBALANA: I agree. When it comes to general practitioners and health practitioners, I can understand a certain amount of gravitas and the relationship is important if the problem gambler and the professional agree together this is what needs to be done. Again, it is about the follow-up. There have been experiments around family members attempting this. There are some legal issues around that. We work very heavily with family members. We focus our service, in fact, on supporting family members, regardless of whether the gambler or the substance user seeks assistance. We know that can help the family system overall. We would be very interested in seeing whether there are legal pathways whereby families could be involved in a third party self-exclusion. Having said that, it relies on the cooperation and the conformity of the problem gambler.

The Hon. MICK VEITCH: That is right. I guess I am looking beyond family. It could be friends. I am from regional New South Wales and in a lot of those country towns the general practitioner is also the counsellor. There is a fair bit of influence from the local general practitioner in the community.

Dr GARNER: We would certainly support that involvement. It brings another expertise. It is not just a technical expertise about gambling. It is recognised and that gambling is not just about what a person does when they are in the activity, but actually impacts upon their total wellbeing. When you talk about their total wellbeing, it does not become an issue about the rules that apply, it is about the people who care for people in the fuller sense.

Mr PANAMBALANA: Absolutely.

The Hon. MICK VEITCH: In your earlier response, Mr Brading, you spoke about enforcement, the compliance process for venues around self-exclusion schemes.

Mr BRADING: Yes.

The Hon. MICK VEITCH: One is a failing of the current provisions around venues and how can we look at strengthening those provisions.

Mr BRADING: The regulator needs to have the power to enforce and prosecute those venues that are not doing the right thing. At the moment there is a statutory protection in section 49 (5) of the Gaming Machines Act.

The Hon. MICK VEITCH: How would we know they are not doing the right thing?

Mr BRADING: Presumably a substantial proportion of people who gamble and self-exclude go back to try it out. They go back in, they gamble and they lose their money. Then they tell their counsellor or their lawyer that they have got back in and they have lost their money and they think the venue should compensate them for the money they have lost. That does not happen but it certainly provides us with some feedback from people who are getting back into these venues.

The Hon. MICK VEITCH: How regularly does that happen?

Mr BRADING: All the time, but there are thousands of people excluded statewide on the various schemes. I would certainly suggest that the vast majority of venues make a reasonable effort to keep people out.

The Hon. MICK VEITCH: In an instance where a venue breaches or fails to enforce a third party exclusion deed, is that reported to it the Office of Liquor, Gaming and Racing?

Mr BRADING: Only if someone wishes to report it. Gamblers are not always the most socially responsible citizens. Mostly they will not report it unless they see some personal benefit in doing so.

The Hon. MICK VEITCH: Would the Office of Liquor, Gaming and Racing then know which venues are very good or worse?

Mr BRADING: You would have to ask them that.

The Hon. MICK VEITCH: We did.

Dr GARNER: And you did not get the answer.

Dr JOHN KAYE: It was a worthless exercise.

The Hon. MICK VEITCH: You are very perceptive. Yesterday we received some outstanding personal testimony from an individual who first experienced gambling at the age of eight when he was running the bets for mum and dad down to the local starter price bookie. The gentleman is now in his seventies so it is some time ago. His mum gave him a few pennies to put a bet on and of course the bet won. The analogy today is children are able to observe their parents watching a game of rugby league on a Friday night and putting bets on via their smart phone. It would be an analogy of early exposure to a gambling habit. Is the use of smart phones and apps and online gambling a growing issue?

Dr GARNER: You might say it is turning the clock back. We have this picture of a city of runners doing this kind of thing and children and young people being involved. We talked about it being an historical issue and that we have moved on from that. It is true that most gambling institutions would not have a child come in and do that. The responsibility is far higher than that but what you are exposed to when you talk about electronic means introduces the possibility of turning the clock back and children and young people actively engaging in gambling processes in an ordinary everyday, weekday television experience.

Mr PANAMBALANA: We know that young people are five times more susceptible to engage in gambling and get to a point where it is problematic. We talk about the marketing and the structures of the game that are out there. There are computer games and internet games that reward the same brain centres as certain gambling activities and even substance use activities. We are seeing more and more problems with attention of those playing those X-box type games, but we are also seeing increasingly what we call simulated games. There are simulated gambling games and there are many similarities between an electronic gambling exercise and an electronic game that does not have a monetary reward but has a token reward, for example, extra credits, extra powers and so on.

Ms LESTER: And social status.

Mr PANAMBALANA: And social status, especially if you are playing online. The key thing is, whereas the online gambling activities have a significant amount of randomness or total randomness to them, there is skill involved in the electronic gaming activities that are marketed for children. There is a sense of I can

get some mastery around this. There is a challenge, there is a way to get through this and I can feel good about beating this. Then I transfer the narrowing gap between that kind of game and a simulated gambling game to gambling, and I start thinking I can control this game, I can beat this game. We forget about the randomness. That is what we are seeing happening increasingly.

The Hon. MICK VEITCH: We might want to explore it a bit later. At the other end of this there is the middle age white bloke sitting at home with one or several bottles of red wine whilst he is in a room on his own playing over the internet and gambling online. Is there a growth in people accessing your services that fit that profile?

Dr GARNER: In fact, I would be reluctant to put any of the gambling into any socio economic group too strongly. The answer to the question is yes, clearly there is a group in that number. It has no favourites but the impact upon somebody who is from middle and lower income is far greater in terms of what they are able to do.

The Hon. MICK VEITCH: Yes.

Dr GARNER: We often counsel people in that area who are often mortgaged to the hilt and this is their entertainment, but they are putting at risk their whole social stability.

The Hon. ERNEST WONG: You have probably already answered my first question which was also asked by my colleague. I want some confirmation. Do you see there is an increase in younger problem gamblers and that this situation is becoming normal?

Ms LESTER: I think that is a very hard figure to come up with. It is obviously just an experiential or professional anecdotal perspective. Catholic Care has counsellors in Catholic schools and we provide 39 counsellors across 95 schools within the archdiocese and they certainly see problems. They see children and young people who are involved in gambling activities. If that is noticed by the school it is referred directly to the school counsellor. At the moment there is no systemic approach to addressing gambling that we are aware of in the Catholic schools and similarly in the public schools. What we also see is students coming with issues with family gambling problems. The issues highlighted by our school counsellors is betting on board games at school through to the online gambling, which they find ways to do if they want to.

Mr PANAMBALANA: There is research. I am looking at some of it now and I am more than happy to forward it.

The Hon. MICK VEITCH: Could you take that on notice and forward it to us?

Mr PANAMBALANA: Certainly will do. There is research in South Australia as well as research being conducted in other parts of the world that shows there is a clear relationship between video game playing and gambling in adolescence. In terms of the increase, the South Australian Government research found recently that almost one-third of teenagers have tried more and more types of simulated gambling online. Almost one in 10 teenagers has tried gambling games on Facebook, such as poker. Activities such as Pokemon and other mainstream games have this element of simulated gambling. One in 20 teenagers has tried simulated gambling apps on a smart phone. One in 10 teenagers has played simulated electronic slot machine games.

In 2011, according to a report released by Gambling Research Australia, in the 12 months preceding the study 3.6 per cent of 10- to 14-year-olds were classified as problem gamblers; 8.2 per cent of 10- to 14-year-olds were classified as at risk; 2.7 of 15- to 17-year-olds were classified as problem gamblers; and 8.4 per cent of 15 to 17-year-olds were classified as at risk. The trend globally is increasing. The immersion not only in the simulated gambling games but across screens game around the world is going through the roof. You would all know because you would have young people in your lives. We are starting to see highly respected universities and think tanks doing research that shows there is a range of effects on neurological functions such as attention but also on emotional regulation in young people. There is marketing happening that seems to be encouraging this as well.

The Hon. ERNEST WONG: When I read through all the submissions, there are lots of prevention programs and self-exclusion programs, but nothing talked about family education or education of the parents and how they would tackle the problems of children gambling or to prevent children from exposure to gambling. What can we do in regards of family education?

Mr BRADING: You may have seen the advertisement Kids Absorb Your Drinking where the kid goes to the fridge all the time. Something like that would be helpful for gambling. A lot of parents do not realise the harm of introducing their children to gambling.

Mr PANAMBALANA: We have a program at Catholic Care that has been funded by NSW Health for almost 30 years now. It works specifically in the way that you are describing with families impacted by problematic substance use. We work with parents, partners and their children and siblings as young as five. We are integrating that more and more into gambling. It is structured education, therapy and support to help family members with internal harm minimisation, if you like, within the family setting. Also, what you will see in the research is that for every one problem gambler there is at least five people that are directly affected. You are looking at the social health cost of that. The depression, anxiety and stress that is expressed by our clients and family members is through the roof when they attend our services. We are looking at a situation that the problem gambler is affected but the children, the partner and the parents are affected as well.

They do not have to do our program; there just are not many out there. Once they go through a program where families are supported—how do I handle this with my family member; what are the strategies; what is the awareness I need to have around the culture, this behaviour; how do I take care of myself and my children in the midst of this—we see significant improvement across scales of depression, anxiety and stress with those family members. We have done research into drug and alcohol that shows even the user in the drug and alcohol setting is accelerating their process of change towards positive change once family members are involved in a process such as this with education, therapy and support, and the user does not have to turn up to treatment. We are starting to initiate studies into the gambling side of that as well. Anecdotally we know. We have seen families where this has been the case with problem gamblers as well. Does that make sense?

The Hon. ERNEST WONG: Absolutely. I am thinking of prevention or educating the parents, because you mentioned that when children play internet games, sometimes that will develop into a habit of gambling. How are the parents able to tackle that problem before their children become exposed to gambling opportunities?

Mr PANAMBALANA: We have not found a program out there that is dealing with screen issues.

The Hon. ERNEST WONG: There are none; I found out the same. That is why I asked the question.

Mr PANAMBALANA: That is why in our submission what we are saying is, and because of our involvement with school counsellors, we are in the process of developing such a program, unfunded, but we are exploring it. The need is clearly there, not just about saying it is about gambling, drug or alcohol, or gaming, we feel. Yes, have modules, if you like. Have a modular program where if young people at risk or the family at risk—or before they are even at risk—want to focus on one of those aspects, that is fine; but we also need a program that talks about the common links between the two and the differences between all of those. As far as we are aware, apart from what happens certainly in the Catholic school sector, there is not an integrated approach to addiction, per se, and certainly not an integrated approach to educating parents. We had a Drug Summit program in New South Wales maybe 10 years ago. I guess that was an attempt at an integrated approach. Schools across the State were given funding to access specialist services and talk to parents and teachers way ahead of time about how you prevent this.

The Hon. ERNEST WONG: Sure.

Dr GARNER: If I might just add some thinking, if I could: For about the last three or four years we have been running a special financial literacy program, which includes very much this issue that we are talking about here. It is an integrated approach to finances. In partnership with the St George Bank and other people, we launched this program. We deliver it especially to people who want to count themselves in on learning more about how to handle their money. The issue of gambling is addressed as a normative part of financial management. We think that is important. There are two things that become important: One is the culture in which we make gambling normative and therefore accept that. We are worried about that. It is also important that telling people about money involves talking about gambling at the earliest stage, not waiting until there is a gambling problem.

Mr PANAMBALANA: Absolutely, yes.

Dr GARNER: We talk about it as one of the risks that comes alongside managing your money. That has become very successful. We won a MoneySmart Week Award for it. We do not see ourselves as actually doing something brilliant. We just think it is a normal thing to do and we believe that more and more financial counselling should include gambling as a major part of the financial counselling.

Mr PANAMBALANA: Absolutely.

