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THE PARLIAMENTARY JOINT SELECT COMMITTEE ON FUTURE GAMING MARKETS IN TASMANIA MET AT THE LEGISLATIVE COUNCIL COMMITTEE OFFICE, 18-24 PARLIAMENT PLACE, PERTH, ON TUESDAY 25 JULY 2017.

DISCUSSION WITH Mr MARK HENLEY, MANAGER ADVOCACY & COMMUNICATIONS, UNITING COMMUNITIES, SOUTH AUSTRALIA, VIA TELEPHONE

CHAIR (Mr Gaffney) - Welcome, Mark. Thank you for affording us this opportunity; we appreciate it. This is a hearing and we can use the information you provide to us as part of our report. We want to gather as much information from you as possible. We are not here to say what is right or wrong about the South Australian situation. That is not what this is about. It is about us getting as much information as we can to help us with our report.

Mark, please give us an overview of what your role is and what is happening, then members will ask you some questions. We have 30 to 35 minutes allocated to this.

Mr HENLEY - I have another meeting in half an hour I need to get to so that is all good. I will make a couple of quick introductory comments. Apologies I cannot meet with you in Adelaide; it is just one of those frustrating things. I will be in Brisbane at that time, discussing energy affordability, which is a different part of my life.

I am currently employed by Uniting Communities, which is effectively a large Methodist community service organisation. I am employed as its advocacy and communications manager. One issue I have been working on for a bit over 20 years now is gambling, particularly poker machine-related and more recently online. I have been doing that as an employee of Uniting Communities, and I was also Chair of the South Australian Churches Gambling Taskforce for a number of years. It is fair to say we provided a fair bit of leadership on policy and regulation debates around poker machine gambling, particularly in South Australia. I am also a member of a group called Gambling and Public Health Alliance International, which attempts to pull together people from around the world who are concerned about gambling. Its focus is on a public health approach and, probably more recently, on online gambling and the risks emerging from that area. I am not a researcher, but I try to keep up with some of the key research. I attend occasional conferences to get a bit of an update on what is going on. Very quickly, that is me.

I have some brief opening comments. I have looked at the terms of reference for the committee and I have also looked quickly at reports produced for Tasmania over the years. Some key research to highlight came out just over a year ago. This research looked at health-related quality of life approaches to gambling in Victoria. Using that health-related quality of life approach, researchers found that half of all harm from gambling came from people who were regarded as low-risk gamblers. That is quite a significant piece of work. The other part of that finding was that in terms of the total harm from gambling to communities and society, just over 20 per cent was attributable directly to people who score as problem gamblers on the scales that are used.

That suggests that, at a public policy level, we need a broader focus on gambling harm, one that moves beyond just the people regarded as having a major gambling problem to recognising the harm that comes from moderate- and low-risk gamblers. That is my first point.

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My second point is that gambling, particularly poker machine gambling, is a highly regressive activity. South Australian Treasury had some work done by NatCen a couple of years ago to look at the regressivity or the progressivity of the range of state taxes. Gambling tax came out as easily the most regressive state tax, which is reinforced by some of the data you have already which says that it is the poorer communities in Tasmania where gambling is more prevalent. That means there are high levels of harm in poorer communities from gambling. It also means that gambling takes money out of local communities in general. In part that is by tax but largely it is because much of the earnings from gambling venues, particularly hotels and casinos - those profits and earnings - generally end up with shareholders or owners who often live outside the local community. There is not much of an economic multiplier coming into local communities, particularly poorer communities, from gambling.

Online gambling, which historically has not been a big part of the Australian gambling market, is certainly increasing now. The most recent information I have seen from the Australian Institute of Family Studies shows that about 10 per cent of the world gambling market is now online and it is growing at a rate of 3 to 4 per cent per annum. I have been heavily involved with looking at the federal government's work on online gambling with the O'Farrell report into illegal online gambling a year or so back, and then more recently with the work the minister has carried forward - also recognising Mitch Fifield's role as the federal Communications minister. I have been doing a bit of advocacy work for the federal government around online gambling.

For Tasmania, as with the rest of Australia, online gambling, particularly online sports betting, is growing and, again, that is taking money out of local communities.

If I were you, what would I do? I have five quick things here. First of all, in looking at the data, there appears to be quite low rates of take-up of gambling help services by people with gambling problems. I think the report says it is 3 to 4 per cent. From our organisation's point of view, we are a large provider of alcohol, drug and other addiction-type services. In the literature generally normally 10 to 12 per cent of people adversely affected by an addictive product will seek help, so 3 to 4 per cent is below what would be a reasonably standard rate of help-seeking.

Without knowing all the details, I suggest there are probably three issues to look at here. The first is to consider the accessibility of help services. Are they accessible? Can people get to them, confidentially?

The second is how seriously is the industry taking identifying people at risk in their venues? That is, to talk with them and refer them to help services?

The third is promoting helplines and central contact points for help services. That is one area in which it seems a bit of work is to be done.

The second one is the Productivity Commission's main recommendation from its 2010 report, which is that the best way to reduce harm from poker machine gambling is a \$1 per spin bet limit. We have looked at that in some detail and believe there is strong evidence that would reduce the level of problem gambling and harmful gambling with minimal impact on recreational gamblers. Very few recreational gamblers, from the data I have seen from the industry, put in a dollar or more per spin.

I will also give a little bit of praise to my South Australian Treasurer here for introducing a point-of-sale tax for online gambling. That is a useful initiative. I will also look at the Tasmanian

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regulation for all players to set mandatory limits for online gambling. I support that and encourage the Tasmanian Government to support the Commonwealth with regard to establishing a national online gambling regulator and online codes of practice.

I hope that is of some help. That is a quick start from me: fire away.

CHAIR - Thanks very much. I might ask three or four questions and there will be one from Tania as well.

In South Australia, it is a bit of a chicken-and-egg thing. In Tasmania we have some lower socio-economic areas that seem to have their 'quota' of gaming machines. I am thinking of one area in particular that has 270. In South Australia, do you find gaming machines are also in your lower socio-economic areas? Is that how you find it or is it not quite so marked there?

Mr HENLEY - It is very obvious in South Australia. Indeed, poker machines were introduced in South Australia in 1994 and the first parliamentary inquiry into poker machines was in 1998. One of the key findings I presented to that inquiry was that poker machines were disproportionately distributed in lower socio-economic communities. Some of that was early on in the historical inner city and the port areas where there were a lot of pubs - a pub on every street corner - and they all got pokies. But we also saw significant building and expansion of hotels in lower socio-economic communities north and south of the City of Adelaide and in the poorer regional communities - Whyalla, Port Augusta, the so-called iron triangle - compared to, say Mount Gambier, even Riverland, where the local economy was doing a bit better. Yes, poker machines have been heavily distributed in lower socio-economic areas.

CHAIR - Did the government of the day respond to any of the recommendations from your 1998 report or have there been any ways and means the government addressed the number of poker machines in certain areas in South Australia?

Mr HENLEY - The short answer is yes. The dominant question is how effective it has been. To give a very quick history, coming out of the 1998 Social Development Committee inquiry in South Australia there was a whole lot of additional concern about poker machine gambling. This was in, what, 2000? We are talking 20 years ago, or 17 years ago, when the then-premier John Olsen responded to community pressure and put a six-month cap on any expansion of poker machine licences. That bought a bit of time and led, over some period, to, first of all, a cap on the number of poker machines.

That was set 10 years later at 12 000 machines and we were pushing about 15 000 licences at the time. Interestingly, we have never actually got down to that 12 000 machine decision made by the parliament. Partly that was because the main mechanism for reducing the number of poker machines was an initial cull so any hotel with a maximum of 40 machines was cut back to 34. Then a trading scheme was established whereby venues could trade through specified trading rounds conducted by what is now our Department of Consumer and Business Services. Those trading rounds basically were 'buy four, get three' - that was the intention. Unfortunately that trading system really has not worked and so has not delivered the reduction. The other thing that happened was that clubs argued to be exempted from the cull and trade arrangements, which meant the initial strategies presented to parliament were not enacted because more machines were left in the club sector.

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CHAIR - On the socio-economic issue in South Australia, in your organisation and your work, are gaming machines your number one 'nemesis' for addiction within the gaming sector?

Mr HENLEY - To be honest, I cannot say yes because we do not provide direct gambling help services. That is mainly done by another organisation, Relationships Australia. We are, however, one of the major alcohol and other drug services and we are a major provider of financial counselling services. We see gambling coming in through alcohol and drug services, basically through comorbidity and through financial counselling, although I would say the number one presenting issue in financial counselling is electricity prices at the moment. That is a separate issue; don't start me on that one.

CHAIR - No.

Mr HENLEY - The other reality is that it is a bit like alcoholics 40 or 50 years ago who would not walk into a Methodist organisation and say, 'I am an alcoholic, please give me food'. People are very wary of declaring gambling problems. There is shame, there is secrecy and a lot of other factors which means that presenting rates are lower. It is much more comfortable to talk about something like electricity prices because no blame is associated with that. I am rambling a bit.

Gambling is significant, but I would not say it is our number one issue. It is important and it is part of a broader mix of low-income people. It is gambling and other drugs. Often there are mental health issues associated with it - often a tough combination.

CHAIR - Yes. Mark, don't get me wrong, I quite like the rambling so don't worry about that - it happens to me all the time.

Mark, in one of your five points you mentioned seeking help. I am interested in that because, for example, a couple of years before Rosie Batty became Australian of the Year, existing community awareness about domestic violence increased tenfold to twentyfold in Tasmania, both at a political level and a community level, in how people focused on that.

We have the same issue. We do not get a lot of exposure to gambling media information, although it is there. I cannot say it is not there - when you go into a gambling venue, there will be posters, or gambling is mentioned on the radio. Have they done anything differently in South Australia to highlight the ills of gambling? If so, what have they done?

Mr HENLEY - We have created Nick Xenophon is probably the short answer.

CHAIR - We want something reliable.

Mr HENLEY - I think Xenophon is the almost uniquely South Australian contribution globally to gambling. He was a politician who got into parliament on the basis of no pokies and the resonance the no pokies message had to the local community. Nick first noticed issues through his local law practice. He was surprised at how many people were coming in with pokies-related harm and seeking legal advice.

I think research would show South Australians are a bit more aware of gambling issues and so awareness levels probably are higher here than in many other jurisdictions.

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The South Australian government has at various times run television and radio advertising campaigns. The data I have seen, going back a bit, is that there is a direct correlation between approaches to help services and advertising. If you advertise more, demand goes up and six months after an advertising campaign finishes, presentations to help services are way down again.

Government certainly can play a role with that public health messaging.

