

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE IMPACTS OF GAMING MACHINES MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON MONDAY 15 APRIL 2002.

Ms PEG PUTT, WAS CALLED AND EXAMINED.

CHAIR (Mrs Silvia Smith) - Welcome to you, Peg. For the record if you could just say your name and who you are representing that would assist.

Ms PUTT - I am Peg Putt. I am the Greens member of the House of Assembly in the electorate of Denison.

CHAIR - Thank you very much. Thank you very much for putting in your submission which basically contains your proposed gaming machine control, stop the poker machine roll-out amendment bill which I have read. I know you are going to speak to us on that and any other issues that you consider from our terms of reference that you are able to competently address for us and give us information on. Over to you, Peg.

Ms PUTT - Thank you very much. Thank you for the opportunity to address the committee. This is a matter that I am very concerned about. I have felt that in the House of Assembly sometimes it has been a bit of a lone fight to try to get some sort of focus on at least trying to identify the social and economic issues associated with the expansion of gaming machines into the community and the range of other issues that flow from that expansion. I am very pleased that the Legislative Council is having this inquiry in the absence of the Government having initiated a broad-ranging inquiry itself. Indeed, I think it is better that it is an independent body such as yourselves that are doing this, particularly given some of the things I found today looking through research that I have got out of the Government files on FOI which they have not seen fit to publicise. We will come to that in a moment.

In my submission, I have essentially just given you a covering letter and a copy of my bill which is to cap the number of poker machines. I do want to go a little further than that but I will just start by saying that I have actually introduced bills of that nature. One was superseded when the further roll-out of poker machines occurred halfway through last year. So I introduced a revised version of the same bill towards the end of last year which essentially does the same thing. I will go through that in detail in a moment.

Mr SQUIBB - For the record, you are coming back to this item?

Ms PUTT - Yes, I will. I will actually go through the summary of what the bill does and we can go through the individual clauses, if you like.

I also wanted to put a position that not only am I advocating a cap on the number of poker machines in pubs and clubs at the present level, but I would be hopeful that the committee, as part of its inquiries, would investigate the feasibility of a progressive withdrawal of poker machines from pubs and clubs and how such a withdrawal might be

able to be managed. That is, of course, if you conclude that there is a problem with the numbers that we have out there in the community at the moment. Certainly, when I introduced this legislation I was not prepared to try to legislate for such a withdrawal at that time because it seemed to me that we needed an inquiry that looked further at the social and economic impacts before we determined that there may be a need for such a withdrawal of machines that are already in the community. However, I am satisfied that there are enough questions and enough anxiety that we should stop and cap the number of machines that we have now.

There are number of other matters contained in that bill so I will come to that in a moment.

What I wanted to do first was just go through some of the background information. I do not know whether you have all these studies which I got on an FOI request.

Mr SQUIBB - Fair chance.

Ms PUTT - You have the usual amount of documentation.

Mr SQUIBB - We are certainly supporting that industry that produces the paper.

Ms PUTT - Obviously, I go back initially to the Legislative Council select committee report last time there was a committee looking at this. Two recommendations: 6.2 which recommended that research funds be advanced from the Consolidated Fund to establish a database before video gaming machines come on line in Tasmania and thereafter research to be undertaken with respect to gambling problems and related matters. It is of some interest to me as to whether that has ever been satisfactorily implemented. I know there have been some studies which have attempted to establish a base line. Whether that is sufficient to comprise a database that is discussed is a question in my mind. I would have thought a baseline is one thing but a broader database and more in-depth research to my mind would be required. Then I just wanted to go through a few interesting bits and pieces that I found in this information. This is the Anglicare report of June 1996, *More than Just a Bob Each Way*, Tasmania takes the gamble out of service delivery, and in that report in the executive summary they cite the baseline study, the Dickerson report. The matter that I just wanted to underline here before we go further down the track with other statistical information is that Dickerson highlights that each case of problem gambling may have an adverse effect on up to 10 significant others in the problem gambler's life.

CHAIR - Yes, we have heard that.

Ms PUTT - I wanted to just underline that. Then in the follow-up to the baseline study conducted in 1994, 'The Extent and Impact of Gambling in Tasmania in 1996', again pointed out something that I thought was particularly relevant to this inquiry in the executive summary. The last point in the result of the survey that they did was point XIX - estimates derived from the intentions of respondents to play electronic gaming machines in clubs and hotels suggest that the prevalence of at-risk players may rise by 25 per cent but that the increased demand on such services such as G Line will be significantly greater. So that we had an indication at the outset that there could be a rise

by up to 25 per cent of at-risk players. Fortunately I am not going to cite from every one of these reports.

Now I am looking at the Tasmanian Break Even Gambling Services, a review of the 14 months of break-even operations in Tasmania, July 1997 to 30 September 1998. The points that I wanted to highlight in that report are firstly, the growth of clients preferring electronic gaming machines and in figure seven in that report they show a pronounced favour for break-even clients to go to electronic gaming machines. So here is electronic gaming machines and there are bingo tables, lotto, horses, the TAB and something that I cannot read, TAB/EGM whatever that means. But electronic gaming machines are up at 67 per cent.

Mr SQUIBB - That is the supposed problem gamblers?