Dr JOHN KAYE: I thank you for your submissions and introductory statements, which are extremely good. I just want to take you to some evidence that we received this morning from the Australian Hotels Association, New South Wales division, and from ClubsNSW. Both were at great pains to tell us that the instance of problem gambling was declining and that the per capita expenditure on gaming machines in particular was declining. I suspect that the gaming machines situation is simply because there has been a transfer across to online gaming.

Dr GARNER: Yes.

Mr PANAMBALANA: Yes.

Ms LESTER: Yes.

Dr JOHN KAYE: But both advocacy groups were very strong on the issue that we are seeing a decline in the instance of problem gambling. In fact, the submission by ClubsNSW suggests that it is because of their harm minimisation measures working. Could you comment on that? I would like to hear from both groups.

Mr BRADING: The Productivity Commission in 2010 looked at that issue and thought that there had been some decline. I think that is in our submission on page seven. However, there is no reliable indication of a significant decline in the rate of problem gambling among regular electronic gaming machine [EGM] players in New South Wales. That is in the Wesley Mission's online submission.

Dr JOHN KAYE: As service providers, are you seeing any decline in the number of people?

Dr GARNER: Again, some of this is anecdotal and some of it is how you feel. I certainly do not feel what you have just described as a situation. In reality, the number of people who come to us is not declining. That may not be the whole story. It may well be that we are having the same number of people coming to us but in fact the problem is declining. I acknowledge that. There is a difficulty about this. But it certainly does not feel to us that the problem is getting less.

Mr BRADING: The issue really for the Government is the: If there has been some decline, that would be a positive thing; it would show that things are working. But surely the industry would not assert that the current level of problem gambling is an acceptable level. Surely they should be accepting that there is need for considerable further progress in reducing the prevalence of problem gambling.

Dr JOHN KAYE: Sean, I do want to get to you in a minute.

Mr PANAMBALANA: That is all right. I am happy.

Dr JOHN KAYE: If you can hold off, I just want to pick up on that point for a minute. One of the propositions that was put to us was that indeed there are people in the community who, independent of the gambling medium, will have destructive behaviours, and electronic gaming machines are just one way of displaying that, as is online gaming and as is everything else, and there is nothing you can do about it. It is an intrinsic problem within the community. Would you care to comment on that, Richard?

Mr BRADING: It is like saying, "Well, someone's going to rob the bank so we might as well rob it first."

Dr JOHN KAYE: I am glad you said that.

Dr GARNER: Yes. Any area could be answered in that way.

Mr PANAMBALANA: Absolutely.

Dr JOHN KAYE: Sean, you have been patient, I am sorry.

Mr PANAMBALANA: No, I am enjoying it. It is lovely to hear. I would not mind making a comment on that, too, on the second point, if I remember.

Dr JOHN KAYE: Please do.

Mr PANAMBALANA: Two words, in response to what the clubs are saying: stigma and accessibility. We are working with a consortium of Catholic clubs on a pilot. Even with the best of intentions and satisfying all their mandatory requirements, we are seeing gaps in terms of how do you encourage a patron, a patron's family or a staff member for that matter to overcome the stigma and access support? There is an increasing amount of support being provided. Let me put it this way: There is an increasing number of resources within club settings to help the problem gambler, but they are all on one particular side of the river. It takes the problem gambler or the family member to build and build and build the bridge to get to other side. Then, yes, the clubs have a whole lot of stuff that they can provide. Yes, there is messaging everywhere and all of that, too, and that is all very positive.

What we are seeing is, in order to both reduce the stigma and increase accessibility, the clubs need to be more proactive in a range of ways, not just with their messaging about problem gambling but with how they characterise themselves as community entities. The Catholic clubs, because they have had a relationship whereby the archbishop and the archdiocese can say, "We are Catholic clubs. We are a Catholic organisation. We have issues with gambling. You call yourself a Catholic club. Where do you stand? What are you going to do? What are the initiatives?" Because of that, we are in a position where we can actually draw more action out of these clubs. A lot of the staff and management of these clubs have good intentions. They see themselves in a culture of, "How do we put this through? You're asking us to build a bridge but we are not allowed to approach patrons. There are privacy issues." Are there? Let us explore that.

The Privacy Commission might say, "If you are doing it for good reason, why should there be an issue?" "Well, we haven't got training to do that." We need to provide training for club staff to be able to identify if there is a problem gambling issue—not to be counsellors, let us be very clear on that—but with very strong protocols. How do I help that person on the other side of the bridge that I have had millions of conversations with over the past few months on a range of issues—sports, politics, the kids. This guy or this lady clearly is exhibiting a lot of red flag signs of problem gambling, but I should not now go over there and talk to them about that because—why? What we are trying to work with them about is building that bridge so that there is more accessibility and the clubs are reaching out more.

Dr JOHN KAYE: Yesterday the Gambling Impacts Society said to us that we should move away from the model of problem gambling and move to a medical model where we deal with this more as a medical addiction. Their view is that that way we would get away from—it was the Gambling Impacts Society that said that, was it not?

The Hon. MICK VEITCH: I am just trying to think of that. I think it was.

Dr JOHN KAYE: I am pretty sure it was. I might have misquoted, but one of the groups said to assist today that we need to move towards a more medical model—

The Hon. MICK VEITCH: It was.

Dr JOHN KAYE: —where people access services through their general practitioner or through the public health system so that there is not the same stigma associated with the kind of specialist provision. I put this to you, Sean, because you were talking about the bridge. That was their view—removing the bridge barrier or the barrier entirely.

Mr PANAMBALANA: Yes. I think it relates back in some ways to your question, Mr Veitch, about multiple venue self-exclusion [MVSE], self-exclusion and general practitioners and so on. My initial response to that is that when you start talking about the medical model, we have to be careful that we are not adding to stigma there. That is the first thing. Yes, it can be done along the lines that you were describing with a relationship between human beings and respectful therapeutic relationships. Yes, it should be opened up. In fact, generalist support services across the board should have some idea of problem gambling assessment and

screening. But beyond that I think it should be about wellbeing. It should be one of the dimensions of wellbeing. What we are trying to say to the management of these clubs is, "Can you go back to some of your roots in the community and talk about the wellbeing of your patrons and your staff?" That will reduce stigma as well.

Dr JOHN KAYE: Sean, I was not going to do this because I did not want to put you on the spot and I am trying not to be aggressive about this. You mentioned Catholic clubs. Is there a contradiction in a club that is running poker machines and lots of them—and some of the clubs are very large—when that is more associated with problem gambling than are smaller venues? ClubsNSW did not accept that. Is there an inherent contradiction there?

Mr PANAMBALANA: It is a dilemma. You have asked the question in a very sensitive way, and I appreciate it. It is a dilemma and it is a legal activity. At this point in time what we as CatholicCare are doing is going anywhere we can trying to influence anyone we can to change culture. That means going into a club, starting to work with staff and getting them to see and acknowledge—they see it more than maybe a lot of counsellors—a lot of the pain that is going on around them, and help them to see that there is a way that they can help. But there is a dilemma with the broader framework.

Dr JOHN KAYE: Can I ask you another even more pointed question?

Mr PANAMBALANA: Yes.

Dr JOHN KAYE: For all that effort, are you seeing a lower rate of problem gambling among patrons at clubs that are doing the right thing, or are trying to do the right thing, than at other clubs?

Mr PANAMBALANA: To be really clear—and this is why we are having no media about this; we do not want this co-opted, although we will get criticism anyway, into clubs or hotels with fanfare, "Oh, look how wonderfully they're going." This is a pilot and we are half way into the implementation of it. We have done a lot of training. What I can tell you is what is borne out by South Australia's research. If you want to see how it goes, have a look at what is happening in South Australia which is ahead of the game, as well as Canada, and I am happy to send the research on this as well, and Switzerland.

Dr JOHN KAYE: Please do.

Mr PANAMBALANA: What we are finding is that once the club staff and even the management start getting involved and start looking at these ideas of culture change and patron and staff wellbeing, they are feeling a lot more satisfied about their jobs. They are getting more proactive and they are reporting feeling better about following a path like this. Where will it lead? I do not know.

Dr JOHN KAYE: Watch this space. Can I change tack for a minute. Two of the issues I raised this morning were venue size and the density of electronic gaming machines within an area. It is fair to say that neither ClubsNSW nor the Australian Hotels Association was prepared to accept the evidence that the more electronic gaming machines you have, the greater is the prevalence of problem gambling. Can any of the four witnesses here please comment on that?

Mr BRADING: I have read a lot of studies that would certainly confirm that the location and density of gambling opportunity does result in a greater level of problem gambling in that area.

Dr JOHN KAYE: As with alcohol, availability is a crucial issue?

Mr BRADING: Yes. Obviously in New South Wales it does tend to be concentrated in the lower socioeconomic areas and migrant areas where it is much more culturally acceptable than on the North Shore. I would certainly find it hard to believe we have the same prevalence of problem gambling in Ku-ring-gai as we do, say, in Fairfield. I just could not find that.

Dr JOHN KAYE: To be fair, that was not their evidence. Their evidence was not about lower socioeconomic areas versus higher socioeconomic areas. It was about the number of gaming machines that were available.

Mr BRADING: That is where the machines are. There are not many machines in Ku-ring-gai but there is an awful lot down in the south-west.

Dr JOHN KAYE: Yes, that is true.

Dr GARNER: To be fair to some of the clubs, they have actually reconfigured some of the ways in which they are in clubs. The very fact that that has happened is almost a hidden recognition that this does have an impact on some people—for them to have responded to that as they have done, slowly and gently, in places. Bear in mind that many people who go into those clubs do not go into the clubs with the intention of gambling at all. They go into the clubs because they provide the people with reasonably priced meals and the opportunity of fellowship, as you might call it.

Dr JOHN KAYE: Social interaction.

Dr GARNER: It gives them that opportunity. In fact, the configuration and the placing of machines is very important in enabling the clubs to be responsible. They may not find the evidence very compelling, but then why have they been responding slowly and gently to that over the years? The answer is that it is very important for families when children go into these buildings not to have the machines where they are easy to look at.

Dr JOHN KAYE: In the little bit of time that remains for my questioning, can I go to the issue of advertising. Dr Garner, in your introductory statement you raised a quandary that we heard from tobacco companies 30 years ago.

Dr GARNER: Yes.

Dr JOHN KAYE: They said, "All we are trying to do is encourage people to change brands, not to smoke more."

Dr GARNER: Yes.

Dr JOHN KAYE: Your introductory remarks implied that the same kind of subterfuge is happening here with gambling advertising; that indeed it was not really about changing the gambling medium or the gambling outlet but more about encouraging people into gambling. You have any evidence to back that up? It is quite fine that that is your observation, but do you have any hard evidence on that?

Dr GARNER: Empirical evidence is always important. I wish we had the resources to be able to prove that. But what I think we can say fairly clearly is that it is creating an atmosphere of the normative nature of this kind of thing. The answer is that we do not have empirical evidence that we can present to you and I think we would be challenged, but there has been some look at it.

Mr BRADING: We quoted some of that in our submission.

Dr GARNER: Yes.

Dr JOHN KAYE: Ms Lester, are the people you see there because of advertising? Is it fair to say that some people who end up with Catholic Care Services are there because they have been recruited through advertising?

Ms LESTER: I think it is very difficult to say honestly where the inception of a problem is. Certainly, if we are saying that accessibility of help services will help reduce the impact of problem gambling, then surely the accessibility of advertising and gaming is going to increase the problem. It just has an inverse relationship. It is logical that if people are not introduced to these things in the beginning then they cannot have an issue with problem gambling.

Dr JOHN KAYE: Yesterday we heard that only about 10 per cent of problem gamblers are accessing services.

Ms LESTER: Yes.

Dr JOHN KAYE: Is that congruent with the figures you have?

Ms LESTER: Yes it is.

Dr JOHN KAYE: Can you break down why that is? What are the barriers to people accessing services?