To me is appropriate to put pressure venues to identify gambling harm in their venues and to respond accordingly. There is a whole body of literature on how to do that. I was involved with SkyCity Casino in Adelaide in developing what it called its host responsibility coordinator program. That was 12 to 13 years ago. I will not say it is the answer, but it certainly was a clear demonstration from Adelaide Casino to start being proactive. Casino management put people on the floor to walk around and to interact with people. By so doing they were able to start identifying people who were having gambling and alcohol issues. I think that is being very proactive. Other venues have tried. Casinos in particular have done it better than hotels and clubs, but I think it is totally reasonable to expect all venues to apply a duty of care. Anybody who has been gambling for more than, let's say, three hours on a poker machine should be approached by venue staff. The average duration of play on poker machines is around 20 to 25 minutes. That is certainly my understanding.

The recreational pokies player is having a drink, catching up with their mates, watching the footy, putting a few bucks through the pokies. That is the recreational pattern. The problem gambling pattern is, 'I am here, this is my machine, get out of my way, I am in the zone and I will just put money in'. Because these are electronic devices, it is easy to identify anybody who has been on a machine. The venues should know exactly how long any patron has been on any machine. It is easy to identify. It is easy to approach a customer if your attitude is one of customer service.

CHAIR - I might ask other members for questions. They can be randomly across the board here. You have presented us with some very interesting information.

Ms RATTRAY - Good morning, Mark. Thanks very much for your presentation so far. I am interested in a couple of areas you have touched on.

The low rates of problem gamblers or people identified as having gambling issues is as low as 3 to 4 per cent, when, you said, normally the rates for people seeking services for any other type of health-related issue are up to 10 to 12 per cent. Do you think it is the stigma? Is that what really is the key point? I am interested in exploring that a little more and understanding why people do not seek help when they appear to be in so much trouble.

Mr HENLEY - I cannot give a definitive response, but there are four factors I would look at.

The first one is simply the acceptability of services. How easy are services to get hold of.

The second is the role of the industry in identifying risky behaviour and giving people the opportunity to sit down and have a chat, have a coffee, calm down a bit and then look to making referrals to appropriate health services. This promotion of the health services - a single helpline that can be promoted - is a clear single message that is incredibly helpful. Part of the issue and the reason promotion is important is that it is one of those services you are going to ignore unless you need it. I could not tell you what the poisons information helpline is at the moment but if my

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child had just swallowed something, I would find that number really quickly. It is about having a general awareness that the service exists and then having additional prompts when the person is likely to need that service. That is why venue identification is such an important part of the strategy.

Ms RATTRAY - Thanks for that. On the dollar per spin limit: I have put this question to a number of presenters to this the committee. My own thoughts, and I am not a gambler, would be that if you make it a dollar per spin, it will give them the opportunity to stay longer at a venue. Does the research show that is not correct?

Mr HENLEY - Partly it is because people are already spending considerable amounts of time in venues. You should be better at identifying people who have been there for an extended period. The concern is that people with gambling problems lose track of time and they lose track of the amount of money. They will often go in with a budget and once they are in the zone, that is the language they use, they go off to the ATM, get whatever money they can. They end up spending a lot more than they planned, as well as spending more time.

If we reduce the harm by reducing the amount of money that people can spend, that will be more obvious than if they are spending extended time. With people with families, their family members will come looking for them before they have spent anywhere near as much money. A dollar per spin bet limit: people can easily spend \$120 to \$130 an hour with those limits in place, which is a whole lot more than people spend per hour in the most popular recreation forms. Going to the movies: we are looking at \$10 to \$15 per hour. Going to a footy match or an AFL game: I will spend maybe \$20 an hour. When you go to a restaurant or a café, you spend maybe \$20 or \$30 an hour. You are not spending \$120 an hour. That amount through a one dollar per spin bet limit is still a reasonably high spend for a recreational activity.

It is a sound approach and the fact the Productivity Commission, which is a serious group of researchers, gave it a clear recommendation, gives some extra strength to it.

Ms RATTRAY - Can you expand on what the point of sales tax is in South Australia? I am not aware

Mr HENLEY - It is for online gambling. For a person who places an online bet through any of the online betting agencies - William Hills, or Ladbrokes, or Metro 365, Tattsbet or Sportsbet, or any of them -

Ms RATTRAY - Tom Waterhouse?

Mr HENLEY - I did not want to mention Tom. For any of those companies, it is a 15 per cent tax at point of sale. It was introduced by the South Australian Government in May last year in the state budget. That is where the documentation would be. I am sure the Treasurer would be more than happy to sing his praises.

Mr ARMSTRONG - Mark, do you have a community service levy in South Australia? In Tasmania we have 4 per cent.

Mr HENLEY - It's 8 per cent here.

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Mr ARMSTRONG - Is that money used to promote gambling help or is it not sanctioned to any area where it can be spent?

Mr HENLEY - When poker machines were introduced into South Australia, a gamblers' rehabilitation fund was created, which the industry voluntarily contributed to and state government contributed to. That fund is used to provide gambling help services. It is the fund that previously has had promotion and public advertising work. The Gamblers' Rehabilitation Fund continues. Currently, it is around \$6 million or \$7 million, of which roughly half comes from the state and half from industry.

At the time poker machines were introduced, a separate community benefit fund was also established. I was chair of that fund going back a few years. That was a fund of about \$3 million a year initially for any range of community activities. It had a grants program application base.

Interestingly, the state government has removed any nexus between that fund and gambling over the years. In the most recent state budget, it announced a significant increase in community funds and it has also renamed and rebadged it. There is now a separate fund of about \$40 million, which people can apply for any local community benefit activity, although it is not directly or even indirectly linked with gambling revenue, but historically it was.

Mr ARMSTRONG - You said that the 10 per cent in online betting is growing?

Mr HENLEY - Yes, the current estimate is about 9 to 10 per cent of the global gambling industry is online gambling. That is a very broad global estimate. My understanding is that in Australia, we are looking at \$50 million or \$60 million a year turnover. It is that order of magnitude - sorry, that figure is wrong. That is, I think, the global market. Australia's turnover online would be somewhere around that global proportion.

Mr ARMSTRONG - You said you had a restriction of 12 000 machines, but it never reached that. How many machines do you have now operating in South Australia?

Mr HENLEY - I haven't checked that, but I think it would be about 12 600. The highest level was nearly 14 000 machines. About another 1000 licences were issued, but machines were not installed for those. We have crept down over the years, but we still haven't got back down to the 12 000 target the parliament set in 2004.

Mr ARMSTRONG - Forgive my ignorance, but you said poker machines were introduced into South Australia in 1994. Was that just in the casino first off, or was that the casino and clubs and hotels?

Mr HENLEY - No, a bit like my understanding of it being introduced in Tasmania, poker machines were allowed in the casino, which was operating before 1994. The 1994 legislation allowed for poker machines to be provided in both hotels and clubs. In South Australia, because our clubs section is pretty small, a bit over 90 per cent of machines and certainly over 90 per cent of turnover is in hotels. It is predominantly a hotel business.

Mr ARMSTRONG - We hear that the spin rate differs between each state. Do you think there is any benefit in reducing the spin time for machines?

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Mr HENLEY - Absolutely. Again, I think the research has been pretty clear that gambling harm is related to speed of play. Slowing down play is going to help to slow down rates of problem gambling. How that correlates in terms of spin time for EGMs, I am not sure. Again going back to the Productivity Commission's 2010 report, it talked about governments providing some incentives or some bonuses for low-intensity machines. Those would be machines with lower spin rates and lower payouts, I think.

Mr ARMSTRONG -. Are there any restrictions on ATMs at the casino in withdrawing cash in South Australia?

Mr HENLEY - At the casino there is an area with a number of ATMs. It is effectively part of the casino. Hotels and clubs are not able to put ATMs in the licensed gambling area, but they will have ATMs basically around the corner.

Mr ARMSTRONG - In the bar area or wherever?

Mr HENLEY - Yes, in a bar or entrance area, somewhere like that. So it is a pretty weak harm reduction measure.

Ms DAWKINS - We heard in Victoria, and you have briefly touched on it today, that some jurisdictions are changing gambling services from the very specific silo purposes into more preventative and population health strategies. How did that come about in South Australia?

Mr HENLEY - In South Australia the Gamblers' Rehabilitation Funds go directly to gambling health services. Its end delivery duty is for specific gambling health services. Relationships Australia and a couple of others are funded to provide specific gambling health services.

One organisation, Anglicare, still sees people with gambling problems through what we might call more general services. That is not as a result of policy; that is a result of people turning up and deciding who they will go to for help.

It is related to the presenting issue. If somebody rings up saying they cannot pay my bills, they are most likely to go to financial counsellor who will then start looking at their finances and then tell them there is a bit of a hole in their budget and income. Where is that going?

Ms DAWKINS - I am thinking about preventative health strategies that might include gamblers. In Tasmania, and other jurisdictions too, you walk into a venue and there is a sign - there might be one in the bathroom. It is one of those things that is not really going to stop somebody from developing a gambling dependency if they have the predilection for it. Are there any strategies that would stop people before they get the problem?

Mr HENLEY - I think accessibility is the big issue. Reducing accessibility of gambling is going to reduce the level of harm. I have long argued in South Australia that we would be much better off reducing the number of venues rather than reducing the number of machines. I shocked the hotel industry by saying that I would be happy to have double the number of poker machines and half the number of venues.

Ms DAWKINS - That is great, thank you.

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Mr HENLEY - They also adapt to operations too. The evidence is pretty clear. Anybody playing pokies beyond midnight and before about midday has some gambling problems. Reducing hours of operation would make a significant difference.

Ms RATTRAY - I am interested in understanding whether Uniting Communities has a view about the gamblers' intervention problem which I believe is operated by the Adelaide Magistrates Court? Is supervised gambling treatment a game changer?

Mr HENLEY - I think the Adelaide Magistrates Court program is a good one. We also have the capacity for third parties to intervene through our Independent Gambling Authority. We have been very supportive of that approach, too.

CHAIR - Mark, thanks very much. We have not dealt too much on the online aspect - I know you mentioned earlier that you have a role at a national level - mainly because we are focusing at this stage on electronic gaming machines.

Mr HENLEY - I completely understand that.

CHAIR - It is something that has come up on a number of occasions and we will make some mention of it.

Do you believe online gambling is a state or a national responsibility or a bit of both?

Mr HENLEY - Our view very strongly is that because online gambling is a global phenomenon, it has to be dealt with at the national level. This is about the black market, online security, cyberspace and telecommunications. Online technology is such that it has to be dealt with at a national level.

CHAIR - We heard some criticism that they thought the Australian Government should have been on the front foot, that at least if there is going to be an international market, they should have played in that space, but they tend to have missed the eight ball already. Would you like to comment on that?