Ms PUTT - Yes, the problem gamblers at the break-even service. So it is showing a huge increase in that particular area. Also I suppose the motivating forces for bringing clients to counselling will always be fairly dramatic but this has, in a dot point form, a summary of what motivates their clients to come to counselling and it is major financial difficulties, family breakdown, job loss and criminal charges, bringing clients to counselling. A high level of sheer desperation, panic and family crisis. The term 'rock bottom' describes the situation. Thirty per cent of clients had contemplated suicide prior to seeking counselling. Clinical depression, anxiety and frantic distress are common symptoms.

The other matter that I had marked here was counsellors talking about the nature and size of the gambling problem, and under the question 'What is your understanding of the nature and size of problem gambling in Tasmania?' the counsellors had said:

'The problem of addiction is bigger than the original estimate. The problem is that the nature of the addiction is hidden. The growth in number and locations of electronic gaming machines has shown a marked increase in clients, with addiction building up at a faster than usual rate. Clients are presenting with a history of major personal crises and at critical crisis point. The problem is widespread with only a small percentage seeking counselling or help, and all services experienced high numbers of no-shows, noticeably higher than for other types of counselling. This is attributed to the emotional seesaw of win and loss, the fantasy chasing of losses and the lack of reality experienced by the addicted gambler.'

I thought that was significant because these counsellors, while they are giving a subjective opinion there, I do not know what other assessment you are going to get, and these are people who work in the area consistently with people with problems of gaming addiction. So if they are saying that with the introduction of electronic gaming machines they are seeing a bigger than estimated problem and a marked increase that has only a small part of the iceberg tip above the water actually coming to counsellors, then they are essentially telling us that there is a substantial problem out there.

CHAIR - Just before you move away from that one, you made the comment of a significant number or a number of no-shows.

Ms PUTT - Yes.

CHAIR - Do they break it down into figures anywhere to give us an indication of how many people do not turn up to interviews, I guess it is?

Ms PUTT - I cannot see that here.

CHAIR - We might follow that up.

Ms PUTT - It might be worth following it up. If you want to copy this or copy the front page or anything you are most welcome to it.

CHAIR - Yes, I think we can get access to that, can't we, or if I borrow yours it might be quicker.

Ms PUTT - Yes. You are most welcome. I did not bring all my files down. I just brought some of these reports.

CHAIR - Probably like us, too many to carry.

Ms PUTT - Yes. Another issue that I wanted to raise in respect of problem gambling was, we have already talked about the potentially 10 people around a problem gambler who are affected, so we are presumably talking about partner, other family members, friends, and we are probably also talking about -

Mr SQUIBB - Fellow employees.

Ms PUTT - Yes. Work mates, employers, employees, all those sorts of problems. But, interestingly, in the Department of Health and Human Services' expression of interest to develop a community education strategy on gambling risks and harm reduction - this is a report of October 1999 - they also note a range of second-order effects. So what they say here is:

'The Department of Health and Human Services recognises that while the main social and economic burden of problem gambling falls on individuals and their families through loss of quality of life, there are also important second-order effects. These include the impact on the health care system and the wide-ranging effects on consumption and production of private goods and services.'

So we are getting into a whole broader range than just the personal circle that surrounds any individual problem gambler. And I think both these issues, the fact that problem gambling extends further than the gambler themselves in terms of their personal relationships and the fact that it has a broader economic impact, are matters that need to be assessed. Now I am not sure whether this committee is going to be able to undertake that assessment or whether this committee might conclude that there is a need for that broader assessment, and it is not my place to judge that, but I would certainly be putting to you very strongly that this has not been assessed in Tasmania in recent times, certainly not since the introduction of gaming machines to pubs and clubs. The statistical evidence that has been collected just hasn't been to that level of detail and to that order of

analysis. It hasn't even sought to ask and answer those types of questions. So that we simply do not have the information that describes in any sort of statistically valid manner exactly what those impacts are. We're stuck at this point with anecdotal evidence and I assume that the committee will essentially get more anecdotal evidence that may build a case in the direction of a need for something that's a bit more scientific to assess what is going on out there to the extent that it can be assessed in those areas.

CHAIR - You're saying the social and the economic impacts in particular?

Ms PUTT - Yes. Because to me that is an extremely significant aspect that we have local business that's being penalised in particular areas where there are high numbers of poker machines and that's having an effect through the economy, it's not just that someone doesn't buy there. That affects the profit margins in that operation and it may affect their staffing levels, it may affect their viability and so on. So we've got quite extensive effects through local economies and through local communities.

Similarly if we've got an additional call on the health budget in particular areas because of the effects of gambling, whether or not it's problem gambling, then again that's a matter that needs to be set against the revenue raised that's pumped into the budget at the front end.

Just to follow up on these studies, I have got a copy also of the third study into the extent and impact of gambling in Tasmania with particular reference to problem gambling which is a follow-up to the baseline studies in 1994 and 1996.

The points that I really wanted to emphasise here are in the executive summary.

Very interestingly and something that the Government I don't recall ever having publicised is the finding that 78 per cent of Tasmanians thought the Tasmanian community had not benefited from having poker machines in clubs and hotels. Now that's about as high a percentage agreement that you ever get on anything in Tasmania in an opinion poll that I've seen. You'll often get around the 75 to 80 per cent mark for a very strongly held view and that's what we're getting here.

Only 10 per cent said they thought that the Tasmanian community had benefited from having poker machines and there was 12 per cent undecided. So the undecided was actually higher than the numbers who thought there was a benefit.