Ms LESTER: I think it is caused by a range of things. Certainly, the second alarming aspect of that is that less than 1 per cent of families and friends are accessing help services. I think there is a general lack of awareness of services that are available. I think Sean certainly would advocate for the idea that there is a lot of stigma around accessing help. I think the ways people come to gambling and the satisfaction they receive from the gambling activity is a multiple thing. It means different things to different people. What we need to provide for people is multiple pathways into those help services that respond to their specific individual circumstances.

Dr GARNER: Dr Kaye, can I just say, and I will only literally say it in a sentence, whilst we do not have the empirical evidence, what we do know is that it takes five to seven years for somebody who has a gambling problem to recognise that they have a problem.

Dr JOHN KAYE: Self-awareness is the first issue?

Dr GARNER: Yes. So that is critical to entering into that situation, and denial is one of the major aspects of all financial difficulties in the normal financial counselling area, particularly in gambling. I am not surprised that the family entry level is so low because many families do not know about this problem until the problem has already developed into something that is almost irretrievable—I do not want to say that because nobody is totally irretrievable, but it feels that way.

Dr JOHN KAYE: Ms Lester has suggested multiple pathways as one solution. Would you agree with that?

Mr BRADING: I think we would start with that.

Dr GARNER: Yes.

Dr JOHN KAYE: So the creation of multiple pathways?

Dr GARNER: Yes.

Dr JOHN KAYE: If you had one thing you could do to change the regulation of gambling in New South Wales, what would you do—and it cannot be to ban electronic gaming machines; that is the one you cannot do?

Mr PANAMBALANA: Okay, one thing.

Dr JOHN KAYE: If you could make one change to New South Wales laws or regulations, what would be that one thing you would do? It could be two; I am not trying to make this difficult.

Mr PANAMBALANA: If we look at the clubs and hotels setting, I would like to clarify for them their privacy and duty of care responsibilities. The world is heading towards a greater duty of care in this area. I think that is one of the things we need to spell out and have frameworks around as well. They need to be supported. I am not being naive; they earn a lot of money from these things, but if we are going to expect change, we are going to have to support them in setting the structures.

Dr JOHN KAYE: Can I have an answer from Wesley Mission?

Dr GARNER: Yes.

Dr JOHN KAYE: Before that, could I ask you to take on notice to provide the Committee with more details on how you would pursue that and what you mean by that?

Mr PANAMBALANA: Okay.

CORRECTED

Dr JOHN KAYE: You have raised a really good point and I would like you to expand on it, but we do not have time now.

The Hon. MICK VEITCH: The confusion around privacy and duty of care is quite significant.

Dr GARNER: We will answer quickly by saying that earlier we mentioned media. We believe in the power of television. We think that that advert about alcohol has had a difference. Just recently, in the last week, we have had the figures that young people's alcohol levels have dropped and that families are taking more serious approaches to it. We cannot prove a correlation between A and B. We would say there should be equally some investment into putting in front of people on their television screens the problems of gambling and finding ways.

Dr JOHN KAYE: Consequence advertising?

Dr GARNER: Yes I think so.

Mr PANAMBALANA: Just quickly to add to that: can we have more regulation about advertising, the normalising of gambling out there.

Dr JOHN KAYE: The negatives and positives, as it were?

Mr PANAMBALANA: Yes.

Dr JOHN KAYE: A campaign warning people about the dangers?

Dr GARNER: Yes, absolutely.

Dr JOHN KAYE: And also stopping?

Mr PANAMBALANA: Hugely.

Dr GARNER: The fact that everybody in the room knew exactly the advert we are talking about with alcohol proves how effective that one advert has been in communicating that issue.

Dr JOHN KAYE: I have to be honest with you: I did not, but that is because I never watch commercial television.

The Hon. MICK VEITCH: There also is a domestic violence advertising campaign.

Dr GARNER: Yes, absolutely.

The Hon. MICK VEITCH: It is the same thing about exposure of children at an early age to unacceptable things.

ACTING-CHAIR: Some of my questions relate to issues raised earlier, so I apologise if it feels as if we are backtracking. Yesterday we heard witnesses from the University of Sydney talking about the different types of advertising and what works. They were saying that with gambling treatment, the name and shame aspect and that children will lose their home makes it tougher if someone is dealing with that as a personal issue to have the strength to come out and say they have a problem. They were saying that the move now is for more advertising to say that it actually takes a lot of strength to come out and say I have a problem and I need help. Would you agree?

Mr PANAMBALANA: Yes.

Dr GARNER: Absolutely.

ACTING-CHAIR: Reading from your submissions, both organisations have had over 25 years experience in the area and in answer to a question from Dr Kaye you have said that it does not feel like the need for your services is declining. Would you say that it feels like the need is increasing or have you noticed a shift in the care or programs you offer?

Dr GARNER: It feels like it is increasing, not necessarily just in terms of numbers but its social impact is getting more difficult. Very often social impacts go on for a variety of reasons and we are seeing the sharpening. Again, I am not sure we want to talk about it just in this way but more in terms of the depth of this problem.

Mr PANAMBALANA: Again, as mentioned earlier, there is the whole issue of multiple pathways, across Catholic Care and across all the Wesley services. I am sure people will present for a particular reason. Over time, as the relationship grows, you find, oh, there are significant financial issues, oh, it is related to gambling. You hear those stats about who is presenting and with what and what the clubs are saying. Quite often it is part of an integrated issue. Gambling does not stand on its own in a family or with an individual as a problem; it is part of being able to detect it from a range of services. Someone comes because there is a financial issue or alcohol issue. If you know how to ask the questions, you will see, oh, it is there. Quite often it is part of the picture.

ACTING-CHAIR: I have struggled with this next issue, and the Committee has discussed it at length over the past days. All of the organisations and people who have appeared tend to say that it takes that light bulb moment or the person realising and stopping denying that they have a problem. Does anything stand out that has really worked with clubs bringing in self-exclusion programs, advertising for the gambling line numbers being displayed or the clocks coming in? Has any policy initiative stood out over the last five or 10 years that really has worked or is it just an ongoing battle?

Dr GARNER: I think it is cumulative. It is a lot of things. But I would say that there is more than one light bulb moment. The first light bulb moment is, "I've got a problem." The second light bulb moment, which is one that we would engage in with people at counselling, is "You can do something about it." Those two things are not the same. The first might be utter despair. The second is to actually convince somebody, "You don't have to stay here. With the right kind of counsel, help and journey, you can actually deal with this issue." I think that second light bulb moment is probably as important as the first.

ACTING-CHAIR: Often it can be, as you said, five to seven years down the track?

Dr GARNER: Yes.

Ms LESTER: If we could shorten the time between those light bulb moments through greater initiatives and increase the pathways for assistance and reduce stigma, the amount of damage reduction in shortening the period between those two would be very significant.

Mr PANAMBALANA: I agree with everything everyone is saying and back to the family and what we are learning. There are hubs of research around the world showing that if the family is involved, if they identify an issue and are involved in dealing with it, it does accelerate the process. We know drug and alcohol users change towards seeking assistance. We need to see if that research works in problem gambling. Anecdotally, yes, we have seen that. The family's behaviour and what it does to not create more harm and to move forward has an impact on the person, the core issue, if you like, for want of a better term. I can certainly point the Committee to research in drug and alcohol, but there is a lot to be done with gambling. Do you know what I mean?

ACTING-CHAIR: Absolutely.

Mr PANAMBALANA: Back to Kelly's point about stigma, the more people realise that this is one of a range of issues you can have—I think all of you talked about that and you have GPs and all of that recognising that—that is part of the reduction of that stigma. This notion of gamble responsibly, if you have an issue and are being told to gamble responsibly, you are going to feel worse about yourself because you think there is something wrong with you—"I'm irresponsible"—but if you have the awareness, as with drug and alcohol, there are pathways and it can happen to anybody. You do not have to be a pathological gambler. You do not have to have a mental health issue.

Ms LESTER: You do not have to be a bad person.

Mr PANAMBALANA: Exactly. It can happen to anybody. That is part of the strategy in reducing stigma over time with this, and that will help with access.

ACTING-CHAIR: Returning to the issue of children being exposed to gambling, you have answered questions regarding online gambling and apps through the Internet and Facebook and the prevalence of these things that did not exist probably only five years ago. One issue that has arisen in the last day or so and, interestingly, from ClubsNSW this morning was the statistics of the exposure of children to different forms of gambling. Gambling Research Australia's report said that 50.1 per cent of children aged between 10 and 14 reported using instant scratchie tickets. Yesterday we spoke with witnesses about the many private companies that offer those scratchie tickets when something is purchased to try to win something for free. In your view, does that contribute to the normalisation of gambling? Even with the Melbourne Cup, I have been in sweeps since primary school—not that I won anything—but it is part of Australian culture, whether or not we like it. That is probably a big part of the problem because it is a subtle part of kids' lives from a young age. Do steps need to be taken to address that?

Dr GARNER: At Wesley Mission we have always said, and it is in our submission, that we actually are against gambling unashamedly. But we also recognise its reality. One thing I worry about is the use of harmless gambling as a term. I do not think there is such a thing as harmless gambling, but that does not mean to say that I am going to try to spoil parties and march in and put placards about. I think we passed that day a long time ago. The reality is that I think there is no such thing as harmless gambling; it all has a link to a deeper problem.

Mr PANAMBALANA: There are people out there arguing for mindfulness becoming part of the curriculum: It is part of the development of a human being holistically. If this becomes part of school curriculum and, as you were saying, parents, children and teachers are aware that this is not about shame but about human nature, it is about the stimulation that is out there and how we manage those pathways so that people can have adult enjoyment and recreational enjoyment of things but know what the dangers are as well. For the first time since the Second World War beer consumption in Australia has decreased. We saw what culture change can happen with cigarettes. In this country it is possible with the media and everyone getting together to do it without shaming and saying, "Here are the pathways. We're humans. Here's where it's fun and here's where it easily slips over" for all of us into something that controls us rather than vice versa.

Ms LESTER: Certainly, from our perspective it is not about curtailing people's freedom necessarily, but it is about having a commensurate awareness of the dangers and not being flippant about what those things might mean to children in their development.

ACTING-CHAIR: What relationship do you have with clubs and hotels as an industry? ClubsNSW representatives told us about its chaplaincy program running with the Salvation Army, and I appreciate that is a different organisation. Do you have a dialogue with New South Wales clubs and pubs? If so, how does that operate?

Mr PANAMBALANA: We have had to be very focused in any dealings we have had with clubs and hotels by saying, "CatholicCare reserves the right to criticise unreservedly, not in a negative fashion but we have the right to have a difference of opinion with you about gambling across a range of issues." We have asked that agreements be signed to that effect before we start being involved in working with them.

ACTING-CHAIR: That has not happened as yet?

Mr PANAMBALANA: Yes, we are working with a consortium of clubs in a pilot program to see if they can build a bridge from their side, be more proactive.

Dr GARNER: Whilst we have different perspectives I think with ClubsNSW on this issue, we do have a good relationship with them. We do recognise that they have acknowledged that restrictions are important and we keep an open door. There is no point in talking about this issue if you are shouting across a great chasm. There is a good relationship. I think there will always be challenges as to how you actually roll this out but they have positive things to say about restrictions and we want to acknowledge that.

Mr PANAMBALANA: There is a certain distance you can go together. At the end of the day there are a lot of clubs earning a lot of money from the issues we are trying to work with. Occasionally you bounce off each other. But each time you sit down and you dialogue and you work with these teams you will see a willingness to shift. Now we do not talk to their boards, we don't have that relationship as yet, but certainly with their front-line staff, middle management and senior management there are shifts occurring. They have a bottom

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line and that is where I think we are going to eventually bump up but we at least have a respectful relationship around that.

Ms LESTER: I think the clubs that are involved in the gains consortium are interested in taking some kind of leadership role in terms of: What can be done differently? What can we do that might perhaps be more effective for people? There is no point demonising them.