Ms RATTRAY - We will not say what state gave us that info.

Mr HENLEY - My view is that online gambling is dangerous. I think it is destructive for the integrity of sport and it harms people. My view is that we need an international gambling regulator. My dream is something like WADA for gambling, which would be international standards and benchmarks through World Health Organisation, UNESCO or somebody like that supported by the International Olympics Committee or other major global sports body. That body would then have the implementation largely done at national levels through an online gambling regulator. That would be my ideal world.

CHAIR - Mark, thank you very much for your time today, we do really appreciate it. The aim of the committee is to have our report to Parliament by the end of September. Thank you very much once again from the committee and from what we are trying to do it has been very, very helpful.

Mr HENLEY - Good luck with it all.

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DISCUSSION CONCLUDED

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DISCUSSION WITH Mr BRADLEY WOODS, CEO, AUSTRALIAN HOTELS ASSOCIATION OF WESTERN AUSTRALIA, AND NATIONAL EXECUTIVE DIRECTOR, GOVERNMENT RELATIONS FOR TOURISM ACCOMMODATION AUSTRALIA

CHAIR (Mr Gaffney) - Bradley, thank you very much for coming to see us; we appreciate it. It is interesting for us to hear what your members are across. Please be aware although this is a hearing, it is for us to get information, to help us. It is not for us to comment or criticise whatever state we go to. That is not what it is all about. It is interesting to note this state is different to other states. No doubt you will expand on that.

We usually work by letting the person speak for however long they want and then we ask some questions at the end from all over the place.

Mr WOODS - More than happy to do that. Bradley Woods is my name. I am the CEO of the Australian Hotels Association of Western Australia. I am also the National Executive Director of the Government Relations for Tourism Accommodation Australia, the accommodation hotels division of the AHA, which is focused on federal government matters.

I have been the CEO in Western Australia for nearly 20 years, in January next year. I have been the CEO of the AHA in Western Australia since January 1998 and prior to that I was the CEO of the AHA in Tasmania from March 1994 to January 1998. Before that I was in the AHA national office in Canberra and looked after government relations there.

As background, when gaming was introduced into Tasmania, I was the CEO of the AHA. I arrived months after the state government had finalised the Tasmanian legislation. I was in Tasmania during the implementation stages of Keno and gaming machines in 1997. I had some experience and exposure to the market there.

In the context of gaming, Western Australia is a unique to the rest of the country. Primarily that is because the original legislative framework established by the Burke government in 1985 provided what was then known as Burswood Casino enabled a lifetime monopoly on games of the same type we would call gaming machines, games played traditionally in casinos around the world - let us generically call them poker machines or electronic gaming machines.

Under the Burswood Island Agreement Act and the legislative framework, Crown has both a deed of contract and legislative framework that provides it with an exclusive monopoly. The monopoly can only be broken if another casino of similar size and investment structure were to be built and developed in Western Australia. The monopoly extends to any game that can be played in an international casino in the world. It is beyond gaming or poker machines; it extends to table games and other types of gaming.

The size and structure of that other competitive casino would be in a 100-kilometre radius of the existing casino. Outside of that casino, a smaller casino could be built in a regional part of Western Australia or a populated area. That is an in-principle threshold issue because for the government of the day to determine it would allow gaming to be operated in hotels or pubs or clubs, it would have to amend the legislation, breach the corporate agreement that exists and/or reach an agreement in consultation and in collaboration with Crown itself. That has not occurred and we do not have Keno or poker machines or gaming machines in hotels and clubs in Western Australia.

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Different successive governments have had fairly black-and-white views around this. I go back to the Court government. It had a very simple position of not supporting the introduction of gaming machines into hotels and clubs. That was followed by the Gallop government, the Carpenter government and the Barnett government; the McGowan government does not have the position to introduce it either.

A range of external factors impacted on the philosophical position these governments came to. The easiest way to explain it is that it would be an absolute political nightmare to try to work through a process to establish a legislative framework that would potentially be a breach of the Western Australian agreement with Crown. Outside of that there could be a pathway if Crown were a willing participant in change, but there is no guarantee that would mean hotels and clubs or the full state would be open to it. It is a blank sheet of paper. Who would know what that looks like?

In a nutshell that is probably how we see the technical background. There is no political will, there is no political pathway and there is no legal and corporate pathway based on the undertakings that exist within the state agreements with Crown itself. I think state governments don't like to break state agreements with corporations, whether in the mining or the gaming spaces. The Western Australian legislation doesn't provide for a legislative or framework review as the Tasmanian legislation provides, if I recall, for every 15 years. I cannot be specific, but those mechanisms and other jurisdictions have similar review mechanisms where either exclusivity periods expired or come under review.

In terms of an opening statement, that would probably be the easiest way to explain the lay of the land and where we are now.

CHAIR - That is great. From your organisation's point of view have there been times when the Western Australian Association of Hoteliers and Clubs wanted or pushed for, or believed it would be in the best interests of the state, gaming machines and Keno in pubs and clubs? How do you guys view that issue?

Mr WOODS - Chair, if the government were open to introducing Keno or gaming machines or EGMs to hotels in Western Australia, our members would certainly, in the main, welcome that and work with that. The model it would use could range from, say, the 105 machines in Victoria through to the simplified model that started in Tasmania with the 10 or 15 machines, and who-knows-what in between. At different stages we have engaged and lobbied government to look at this option. We have talked to Crown and we have engaged with it, but to date there has not been any friction or movement on that space. Obviously it is worth half a billion-plus in terms of revenue to the State of Western Australia. Given the difficulties with GST revenue and where we are in the context of that shortage of income through the GST model, one can see why the previous government, or even the government before that, might have been tempted, but there is no sign at this time that is something they are willing to entertain.

Part of that is also because Crown has just undertaken substantial capital investment in its operations. It has just completed a \$600 million-plus building in terms of the Crown Towers development with its ballrooms, function space and 500 rooms of a very high standard. There is substantial capital investment in that build which did not include any expansion of gaming. It is purely and simply a hotel-resort hospitality business. On top of that, Crown has expanded its

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existing undertakings over the last eight years by investing substantially in the food and beverage and other banquet function and gaming space.

Whether it would be open to an expanded model is a question I cannot answer either. But at different stages it is fair to say we have looked at it and have campaigned for it, but we also acknowledge that some things are not possible and one has to be realistic about that as well.

CHAIR - Interesting. Two questions on that. First, you said you engage with Crown about a possibility. When you say that you engage, is it like, 'Can we come and talk to you about this?' and 'No, you can't have them'? Is it that sort of thing? Crown would not want the pubs and clubs in WA to have access to gaming machines, would it?

Mr WOODS - The best way to explain it would be that discussions with the most senior management within the Western Australian arm of Crown - this is some time back, obviously - were to explore the option of whether there could be an arrangement in place. I think it was public that around 2007 we had reached a form of understanding that if the government were to introduce Keno into the state, we would look at Crown being the operator, similar to the Federal Hotels' model in Tasmania. There would be a revenue split according to a similar model and in similar vein, but Crown have always preferred to maintain its exclusivity over the gaming machines. It has never once indicated a willingness to let that go. It is an important part of the tourism hospitality framework in this state, and we respect and understand that. Historically there was a difference of opinion around gaming, but there is contractual agreement in place as well.

CHAIR - We are meeting with casino representatives this afternoon and touring the site. We stayed in the Metropole last night. Weren't there some issues regarding the tower's development? Around the fact it might have been outside the original agreement under which Crown was allowed to have only two hotels or something, and there was an issue?

Mr WOODS - The issue was more around the acquisition of land from the state. I do not believe there was a limitation on the number of hotels. There could have been through regulatory framework or other policy documents. Maybe exchanges of letters between minister and Crown that I am not familiar with.

What was public in the media was the question about the acquisition of land. The exact number I cannot recall off hand but there was some suggestion by the opposition - which is the government today but was the opposition at the time - that the state had offered it at an under-value price. Crown argued it was a commercial rate. I do not have a view one way or the other. There was controversy about that to a small degree but nothing to the point it was anything more than media speculation.

In terms of the Crown Towers, there was also a dispute with residents of other nearby apartments who went to the Supreme Court to try to stop the development from occurring. There was a little controversy in that space.

Nothing I recall was specific to the agreement but I may not be privy to that information.

CHAIR - One more question from me and then I will ask other members.

I am interested to know when smoking in hotels was banned in Tasmania, a possibility from the Hoteliers Association was that it would decrease revenue, it would impact on jobs et cetera.

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We hear that same sort of rhetoric with gaming machines in pubs and clubs. How vibrant is the pubs and clubs scene in Western Australia, even though they do not have gaming machines? I want to understand how hotels here survive with what you are able to provide.

Mr WOODS - I think, Chair, if you had asked me that question three years ago I would have been able to give you a much more vibrant answer. The economy in Western Australia is a little flat at the moment. I am not trying to sound flippant, but we are in the valley at the moment. We have been at the peak of the mountain and we are waiting for the next opportunity to come our way, which it will. It is a rather difficult market at the moment. The Western Australian economy is depressed and the economic activity of our own population is not as vibrant as it could be. Our international and interstate tourism is not growing at the pace certainly at which Tasmania's is, and so a lot more work has to be done.

Having said that, if you go back in the context of the last five, seven or eight years, we saw some enormous investment in genuine hospitality facilities, in terms of what we call hotels, multi-function hospitality businesses, quality food and beverage and dining experiences.

We have never had gaming machines; we have never had Keno. Naturally our focus has always been on food, beverage, accommodation, hospitality and entertainment. We have had to be very good at that. At times when other states were a little less focused on food and beverage offering and made a lot of return out of gaming, we have always had to have that focus. I suppose in that sense we have never had the luxury of the additional revenue that can come from poker machines or from Keno. We can only look at it in the context of doing extremely well with what the licence allows us to do, whether it is on-premise or off-premise activity food and beverage.

I think you will find historically Western Australian hotels have kind of led the trend throughout Australia in terms of tap beer, international beers, boutique beers and craft beers as ways to offer something that was not always on offer in a retail context. Food has been a very high priority for the last 20 years because it needed to see the change and the style of the businesses. They have survived because they have had to.

The smoking changes: we worked with the Gallop government to integrate a gradual, phased-in approach. We did not believe a blanket overnight restriction would work. We believed it had to be a staggered and phased approach. That is what happened. Smoking is still allowed in hotel, pub and club beer gardens and outdoor areas where drinks can be served, but where food can be served there are limitations around that space.