When that's broken down there was another question asked seeking some sort of agreement and, again, I'm a bit critical of how the questions may have been formulated here but this question found that over a quarter - that is, 27 per cent - of Tasmanians did agree, however, that the Tasmanian community had benefited financially from having poker machines in clubs and hotels but only 17 per cent agreed that the Tasmanian community had benefited socially from having poker machines in clubs and hotels. So I'm giving you that as well to give you a balanced view of what's here.

Less than half of those interviewed - 43 per cent - thought that poker machines in clubs and hotels are carefully controlled and monitored through proper licensing procedures. Twenty-two per cent disagreed that this was the case which is a high percentage of disagreement about even the compliance with standards and a quarter didn't know.

The interesting figure too that relates to this business of where money might otherwise go in the community is contained - there is a question that goes to that and the dot point in the summary is had they not gambled with their money, 19 per cent of Tasmanian gamblers would have spent their money on groceries or small household items, 17 per cent would have spent it on entertainment or other recreational activities and 13 per cent would have spent it on personal items. So that begins to flesh out that argument that local businesses would be missing out in the grocery area, in the entertainment and recreational area and on personal items. And 1 per cent of gamblers would actually have otherwise paid their mortgage, which is a bit of a worry.

Mrs SUE SMITH - Otherwise did you say?

Ms PUTT - Yes.

Mr SQUIBB - And nothing there on savings?

Ms PUTT - No, nothing there on savings which is interesting. Whether the question was asked about savings, of course, is something that I do not know. I think the question may actually be at the back of the report but I have not had the opportunity to go through all of it.

CHAIR - Is that the report there?

Mrs SUE SMITH - No. This report is the South Australian one. We do have it though.

Ms PUTT - The other matter that I thought was particularly important in this was in respect to problem gambling specifically. Approximately 5.6 per cent of the total population considered that there had been gambling difficulties in their family in the preceding 12 months. It is dated 9 February 2001 but it was actually done towards the end of the year 2000. The interesting thing is to compare that. That is a fairly high proportion anyway.

Mr SQUIBB - Depends what they term 'difficulty' also.

Ms PUTT - It does depend but certainly the national surveys give you an expected figure of 2.3 per cent and here we are looking at 5.6 per cent. That is markedly above what you would expect. It is compared with estimates of one per cent for 1994 and two per cent for 1996.

Mr SQUIBB - The 2.1 per cent that you refer to, that is the national figure for problem gamblers. In this case, 5 per cent said that they were aware of someone within their family. That would not be the corresponding figure, surely?

Ms PUTT - You may be right about that. Anyway, the report does say that these present estimates have to be seen as a significant increase.

Mr SQUIBB - That is the point.

Ms PUTT - That is really the point. That is about the sum total of the evidence that we seem to have in statistical form of exactly what is going on out there and it is enough to worry

me. We need substantially better documentation of what is occurring. It is remiss of us to just continue on the path that has already been laid out of further poker machine roll-outs if this evidence that we are seeing is correct about the views of the community, the increasing numbers who have families with problems and the fact that people really are putting their money quite substantially in different directions than they otherwise would have done in local economies.

CHAIR - So do you have a view on who you would consider to be the appropriate body or group to undertake this particular survey, this social and economic impact survey, on what is happening in this industry?

Ms PUTT - I think it needs to be an independent group, independent of government and independent of the industry. It needs to be a group with expertise in this sort of data collection and analysis.

CHAIR - How about the university?

Ms PUTT - I honestly do not feel that I know enough about what their expertise is to say whether the university is the appropriate body. It almost needs terms of reference to be drawn up and a tender to be put out so that you could get a range of different parties. It may be that you need to break it down into specific areas. You may have different consultants looking at different parts of the analysis.

Mrs SUE SMITH - I think that might be the important issue because it is very hard to find a grouping who will look at economics who also will have some capacity within their company to look at the social aspect. They virtually scream at one another on so many occasions that you may need different entities. While you are on the issue of the process of the social and economic, you have a raft of studies there as well and it appears that there is no consistency of process. There is no consistency of biannually looking at this. It is just when someone puts their hand up and says, 'Hey! We should have a look at this'. I have floated with some who have given evidence, and I will do the same with you, that we have a community support levy and part of that levy is to look at research and to assist problem gambling and so on. It is also interesting that that is not taken up to its full extent. That is not just peculiar to Tasmania. There are other States around Australia who are showing the same type of area. What is your opinion of a standard process that biannually looks at the social and economic impacts on an ongoing process and utilised perhaps some of that community service levy so it becomes something that is entrenched and is looked at automatically rather than by the good graces of somebody deciding to take a look occasionally?

Ms PUTT - I think that sounds like a good thing and I wonder whether it would need in fact to be somehow written into the legislation. In my bill I do propose an amendment to the section dealing with the community support levy and I wonder if we are really going to get something biannual. That might be the way to do it. But certainly, yes, something needs to happen regularly and it needs to happen in a way that you are comparing eggs with eggs when you get the final result. I have just thought too, thinking back to your earlier question about who might be appropriate to do some of this work, I know that the councils in the Melbourne City area had some social and economic impact studies done which were very thorough and had been used as a basis for policy making and it may be worth investigating those reports and who undertook them. They were able to quantify,

for example, the extent to which the expansion of gaming machines was occurring in areas of a lower socioeconomic status and draw correlations there so that they were able to show what I think is also a pattern that is emerging in Tasmania which is we do not have an even spread of gaming machines and they often are more prevalent in those areas where people have basically less money and are looking to get lucky as a way out of their situation. But it might be worth looking at that.