Dr JOHN KAYE: They are not just Catholic clubs, are they?

Ms LESTER: They are in the gains consortium.

Dr JOHN KAYE: But they are only Catholic clubs?

Ms LESTER: Only Catholic clubs, yes.

Mr PANAMBALANA: And that has helped. We have been able to work that whole notion of the original reason for a Catholic club: compassion, caring, community. So we are working on that but we have had a lot of interest from non-Catholic clubs about what is happening.

ACTING-CHAIR: It will be interesting to see how that develops.

Mr PANAMBALANA: Yes.

ACTING-CHAIR: Thank you for appearing before the Committee this afternoon. You have taken some questions on notice and there may be others, in which case the secretariat will contact you. Answers to any questions are to be returned within 21 days.

(The witnesses withdrew)

ALEXANDRA KELLY, Principal Solicitor, Consumer Credit Legal Centre, affirmed and examined:

ACTING-CHAIR: Would you like to make a brief opening statement before we proceed to questions?

Ms KELLY: Yes. As principal solicitor of Consumer Credit Legal Centre I am responsible for a community legal centre that operates the Credit and Debt Hotline—it is a 1800 number that operates nationally. We are the first port of call for consumers in New South Wales who are experiencing financial difficulty. So consumers who speak to us are often referred by lenders or other social groups such as Lifeline when they are reporting that they are having difficulty meeting their day-to-day living expenses. We take on about 20,000 calls per year and we do around 600 cases per year for consumers in New South Wales in relation to credit and debt matters.

Gambling for us comes up in a number of different ways. A lot of consumers when they first contact us do not report that they are affected in any way by gambling. So our service will operate by giving them advice, sometime without any knowledge of any background gambling issues. We will take on their case without having any direct instructions about any gambling problems they may have and then the issues will arise as we are acting for the client—that can become an issue in itself. Often consumers will contact us stating that they have gotten into a problem because of gambling and are now seeking some sort of outcome or assistance in getting out of that situation. These situations vary from: "I have a \$20,000 credit card that I used to gamble. What can I do about it?" to "I have got a notice to vacate next week. I haven't paid my mortgage for so many years because I have been gambling." It really varies as to where they are up to in proceedings.

It can be very difficult for us as lawyers and financial counsellors advising them when there are gambling issues and they are not concurrently seeking gambling treatment, because outcomes tend to be poorer where there are ongoing gambling issues. Clients who present with a gambling problem tend to have far higher needs than other consumers who may just be falling behind due to other causes such as loss of employment. We find where there is a gambling issue amongst the issues that are presented to us that the actual issues are more complex and the outcomes are more difficult as the time we need to put into that consumer is significantly more than for non-gambling clients who may be facing similar situations. It is a far more complex area. We are finding more and more that we need to turn away consumers because we just cannot meet the demand on our service and part of that is because of the time taken and the expertise required in relation to gambling-related issues.

Dr JOHN KAYE: Are we to imply from your last statement that you are seeing an increasing number of people who are presenting with credit problems associated with gambling?

Ms KELLY: It is very difficult to say. Anecdotally I think it has been quite constant, but it does seem to be a constant that in my view is growing just on what I have seen. I have been operating the creditor hotline and I have been answering phone calls for the past seven years. I have probably taken 10,000 to 15,000 calls myself over that seven-year period. I do feel that there is more and more—maybe it is from my own inquiry in establishing that it is a gambling-related issue, but to me it does seem to be a growing issue.

Dr JOHN KAYE: Is there a demographic change?

Ms KELLY: With demographics I find that I am more concerned with younger people contacting me with multiple loans that they have identified they have used for gambling. I feel I have spoken to more people recently about that than I ever did earlier in my career in answering the hotline.

The Hon. MICK VEITCH: Can you qualify what you mean by "younger people"?

Ms KELLY: To me anyone under 20 would be a younger person. I rarely speak to anyone under the age of 18. Very young people rarely contact our service because it is an advice-based service over the phone but I do get a lot of 18, 19, 20 year olds who will contact me. I had one with nine to 12 payday loans, which is short term, 48 per cent interest rate—

Dr JOHN KAYE: \$2,000 each?

Ms KELLY: It varied. Some of them were very small—\$400, \$500—but the amount they needed to repay was quite significant and they were juggling 11, another one was juggling five. They were young; they were only 18 or 19 years old.

Dr JOHN KAYE: Are you seeing a change in the gambling platform with a move away from electronic gaming machines towards online gambling?

Ms KELLY: Yes. It used to be that we used to look at people's credit card statements and see withdrawals at ATMs or nearby gaming facilities, but more and more what I am seeing on people's telephone bills and I am also getting people's accounts statements with very small amounts constantly debited and from inquiries it is online gaming on their phones.

Dr JOHN KAYE: Gaming or wagering on the phones?

Ms KELLY: It is difficult to understand from how they explain what they are doing on the phone, but it is using their phones to put on small amounts of credit—often in foreign currencies or other means like that—quite regularly. To me that is online using your phone. The consumer always says, "Oh yeah, I just do that. It is on my phone." It is a form of wagering that they are doing because you will also see sometimes credits coming in from those same areas.

Dr JOHN KAYE: The Australian Wagering Council gave evidence before the Committee. They are the corporate bookies, the legally regulated Australian online sports betting people. The imagine they were trying to paint for us was that a lot of people gamble very small amounts—somewhat regularly, but very small amounts—so they cannot be doing any harm. I am not quoting them verbatim but that is the vision they were trying to paint. Can you comment on that?

Ms KELLY: I would say that it is really relative to what your income is. If you are on a small pension—for example, I had a client on a carer's pension and the amounts were small but that was a significant amount of her income because she had a low income—when a small amount represents 20 per cent of your weekly income to me that is still a large amount.

Dr JOHN KAYE: It was put to us yesterday that a lot of these bets are \$5 and \$10 bets. Are you seeing lots of \$5 and \$10 bets?

Ms KELLY: I would routinely see that. I have a few clients in mind and specifically it would be small amounts on a regular basis.

Dr JOHN KAYE: And it adds up?

Ms KELLY: And the fees that it attracts if you overdraw your account or you miss your other payments because you have spent all your money there. It accumulates very quickly.

Dr JOHN KAYE: When you say, "Overdraw your account" do you mean overdraw your credit card account or—

Ms KELLY: It can be credit card and savings; I have seen it in both.

Dr JOHN KAYE: One of the issues discussed yesterday with the corporate bookies was the provision of online credit services. So rather than depositing money into your account and gambling it until it is gone, you can actually draw down into the negative. Can you comment on what implications that would have for your clients?

Ms KELLY: Yes. We are seeing a combination of a number of things. One is the instantly obtainable credit from a payday lender who advises they can get money into your account within a very short period of time, but then also those services that say, "If you want to place bets with us we will give you \$100 credit" and it forms into an overdraw or an ability to obtain further credit on that facility. So we are seeing that more and more in a space where four or five years ago that was pretty uncommon. Now we are seeing more and more people ringing us about, "Judgement has been entered against me by X provider" that was in effect a TAB account or some other facility where they were able to overdraw. So we were trying to look at it in the context

of: Was that provider a credit provider within the meaning of the sorts of legislation that we routinely give advice on?

Dr JOHN KAYE: How would you create legal barriers to that happening?

Ms KELLY: Under the National Consumer Credit Protection Act, which is the new Commonwealth legislation that came in, the responsible lending provisions, which are relatively new, I think do pose a very real potential mechanism for a consumer to say, "It is not responsible to lend me or to allow me to overdraw an account of so many dollars when I don't have the financial capacity to repay it unless I win big on whatever it is that I am betting on." I think this concept of responsible lending would assist in preventing it, but that is after the effects in one sense, but I think tighter regulation as to when you are able to enter into it and then greater penalties if it is found to be that it was not responsible lending in providing that credit.

Under the responsible lending laws at the moment you still have to repay the benefit that you receive. In my view, having accessed credit which you then put straight into a risk-based product where you have a very low chance of succeeding, to me I think the remedy is you should not have to pay back at all if somebody has lent to you in that way which was irresponsible. I think at the moment the remedy is you still have to repay the amount that you actually borrowed to bet and to me I think that is not a good outcome for a consumer. The way these organisations are getting around it is that they are saying there is no interest being charged on the new amount they keep borrowing so they get around having to be a responsible lender. I think that is a real flaw.

Dr JOHN KAYE: Is that a difficult loophole to close?

Ms KELLY: I think it would be because at the moment under the Commonwealth legislation responsible lending only applies to credit. If these entities are not providing credit, they are letting you overdraw to a certain amount, they are not just charging interest on it, and the responsible lending is not going to apply to that, and so it would need to be very specific legislation to capture these sorts of products which allow you to get in debt.

Dr JOHN KAYE: There have always been huge issues about pay-day lenders and concerns that some pay-day lenders carry out deep exploitation and cause huge amounts of grief. Do you suggest in your submission that there is a direct interaction between pay-day lenders and problem gambling? Do you have any figures or is that just your observation?

Ms KELLY: Look it is probably mostly our observation but I would say that we run a lot of pay-day lending matters in my office. We run a 12-month pay-day lending project which focuses on small-amount credit contracts and medium-amount credit contracts. We have found that the vast majority of our clients were using it to gamble.

Dr JOHN KAYE: Both electronic gaming machines and online?

Ms KELLY: Yes, and also non-electronic gaming machines, so other forms of gambling as well. But we have a number right at the moment. I have a client who wrote to the pay-day lender and said "Don't provide me any more credit. I am a chronic gambler. Please don't give me any more money." He sent it off and then two weeks later came back and said "Look, I have changed my mind. Can you lend me again?" and they did. They just go ahead and continue to do it. I do think it is where my client base goes to get money on a short-term basis to gamble.

Dr JOHN KAYE: Will you walk us through very briefly the legal situation of the client who asks to be excluded from a pay-day lender's service and subsequently, clearly in distress, asks for services back? Do they have any legal redress against that?

Ms KELLY: We are attempting to argue it on the grounds of responsible lending and that it is in breach of that licensee's obligations knowing what the purpose is. The problem is that the credit provider will say "What is the purpose of this loan?" Our client will probably say that it is for some other purpose, not for gambling, and not represent the truth as to what they are using it for. The lender comes back and says "It's not our fault. You lied to us. You have obtained money by deception because we asked you what the purpose of the loan was and you told us a lie." So it becomes difficult because the responsible lending laws require reasonable verification, get the consumer to put in a purpose, and if you have got a chronic gambler who lies to obtain the

credit it becomes very difficult. The law would normally say "Let's treat this equitably" and that consumer may be released of any liability plus interest or may not be released from the liability at all.

Dr JOHN KAYE: Is there a legal fix that the State or the Commonwealth could create to stop that happening?

Ms KELLY: I think if there were clearer guidance that when a credit provider is required for small amounts of credit contract to look at the 90-day of transaction on your account—they do that, they request it, but at this stage they are not really looking into it in any real valued extent. If there was a clearer direction that if it is clear from your account statement that you are using the funds for gambling then that is not seen to be a suitable purpose, which is the requirement on the credit provider before they can lend the funds, then I think it might be easier. But I think it is very difficult when you have got a pay-day lender saying "If you tell us ...". They always seem to be able to get around those sorts of things. I think it is difficult.

Dr JOHN KAYE: I refer to the location of electronic gaming machines in gambling venues, particularly in clubs rather than hotels. In your submission you point to, as other people have, the Gaming Machine Regulation 2010 which looks a lot bigger than it is in terms of the way it stops ATMs being in the same room as, but can be just next door. Your recommendation is that ATMs should be banned entirely from a venue where there are electronic gaming machines.