The casino still has its international room and it has break-out areas, which are provided semi-adjacent to outdoor areas and which have natural airflow to provide for smokers to duck out and have a cigarette without having to leave the premises. I think the casino has genuinely provided for that environment, particularly with the high level of Asian visitation. State governments of both persuasions have recognised that is the nature of the gambling market - they do enjoy a cigarette sometimes, so Crown has accommodated that in a number of ways. You have seen in that Crown's International Room but has a range of integrated air filtration systems and other ways to address environmental tobacco smoke - ETS - from patrons.

Ms RATTRAY - Bradley, I am interested in your views on the online gambling growth that we are hearing a lot about. We are not hearing too many potential solutions on how that can be monitored, if you like, given the online space. In your role in the TAA, I am sure that would be something you would be discussing. I am interested in your views about online gambling?

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Mr WOODS - I think the online gaming space is a threat across a number of different spectrums. It is a threat to state government revenue streams because of the drawing away from traditional totalisator or TAB operations, the drawing away from expenditure within casinos or within pubs and clubs on gaming as well. In the main it is an unregulated form of gaming. The user does not know whether they are using a licensed, legitimately regulated space that has government sanction, control and probity, or whether it is just something floating around in the sea, creating a questionable online poker machine environment.

For states it is substantial in the context of the revenue base being ameliorated and affected. It is also a threat to the bricks-and-mortar businesses running and operating hospitality and gaming facilities as well. I think technology is the answer with respect to this. I think there are questions around, as technology advances, the ability to intercede and monitor where these particular operations come from. I don't have answers in that respect, but I have faith that the technology and ability to manage this is going to be a priority. If it is not a priority, those that have most to lose on this, particularly state governments, should be looking at ways to address that.

We see it just from simply the competitive offer in terms of wagering, the TAB-type competitive aspect. The community only has so much to spend on entertainment gaming. Let us put aside the problematic addictive gamblers, but the general proportion of society who enjoy a punt and enjoy having a bet, and the draw-away from the traditional totalisator is a threat from online; there is no question about that. It is not just a threat in terms of the gaming spend, but the money gets soaked up isn't then spent on retail or it is not spent on hospitality or on other services, and whether that be kid's shoes or school books or something else. There is a reality here, a social protective question for state governments and the Commonwealth government to address, as well as the revenue base and the competitive economic threat. It goes both ways.

It is pervasive, because every single mobile phone, every single portable device has access to these products and services online. It does not have the same type of existing controls to the point that you can actually achieve credit betting with some of these international websites. I think it is a genuine concern.

Ms RATTRAY - We heard evidence that South Australia has a point of sale tax, 15 per cent, so that is one way its government is able to get some revenue to put back out into the community to support gamblers or anyone who has a problem around those services. Do you have any understanding of whether Western Australia is hitting the mark with its gambling support services?

Mr WOODS - As far as the support that exists within the community and the infrastructure for gambling support services, WA TAB, through its agents, the casino - which are legitimate operators - and to a smaller degree, Lotterywest, have all been participants in codes of practice and conduct and support in terms of problem gambling.

Crown has certainly been proactive in leading that for decades. It has always had signage or a support officer on hand and an office available. It has never resisted its responsible citizen role in that context. In terms of recognising whether it be Lifeline or other support mechanisms, it is not an obvious area of public discourse that arises often because there is less exposure to the obvious problematic gaming that can exist in other states. We always need to be realistic: even if 98 per cent of people play poker machines responsibly, there may always be 1 per cent or 0.5 per

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cent - I do not know what the data is going back to the Productivity Commission in 2000; I think it was anywhere up to 2 or 3 per cent - of problem gamblers with poker machines.

That is always going to be a factor, and government and society have to have protective mechanisms as a safety net. In WA, the issues are not as accelerated or as acute so therefore awareness around that is less. In the places where gaming or gambling occurs in a physical brick-and-mortar space, there is certainly access to information and support. Online, however, it would not or does not exist. As we know, problem gambling is not always about the law of the game, but it is about what sits behind all these issues which cause someone to be a problem gambler, whether it is all the other personal issues.

Ms RATTRAY - Mental health issues or whatever. It may be family breakdown.

Mr WOODS - Correct.

Mr ARMSTRONG - About tourism, Brad. Do you think that not having poker machines in the rural centres like Broome has had a detrimental effect on WA tourism?

Mr WOODS - It does, because it means hotels and operations in regional Western Australia do have not access to the income or capital to invest to the same degree as those on the east coast.

We still have very good product and a good level of investment in our regional hotels. Some areas are more difficult than others, particularly in the country towns that just do not have access to the same level of economic activity. Places like Broome probably do well because they are iconic tourism destinations, but lots of other little places in and around and between that could probably offer a more attractive tourism product and service. I think about Freycinet or Strahan, or some of the other places in Tasmania that have been developed extremely well over time. There is no doubt poker machines or the gaming revenues have assisted in the investment of capital - the quality of hotels in terms of upgrades, refurbishment and redevelopment. That income obviously means you can go to the bank and borrow against that income. We have not had that opportunity.

We have a very good product in the context of what we offer and the access to revenue capital. I do not doubt it would probably be a lot more lucrative in terms of having gaming machines in those hotels. That would mean employment and mean greater capital investment. Does it mean tourists keep away because we do not have gaming machines? No, I do not think tourists travel to play gaming. They are an additional piece of entertainment on offer whilst the tourist is in those venues. What the tourist may miss out on is the additional capital investment in a hotel or a property that is not able to be undertaken because it does not have that revenue stream or access to borrowed capital. Therefore, the quality of the competitive product between, say, Queensland or Tassie and Western Australia may be comparatively different because we just do not have that potential level of investment. Does that answer your question?

Mr ARMSTRONG - Yes, that is fine. It is interesting because a few years ago when I was in Broome, and went into a bar. You notice these things when you get up along in year, but they had music blaring from 5 o'clock, and if you wanted to sit and have a talk - it is a different atmosphere altogether in the bars.

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Mr WOODS - Yes, we attract a different market and in places a younger market is probably reflected there. There will be venues more suitable for my age and your age. They are a little quieter and we can have a discussion.

Mr ARMSTRONG - This was more in the country areas, going up the seaboard?

Mr WOODS - Yes. They have to offer something to draw people in. Quite often in those regional areas, young people are looking to meet other young people. They want to have some music that is of their generation and what is called the iPhone-headphone dilemma of needing it up louder.

Mr ARMSTRONG - That is where I was coming from, where you were saying with the infrastructure they are not probably getting the income they could through having those things where they can cater for both the younger person and the older person.

Mr WOODS - Correct. If you think about a multipurpose venue in Tasmania, they may well have one area that is suitable which they can afford to redevelop and refurbish. Or in Queensland, wherever it may be, they can offer multiple markets at the same time because there is a level of capital investment to cater for that.

Mr ARMSTRONG - When I went into that venue with my brother, we moved from it to try to find somewhere where we could actually talk without trying to yell over the top of the music.

Ms RATTRAY - That's pretty much everywhere now.

CHAIR - You have spoken with your CEO of Australian Hotels Association hat on. From a community point of view, having gaming machines in the communities you are talking about - yes, you might be able to provide a nicer venue - but the impact it has on communities, especially in lower socio-economic areas, is quite marked. From a community's point of view, how do you weigh up what is best for a hotelier to be able to do up the venue and have five more staff or fewer, depending on how it is marketed, compared to the community impact you see in areas? You have come from Tasmania, so you know that in the areas we are talking about - Glenorchy and so on - it is a real social issue. How do you weigh that up?

Mr WOODS - I have done this before taking off my AHA hat, thinking about gaming as a product or as a service or whatever it might be in the community. I think it all depends on the model, I really do. If we go back to the early 1990s when some states had a very large number of gaming machines, there were very few responsible gaming initiatives, controls, service support, education, rehabilitation access, even responsible service of gaming training. When I was in Tassie we introduced the first responsible service of gaming training package, together with Federal Hotels. I think it was the first in the country to have state government endorsement. I have always been mindful of that because of the work we did with Anglicare at the time and with Reverend Phillip Aspinall, who was involved in that process. It is important to recognise that hoteliers themselves and their staff will benefit. There is also the community amenity, which is that there is a place for people to go to, relax and enjoy themselves, and to meet others in a nice environment. Not everyone had, certainly back then, a big plasma TV in their lounge room and the sorts of facilities a hotel could offer.

I think the question is: do we stop or not allow the majority of the population who can enjoy it recreationally and take pleasure from it in an environment they like because of a small number -

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and that ranges according to the socio-economic area - who may have problems in terms of their gambling behaviour? I think I'm a bit of a libertarian liberal in this sense. My view is that whether it is alcohol, tobacco, illicit drugs, gaming or whatever it might be, people make choices in their life for whatever reason. Governments, communities and societies of the day have a role in providing support and a safety net to capture those people when they fall between the cracks and to provide a level of support. But can we, as a society, always play what I call the nanny state-type of approach, which is to control everything we do? We know we cannot control online gaming at this time. There are a range of problematic issues in that space. It is the same way in which the states and the Commonwealth tried to control access to pornography. Years ago there were classifications and restricted retail sales, but these days it is everywhere on the internet.

I suppose it is a question of being realistic. The answer to your question is yes. I have always agreed there are a small number - and hopefully it is a small number in Tasmania - who fall between the cracks and become addicted to gambling. There are problems. It impacts families, on kids and a whole range of people. If gaming were not there, would there be some other problematic behaviour they could use as a distraction from the worries of life? Maybe. My general view is that it is always going to happen in society. Gambling has been around since the ancient Greeks were throwing different coloured or shaped rocks and betting on them. It has always been around. It is a question of -

CHAIR - There were no whistles and signs when they were throwing the rocks which made it an addictive habit -

Mr WOODS - That is right.

CHAIR - Do you think if there were gaming machines in Western Australia, a place like Crown would have spent \$600 million on the infrastructure it has produced, knowing full well it will see a return on that investment? Coming into the community from the Crown complex are jobs, clubs, hotels and growth. Do you think it would be a good thing for Perth if the pubs and clubs had gaming machines?

Mr WOODS - I think that in the main and depending on the model, there would be huge opportunities for the hospitality industry in terms of employment and revenue streams to support the capital injection within the venues and the facilities. The community benefits from that but it all depends on the model and on the responsibilities that exist within the model.

If I refer back to the Tasmanian model, that phased-in approach over a period of three or four years starting from what I thought was 10 or 15 machines through to 30 and 40. Whatever the model could or would be in Western Australia - and it is all hypothetically speaking - there has to be a real consideration of how the community is educated in relation to its own access and behaviour around these products.

CHAIR - Thank you very much for your time. We really appreciate it. We have another group coming in, the Department of Racing and Gaming. I imagine you know Michael Connolly. You all seem to know each other in the business.

Mr WOODS - Yes, of course. We all collaborate or fight -

CHAIR - Discuss things.

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Mr WOODS - Yes, exactly.