Mrs SUE SMITH - Interesting that you make that comment because we have already had that comment made to us. There is a suggestion that specific areas are being targeted.

Ms PUTT - Yes, it certainly is the interstate experience and somewhere here in my many documents I have the venues of where there are external gaming machines and I have the towns, I have it by the lower House electorates. But when you look at this it is fairly noticeable and the spread across is not even either, it is quite disparate. For example, just to go through the House of Assembly electorates, because that is what I have, in the Bass region there are 384 machines, in Braddon there are 578 which reflects the high number along the coast in the coastal towns or cities, in Denison there are 439, in Franklin there are 214 and in Lyons there are 408. But it is interesting and one of things I have also proposed in my bill is that there is an ability to set regional limits on the numbers of machines. That is something that has been introduced in Victoria. I should have also said that Queensland has introduced a cap on the number of machines. So it is not as if these are wildly radical ideas; they are things that are happening in other places.

I do not know how much to go through all the ins and outs of the situation of pokies and pubs and clubs now. I guess you are familiar with the phased introduction of machines that is provided for in the legislation so that we are looking at another roll-out as of 30 June 2002 to 30 June 2003 where the maximum pokies in a club could be increased by another five to 40 and the maximum in a pub increased by another five to 30 and the possible total that we could end up with overall theoretically would be 4 000 machines.

Mr SQUIBB - How many should we have at the moment according to that?

Ms PUTT - I haven't got that here.

Mrs SUE SMITH - 2 023.

Mr SQUIBB - No, should we have. Could we have, sorry.

Ms PUTT - We could - no, I'd have to - my in-my-head sums probably won't do it right.

Mr SQUIBB - Just quickly looking at the number of external machines, it would appear that very few would have their maximum allocation at this point in time.

Ms PUTT - I think that's right. I have a summary figure here which is 2 023.

Mr SQUIBB - That's currently but I would imagine if each of those venues had the maximum number allowable, the number of machines would've been probably 3 000.

Ms PUTT - That's right.

Part of the determination is around the profitability of the machines that are already there which means that the areas where they're obviously taking a lot of money out of the community already are the areas which are targeted for more because they are already functioning well in that they are making the money.

So it is a difficult situation that we're confronted with because, as I say, it's where more money is already coming out of the community that you're likely to get even more machines in because of the profitability aspect.

What I'm concerned about too is just to talk about what happens after June 2003 because the Government has sought to characterise that after June 2003 there's no further roll-out. Now that is not what the legislation says. The contract then details that in six months from 30 June 2003 the Gaming Commission and the companies will undertake a joint review of the maximum number of gaming machines in one club or hotel and not later than the first day of July 2003 and at least annually thereafter they'll confer to agree. In other words, it ceases to define the upper limit post 30 June 2003 and instead defers that to the Gaming Commission and the companies involved.

So we have no way of telling what number it is going to be that we will be facing post the end of next financial year.

Mr SQUIBB - And from that, I take it, there would be no opportunity for the Parliament to have any further involvement? That's a decision made by the commission and the -

Ms PUTT - That's my understanding and I'm just looking for somewhere here I had a further note that as you follow the legislation through -

CHAIR - Which takes some following at the size of it.

Ms PUTT - not only is it the commission and the companies that confer about the increase from thereon in but what occurs is that the only determinant is that they have to have regard to in the legislation which is in the following clause is the financial viability of putting more machines in.

Mrs SUE SMITH - That's probably what you're looking for there.

Ms PUTT - Yes. I wanted to make a point of that because in fact what we're doing is giving control of the thing virtually to the companies and the Gaming Commission. I've got a problem with the way the Gaming Commission is constituted at the moment too and I think there's a conflict of interest there away from the Parliament and we're not bringing to bear any social or economic matters aside from profitability. So I've got a very big problem with that and I'm hopeful that the committee will be similarly concerned that there needs to be some sort of review of that situation.

I've talked about the need for a social and economic impact study. Interestingly we've had local government make comment on this matter from time to time and probably everyone is aware of the Brighton Council's stance but a number of councils around the community have actually taken a position on gaming machines in the past year or two. I know Hobart City Council is one and I think maybe Clarence may have been another -

Mr SQUIBB - Glenorchy were looking at it.

Ms PUTT - Glenorchy, yes. So there will be a number of them, and one of the things that they are concerned about is that there is no local government approval process either that would look at the impacts in their area and whether there is a benefit or a detriment to the community.

Mrs SUE SMITH - Just for your information, we have had local government making a presentation just prior to yourself.

Ms PUTT - Oh, right, making that point? Well, I will not make the point for them any further. I would also like to refute the argument that the State Government has advanced about why a social and economic impact study is not warranted, where they say that in July 1999 the Productivity Commission released a report on gaming which, according to them, found that there is not a substantial problem in Tasmania. This is a distortion, and really we should not be bullied by it, because what is not being explained is that when the Productivity Commission report was prepared it was not conducting a baseline survey but was based on analysis of data no later than 1994 and predated the 1997 introduction of poker machines. So none of the evidence that was taken into the Productivity Commission report actually reflected a situation on the ground as of the time or past the time when the poker machines were introduced into the community.