Ms KELLY: I would say that in all the matters where I have got a client who is not actually admitting that they are a gambler, the way I have always found out is to Google the ATM machine and it is one that is located in a club. It is that easy access to funds in an ATM even if it is their own accrued savings. You will see multiple withdrawals from that machine in a one-day period so you can see that is the purpose to keep going back to that ATM to withdraw those funds.

Dr JOHN KAYE: Having an ATM that is not on site would get them out into the daylight at least?

Ms KELLY: Get them out and remove them. Anecdotally you can go to any club and see the ATM very close. There is sort of a false wall that is put up between the ATM and the gaming room which complies with the requirement but it is in very easy distance for that consumer to get at.

Dr JOHN KAYE: Clubs argue that it is for the convenience of their non-problem gamblers, even their non-gambling patrons that an ATM is available. Do you say that harm done by having an ATM there with respect to problem gamblers is greater than any benefit that could be derived by other patrons?

Ms KELLY: That is right. I agree with that 100 per cent. I think if a non-gambling patron needed to get funds they could do it with an over-the-counter facility with an electronic funds transfer. To me having the ATM in there is for the gaming room, not for the convenience of other consumers.

The Hon. ERNEST WONG: Do you have a rough idea of the percentage of the clients you have dealt with financial problems is because of gambling?

Ms KELLY: That is a very difficult percentage for us. It is not something that we have ever focused on gathering that data so our data is not very good on that point. Also it is very difficult because a lot of our consumers do not admit it. They will not say it is because of gambling. It is only after the fact that we can say it was because of gambling. I do not have any statistics unfortunately.

The Hon. ERNEST WONG: For the ones who identify they have a gambling problem there will be a recurrence and they will consistently seek help. How do you deal with those people?

Ms KELLY: Anyone can ring our service as many times as they like and continue to get advice. We will not ever exclude anyone by saying "We won't help you unless you stop gambling". We would never do that. We have had situations where if someone is habitually using funds to gamble, for example, getting 11 pay-day loans. If we say "We are going to help you" but they go get another pay-day loan whilst we are trying to help them get out of the 11, then at that point we are going to have to put in some sort of requirement that they stop accruing the debt or they seek assistance from a gambling counsellor in order for us to continue to give assistance.

We generally get to a point if we cannot actually help because of the problem of the gambling, and they will not seek assistance, and they will not stop obtaining credit, or they will not stop using all their available funds to gamble and not paying their other creditors, then we do have to put a barrier to our assistance because we do have finite resources and we cannot focus all of our attention on this person whilst 19,000 other people cannot get through to speak to us. We do it on a case-by-case basis and it really depends on whether that person is willing to seek assistance.

The Hon. ERNEST WONG: Is there a policy where having identified someone with a gambling problem you advise them to get others services or you provide them with numbers of services they should seek?

Ms KELLY: We do not have any expertise in gambling financial counselling. That is a very specialist skill where you can get training. We do train our staff. On gambling financial counselling we do not have any particularly trained staff member who can do that. We will refer them to Wesley, for example, that has quite a wide and good gambling financial counselling service. We do hear awful statistics that if we give a referral, one in five will actually take up that referral which is a bit disheartening because that person then has to make a second call in order to find an alternative service.

The Hon. ERNEST WONG: Your submission mentions education programs. You recommend that these services should be covered by the gambling operator. Should gambling operators or the Government be responsible for delivering these services?

Ms KELLY: I think the funding needs to come from who is profiting. The gambling operators are the ones who are getting huge amounts of money by exploiting vulnerable people. They are getting the money from the Government through Centrelink money going into the machines. They are getting the money because they are borrowing money from the bank and then it is going into the machines. I think that the buck stops with them and they should be funding it. I do not think they should be in control of it. I think that is an inherent conflict of interest that they are somehow shaping the development of that actual treatment program, but I do think the buck stops with them.

They need to be stepping up and funding the specific services for gambling financial counselling and gambling specific services but also all the flow-on effects for those consumers who need to divorce their husbands because they are gambling too much. They cannot get Legal Aid. They cannot afford their own solicitor and they need to secure a financial property settlement to protect their own assets that they have got left. There are all these flow-on effects with all this detriment and harm to other people. They need to be provided services as well. Ultimately I think the gambling industry should be taxed; should be held to account to pay for all these collateral services that are required.

The Hon. ERNEST WONG: One submission refers to equity between what they are getting out of it and then providing services in counselling funding. I will pass on to my colleague.

The Hon. MICK VEITCH: In your submission you talk about fringe credit. Will you explain the sources of fringe credit? I am an old shearer who has spent a lot of time in shearing sheds. I know my former shearing colleagues would run an informal tab over the bar with the publican. Is that fringe credit?

Ms KELLY: It is not fringe credit. With the new National Consumer Credit Protection Act there is now a licensing requirement for any credit provider who is in the business or providing credit. So if you give a one-off loan to a friend and say "You have to pay me 10 per cent interest back" that is not in the business of providing credit. But if you did that habitually and were running that over the counter of your bar every day then you would actually be required to be licenced under the National Consumer Credit Protection Act and you would have certain requirements in respect of disclosure. I think there are a number of individuals or businesses that do not have licences that should be licensed because they are doing it but that is a matter of finding them, reporting them and getting the regulator involved. Then we have the ones who are licensed to hold a credit licence and are in the business of providing the credit and have the required EDR scheme membership and all these responsible lending obligations placed on them. There is compliance by a lot, there is non-compliance by some and there is the regulator who deals with that on a national level at the moment.

The Hon. MICK VEITCH: In your submission one of your recommendations I find quite interesting, which is around wireless internet access within gaming precincts in buildings. Could you elaborate a bit further about why that is an issue and how you see that being implemented?

Ms KELLY: What we see is that you get a proliferation of these fringe lenders on the television advertising that they can provide you immediate access to funds. At the moment you cannot go to the ATM and get a cash advance but you can go on your phone, apply for one of these loans and have the money in your account within the hour, according to some of their advertising.

Dr JOHN KAYE: So in your bank account?

Ms KELLY: Yes. Within 60 seconds some would say, but I think ASIC have just recently found that someone cannot do that. But yes, they can direct deposit into your savings account within the hour. What we were trying to get at with that is that consumers who run out of money whilst gaming and who want to continue can now just access on their phone wirelessly these sites and can get the money fairly quickly, particularly if they have got an ongoing relationship with some of these lenders, so they have even less requirements of providing information.

Dr JOHN KAYE: That goes into their account, which they then draw out through their ATM and put into a poker machine?

Ms KELLY: Yes.

Dr JOHN KAYE: All in an hour?

Ms KELLY: Yes.

The Hon. MICK VEITCH: One of the scenarios that we have used as an example is of the younger generation at a pub having a beer and they use their smart phones—rather than going into the gaming machines they are doing it all while they are sitting at the bar with their smart phones now. We heard from one of the organisations this morning that whilst their gaming machine revenue is going down they did not disagree that the uptake of the smart phone gambling was probably picking up the slack but in a different generation.

Ms KELLY: That is right, and if you have got wireless access and you are not paying for it on your own data plan then it is just another way, in effect, of tapping into free access into gambling and facilitating that.

The Hon. MICK VEITCH: How do you see this implemented? Is it just a wholesale ban on wireless internet access in some of these establishments or just within parts of the building?

Ms KELLY: I think our intention was just in the parts of the actual gaming venue, because we had not heard of people sitting in a non-gaming part accessing it; we were looking more at sitting at a poker machine and you have run out of funds, cannot get any off your credit card—

The Hon. MICK VEITCH: It is access to some revenue. Do you think that is an issue though in the generation coming through where they are using the smart phones to meet their gambling requirements as opposed to the card machines, et cetera, at clubs?

Ms KELLY: Some of the younger clients that I recently had, certainly a lot of the accessibility has been through the phone, through the smart phones—doing everything on the phone—because, in effect, it is a teeny tiny computer and they are able to do quite a lot of quite complex transactions very quickly on their phone.

The Hon. MICK VEITCH: I would like your views on third party involvement in self-exclusion arrangements. I am exploring more not so much family but service providers, whether they be general practitioners, various religious organisations or financial counselling services, being able to be involved in that process. What are your views about the involvement of other organisations in self-exclusion agreements?

Ms KELLY: It is a tricky one because not only do we get calls from family members of gamblers but we also get calls from gamblers themselves upset by the infringement on their right to gamble. I think it is a very tricky area. My personal view is harm minimisation—where a vulnerable person is in the least position to protect their own interests there should be some capacity for bystanders or relevant parties to take steps. There would be others who would say that that would be an infringement of people's rights. But I think there is a real need for beefing up the ability for doctors particularly, because I think there is a big correlation between mental illness and gambling—a lot of my clients are depressed or have other—

The Hon. MICK VEITCH: Other addictions such as alcoholism.

Ms KELLY: Alcoholism—so I think there are some real benefits in enabling that.

The Hon. MICK VEITCH: One of the issues about tightening up or becoming a bit more robust with the enforcement of self-exclusion arrangements is that if you make it too tight and difficult, people may be less likely to enter into them. Is that a fair statement?

Ms KELLY: I think that would be a fair statement, particularly if you make it too onerous for the person who wants to exclude the third party, I think they are going to be very hesitant to interfere if it becomes too difficult to do so.

The Hon. MICK VEITCH: That is one of the risks of maybe becoming too robust in the process. If you have a younger profile coming through now seeking your services, for kids what role has advertising on television or the exposure of mum and dad gambling at home on the football, watching the odds on the footy, or just their PlayStation games, has that had on the generation coming through, do you think? It is very broad, I know.

Ms KELLY: I would probably struggle. In the services that we provide we rarely get into the ideology of how they got to where they are at. Normally we are at the point where the house is about to be taken; so we do not really get into "When did you start?" or what were the influences. So I do not think I am in a position to be able to fairly comment.

ACTING-CHAIR: A lot of the questions I had you have already answered but there are a few areas I want to draw out a little bit further. You said that your staff are not specifically trained in gambling and there needs to be quite a thorough expertise in that area but that you do have some training in that. Can you tell us what that involves?

Ms KELLY: My service has financial counsellors as well as solicitors who answer the hotline. Our financial counsellors do the financial counselling course, which part of it has an optional module of gambling, and some of our financial counsellors who have been around for a long time used to do gambling financial counselling on a one-to-one basis through other services like Wesley. We have access to being able to get people to come in and train us specifically on dealing with gambling issues. We arrange that for our staff on a periodic basis; we get someone in who has got some expertise in gambling training and providing face-to-face gambling training and then we try and adopt that to what we do, which is phone-based.

We rarely see our clients face-to-face, ours is a phone-based service, so we need to be able to adopt training modules so that we can provide the best advice we can over the phone and what strategies to use, such as do you ask them outright, "Are you a gambler?" or do you ask specific questions around how debts were accrued, because you need to be able to create a rapport with the person in order to elicit the information, and if you come across too strong are you just going to make them hang up and not seek further assistance. So there is a lot of skill involved in trying to work out whether or not someone is a gambler if they are evading that point and also then be the bearer of bad news when you have to tell them they are going to face bankruptcy or they might face an investigation by a trustee. We need to have those skills because we face it on a day-to-day basis, and sometimes we do not even know we are facing it because we do not necessarily know they are a gambler until much later.

ACTING-CHAIR: Do you find issues around privacy? You said before that some people get cranky—to paraphrase—that it is their right to gamble and that someone should not be interfering if you do get a call from a family member. It is not the same experience that you would have but others that we have heard from have said in terms of someone physically sitting in a club or a pub and having a staff member come over and say, "You have probably had enough". If we were to cut them off like you do with alcohol it gets into a bit of a grey area in terms of what they are allowed to know about their personal situation and their finances or how long is too long for them to be there, and that whole area of privacy is becoming problematic. Obviously you are privy to financial details in line with the work that you do, but is that something that you find difficult to deal with, that space?