CHAIR - Thank you very much. We appreciate it.

DISCUSSION CONCLUDED.

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DISCUSSION WITH Mr MICHAEL CONNOLLY, EXECUTIVE DIRECTOR,
DEPARTMENT OF RACING, GAMING, LIQUOR, WESTERN AUSTRALIA.

CHAIR (Mr Gaffney) - Mr Connolly, we are conducting a hearing to use whatever we hear as part of our parliamentary reporting process. That is how we are governed.

Mr CONNOLLY - Okay.

CHAIR - It is a way for us to obtain information about the Western Australian situation. It is not for us to judge whether that is right; we simply want to hear what you do. We need to provide a report back to parliament by the end of September. You have probably had a chance to look at our terms of reference, which are quite broad. You are welcome to share an overview of your role and then we will ask some questions.

Mr CONNOLLY - I can start with the high-level framework in Western Australia for gambling?

CHAIR - That would be great.

Mr CONNOLLY - The Gaming and Wagering Commission of Western Australia is the body responsible for the control and administration of the conduct of all gambling in Western Australia. The commission is responsible for the formulation and implementation of policy for approval or withholding approval for gaming product facilities equipment. It is also responsible for licensing people involved in the conduct of gambling in Western Australia. The commission is made up of a chairman and between five and seven members. There are five currently.

The chairman is ex officio the director general of the department responsible for the administration of the act. Following from recent machinery-of-government changes in Western Australia, that is the chairman of the Department of Local Government, Sport and Cultural Industries, Mr Duncan Ord at the moment. In support of the commission, the commission has no resources. The department provides inspectorial services and licensing services. That is where I come in. My position is Deputy Director General, Regulation within the Department of Local Government, Sport and Cultural Industries. I am responsible for the day-to-day operations of the department's functions in the area of racing, gaming and liquor and local government.

CHAIR - Who makes the decision as to your responsibilities? It is ministerial, is it the government?

Mr CONNOLLY - Yes, it is the government of the day.

CHAIR - How long have you had that extra responsibility?

Mr CONNOLLY - Since 1 July. It is brand new.

CHAIR - Thank you for the overview. How many staff does your department have?

Mr CONNOLLY - Racing, gaming and liquor?

CHAIR - Yes.

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Mr CONNOLLY - Racing, gaming and liquor has 96.4 FTE. We have about 101 staff, but 96 full-time equivalents.

CHAIR - What would you have in Perth?

Mr CONNOLLY - They are all based in Perth.

CHAIR - How do you monitor what happens?

Mr CONNOLLY - In Western Australia we have one casino. The policy of the government of the day and the previous government was to have one casino. The casino gambling activity is all located in Perth. There are very limited gambling options around Western Australia. The main function for us in regional Western Australia is liquor and we rely heavily on the police. Local police take most of that responsibility in regional areas.

CHAIR - Are your numbers consistent with staff FTEs?

Mr CONNOLLY - Yes. They have slowly declined, but they have been consistent for the last four or five years.

CHAIR - When cruise ships come into port, do they have gaming? Our ships between Melbourne and Devonport have that activity.

Mr CONNOLLY - Yes, they do. There have been some recent changes to regulations to the allow them to open their casinos once they are outside the 12-mile limit. If they are cruising from one port to a destination outside Australia, they can open their casino as soon as they are outside that 12-mile limit.

CHAIR - Does your group have any role in that?

Mr CONNOLLY - No, we do not check their equipment or any of their employees. They are allowed to run that casino once they are outside that 12-mile limit.

CHAIR - What licences are required for the casinos here, for EGMs?

Mr CONNOLLY - None. They are approved by the commission. The casino licensee, Crown, can operate those machines in the confines of Crown Perth. There is a licensed gaming area and the commission approves the area. It can put as many machines in there as it can fit, up to the limit. There are 2500 approved at the moment. From memory, as of the end of June, they had 2402 machines on the gaming floor. Each machine is not licensed. The casino has a casino licence and a licensed gaming area, and it can fit those machines in those licensed areas.

CHAIR - Did you say 2500?

Mr CONNOLLY - 2500 is what the casino is currently approved for.

CHAIR - It has not reached that. How would the casino say it wants more?

Mr CONNOLLY - It make a request to the Gaming and Wagering Commission.

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CHAIR - Does that happen very often?

Mr CONNOLLY - It has. The most recent time that happened was with extensions to some of the VIP gaming areas. The casino asks for increases in machine numbers on a semi-regular basis.

CHAIR - How long have you lived in Western Australia?

Mr CONNOLLY - All my life.

CHAIR - I am interested in know because WA is different to the other states. I know you are here in a certain role, but as a Western Australian, do you think it is a good thing you recently put EGMs in the casinos? You travel to the other states and you have seen the EGMS in pubs and clubs, so what is your view?

Mr CONNOLLY - My personal view? I think it is a good thing. I really do. I do not think the community misses out on too much. There is a significant downside that you would be aware of, with the incidence of problem gambling. Western Australia has the lowest incidence of problem gambling for a reason. There is one destination. It is destination gambling. You have to make a decision to go to Crown Perth if you want to play gaming machines.

CHAIR - The commission looks after the problem gamblers?

Mr CONNOLLY - Yes, the Problem Gambling Support Service Committee is a sub-committee of the Gaming and Wagering Commission.

CHAIR - How do pubs and clubs survive so well? I am assuming they survive well. It seems to be a fairly vibrant scene here.

Mr CONNOLLY - I am sure Bradley would have mentioned to you that there is a bit of a downward trend at the moment. They survive on entertainment and hospitality and food. They provide different offerings, yet gambling is not one of them.

Ms RATTRAY - Sheer numbers.

Mr CONNOLLY - Maybe sheer numbers, yes.

CHAIR - Bradley spoke about EGMs and Crown having the monopoly over them. He mentioned there had been a push to spread Keno more widely. Do you think that would eventuate, not be possible or is it in the wings?

Mr CONNOLLY - It is not in the wings as far as I am aware. It is certainly possible. Technology-wise, it would not be a problem to distribute Keno the same way it is distributed in other states. That would be a decision for the commission to make and it would require some changes to the Casino (Burswood Island) Agreement. Keno is a casino game at the moment. It can only be played in casinos in Western Australia. It would require some changes, but there is nothing to stop it.

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CHAIR - With all roads leading to Rome at the casino, it has allowed that venue to grow to be a conference centre. Are they able to put a casino in Fremantle, as Crown, because they have the licence or is it confined to Perth?

Mr CONNOLLY - They had exclusivity, which has expired through the agreement. The government of the day has a single casino policy and that would require some amendment. Anyone can make an application for a casino licence. Within 100 kilometres of Crown, there is a requirement in the agreement that they would have to build a casino facility equal to what was built in 1984 at Burswood. No-one is going to do that. It is not a viable option, but there are no restrictions outside the 100-kilometre radius. Someone can put an application in and it does not have to be Crown. They do not have exclusivity over casino licences in Western Australia.

CHAIR - What is one of the main things that crosses your desk all the time with gambling, whether it is the casino area or whatever? Does something come up all the time?

Mr CONNOLLY - Poker has been an issue, community poker, and for different reasons. In Western Australia, community gambling cannot be conducted as a commercial undertaking or for private gain. We have issues with promoters, providers, suppliers and operators of gaming. They will go out and hunt permit holders to have a permit so they can conduct the gaming. That has been difficult to manage.

With EGMs there is a constant turnover of product. We constantly see new proposals for games. Poker machines, spinning-reel poker machines, are prohibited in Western Australia. That is a challenge for Crown.

CHAIR - Is that you or the commission that looks after it?

Mr CONNOLLY - The Gaming and Wagering Commission prohibits poker machines. The commission has adopted a policy position and has a document as an annexure to the Gaming Machine National Standard, which describes the things it is looking for to determine whether a machine is a poker machine. Spinning reels are probably the key to that.

Ms RATTRAY - How are the social impacts of gaming addressed under the Western Australian model? I know you only have one venue and it's a lot easier to track problem gamblers, so how do you do that?

Mr CONNOLLY - The commission takes a particular interest in problem gambling and they work closely with Crown as our only casino licensee. Crown has a problem gambling support centre that is open 24-hours a day. The Problem Gambling Support Services Committee runs a number of promotions or activities over the year to try to bring people's attention to issues of problem gambling and make people aware of the sorts of facilities and help available. In Western Australia we do not have the same framework that exists in other states because there is only one destination, for machines in particular.

Ms RATTRAY - Is racing bigger in WA than it is in other states?

Mr CONNOLLY - No, I don't believe it is.

Ms RATTRAY - Crown is not going to be so focused on the racing industry.

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Mr CONNOLLY - The Problem Gambling Support Services Committee is made up of representatives from RWWA, Racing and Wagering in Western Australia, as a principal club, with Crown, Bookmaker and Lotterywest representatives. It covers all lawful gambling activities in Western Australia.

Ms RATTRAY - Are those services provided in the community easily accessible?

Mr CONNOLLY - Yes, they are easily accessible. They are free, so the counselling and financial management services are made available at no cost. They are part of the advertising requirements for material advertised in WA; the operators make that information available as part of -

Ms RATTRAY - Like William Hill, when I watch the *Footy Show*? You would see it in WA, seeing you are doing so well this year, having to make that declaration that gambling can be an issue.

Mr CONNOLLY - Yes.

Ms RATTRAY - That is a requirement under your -

Mr CONNOLLY - To be honest I couldn't tell you if it is a requirement. It is something that is done, but I suspect it is done as a voluntary arrangement. There are regulations that cover advertising, but they are more restrictive about things you can't do rather than things that have to be included. I would have to double check. I am not sure if they are a requirement. I suspect they may be voluntary.

Ms RATTRAY - What proportion of funding for harm minimisation programs and services delivered in the community is from the gaming product provided in Western Australia? Do you know what proportion it is?

Mr CONNOLLY - I couldn't tell you what the number is. My gut feel for that is most of it would be related to Crown and most of that would be related to gaming machines.

Ms RATTRAY - Do you know what you spend each year on harm minimisation?

Mr CONNOLLY - No, I would have to provide that. I could do that for you.

Ms RATTRAY - That will give us some idea, proportionally, to your revenue and what is spent in the community.

Mr ARMSTRONG - With online gambling - because you don't have EGMs in the rural areas - I know you can't monitor it, but do you believe electronic gambling would be greater in Western Australia because they do not have access and they have to travel from further out to the poker machines?

Mr CONNOLLY - Online gambling?

Mr ARMSTRONG - Yes, we have heard they believe it is 10 per cent online and growing in other areas of Australia. Do you believe it would be greater in Western Australia because they don't have access to the machines?

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Mr CONNOLLY - I have seen nothing to suggest that.