Regarding the adequacy of the current funding and services for gaming addicted persons and the families and communities, I have had quite a number of concerns raised with me about the apparent discrepancies between the amount of revenue gaming machines provide the State Government compared with the amount made available through the community support levy, and certainly then over the expenditure of the community support levy. When this new Government took office and the committee that used to oversee the disbursement of part of that levy was disbanded and it was taken into government to undertake that determination of where funding would go, I think things got even worse, because there is just so little transparency about what is happening with that money, and some of it is being used to fund government positions. I did not understand that to be the original intent of that levy, and certainly I would prefer to again see a more open and transparent process that is not being used by government in part to prop up bits of their budget with this community support levy. This should be a genuine community support measure over and above the normal functions of government, and I am concerned also that there remains substantial unexpended funds that have not been utilised.

Mr SQUIBB - In your opinion, why is this occurring?

Ms PUTT - Well, I am not sure, because I am obviously not party to government decision making. I am not certain whether it is because government feels that there is no need to expend more money in these areas. I would find that hard to believe except that I think there is a political expediency in not doing a lot of the research, so I have got to think that part of it is actually not wanting to know the answers to some of the questions that people are starting to ask. I do not know whether or not the services that are provided for problem gamblers at the moment are adequate. It would probably do to look at that as well.

CHAIR - We will be talking to some of those people this week to find that out.

Ms PUTT - Yes, and obviously there are people who are much better placed than I am. From time to time I have heard complaints, but they are of the type you get in a politician's office. It is a little hard to know whether someone has an axe to grind vis-a-vis some other organisation or quite what is going on.

CHAIR - On the community support levy, do you have an opinion on whether you consider the percentage to that levy is sufficient out of the revenue?

Ms PUTT - Remind me of how it goes at the moment.

Mr SQUIBB - Are you talking about the break-up or the percentage that goes into the fund?

CHAIR - The percentage of the break-up, of how much comes from the revenue to the community support levy.

Mr SQUIBB - As opposed to the way that is split up and distributed.

CHAIR - Yes.

Ms PUTT - I have a section in my proposed legislation that establishes the community support levy and I am just trying to remember; I thought it set it at five per cent and I am just trying to find it.

Mr SQUIBB - In yours?

Ms PUTT - Yes. I brought so many bits of paper with me I cannot find that bit now. Does that sound right?

CHAIR - That is our problem, we have so many bits of paper.

Mr SQUIBB - I could not see it.

Ms PUTT - Certainly what I proposed is to distribute the levy on the basis of public submissions with 25 per cent to sport and rec., 25 per cent to charitable organisations and 50 per cent to problem gambling, including research services, preventative measures and community education and to health services. I think that reflects essentially what happens or is alleged to happen at the moment. But the idea was to again set it in a legislative context where it was more easily able to be kept a handle on and to be assured that was exactly what would happen. If I just go through perhaps some of those other measures, it is to cap the number of pokies at current levels.

Mr SQUIBB - Current actual levels or current levels as provided by legislation?

Ms PUTT - At current levels so there would be no July 2002 increase.

CHAIR - I think Mr Squibb is saying at the current actual levels as in what is in the hotels or the current levels advised by the legislation.

Ms PUTT - Yes, it was my intention to have them at the current actual levels. To also cap the number of pubs with pokies at the existing number of pubs. To introduce regional limits for poker machines and it sets up a process to determine a region and so on. To reintroduce bet limits and to ban cash facilities at gaming venues - that is, ATMs and EFTPOSs - and also that on each gaming machine it will be necessary to display the odds of winning on that machine and the contact details for organisations who assist problem gamblers. I have to say that since I initially drafted this, I have attempted to move an amendment when we had the smoking legislation come before our Parliament.

CHAIR - I think somebody else has tried it.

Laughter.

Ms PUTT - I think it may have happened in your House as well.

CHAIR - Yes.

Ms PUTT - To ban smoking in gaming rooms. Again, in part it is because I think that indoor second-hand tobacco smoke is bad for people no matter where it happens. But also when you are looking at a problem of addiction or multiple addictions, then having people need to get up and move away from the machine -

CHAIR - Breaks the cycle.

Ms PUTT - to go somewhere else, to get out and have a smoke, breaks the cycle and I am very keen on seeing that provision being brought in.

Mr SQUIBB - Although we have heard the problem gambler, things like smoking are not a consideration at the time of gambling.

Ms PUTT - I do not know.

Mr SQUIBB - That did surprise me.

Ms PUTT - Yes, but I have heard the opposite which is that you go into a gaming room and it is full of smoke and I have certainly seen that and that people are puffing away and playing the machines. I think anything that makes people have a break and reassess the situation that they are in has to be good thing and anything that ensures that you do not have to breathe in passive tobacco smoke is also a good thing.

CHAIR - Mind you, there has been a counter comment made elsewhere that banning smoking in gaming machine areas will increase the number of gamblers that come in because all the non-smokers would then arrive. Interesting thought, is it not?

Laughter.

Ms PUTT - It is interesting. I suppose the only way you could find that out is to try.

CHAIR - I thought it was a very interesting comment when I heard it.

Ms PUTT - Yes.