Ms KELLY: We have a lot of training about how best to deal with it when you suspect gambling and our advice is that you just flat-out say it: "Are you a gambler?"

ACTING-CHAIR: Do people usually say yes, or you kind of said before that it depends?

Ms KELLY: It is tricky. I have had clients who just come out and say, "Yes, I am a gambler. I need help", and that is a helpful process.

ACTING-CHAIR: You then refer them on to the gambling helpline or Wesley Mission?

Ms KELLY: Yes, and access to those sorts of services. But equally you will get, "No, I am not". Then you will have all this financial information and you keep persisting with, "Well, all these withdrawals have taken place at an ATM in a facility so can you just explain why that is?" I do not think it is a breach of privacy for me to be asking those sorts of things; it is necessary for the function of my job to find out how debt was accrued and whether or not there are any legal arguments around it. I think there is a lot of misunderstanding about the Privacy Act. I think a lot of people think they have more privacy rights than they do. I think privacy is sometimes used as an excuse as opposed to actually understanding what their privacy rights are.

I do a lot of privacy advice in respect of the credit reporting code, which is part of the Privacy Act, and also a lot about insurance surveillance in respect of insurance claims, which is another service my organisation provides. I have read the Privacy Act and I do not see a lot of these barriers in there that other people are telling me exist which prevent them from doing things. I think there is a lot of misinformation about what the Privacy Act actually says and that the rights of privacy are not quite as robust as what a person who says "That's a breach of my privacy" thinks they actually entail.

The Hon. MICK VEITCH: An excuse maybe. I am being cynical.

ACTING-CHAIR: I want to go back to the issue that was raised by Dr Kaye and it is one of your recommendations in terms of having ATMs in licensed venues. The wording of your recommendation is:

That licensed venues with gaming machines are prohibited from having cash machine facilities, including automatic teller machines and EFTPOS withdrawals.

I think it is one of those issues where in theory it might seem like a good idea. I am from a regional area and there are times when the ATM in the pub or a club if it is in a residential part of the town—and I am thinking of one example of the town where I live—it might be one that is easily accessible for people who go to the club and get money out and then walk out the door. In a regional circumstance is the solution perhaps not to have the ATMs but to still have EFTPOS facilities so that someone has to physically go to the bar and get money out? Is that a way maybe of finding a happy medium with issues of accessing cash, or is the fact that people can do it on their phone and whether the ATM is there or not they are going to find another way? Is it a little bit of a catch 22 no matter what you do?

Ms KELLY: With the provision of ATMs in areas it is dealt with in the Code of Banking Practice in the requirements of how many facilities to access cash should be available in different areas, including regional towns. So I think placing them in the hotel—it is normally certain providers that are doing it, ReadyCash, those certain ones who are making quite a lot of money because you have to pay \$2.50 every time you use it—removing it from the actual premises and putting it outside and making it that extra step for the person to go outside or go maybe halfway down the street to an ATM which has to be there because the Code of Banking Practice says you have to have so many machines in an area to comply with those requirements of accessibility, as an alternative do not have it in the hotel, have it further down the street or away from that facility in order to create that break where you have to go that far in order to get it. I think it is inconvenient for other people to have to go into a hotel to use an automatic teller machine [ATM]. There should be an ATM available for them to use in the facility of the town itself. It should not be within the walls of a hotel, in my view.

ACTING-CHAIR: I know your recommendation is not to have electronic funds transfer at point of sale [EFTPOS] facilities, but is a happy medium to not have an ATM but to have EFTPOS for food and beverage purchases?

Ms KELLY: Potentially, because again it is that contact with a person. If you are making more robust the training of that person who then has to facilitate the transaction then I think you are putting in a couple of cognitive barriers in order for that person to access that money. It could be, "Can I have some cash out over the counter?" Then after a few questions here and there the person might decide, "Maybe I have had enough; maybe I need to go home." So you are creating a cognitive barrier in there in the process of having to go and speak to a

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person rather than secreting yourself round the corner and then just getting some cash out and scuttling back into the room. I think it creates a certain change in your behaviour pattern, which may lead to a reduction.

ACTING-CHAIR: I suppose anything is worth trying if it will break the pattern of just sitting there and, as you say, not interacting with another individual.

Dr JOHN KAYE: In a situation where somebody is in a club and they are clearly having a problem gambling and an employee of the club seeks to intervene, you think it is a matter of clarifying the existing laws rather than writing new laws to protect them?

Ms KELLY: That is right because, correct me if I am wrong, but there is nothing in the privacy laws—

Dr JOHN KAYE: No, you correct me if I am wrong.

Ms KELLY: There is certainly no barrier to anyone having a conversation of any sort. It does not exist.

Dr JOHN KAYE: It is not a breach of privacy even if that conversation is based on my observation of Mr Veitch pushing the button on the poker machine and me observing how much money he is putting through?

Ms KELLY: I do not see that as a breach of your privacy or my privacy or anyone's privacy. I just do not see that as a breach of any sort of personal information that the Privacy Act is seeking to maintain.

ACTING-CHAIR: Thank you for being with us this afternoon. The Committee members might have some more questions to put to you. If that is the case, the secretariat will be in touch. We ask that answers are returned within 21 days.

Ms KELLY: Thank you.

(The witness withdrew)

(Short adjournment)

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DR JOHN McCLEAN, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, and

SHERYL SARKOEZY, Researcher, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, sworn and examined:

ACTING-CHAIR: Before we begin questions would either of you like to make a brief opening statement?

Dr McCLEAN: We represent the Presbyterian Church of Australia in the State of New South Wales. Within our State we have got a bit over 200 congregations and it involves a community of about 35,000 people. The Presbyterian Church has been concerned about the effect of gambling in our society for many years. Over the years the Assembly has raised with the government of the day in various ways issues about gambling, noting generally that gambling has a negative effect on the social, moral, spiritual and financial wellbeing of many people. The Assembly has also raised the issue that the proliferation of gambling opportunities in the community and online as well has increased participation in gambling and the harm that results from it.

We are concerned about this issue because of our Christian convictions. We want to look after our neighbour and protect them, especially the most vulnerable in our society. We see that, as an aspect of our society, gambling often appeals to greed and luck rather than productivity and service, which is a better foundation on which to build a society. We think governments should be concerned about protecting and assisting the vulnerable and encouraging social health. For all those reasons we have been motivated to make a submission and we are glad to have a chance to address the Committee.

Our submission focused on regulations of electronic gaming machines. We focused on that primarily because that is the sector of gambling activities that, firstly, are most damaging to the most vulnerable in the State. That seems to be what the figures suggest and the kinds of figures the Committee has already heard show that. Secondly, that is the area that seems to be within the reach of the New South Wales government to regulate effectively. That is where we focused our submission. In doing so, we recommended that the Committee should seek to introduce legislation that would enforce mandatory pre-commitment measures associated with electronic gaming machines, limit individual bets on electronic gaming machines to a maximum of \$1 and limit access to cash withdrawals from ATMs at venues where electronic gaming machines are installed.

The argument for focusing on electronic gaming machines is quite compelling. Again, you have heard lots of these figures already. In 2010 the Australian Productivity Commission showed that 15 per cent of people who regularly play electronic gaming machines are problem gamblers and that that group bears 40 per cent of the total losses through electronic gaming machines. Those losses are typically concentrated in vulnerable communities which are already impacted by low incomes, mental illnesses and disabilities. The 2014 report from Gambling Research Australia shows that high-value jackpot machines tend to intensify betting behaviour and so put users at an increased risk of loss. All of that means that the greatest gains in terms of reducing social harm from gambling can be made by tightening regulations around the electronic gaming machines.

Voluntary schemes certainly go so far in helping people who do identify their need but mandatory approaches would be more effective in minimising the harm since they slow the losses of all gamblers and can actually reduce the effect of electronic gaming machines. Restrictions on access to cash at venues that have machines would again obviously restrict losses and would force gamblers to take a break not just from the machine but from the venue if they wanted to continue gambling. At least they would have some opportunity to consider whether it was really best for them to continue. Restricting bets to \$1 would reduce the losses per hour by 90 per cent and put the kinds of losses that people are likely to experience into the sort of range that is more reasonable for an average family income. It would put it into hundreds of dollars an hour rather than thousands of dollars an hour as the potential losses.

Of course, there is a need to balance people's freedom with reducing harm. I am sure you are more aware than I am of the way legislation is always dealing with that kind of balance. If Parliament was to introduce mandatory pre-commitment measures on electronic gaming machines, limit bets on electronic gaming machines to a dollar and limit access to cash in venues then the venues can still have the machines, patrons can enjoy them and there are no restrictions on other forms of gambling which seem to be less related to harm, leaving aside online gambling at this stage. There is relatively little impact on freedom but potentially a significant reduction in harm.

Certainly along with the focus on gaming machines the Presbyterian Church would also encourage the Committee to consider other realistic steps that could be taken which could limit the effects of gambling. We would advocate closer regulation of gambling advertising, especially when that is associated with sporting events, because sport not only attracts wide community interest, but sports and sports athletes are significant role models and help to normalise behaviour in society. We think that looking at gambling advertising would be useful.

You have already heard quite a bit about the value of education. Clearly education has a useful role in these areas. There are some issues that legislation is not going to be able to get to that education. On the other hand, effective education is a relatively expensive exercise and deals with the whole population without targeting the people that are most at risk. I think you need to have an approach that includes both elements so that it will give some limitation on harm as well as education. You need to note that the New South Wales Government, over many years, has received a lot of income from gambling and so this is a hard issue for the Government to look at and deal with. It is a natural blind spot. We certainly hope that this Committee will help to take some positive steps in reducing risk, so thanks for the opportunity.

The Hon. MICK VEITCH: I would like to get your views on third party involvement in self-exclusion agreements. You would have heard me speaking about this for most of the day. I am not talking about family as in third party. I am looking a bit further to support groups in rural communities such as general practitioners, the local priest and financial counselling services. Firstly, what are your views around self-exclusion agreements; and, secondly, do you think there should be a broadening of the role of third parties and their role in self-exclusion agreements?

Dr McCLEAN: Obviously self-exclusion agreements are useful and important to have in place and it is good to have them well supported. We know from the voluntary schemes that around about 10 per cent of problem gamblers who use gambling machines are accessing those. That leaves a lot of people who are not going to self-exclude. It seems to me, and Sheryl might want to add something as well, that there are ethical issues around third parties being involved in respect of how much you know about the other person and whether you have got the right to step in and stop somebody else doing something that they claim they want to do, no matter how much damage is being done.

There are a lot of areas in our society where we allow people the freedom to do things that we think are not really good for them. There is also the problem of effectiveness, especially for the kind of professionals that we are talking about. If you know that your local minister, gambling counsellor, doctor, whoever, has the power to ring up the local club and exclude you that may actually stop you talking to them and seeking help. There are practical problems as well. If there is a way that it can be done that will avoid those problems that is good. I am not sure what that way is, though.

Ms SARKOEZY: I would agree with John on that point. There are questions of privacy. I heard what Alex Kelly was saying beforehand about privacy legislation is probably a bigger thing than it is. There are questions about privacy, but then there is also the question of a third party who is aware of—we have heard today that for every gambler there could be five other people who are affected. So perhaps a third party has their interests at heart and may want to step in, but the machinery for making that happen has to walk that line between infringing rights and protection.

The Hon. MICK VEITCH: For me, again from a purely rural perspective which is my background, the concept has grown from general practitioners who would be dealing with someone's alcohol addiction or their obesity, maybe anxiety, which also manifests into gambling, and dealing with that information from a more holistic, whole-of-life, wellbeing type arrangement to assist.

Dr McCLEAN: If there are mechanisms that can work they are worth pursuing. I am not sure I have heard what the mechanisms are. Because of the difficulty of those mechanisms, I think that increases the argument of having stronger safety fences before people get into the problem.