I am not aware of any research that has been conducted, or surveys. I have seen nothing to suggest that in Western Australia. That may be the case - Kununurra and Broome being very remote places - but I have seen nothing to suggest that at all.

Mr ARMSTRONG - We have heard from other jurisdictions that it is the most growing area of gambling throughout Australia.

Mr CONNOLLY - I guess anecdotally there is some suggestion that money is being moved from more traditional ones like Lotterywest and the Tatts block to bookmakers like Lottoland, but I haven't seen that quantified.

Mr ARMSTRONG - We have been told that you can put your credit card into an online gambling service that could be in Timbuktu, so to speak; there is no compliance or oversight on them and people can get into it.

Mr CONNOLLY - I'm sure that's right.

Mr ARMSTRONG - I was wondering if anything has come back from Western Australia, but you don't have any figures on it.

Mr CONNOLLY - No.

Mr ARMSTRONG - There have been no surveys done you know of?

Mr CONNOLLY - None that I'm aware of.

Mr ARMSTRONG - Interesting.

On monitoring, compliance and things throughout Western Australia, you know the system in Tasmania where Network Gaming oversees it, can you give us an overview of how you operate here with the casino? Does the government or another body oversee the compliance of the casino or does it do it itself?

Mr CONNOLLY - The government does. I am talking pre-30 June, the Department of Racing, Gaming and Liquor has inspectors who monitor the activities of Crown. Lots of that monitoring now uses technology. For example, ETMs have a head monitoring system which is approved by the commission and certified by an accredited testing facility through the national standards framework. All those reports are made available to inspectors. Inspectors regularly check all gaming machines - things like signature checks to make sure that software has not been manipulated. They will still go into the daily count process and verify physical count versus system count. They observe table games. They just don't do it as often as they used to. We do not have a full-time presence anymore at Crown Perth, so audits are conducted on an 'as required' basis and inspectors drive to the casino, conduct their work and come back. We do not have a permanent presence there anymore.

Mr ARMSTRONG - Do you have the electronic table games?

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Mr CONNOLLY - Yes, we do. There are a couple of different versions of those. The FATGs you are talking about - the fully automated table games.

Mr ARMSTRONG - Do you know how long you have had those?

Mr CONNOLLY - I would be guessing, but three years or so.

Mr ARMSTRONG - Is there anywhere this could be improved, or do you think it is working pretty well?

Mr CONNOLLY - I think the compliance framework is working reasonably well at the moment. Our focus has always been on the integrity of gaming - that is, that the game is played in accordance with rules approved by the commission. There has been a focus on revenue and tax, and I think we have always had those pretty much under control. I have not seen anything that would alarm me in those sorts of areas. I think we have a pretty good handle on that. Obviously keeping it in one location makes that a lot easier.

Mr ARMSTRONG - Thanks, Mike.

Ms RATTRAY - In relation to the compliance, is there somewhere in your office structure where you have a big computer system that would be able to monitor whether a machine has been opened and tampered with?

Mr CONNOLLY - No. We maintain an office at Crown Perth that has access to the computer systems you are talking about, but they are part of exception reporting by which inspectors will go and have a look at machines. Inspectors are at the casino pretty much on a daily basis so they see those things - those reports are generated - but not within our head office. We maintain an office at the casino. We do not have remote access to EGMs systems, nor do we have remote access to CCTV. We have to physically go to the building to do that.

Ms RATTRAY - Then some paperwork would be provided to the officer? They would sit down and if machine number 2358 had been opened, that would be recorded and there would be some documentation about why it had been opened and for what reason - that sort of thing?

Mr CONNOLLY - For the most part, the casino surveillance department will do that sort of thing. Our inspectors can do it, but machines are opened on a daily basis. They are opened all the time. Those sorts of alarms and reports are generated all the time. It is when they are opened without an authorised card, an access card - those are the sorts of things we will look into. We are provided with those reports, definitely.

Ms RATTRAY - You put a huge amount of faith in Crown and its obligation to do the right thing and have it monitoring all -

Mr CONNOLLY - I don't know if I agree we put a huge amount of faith in Crown. Crown has a lot to lose if we detect something significant. It has a lot to lose in this process so it has a very big interest in it.

What we do put a significant amount of faith in is the technology. There is a great reliance on the technology and the accuracy of that technology. It is about ensuring that all the machines

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are connected, all the machines are reporting, all the coins in, coins out and the ticket in, ticket out information is recorded. There is a significant reliance on the technology.

In Racing, Gaming and Liquor, we have 14 inspectors who work rotating shifts. These guys conduct audits, inspections and investigation activity across everything that happens at Crown, and everything that happens with wagering operators in Western Australia. We do all the community gambling and the liquor licence investigations across the whole state as well. We have to have that reliance on those systems, otherwise it would not work.

Ms RATTRAY - Do you have ATMs in the venues?

Mr CONNOLLY - Commission policy is 40 metres from the licensed gaming venue and maximum \$400 a day.

Mr ARMSTRONG - That was a maximum of \$400?

Mr CONNOLLY - In those ones 40 metres, it is \$400 a day.

Mr ARMSTRONG - Within 40 metres?

Mr CONNOLLY - That is right.

Mr ARMSTRONG - But you can have one 41 metres and it is unlimited?

Mr CONNOLLY - Yes. They haven't done that though.

CHAIR - Are the EGMs here subject to a pre-specified betting limit?

Mr CONNOLLY - Each game goes before the commission. The commission considers the game. The commission firstly wants to make sure it is not a poker machine and then the betting limit is next.

The commission has a policy of \$100 as a maximum bet at the moment. Most games coming before the commission are - I was going to say contrived or manipulated but I do not know if it is the right word - but \$90 seems to be the maximum bet coming before the commission at the moment. The casino is conscious of that \$100 maximum bet policy and making sure the games are designed not to exceed that.

Mr ARMSTRONG - The tables would be bigger than that, wouldn't they?

Mr CONNOLLY - Yes, they are.

Mr ARMSTRONG - And Keno?

Mr CONNOLLY - Yes.

CHAIR - Who does the percentage of return to player upfront?

Mr CONNOLLY - To set it?

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CHAIR - Yes.

Mr CONNOLLY - The Gaming and Wagering Commission. It is 90 per cent in Western Australia.

CHAIR - It is 90 per cent. Is there flexibility in that? We have heard in Tasmania it is anywhere between 87 per cent and 92 per cent.

Mr CONNOLLY - No, it is 90 per cent.

CHAIR - Is there any really juicy stuff we haven't asked you that you would like to put on record?

Mr CONNOLLY - Any juicy stuff? No, I hope not.

Crown was established as a destination for international commission business for junket players. Things that are happening in China right now are probably the really juicy stuff. We have not had full details of what has happened in China, but the commission will have to consider that pretty closely over the next couple of months to consider the suitability of the casino licensee. If they have actively continued to break and knowingly break the law in China, the commission would have to ask questions regarding their suitability.

CHAIR - Thank you so much for your time. If I have asked you this, or it might have been the person before who asked, just let me know.

We are impressed with Crown's footprint and what it has to offer there and the standard it is. I am not talking out of school here, but it leaves the Wrest Point Casino wanting. Do you think if the EGMs were allowed in pubs and clubs, that Crown's presence - it just spent \$600 million on the hotel - that would have eventuated, or if you spread EGMs into pubs and clubs, there wouldn't be that certainty of revenue?

Mr CONNOLLY - No, I don't think it would have built a property to the same standard. Maybe something like the new Crown Tower would be built because that targets a completely different market. There are no EGMs in any of the private salons. The guys who go into those rooms aren't interested in playing EGMs at the moment, but I imagine that lots of the facilities more targeted at the domestic market - things like The Merrywell and the main gaming floor expansions - would not have gone ahead without having that gaming machines exclusivity.

CHAIR - In Western Australia, is Crown considered a good corporate citizen? Does it have a good reputation within the state?

Mr CONNOLLY - Yes, I believe it has. As I say, we don't trust everything Crown says, nor should we, but it does have a very significant investment in Crown Perth and it has a lot to lose from non-compliance or conduct that isn't supportive of the community and being a good corporate citizen. I think it is, and I think it has a good reputation.

CHAIR - Thanks very much; we really appreciate your honesty.

Mr CONNOLLY - My pleasure.

DISCUSSION CONCLUDED.

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DISCUSSION WITH Ms CELIA DUFALL, PRINCIPAL OFFICER, **FINANCIAL** COUNSELLING NETWORK, Mr CHRIS TWOMEY, LEADER, RESEARCH AND DEVELOPMENT; Mr ROB WEST, EXECUTIVE MANAGER, CENTACARE; Ms BEV JOWLES, EXECUTIVE OFFICER, FINANCIAL COUNSELLORS ASSOCIATION (WA); Ms LINDA COLLINS, CENTRECARE

CHAIR (Mr Gaffney) - Collectively, thank you so much for helping us out today. I mean that sincerely because as part of our parliamentary process, for us to use evidence - and what you're giving us is evidence in a broader sense of the term - in our committee report, we have to have a hearing more so than just a visit and a chat. We can't use that, but understand we're not here to specifically examine what you do, but whether what you do that might help us prepare our report and make recommendations to our parliament.

For the record, I have to go through some official stuff first, just for Hansard. We're trying to get a report ready to come before our parliament by the end of September. For Hansard, could each of you say your name, the organisation you represent and your role?

Ms DUFALL - Sure, Celia Dufall, I'm the principal officer of the Financial Counselling Network. We operate the state funding for financial counselling in the metropolitan regions. We have nine organisations within the consortium and 14 locations across Perth, representing advice and financial counsellors.

Mr TWOMEY - Chris Twomey, I am the leader of policy development and research for the Western Australian Council of Social Service, which I am representing today. I am also a senior industry fellow for the Bankwest Economic Centre, but I am not talking on its behalf.

Mr WEST - Rob West from Centacare. We are currently funded to provide a statewide gambling counselling service for Western Australia. I am the executive manager at Centacare.

Ms JOWLES - Bev Jowles, executive officer for the Financial Counsellors Association of Western Australia. I am here representing other financial counselling services that don't fit in the network, that are statewide-based. We have financial counsellors all over the state. We currently have 140 members. We also manage the National Debt Helpline in Western Australia, which is an 1800 number people in financial hardship can use to access help.

CHAIR - Thank you. I will give each of you an opportunity to talk about your role. We need to understand how it works. Usually at the end of each of you doing your work, we will ask some questions. I think we have an hour scheduled; I know your time is valuable too, so we won't muck around with questions that are not to the point.

Ms DUFALL - Sure. I'm not very experienced at this, so if I'm not going the right way, please let me know.