Mr SQUIBB - Are you aware of any other jurisdiction in Australia or overseas where similar bans have been -

Ms PUTT - I've heard it discussed in respect of one Australian State just recently and I'm trying to recall which State it was -

Mrs SUE SMITH - Victoria.

Ms PUTT - I think it's Victoria, yes.

CHAIR - Have they put it in or are they putting it in?

Mrs SUE SMITH - No, I think it's come in.

Ms PUTT - I think it's only just been introduced.

Mr SQUIBB - It's not a total ban though.

Ms PUTT - It's either just been legislated for or just been introduced.

Mr SQUIBB - It's not a total ban.

Ms PUTT - On smoking?

Mr SQUIBB - In gaming areas.

Ms PUTT - I had the understanding that it was a total ban.

One of the other things that I would also like to see is the compulsory introduction of clocks in the gaming rooms as well.

CHAIR - We've had that.

Ms PUTT - Because, again, time goes by and people don't notice when they think they're on a winning streak or they might be about to get on a winning streak or whatever it is and so again having a highly visible clock is going to tell people where they're up to.

CHAIR - We've had a suggestion that it goes on the machine itself.

Mrs SUE SMITH - Again, while we're on machines and what happens, I am aware there is a computer program that actually allows a process and people have actually sighted it where a machine has the capacity to virtually run a bank statement for you so that every 30 minutes it could trigger off that you've put in x amount of dollars and you have won x amount of dollars or lost x amount of dollars. Do you have an opinion on that?

Ms PUTT - I think something like that is useful. Anything that provides a reality check about what's going on with respect to someone's finances has to be useful. At least they are then having to make a decision as opposed to their just being in a mode of operation

and they're not going to stop and make a considered appraisal of their situation until it's too late. So anything that's going to assist with that I think would be useful.

Mrs SUE SMITH - The concept of it being dollars actual money rather than credit?

Ms PUTT - Definitely, yes. It's all part of a reality check.

I don't believe that it should pose a problem to the proponents of gaming unless they're actually wanting to deliberately have people not stop and appraise the situation that they're in.

CHAIR - Part of their responsibility.

Ms PUTT - Yes, I would have thought so.

Just back on the bill, I don't know if you want any more information about what's in there.

CHAIR - If there any pertinent points that you'd like to draw to our attention.

Ms PUTT - Just that there are regional limits. The minister determines the regions in the State for the purposes of the act and specifies the criteria the commission must use to determine the maximum permissible number of gaming machines available for gaming in each region, and then it just sets up all the working operations to allow that to happen.

There's a four-year review or at intervals not exceeding four years a review of the regional limits. No compensation payable by the Crown. There's a matter of access to EFTPOS. There's the matter of warning signs about the odds and about who can help deal with problem gambling.

Mr SQUIBB - The access to cash machines is not there at the moment in pubs, is it?

Ms PUTT - The access is not there in pubs at the moment. My understanding is no, although obviously there are individual circumstances where I don't know if it's the case at the moment but there may be individual circumstances particularly in some of the remote areas where you've got difficulties about where you actually go to have a source of cash in the community, although I wouldn't have thought it would normally be a pub.

I have allowed in this for some leeway if the minister thinks there are exceptional circumstances where a licensee may be exempted from the operation of a section. But my understanding is generally no, there are not those facilities available at the moment. I think the point here is to actually write it into the legislation.

I also propose that the membership of the commission is amended to include four community representatives onto the commission. I was quite surprised when looking at the act to see that there is no prescription much there at all as to what type of person in what capacity is to be on the Gaming Commission.

I suppose this is the point at which I ought to talk about that matter of the conflict. I have somewhere here something that I have to confess comes mostly from someone else

who got in touch with me about the commission. It says that most of the widespread public concern about gambling policy in Tasmania had focused on the outcomes of government decisions about more poker machines every year and the removal of betting limits and that sort of thing and paid little attention to the reason for flaws in the decision-making process. He pointed out to me that, in particular, the Government has been allowed to ignore the policy-making safeguards that the Legislative Council had built into the Gaming Control Act 1993 as their condition for allowing the phased introduction of machines. It puts it in the light that the contracts with the monopoly gaming provider, Federal Hotels, seem to be sacrosanct but the contract with the community is treated with disdain.

The major aspect was the establishment of the independent Gaming Commission that was to investigate and make recommendations to the minister on matters relating to gaming policy. Moreover, the Gaming Commission was to administer the community support levy with research set out as a prescribed area of expenditure and defined function under the act. So the Parliament intended that the Gaming Commission had to have the capacity to independently monitor the impacts of gaming and then advise on the policy of program changes required as poker machines increased. Indeed, the current minister, Mr Lennon, when he was in opposition when this bill came through the Lower House made the point that having the secretary of the Department of Treasury and Finance as the Gaming Commissioner meant that the position is not independent from government because the secretary of Treasury and Finance is answerable to the Treasurer who is, in turn, a member of government.

Mr SQUIBB - Is it not true that that was only supposed to be a temporary measure?

Ms PUTT - That is right. The Government subsequently promised the upper House that this was to be an interim measure only until the proposed commission could be established, yet nearly a decade on - I am not quite sure if we are quite a decade on or not, that may be an exaggeration - the Treasury boss is still the chair of the so called independent Tasmanian Gaming Commission. Moreover, since responsibility for gaming policy also sits with Treasury, the same man is accountable for both departmental policy advice to the minister and the independent viewpoint of the commission. To my mind, that is a totally unacceptable situation. Something has to be done about it. I would be looking for a recommendation from this committee that we get rid of that conflict of interest.