The Hon. MICK VEITCH: A number of witnesses have provided testimony around being for and against advertising campaigns such as the shock campaigns that have been run in the past for other social issues such as drink-driving or domestic violence. Do you think a shock advertising campaign funded by Government around the impacts of gambling would work?

Ms SARKOEZY: I am not sure if there has been any research to measure the impact of some of those campaigns. I have heard people say that road accidents—do you remember the ad with the minivan that crosses the road and it hits a truck? We all remember that ad. That is quite powerful. I do not know whether there has been any research there as to whether that translated into more stop, revive, survive behaviour.

The Hon. MICK VEITCH: I do a lot of country driving and I stop every two hours. In fact, I am about to embark on 16 hours of driving over the next two days and I will stop every two hours.

Ms SARKOEZY: It changed your behaviour and for people with families as well. There is a bit of a shock tactic with domestic violence campaigns. What are the ramifications of some of these decisions to bring them out into the open? What we tend to do now is keep them a little bit quiet and try to keep them within our families, but to bring that out in the open so that people can be talking about it as an issue, I think perhaps there is some value. That is a part of education.

The Hon. MICK VEITCH: Some of the submissions have raised that something similar to the life education van that travels around New South Wales could be a potential tool for raising children's awareness of gambling and the potential impacts of gambling. What is the name of the giraffe?

ACTING-CHAIR: Healthy Harold.

The Hon. MICK VEITCH: Yes, so something like that.

Ms SARKOEZY: I used to work in a primary school in Sydney as a teacher's aide and the van regularly came to visit. It is very interesting to see how they step up the intensity of the information about all destructive behaviours. Children certainly remember. They are very effective teachers that are used. My experience is that children who have been exposed to information about things like using drugs or alcohol actually remember that lesson because of the way it has been conveyed. There is scope for that.

The Hon. MICK VEITCH: Your submission talks about electronic gaming machines, but I want to talk about online gambling, which is quite an issue for younger generations.

Dr McCLEAN: Sure.

The Hon. MICK VEITCH: There is the scenario of people sitting around together at a local pub having a couple of beers and they all have their smart phones. They are not in the gaming room, they are at the bar using a smart phone to gamble. This is an area that is growing and I would like to know your views.

Dr McCLEAN: First of all, my guess is that the really dangerous scenario is not the group of friends sitting around at the bar, it is the person sitting at home.

The Hon. MICK VEITCH: We have had that scenario presented to us as well.

Dr McCLEAN: That seems to be me to be particularly damaging behaviour. If you are by yourself you are more likely to do damage. You can see how in a group that could be fun with small stakes to become something more serious.

The Hon. MICK VEITCH: You are more concerned about the individual sitting at home in a dark room?

Dr McCLEAN: I do not have any figures, but my guess would be that that is the more dangerous situation.

The Hon. MICK VEITCH: Why? Is it the lack of socialisation, lack of peer support?

Dr McCLEAN: Sometimes people in groups egg one another on to do more dangerous behaviour. My understanding of the psychology of that behaviour is that it is seeking stimulation of some type and in the absence of the social stimulation, the talk and the discussion, then all stimulation has to come out of the gaming itself. As far as I know, there are no figures on the damage that online gaming is doing in Australia. Perhaps there are but I am not aware of it.

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The Hon. MICK VEITCH: The Australian Wagering Council provided a view. They were very concerned about the large amounts of revenue in non-taxed dollars leaving Australia.

Dr McCLEAN: Sure.

Ms SARKOEZY: Yes.

The Hon. MICK VEITCH: At the same time, they were saying that the Australian registered ones were essentially not a problem.

Dr McCLEAN: Obviously damage is not the same as financial losses. You have to look at who is sustaining the damage, who is sustaining the losses, what sort of impact that is having on the financial wellbeing of their family. So it depends who is doing it and in what patterns. As far as I know, there is no clear information about damage from online gaming in Australia.

The Hon. MICK VEITCH: Online gaming and wagering.

Dr McCLEAN: I am not sure there is information about either. My understanding is that online wagering is legal in Australia but Australian providers cannot provide online gaming. I think that is the situation.

The Hon. MICK VEITCH: I think that is right.

Dr McCLEAN: So that means, as an issue for this Committee, it is fairly difficult. Even the Federal Government cannot get at the online gaming sector, so the New South Wales Government has even less hope. That obviously is an area where education will be useful because that is the only real angle you have got on that one.

The Hon. MICK VEITCH: What definition do you use for responsible gambling? Do you source one from anywhere or has the Presbyterian Church got its own definition?

Dr McCLEAN: No, I do not think we have a particular definition. In most of these areas I would have thought the useful definition has got to do with functionality, so how it impacts your own life and your family's life. There are people who obviously can make large wages and enjoy doing that. It may not be something that I think is particularly virtuous or makes a particularly wonderful contribution to the Australian society, but there is no obvious way in which it is harming that person's function and the rest of their life or their family's wellbeing. That is where responsibility is relative to income and to the ability to control the behaviour.

Dr JOHN KAYE: Thank you for coming and thank you for your submission. Does the Presbyterian Church of Australia in New South Wales run any gambling service provision? I should rephrase that. I know you do not run gambling services. That was terrible.

Dr McCLEAN: In fact, our church code prohibits gambling on our church properties. We are not allowed to do anything like that.

Dr JOHN KAYE: That is clearly not what I meant. I meant: Do you provide a counselling service?

Dr McCLEAN: We have a small counselling service, which mainly works by referral to counsellors who are on contract. I do not know what matters those referrals are made for, but I am not aware of gambling being a major factor of those referrals.

Dr JOHN KAYE: Your interest in gambling and the impacts of gambling is theological rather than practical, if I can make that distinction without trying to be offensive. I am sorry.

Dr McCLEAN: That is not a distinction I would embrace.

Dr JOHN KAYE: Chair, I am doing very well today. Can we expunge the record and start again? That was not meant that way.

ACTING-CHAIR: At least he is apologising for it.

Dr McCLEAN: Yes.

Dr JOHN KAYE: What I am saying is that you do not actually have hands-on experience with problem gamblers?

Ms SARKOEZY: Exactly. We are not like the people in CatholicCare and the Wesley Mission who actually have a welfare arm that is providing services. We are not functioning like that.

Dr McCLEAN: Yes.

Dr JOHN KAYE: That is fine. I was an academic for 20 years, so that is absolutely fine.

Dr McCLEAN: I guess the term that is often used in these theological discussions and social ethics is the concept of the common good or being concerned for what is common good. What is good for our society?

Dr JOHN KAYE: Excellent. Can I say that I agree with your recommendations but I am going to ask you a number of questions which may give the impression that I do not. I am just trying to probe you on these issues.

Dr McCLEAN: Sure.

Dr JOHN KAYE: It is one of the few and far between areas where Reverend the Hon. Fred Nile and I do tend to agree, so we should celebrate them.

Dr McCLEAN: That is right.

Dr JOHN KAYE: You quote the figure from the Productivity Commission of 40 per cent of the losses of gambling coming from problem gamblers. I am not sure if you are aware that ClubsNSW refutes that figure quite strongly. Do you have a counter refutation?

Ms SARKOEZY: I would have to say that I have accepted the Australian Productivity Commission finding at face value. The other report that I think is interesting is the Fairfield City Council submission to this inquiry in which they make similar claims and nail them right down to what is happening in their local government area. I did hear those figures refuted this morning quite strongly.

The Hon. MICK VEITCH: You have had a lengthy day, sitting in the gallery.

Dr McCLEAN: She has. That is right.

Ms SARKOEZY: I have. I wanted to hear how it ran. I think I would have disagreed with what they are saying, based on the Productivity Commission. I put my trust in what the Productivity Commission is saying because of its brief to be independent.

Dr JOHN KAYE: I am really interested in your answer to the following proposition, which I confront quite regularly in the New South Wales Legislative Council during debates about club tax and clubs. People say to me when I am hostile to the idea of further tax rebates to clubs or anything that will advantage clubs in terms of moving poker machines around that clubs provide a service to the community and some people refer to them as the town square of the community. People also talk about the services that they provide to sporting venues and the services they provide to the RSL with respect to RSL clubs to care for widows and war widows in particular. How would you refute that? What you are proposing here—and what I would agree with here—would substantially reduce the amount of revenue available for clubs to do those activities. How would you refute that argument?

Ms SARKOEZY: I would probably send you back to the conversations this morning where I think it was reasonably clear when we were talking about the clubs that are non-profit organisations the answer that did seem to come through is that there is a considerable amount of money that goes back into growing the club and expanding the facilities, and presumably expanding other gaming facilities. But also there was another interesting submission which you would have read for this inquiry from Dr Betty Con Walker where that argument is refuted. The submission states in relation to net cash:

However, this presumption is not supported by the facts. The net cash contributions of clubs to the community total about \$30m or only less than 1% of their annual gaming profits.

Perhaps those statistics need to be tested, but I think that there is some evidence that it is not as transparent as perhaps we might expect.

Dr McCLEAN: At one level there is a cost-benefit analysis to be made. What is the cost to the community, given that there is some benefit? But I would not be happy to support a position simply on a raw cost-benefit analysis. If there is a great deal of harm done, even to a small group of people, I think that should concern us even if there is a great deal of benefit that comes to the rest of us from it. That kind of raw utilitarianism does not seem to me to be the kind of way we want our society to run.

Dr JOHN KAYE: You and I should probably on another date have a debate about utilitarianism and act utilitarianism versus rule utilitarianism.

Dr McCLEAN: I said raw utilitarianism.

Dr JOHN KAYE: I think you are referring to act utilitarianism rather than rule utilitarianism. What about the argument that the way clubs operate is a highly regressive form of taxation because in as much as it does provide services to the community, it does so by collecting wealth from the poorest element of the community—those who can least afford to part with it—to create facilities that are enjoyed across the community, including by those who can easily afford to pay for it?

Dr McCLEAN: The figures seem to support that the people who are harmed by—

Dr JOHN KAYE: I am sorry, but this goes beyond harm.

Dr McCLEAN: Okay.

Dr JOHN KAYE: It is talking about generally. Even those who gamble within their means—the people who use poker machines in particular—generally tend to be poorer. You do not see a lot of business executives going down and putting money through poker machines but you see a lot of pensioners putting money through poker machines, even if they are not doing it in a way that specifically brings them within the definition of problem gambling. They are still parting with money.

Dr McCLEAN: Yes. I suppose the only thing that I would want to perhaps think about a little bit more is the analogy between an activity freely entered into—especially for those people who are not addicted—and taxation. The reason that regressive taxation is particularly objectionable is because it is enforced. The analogy is not perfect but there seems to be some point in it. If the main reason for advocating the activity is because of the benefit it brings to society, why do we not find an activity that takes money out of the pockets of people who have more money in their pockets to begin with?

Dr JOHN KAYE: The Productivity Commission says that the conservative estimate of the harm done by gambling is approximately \$4.7 billion. You would have to figure that at least \$1.8 billion of that is in New South Wales. Normally New South Wales is a third of the rest of the nation. In gambling we are probably more than a third of it. We have half the poker machines.

Ms SARKOEZY: That is right.

Dr JOHN KAYE: That is about 60 per cent of the damage. You would have to figure that we are actually above that. Let us conservatively say the damage is \$1.8 billion. Revenue collected from all gambling in New South Wales by the New South Wales State Government is \$1.9 billion. We are not that much ahead of the damage in terms of the revenue we collect. Do those figures indicate to you that there is a substantial problem with the whole economics of gambling?

Ms SARKOEZY: My understanding is that about 10 per cent of the State of New South Wales revenue comes from gambling taxes. Is that correct?