We have 14 financial counsellors across the metropolitan area and our clients make appointments. Usually they are referred from other organisations or through the National Debt Helpline. We find - certainly in Western Australia - is a lot of our clients have been impacted by the mining boom, so they have high debt positions and they coming forward with very highly complex cases. Our average debt across the network per client is sitting upwards of around \$150 000 to \$160 000 per client. Some of them are much higher than that and obviously some are

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quite lower. So, really highly complex clients. They present with a whole multitude of issues: debt, Visa card - some of them - also utilities are increasingly becoming an issue for many of our clients. There is a lot of publicity. Just today the *West Australian* has an article about the Hardship Utility Grant Scheme - HUGS - and we are looking at that as well.

In relation to gambling we find that many of our clients, even if we suspect they have issues with gambling, are not all likely to disclose that to our financial counsellors. As part of the process, we have developed a reporting template with the state government and we record instances where our clients are presenting with gambling issues. It is very low - 1 to 2 per cent of our current clients are experiencing gambling issues. Most of those, if they are experiencing gambling issues, it will be online gambling rather than any other form of gambling, but, again, unlikely to disclose. It would usually be identified through the examination of bank accounts and be a part of a whole host of more complex issues.

Mr TWOMEY - I formally acknowledge we are meeting on the land of the Whadjuk People and the Noongar Nation - Kaya Gnaala Karla Karra nidja Booja. I am here representing the Western Australian Council of Social Service. I know you have already heard from TasCOSS on this issue in many way and you will be very familiar with our role.

Where gambling is concerned, I would focus on two key things. One of the reasons I am hoping you have come to Western Australia is to see what a state that has drastically limited the presence of pokies looks like. That has been something which has been extremely important to us and we have fought strongly and consistently, as a sector, over many decades to try to limit them as much as possible because of what we have seen in other states and what we have heard from our colleagues.

On the one hand, that sort of means that when it comes to gambling services we have not had the same stream of revenue either into the state government or into wider gambling services, but it has also meant we have not needed it to the same extent. Certainly, from what I have seen, and from talking to people in other states, is that minor revenue stream does not equal the influence of the social and economic impact gambling has on communities. From our point of view, we are particularly concerned about the impact it has on vulnerable communities and those from a disadvantaged background. We have been very keen to maintain that and we would encourage you as much possible to try to limit that impact however you can.

One of the things that we have seen in recent times, as you have heard already from financial counselling, is some shift in patterns around gambling, particularly online sports gambling, which has been having an impact across the community but in particular it is young men and it is on mobile devices. It has been something we have been quite concerned about. One of the things I will follow up and send you on notice is the recommendations we put in our last pre-budget submission around a 15 per cent wagering tax directed towards online gambling.

Ms RATTRAY - The same as South Australia?

Mr TWOMEY - Yes. We have picked up and copied what South Australia has done. In an ideal world I think you would want a national approach but certainly as far as you are concerned and particularly with the model of South Australia, which have already done that, we think that is one of the things necessary simply to help to combat that.

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There is also a need for stronger national regulation around the control of the industry there. Our understanding from talking to our colleagues in South Australia is that a lot of that is being badged through the Northern Territory.

I have also brought to share with you some of the details from SACOSS of the report that it did around gambling taxes and the proposal around the wagering tax. I will table that for you as well. I had meant to bring in the pre-budget submission but I forgot that on my way here. I will send that electronically.

CHAIR - Natasha will send you an email, so that is an easy way to link through asking for that. She might catch up with you at the end of the hearing. Thank you for that.

Mr TWOMEY - The other things that I comment on, I know that the committee has previously spoke with Professor Mike Doyle. We have worked very closely with him on gambling taxes and other social tax issues, and we strongly support all the comments he would have said. Certainly, particularly around some of the issues around industry self-regulation generally being ineffective, and that a lot of the industry education schemes are pretty ineffective. We would certainly support the comments he would have made to you around those issues.

Other than that I think my colleagues can tell you better than I can what some of the front line impacts are on who is affected, the impacts it has on their lives, where they are located in our community. I think that is it for me.

Mr WEST - As I mentioned, my role is executive manager at Centrecare. We are funded through the Problem Gambling Support Services Committee, which is made up of representatives from the Department of Racing and Gaming and Liquor, Racing and Wagering Western Australia, Crown Perth and Lotterywest. The funding we receive annually is administered through the Department of Racing and Gaming and Liquor. We are essentially funded to provide a face-to-face counselling service for anyone throughout the state.

We provide about 1500 sessions a year. We see about 500 new clients per year, so 500 new people who have not seen us previously. I don't have the figures for 2016-17. I am just collating those at the moment, but we expect they have gone up slightly this year. There are probably a number of reasons, as Chris touched on. There is the online element, in which we have certainly seeing a steady increase over the past two or three years. We would expect that trend to continue with new clients.

As part of our role we provide a service for Crown Perth. Crown has a responsible gambling and service team and their job is essentially to work with clients who have either self-barred or might be indicating signs they are gambling excessively. If they are barred from the casino, they might be just referred; they might go and see the team at Crown Perth, and Crown Perth can refer them to us. If clients have self-barred or the casino has barred them before they can return, they are required to come and see us for a number of sessions and we provide some revocation counselling. We provide an assessment, go through their history of gambling, their risk of gambling and work with some strategies. If it is their intention – as it is for most of these people - to return to the casino, we work with them quite intensively, to support them if that is what their desire is to do. I guess that is also one reason for a bit of an increase of our client numbers.

As Chris said, I think we are incredibly fortunate in WA that we have only venue-based gambling in terms of the poker machines. Without doubt we see fewer clients and there is less

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need because it is restricted to the one location. As part of our service we are also funded through the Department of Social Services to provide a financial counselling service to people with problem gambling behaviours. As part of the service we go out to prisons and provide services out there. Obviously a high number of clients need to see us out there. That is it in a nutshell.

As Chris probably mentioned, part of our service is providing some training to Lotterywest new vendors to help them identify people who might have problem gambling behaviours. We used to do a bit of training with the TAB in WA, but it does that itself these days. Where there is a lack of regulation or self-regulation, we really don't see many referrals. There is a lack of incentive for people to step in and provide any barrier to people who might be gambling excessively. We see some issues there where there is some lack of regulation.

Ms JOWLES - From a financial counselling perspective, as I said we manage the National Debt Helpline for WA, which is a national 1800 number. We know that our data in terms of gambling is much lower than other states and we attribute that to not having poker machines in other venues. We get very few referrals directly with gambling issues, which is good news. However, we recognise what others have said: people are often very reluctant to disclose that as the presenting issue. They may present with a debt issue and then once we look at their income, bank statements and so on, we see that gambling could be a problem, but it is not often a thing they ring the helpline for. In our experience they ring to try to get out of other debt.

I agree with what others also said - we are starting to see a steady increase, particularly among young men, in using the online gambling platform. We are starting to hear stories of people using payday lending to borrow money to gamble. That is of increasing concern for us because payday lending is quite predatory and deliberately targets quite vulnerable people. We know just by its advertising market that sports betting is looking at young men. That is a real concern for us because young men often don't know what they don't know, and that is concerning in terms of how that becomes a problem for them.

We refer as an agency to face-to-face counselling. That is what the National Debt Helpline does. We refer to agencies through our financial counselling network or to other state-based organisations. If it has been identified as a gambling issue, we automatically refer to Centrecare. We have those options, albeit limited, available to us, because there is a high demand for financial counselling services. We don't generally do casework on the helpline - we only do it that way if a financial counselling service isn't available close by or if, for some reason, they cannot attend - maybe a disability or perhaps they are aged and finding it difficult to get out. Aside from that, we generally refer to face-to-face. The helpline is a bit of a triage service and we only deal with urgent matters. We deal immediately with things like electricity disconnection, but generally we refer out.

Financial Counselling Australia is starting to research gambling and look at where it impacts the most. In states where there are poker machines, research and reports from financial counselling agencies indicate that largely middle-aged women without good superannuation are becoming a problem gambling group. That is not evident in Western Australia because we do not have access to those gambling options here. As we have said, young people and online gambling and so on.

In Western Australia there is a lot of informal gambling particularly in the Aboriginal community, and it is card-playing. That tends to be big way in which Aboriginal families connect to gambling, but it is done so informally that it is almost impossible to address. It is much

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hidden - almost a subculture - and is not talked about a lot. Everyone knows informally that it goes on. I fear if we had poker machines in Western Australia, they might well become the alternative to that.

CHAIR - Is there enough investment in harm minimisation programs in Western Australia? Where do you get that money from? Is it incremental on a needs basis or do they expect you to do more with less?

Mr WEST - More with less. There has not been any significant investment. That could be because the current restrictions mean it is not as big an issue in Western Australia as in the eastern states. Some of the other states have much more advanced programs in terms of schools and primary prevention programs. We have not gone down the path due to our current restrictions.

In terms of prevention advertising, it is minimal. It is targeted around certain times of the year with the AFL grand final, Chinese New Year and the Melbourne Cup. The strategy is largely linked with Responsible Gambling Awareness Week. The advertising and marketing of responsible gambling is minimal.

Mr TWOMEY - A couple of things I would add to that. One of the things a bit different here is that Lotterywest is a large player in the charitable and community sector as a funder of activities and events. A number of our services will be located in a lotteries house building funded through that state-based lottery.

There is not that much specific gambling funding here. What we have been talking about generally is funding around financial counselling resources; dramatic cuts were made to that two budgets ago and there was a strong community reaction. It was very clearly about community attitudes about the importance of financial counselling and also the understanding of financial counselling as an early intervention strategy to prevent worse outcomes, to help people deal with debt and get back onto their feet. That came through very strongly from the community and it saw that funding move to another minister in another department. It saw partial restoration of that funding. The new government has promised to restore that funding in the next budget, which will be in September. We are still waiting to see that, but we believe it will happen.

At same time we used that dramatic reduction in the funding as an incentive to develop a more integrated funding or service model within the metropolitan area. We were going from a place where lots of financial counselling services were located, where we had charitable services or emergency relief, to try for a more integrated system. That is something that would probably be of interest to you and is worth looking at.

You also mentioned the indexation of funding. The state government has had a strong indexation scheme. Going back two years, we went from an indexation formula that was 80 per cent wages indexation and 20 per cent CPI, moving back to CPI now over a period of years. I think we are at 40:60 now, and then going back. We have not heard promises of any change to that.

Ms RATTRAY - Just following on with financial hardship. I am getting a sense that it is more about over-commitment by people. I think that might have something to do with your extraordinary housing crisis and cost of living in WA. Is that a fair assumption?