CHAIR - How do you ideally see it being set up? Who would you envisage being the commission and those in control of this Gaming Commission?

Ms PUTT - They obviously have to be people who do not have a responsibility to government for procuring funds for Treasury coffers. That is the obvious point.

CHAIR - Do you see them as being appointed by the Government?

Ms PUTT - And who are not, in fact, in an answerable line position where the Government is directly their boss in the way that the secretary of the department is with his other hat on. It gets terribly confusing about which hat he is wearing and the policy advice does not seem to differ in any way. It is obvious why that is the case. In terms of making any further suggestion as to actually who it should be, I have not formulated a view on that.

CHAIR - You would suggest four community persons.

Ms PUTT - Yes, four community persons who have some expertise or experience in the area. I would have thought that you might look to a body like Anglicare that does extensive research and assessment in the area, or TasCOSS or one of those who would actually put one member on. Similarly, look for a representative of groups that deal with problem gamblers and put one of those on - I am, I have to say, making this up a little as I go along now - so that we get a broader representation than advocates who are solely for the industry. I suppose that leads to an argument that you might put an industry representative on there as well.

Mrs SUE SMITH - Your pecuniary interest issue surely has to come up. If you go to the industry or if you go to the Anglicares and so on who are dealing with those particular issues, we have found two external to government as part of the Gaming Commission along with the Treasurer, surely the issue is the position of a department head sitting on that Gaming Commission rather than perhaps the qualifications of the two that are on there, perhaps with another external or two more externals that have particular expertise in finance or something like that.

Ms PUTT - Yes, that is right. You need someone who is genuinely independent, and you need people who have expertise in the range of areas that you want the commission to deal with, so that it is not just financial expertise that you are looking for. You are actually looking for people who have some expertise in the whole social area, and presumably in that further area of economic impact through the community as well, so that you get a much more holistic assessment occurring there.

There is another matter, too, to do with the commission, and that is that the commission has in reality never been established. That is, there are two other appointed commissioners who attend a monthly meeting, but it otherwise has no separate management staffing or organisational infrastructure, and Treasury in fact produces its annual report for it, and government gaming inspectors wear a commission hat but it is otherwise controlled and run by Treasury. Its boss is the director of the Division of Revenue and Gaming, and its other management staff are also senior Treasury public servants, so we have another level at which the problem is operating. It is not just about who is on the commission. It is about its establishment as a genuine, independent body.

CHAIR - As was promised.

Ms PUTT - Yes, that is right. And then again, just to go back to the next layer of the problem, which is that the community support levy is now openly spent and controlled by government departments, and this is all part of growing totally away from the undertakings that were given to the Legislative Council on this. And it seems that the commission has always accepted the Government's politically motivated desire to avoid any research on the impact of gambling, and in fact it is instructive, is it not, that it was the Minister of Health and Human Services who finally agreed to follow up on the benchmark studies, whereas one could properly speculate that that should have been the role of the Gaming Commission were they operating independently. It is my understanding that the Premier has actually intervened to ensure that the broad social impact research that has been called for by so many people has not been carried out, despite the fact that this should not be a government decision to make. And again the

commission is just keeping quiet and there is a real under-expenditure that is estimated here at half a million dollars alone in 1999-2000 of the revenues that should have been there from the levy. I think I will leave it at that. So that is about the independent Gaming Commission.

There was another matter that someone brought to me as well. This is another aspect of the agreement with the Legislative Council, or the undertakings that seem to have been given in section 13J of the act, and again this has been sent to me by somebody who is very interested in the area. I do not know whether you are going to get evidence from them or not, but I will just canvass the issue, because again I think it needs to be brought up. It is that prior to the signing of the 1993 pokies agreement between the Federal Group and the State Government and the passing of the Gaming Control Act, tourism had been flat and was experiencing financial pressures and it appears that precontractual discussions between both parties involved representations that the Federal Group had been spending \$8 million a year on a promotion of its activities and that this expenditure involved the direct and indirect promotion of Tasmanian tourism. It appears that the precontractual representations were crystallised into a guarantee under clause 13 of the pokies agreement - it might be 3(j) -

Mr SQUIBB - Three is normally an interpretation one.

Ms PUTT - That's what I thought so -

Mr SQUIBB - Three or four. It's more likely to be 13.

Ms PUTT - We'll make it 13.

Many of the members in both Houses talked about the benefits accruing from this clause and the expected \$8 million of promotional expenditure of Tasmanian tourism. The Federal Group made representations in the lead-up to the parliamentary debate to the effect that 50 per cent of the gambling turnover from the introduction of pokies was predicted to be new money and it implied that the new money would be coming from external tourists attracted to our State as a result of the Federal Group's promised \$8 million of promotional expenditure on Tasmanian tourism.

Then the assertion is that it appears that the effects of the establishment of other casinos and widespread introduction of poker machines through the other eastern States of Australia had been seriously underestimated in these predictions and that the competitive edge of the Federal Group in attracting tourists to its facilities has been eroded by the expansion of the gambling industry on the mainland. I imagine any number of people would be heading for Crown Casino rather than coming down here, for example.

CHAIR - To Tasmania, yes. And it was 3(j)

Ms PUTT - Because it's in the deed isn't it?