Dr JOHN KAYE: No. It is actually less than that. Of revenue, it is 8 per cent of 37 per cent. Thirty-seven per cent of our revenue is taxes because we get to revenue by dividends and Commonwealth gifts and so

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on. Eight per cent of that 37 per cent is approximately 4 per cent of our total revenue base of the \$62.6 billion of the State. It is about 3 or 4 per cent.

Ms SARKOEZY: What you are suggesting is that the Government is not actually—

Dr JOHN KAYE: I am suggesting that what the Government collects in taxes—

Ms SARKOEZY: Is mostly the damage?

Dr JOHN KAYE: It is not bigger than the damage. It is a tax revenue in which the damage is probably greater than the amount of tax we collect.

Ms SARKOEZY: That is right. The question then is: How is the repair of the damage funded? That must be coming from somewhere else.

Dr JOHN KAYE: I would put it to you that most of the damage is not repaired.

Dr McCLEAN: It is not being repaired, yes.

Dr JOHN KAYE: As a understand it, 10 per cent of problem gamblers get to a gambling service. Hazarding a guess, of those, 60 per cent are in some way ameliorated, so it is a very small percentage of that damage that is being addressed. The rest of it just goes on as damage, I would imagine.

Ms SARKOEZY: That is right. As John was saying before, the question is: On what basis do you want to do good for society? To me it seems that to be gaining that revenue, regardless of how much it is and how little it is, from people who apparently can least afford to pay it seems a week basis to be building a society on. It would be fairer for those who actually can afford to pay to do so. I think the Fairfield City Council example is actually quite interesting. They were saying that 4 per cent of electronic gaming machines [EGMs] are in the Fairfield local government area [LGA] but 8 per cent of the profit comes out of it. Those figures really do seem to suggest that there is an unfair tax burden being borne by people who, whether damage is occurring or not, are still less advantaged than other communities.

Dr JOHN KAYE: I wish to ask you now about the issue of online gambling. I am not sure whether you were here yesterday for the Australian Wagering Council's evidence.

Ms SARKOEZY: No.

Dr JOHN KAYE: The Australian Wagering Council is the representative body of what is referred to as corporate gamblers or corporate bookies, who are basically the online betting agencies—the legal Australian online betting agencies., I lost count at about 14 instances in their written submission where they said, "If we regulate them more, then we will drive online gambling activity overseas where it is unregulated." Effectively the submission is saying that the existence of overseas competition, which they say is much worse than they are and is much more exploitative than they are, means that there is a limit to what we can do in this space. Do you agree that argument? If so, how would you get around that argument?

Ms SARKOEZY: That sounds a little bit like saying that this is one of a number of destructive behaviours, and if they were not doing it here they would be doing it somewhere else—don't you think?

Dr JOHN KAYE: Yes. We have had fun with that one already.

Ms SARKOEZY: We have had fun with that one already today, yes. I think it is the same sort of argument. It is almost: Could it be protected here? Is that what they were suggesting—that you could regulate it and control it?

Dr JOHN KAYE: Their argument is that some degree of regulation is possible here.

Ms SARKOEZY: But nothing else?

Dr JOHN KAYE: For example, one of the arguments that I think you and I would agree on is that we should ban all advertising of gambling. It does not serve a useful purpose to allow it to be advertised. They say

that if we do that or if we overly restrict the advertising of gambling, we create an advantage for the overseas bookies and people will go overseas where they are unregulated. They handed around examples of the sorts of advertising that happens and the sorts of products that are offered by overseas advertising. I think I would have to accept that they are more damaging than Australian products.

Ms SARKOEZY: It sounds on the surface as if the argument is to protect the Australian gambler, but it may also be to protect the person providing the gambling services in Australia.

Dr JOHN KAYE: Of that there is no doubt, but there is an argument. Anyway, it is something we need to think about because it is an argument that we will need to address.

Dr McCLEAN: Can I pick up on that and make a side but related point to that? The fact that overseas online gambling interests can advertise to Australian consumers is also a reminder that if there is any attempt to do an education campaign, television is probably not the prime medium, especially with younger people who are accessing online gaming. Lots of them are not really watching much television anyway, so you need to communicate with them in the medium they are accessing.

Dr JOHN KAYE: Thank you very much.

ACTING-CHAIR: I know that you said earlier in response to one of Dr Kaye's questions that you do not have a specific gambling counselling service.

Dr McCLEAN: Yes.

Ms SARKOEZY: Yes.

ACTING-CHAIR: But in terms of discussion among the members of your church and being involved in the society and culture committee, is the issue of gambling and problem gambling something that is talked about a lot among your church members, or has that increased more in the last 10 or 15 years? Do you think the concern is greater?

Dr McCLEAN: It is always hard to measure.

ACTING-CHAIR: I know it is anecdotal evidence, but just tell us of your experiences.

Dr McCLEAN: Probably traditionally the Presbyterian Church has been a critic of gambling so it is probably something that has been on the agenda for the Presbyterian Church. I know that I went back and found statements in the nineties that the Assembly was making in relation to gambling. My guess is that if I went back earlier I would find earlier statements.

Dr JOHN KAYE: I think if you go back to the seventeenth century—seriously—you will see writings by Presbyterians who, from a puritanical point of view, were totally opposed to gambling.

Dr McCLEAN: Oh, yes. There is no doubt about that. Of course, that is right—and opposed to lots of other things that perhaps we are not so opposed to today.

Dr JOHN KAYE: There is progress.

Dr McCLEAN: Yes, in relation to theatres and that type of thing. Certainly, concern about advertising actually seems to be the thing I hear people in our circles talking about the most; the intrusiveness of gambling advertising often in what seems to be obviously inappropriate settings, especially associated with sport. I think that is the kind of thing that particularly attracts comment. I suspect the Presbyterian Church's pastoral care, the anecdotes I have heard, probably is more about people being affected by online gambling than electronic gaming machines, but I think that reflects the sort of membership our churches often have, which is middle-class, educated. They probably are not the people who are going to be seen down at the club spending a lot of money; but they are the sort of people who are going to get caught up with online activities. Again, I do not have any figures at all, but just chatting to people they are the anecdotes.

ACTING-CHAIR: Your submission focuses on electronic gaming machines but, interestingly, the figures from the AHA of those who play those machines are going down. We have not seen a similar graph but

we all agree that online gaming figures would be increasing. I think that correlates well with what you have just said.

Dr McCLEAN: Yes.

ACTING-CHAIR: One of your submission's recommendations or positions is mandatory pre-commitment. Over the last day or two we have found that, despite the best intentions of having in place a range of other programs and advertising, it is difficult to help people until they reach the moment when they say, "I've got a problem and I need to do something about it".

Dr McCLEAN: Yes.

ACTING-CHAIR: When you talk about making pre-commitment mandatory, that actually will capture everybody and not be when it reaches the point where it is a problem. Do you want to add to that?

Ms SARKOEZY: Yes. What I would add to that is that submissions to other inquiries and some research suggest that what we are talking about here is a government response that has a public health aspect to it. People were talking this morning about dealing with this as a medical model—a public health aspect and also a consumer protection aspect. If everybody is involved in a pre-commitment scheme, everybody knows what they are buying and how much money they are outlaying. It protects everybody from a consumer protection aspect because you know what you are buying. You know exactly what it will cost and then you stop and you are going to have to come back tomorrow or the day after to buy another product.

There is also an aspect of public health where a mandatory scheme actually protects everybody in much the same way that we all wear seat belts, and that none of us can smoke in restaurants and confined places. There is an argument that people would say this is an infringement on my rights. This morning I heard that you cannot treat every gambler as a problem gambler, yet you do not know when that person is going to become a problem gambler. From some of the things we have read and the Productivity Commission report, it seems that government has a role here to step in and say enough is enough.

ACTING-CHAIR: Playing devil's advocate—I am not completely across the technology of pre-commitment—my concern is that somebody knows that \$500 is hitting their maximum but they set their mandatory pre-commitment level at \$1,000 to give themselves that buffer. No system is infallible, but how easily might such a system be manipulated by somebody, who likes going to clubs to play the poker machines and wants to gamble, setting their limits much higher than they actually can afford in order to get past the system? Do you have any thoughts on that?

Dr McCLEAN: That is where we would ask that there be limitations on the stakes. Limit it to \$1 stakes as well. There are two limitations that kind of work in synergy. There is actually just not as much time in the day and week to put through the huge amounts of money. Remember, part of the whole issue about electronic gaming machines and online gambling is the kind of immediate stimulation of the technology. It does tend to draw people in, especially if they are prone to some sort of addictive behaviour anyway.

Ms SARKOEZY: What you described could be done just as easily when applying for a credit card. A thousand dollars might actually be your reasonable limit but you ask for two thousand and the bank probably will give it to you even though they would have done credit checks. I am not sure I could offer any suggestions, but that certainly would be something that needs to be considered. Who sets the limit is a good question to ask.

Dr McCLEAN: It does still have the effect that whatever is the process, somehow you have to put in the figure. You are not just saying, "I'll have a few more bets now." You actually have to say, "This week I'll only put X amount in" and you have to write down the whole figure. I think that is a moment of realisation itself.

ACTING-CHAIR: It still comes back to a self-monitoring aspect?

Dr McCLEAN: Yes.

ACTING-CHAIR: That is what we keep coming back to: the individual needs to know when enough is enough. It is difficult to address that. I do not think there is a simple solution. Yesterday, witnesses from the Gambling Treatment Clinic at St Vincent's Hospital said that with the responsible service of alcohol a bar tender

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can say to somebody, "No, you've had enough. You've got to go home for the night" whereas with gambling club staff could approach someone or tap them on the shoulder but they do not have a mechanism to say, "I've seen you put in \$1,000" or "You've been here my entire shift, you've been sitting at that machine for eight hours, it's time to go home, we'll see you tomorrow." Do you think trying to work in that space could be beneficial?

Dr McCLEAN: It could be. Obviously, the problem goes back to the question about responsible gambling. You do not know if that person is a millionaire and even whether the \$2,000 they put through that night is really small change for them. The safety of someone who is inebriated can actually be assessed to some extent from slurring of speech and other signs. You can say, "Well, I've seen them drink" so many drinks in the last two hours and "I can see the effects on their behaviour". You have a clearer take on the parameters than in the case of gambling. In some ways I would be quite sympathetic to just saying, "You've spent so many hundred dollars, you've got to go" but that does really seem a bit unrealistic, given the huge range of incomes people could be operating with.

Ms SARKOEZY: It is not the same as the human body. We know how many drinks it takes to have your judgement impaired and to be unable to drive and all those things. We actually can measure that and assume that most women are the same and most men are the same and two drinks is enough and that is it. It is not the same with gambling. That is an onerous task to put on gaming floor staff to make that call. The information this morning was that in places of vast halls of EGMs how can they even see.

ACTING-CHAIR: The responsibility of gambling addiction treatment and government funding for that is operated by the Office of Liquor, Gaming and Racing, which is the same government department that oversees gaming and that perhaps there is a conflict of interest. The suggestion was to transfer that responsibility to the Health portfolio and that treating it as an addiction similar to alcoholism might be a step forward in dealing with it. Do you have a view on that?

Dr McCLEAN: That seems to be a good approach. Earlier testimony was talking about the danger of medicalising the problem and increasing people's shame, but to view it as public health is not the same as medicalising the problem. Public health is to say we are dealing with the general drivers and conditions. That is not particularly saying people are sick because they have a problem with gambling. The health department deals with plenty of public health issues. That seems like a good place for it to be.

ACTING-CHAIR: We have reached the end of the day.

Dr McCLEAN: Thank you very much for the opportunity to come.

Ms SARKOEZY: Thank you for having us.

ACTING-CHAIR: We might want to put some more questions to you and other Committee members who were not able to be here this afternoon might want to send some questions to you, in which case the secretariat will be in touch. We ask that the answers be provided within 21 days.

Dr McCLEAN: Okay.

(The witnesses withdrew)

(The Committee adjourned at 4.10 p.m.)