CHAIR - Yes, it's in the deed.

Ms PUTT - The introduction of pokies into our suburbs has also made significant inroads to the pokies' gambling turnover in the two casinos, as you'll no doubt be aware from

looking at the documentation. And the Federal Group appears to be spending significant amounts of advertising expenditure in most forms of local media towards promotion of pokies and other forms of gambling activities at its two casinos in order to maintain its casino-sourced gambling revenue.

This seems to target the domestic population and can't reasonably be said to be connected to the promotion of Tasmanian tourism within the meaning of clause 3(j) and of the 1993 pokies agreement.

So, again, I think that is a serious issue in terms of erosion away from the undertaking that was given to the Parliament on that matter.

CHAIR - An area we need to investigate further, I think, by the sound of it.

Ms PUTT - That's right.

Another matter that I simply wish to bring up was that there was a report and I found my response to it and in a quick look through my files couldn't find the original report but I responded on 30 May last year. There was a report showing that women and young people between the ages of 18 and 24 were now the heaviest users of poker machines. That does not gel with the evidence in this government study of 2001 but it is subsequent information and I just wanted to draw the committee's attention to that because there certainly is evidence that there is a target in there of young people and of women as the next people to get on board with poker machines. And if it's reaching the extent that we've now got people between the ages of 18 and 24 who are becoming the heaviest users then we're obviously looking at some serious problem down the track because I presume that once a habit like that is established it's pretty difficult to deal with it and if we are getting new cohorts coming through at that age, that could begin to have a serious social impact and I just say that I think that it is very important to have a look at that as well.

CHAIR - Right. Does anyone any further questions of Peg? I think we've pretty well covered them as we've gone through.

Ms PUTT - The only other thing I wanted to address - and the time's up - was just very quickly about the deed. I know there had been a bit of speculation or discussion that because the deed was a legal agreement between government and the Federal Hotels group Parliament could not therefore interfere and I simply wanted to put the point that Parliament has a very real responsibility in this issue and in general governance issues, and it is up to us to assume that responsibility and not to allow governments to try to take away. For a government to unilaterally make an agreement with another party and then, by running it through the Parliament, seek to lock that in against what electors may ask of their elected representatives in subsequent years is anti-democratic and it is wrong. So there is a matter of principle involved, and I think it should always be remembered, whenever a discussion about the legal issue arises, that there is a broader issue than the legal issue, and it is that matter of principle of what the Parliament should be doing.

Mr SQUIBB - It is getting back to sovereign risk, though, isn't it?

Ms PUTT - Yes, well I suppose it does get back to that, but at the same time democracy says that parliaments are elected to represent the views of their electors at the time, and that is something that anybody conducting any business in any state or country in the world needs to be cognisant of. The fact that they made an agreement with a previous government does not obviate change.

Mr SQUIBB - But when that agreement is part of the or attached to the legislation at least it is transparent. At the time Parliament accepts the legislation it is aware of - I would agree if something was going out separately, but it is a document that is attached to the legislation.

Ms PUTT - I understand that it is a document that is attached to the legislation, but I am also aware that it was a matter of quite some controversy at the time and it was not an easy passage through the Parliament even then, and there was substantial disagreement in various quarters with the provisions that were being approved. There were undertakings given that may not have been met. There are impacts arising now that may not have been foreseen, and there are new elected representatives who are taking their directions from people now about what they want to see happen, and that has to be balanced with it. That is basically what I am saying.

Mr SQUIBB - What is the answer?

Ms PUTT - What is the answer?

Mr SQUIBB - Whether it is this matter or any other matter, when you are going to invest money, there obviously needs to be a degree of certainty as to the period of time. Like you would not go and invest \$20 million expecting to have 10 years of contract, to find that contract is withdrawn or broken after five years.

Ms PUTT - Well, it is one of those situations where if you are making agreements with governments you have to know that governments change and that communities' views change and that governments and parliaments all represent community views. I guess that is one of the penalties you pay for operating in a democracy if you are a business. If you want absolute certainty, you go to a dictatorship.

Mr SQUIBB - You are not suggesting that?

Laughter.

CHAIR - I hope not.

Ms PUTT - That we have a dictatorship? No. I mean, I had a similar problem with the Regional Forest Agreement, and I am sure you would be aware of that. I find trying to lock in for 20 years against public opinion is just fundamentally antidemocratic. I understand why, particularly in controversial areas like gaming or forestry, businesses that are involved will seek an avenue to lock themselves in against public opinion. That does not necessarily mean it is right to stay in that position as decision-makers or to uphold that position simply because there is a degree of financial risk. We have to balance the other things that the community is saying to us about the impacts on them, about the financial impositions to them, about social effects and so on, and indeed about

the cost it is having in our health services and our economy in other areas. And so it is not as if there is only one loser here. There are countervailing arguments about that.

CHAIR - Have you finished with that line?

Mr SQUIBB - Yes, I think so.

CHAIR - Thank you very much, Peg, for that input. It has been very beneficial, and the document that you are going to loan us to copy, we would appreciate it.

Ms PUTT - Oh, I know, it was the break-even one.

CHAIR - And we will get that back to you.

Ms PUTT - Sure. Thank you. If there is any other way I can help you, let me know.

CHAIR - It has been very informative. You have given us a lot of food for thought there.

THE WITNESS WITHDREW.