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Ms JOWLES - Yes that is the experience for some. People were used to earning very high wages in the mining boom and now they are back to real wages or have run out of redundancy payment, which often leads them having to sell those extra things they purchased. That is a small portion of the problem but, by far, I think the referrals to the National Debt Helpline are of people of low fixed incomes. They are often underemployed, on casual or short-term contracts and, for whatever reason, cannot lend through normal lending criteria. They end up taking payday loans and so on. The vast majority of people in financial hardship are on low fixed incomes.

The difficulty in WA is that we have people with negative equity in their homes, and that is a statewide trend. That is regardless of where you live or where you have purchased. You hear stories - we know of financial counsellors dealing with people with properties they bought for \$1 million - for example, in the north-west during the mining boom - that are now worth \$300 000. They cannot sell them, they cannot rent them, and they are now stuck with very high mortgages and very high debt-to-income ratios. That has gone on but we are starting to see the tail end of that and now it is more around general hardship.

Utility stress has become a major issue as well. We talked about the increasing cost of power. We know that people who can least afford power are paying the most for it. They are unable to afford power-saving devices and they tend to be higher users of power. There is general financial hardship in the community and if you add gambling to that mix, that causes another vulnerability for lots of people.

Ms DUFALL - To give you an example, just over half our clients would see home mortgage stress as being one of their key reasons for presenting. It would be around that loss of job, relationship breakdown or a major illness, so they are unable to work. It would be about income generation. The other portion would be the longer-term sustainable income levels.

Mr ARMSTRONG - You said in your opening statement that it was about \$150 000 for a lot of the people, but that was not attributed to gambling?

Ms DUFALL - No, that was total debt, household debt. We have clients with millions of dollars' worth of debt. Not regularly, but we have clients presenting who have over invested, lost their jobs, who had purchased a number of different investment properties, usually in the north-west, which they cannot sell now, and they are in a position where they do not know where to go. You usually have mental health issues associated with that, so it is making sure to have that holistic service wrapped around them. It is a culmination of many things.

Ms JOWLES - We have heard too, in the north-west in particular, that a couple of the banks have been trying to work with the situation the client is in. A couple of financial counsellors have had some really good wins from banks that have waived large debts, \$450 000 is one we have heard of. A bank has just waived that debt. Some of the major banks were recognising that people were in a no-win situation. It is better for them to gain something back than for the person to claim bankruptcy. We are seeing a lot are calls to the helpline from people wanting to declare bankruptcy. Part of our role is talking through their options.

CHAIR - The north-west regions, are you talking Broome?

Ms JOWLES - No, it's mostly the Pilbara, Port Hedland and Karratha - most of the mines in the Pilbara and the Murchison.

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CHAIR - You mentioned the casino's work. What measures does Crown Casino take to minimise the impacts of gambling, and is it supportive with costs?

Mr WEST - We have an interesting relationship, given there is always that tension. We are a different sort of operation, a non-government organisation coming from a very different proposition. We are not-for-profit and they are purely for-profit, so there is always -

Ms RATTRAY - We've heard they are good corporate citizens.

Mr WEST - I am sure they would see themselves as that.

Ms RATTRAY - Not from them, but from others we have heard.

Mr TWOMEY - I think that could be in relative terms. One of the things here, having looked at some of the different venues around the nation, they are aiming to keep it very high end and glitzy here. It is quite different if you see clubs in other states.

Ms JOWLES - They have a niche market; there is no competition.

Mr TWOMEY - That doesn't mean who is gambling there, but I think the balance has been a bit tighter for them around reputation.

Mr WEST - They have a vested interest in ensuring they take prudent, measured and significant steps. Their responsible service of gambling team is located on-site 24/7. Someone is always there and I think that is a great step. They are coming from a very different proposition to us. In terms of where we are and that you wouldn't ever be able to ban gambling totally, I think we have a measured and balanced way forward. Having a location-based venue where people can gamble when they choose to is the best option available. That venue can then put in place measures to work with people it identifies as experiencing problem gambling. I don't see it as perfect. I am sure you have been to various casinos or RSLs in the east. I really find it hard to believe those sorts of venues bring any great benefit to the community. People are isolated sitting in front of a machine, there is no social interaction, and I can't see the benefit to a community in that.

People need to have a right to choose to do what they want with their money and it needs to be measured in how freely we let people access that. It is widely acknowledged that the concentration of machines is in the east and that the people interested in visiting those venues are often the most vulnerable people, those with mental health issues, drug and alcohol problems, relationship breakdown, who are seeking some sort of escape or other opportunity to get away. It is not necessarily a healthy one, even if it is a legal one.

Mr ARMSTRONG - Those venues will tell you the amount of money they put back into the community, supporting sporting clubs or whatever it may be, is a significant amount.

Mr TWOMEY - What is interesting is we still have social venues and we still have sporting clubs here without the pokies in them. They still manage to get in enough resources, get enough membership and they tend to be -

Ms JOWLES - There is a very high participation rate.

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Mr TWOMEY - Yes, there is a very high participation rate and the type of activity within them is different. They will do things such as renting out their venues to have other kind of events there and so on.

Mr ARMSTRONG - They put money back into these clubs, they have told us. We are looking at two different areas of Australia.

Ms JOWLES - I suppose the difference is that we have Lotterywest in WA, which offers that assistance. Many charitable groups, sporting and recreational groups, hobby groups, anyone with a not-for-profit status can apply to Lotterywest in WA for funding and that is quite unusual. They are very supportive of communities. That is happening, but it is happening through the vehicle of Lotterywest. It is more controlled; it is done on a fair and equitable system. Lotterywest manage that on behalf of the state government. They are quasi-government, but they sit independently. That giving back already happens in WA. People are aware that a portion of their money comes back to the community when they are gambling through Lotterywest.

Mr ARMSTRONG - Do you have any people come to see you saying they are investing too much money on Lotterywest, because there are no restrictions on what you can purchase?

Ms JOWLES - What you can purchase, it is not something that -

Mr WEST - Yes, we do, but it is not a significant proportion of the clients we see. We do have clients whose preferred means of gambling is through Lotterywest's products. Whether that is through scratch-and-win, or -

Mr ARMSTRONG - They are available in your newsagencies?

Mr WEST - Yes.

Ms RATTRAY - They are equivalent to Tattsлото?

Mr WEST - Yes, I presume so.

Ms JOWLES - It's the Monday, Wednesday and Saturday lottos that are the same, and then it is the scratch-type products.

CHAIR - Philosophically, I question a place such as Lotterywest, which is making money through gambling, being dishing out the grants to the community. The attitude becomes, 'Good on you, Lotterywest, you have given us some money for our kids swimming pool'. Shouldn't that money should be going to the government as a tax? The government is in a better position to put that money into the community. It seems as if every time you open a swimming pool, thanks go to Lotterywest; it is that media spin. What is your opinion on that?

Mr TWOMEY - I think there are a couple of elements to that. There has been a push back from us and the community over time. They are doing good things and all of their advertising is about the great things they are doing. We are concerned about the normalising role that has of putting happiness, community and doing good things next to the gambling.

I meant to talk about the advertising and the normalisation in my introduction and I forgot. That is something that concerns us. Simply allowing anyone to produce those products and

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putting a tax on them would not ensure you were seeing the same level of services back to the community, or that you had that independent role and expertise that they have. The grants managers and the community development people within the organisation have spent a long time doing this work. There are always arguments about their strategic direction, about whether it is positive, but it provides that kind of independence. It is by no means black-and-white. There is still that concern that it is a way to promote a gambling product.

Ms RATTRAY - It says there are a thousand grants totalling over \$100 million per year every year, which means you are helping community.

Ms JOWLES - There has been a change. In the past you were able to apply to Lotterywest, for example, for a technology upgrade. If you were in a building and you were running a not-for-profit service and you needed to replace all your technology, you could apply to Lotterywest and they would assist you. More recently through purchasing and procurement, Lotterywest has pushed back, saying, 'If you're procuring services from government, you should write those costs into that tender rather than coming to us continually for that funding'. That has added a little more pressure back to services because we know tendering is competitive. When you start to include the costs of equipment, furnishings, technology and so on, the price of the tender goes up. Smaller organisations are competing with a lot of large not-for-profits. That recent change in policy by Lotterywest has not necessarily been welcomed by the sector.

It is a conflict in some ways with Lotterywest earning and, as you say, normalising gambling and making it look as if it were rosy and sunny because they are giving money out to community. If Lotterywest were not there, government would have to pay for those things. It is a quasi-tax, but not a tax.

CHAIR - Then it looks like pork-barrelling, doesn't it?

Mr TWOMEY - Yes. Having commented about Lotterywest promotion and advertising, it is a hell of a lot less worse than what we are seeing in the sports gambling stuff at the moment and the prevalence and impact of that. We have received very strong evidence from the public health sector saying that among young people now - children in their teens and tweens - it has been totally normalised, and there is an expectation it is an okay thing to do.

Ms RATTRAY - We have a holiday for a horse race, for goodness' sake.

Mr WEST - Lotterywest's approach is a lot less aggressive. While there is still that conflict, they are not as hard-edged as others.

Mr ARMSTRONG - Online gambling has been raised all through the committee hearings.

CHAIR - It has come up, but the main issue raised in the eastern states is the prevalence of poker machines, even though that is a growth area. Our terms of reference are more around electronic gaming. Online will be there as an incidental but that is a whole new ball game.

Ms JOWLES - It is the new phenomenon. We are going to see online gambling becoming more of a problem. You can get a payday loan, money goes straight into your account, you do not have to speak to anybody, and you can do it online if you are looking for a quick \$1000. As quickly as you are gambling it, you are borrowing it again. We are not there yet, but it is going to become a very serious issue if it is not better regulated, particularly among young men. Sport,

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alcohol and gambling will go together as one package and it is fun. That is very much the message coming through in the advertising.

CHAIR - The statistics you raised mentioned about 500 new cases a year. It is an interesting conundrum. The increase in domestic violence statistics is a good thing because it means awareness of the issue has increased. In your situation, how is the funding allocated? If you only have five, you have fixed the problem so there will be no more funds. If you have 500, it is a bigger problem so more funding becomes available.

Ms JOWLES - It does not generally happen like that.

Ms RATTRAY - What is the funding? Does anyone know how much is put into harm minimisation or financial stress in Western Australia in comparison to what comes back in from the casino licence or that type of thing? Are there any numbers?

Mr WEST - It would be a drop in the ocean. Our funding is \$550 000 per year. In terms of their revenue -

Mr TWOMEY - You are the sole specialist.

Ms JOWLES - We are the only provider statewide and Western Australia is a very big state. Financial counselling, in general, in the metropolitan area receives \$1.7 million for the whole of the metropolitan area and about another \$2 million for the rest of the state. As Chris said, that was cut in 2015 by the Barnett government and we have been given an election commitment that it will come back. When you consider the National Debt Helpline, we are getting 60 calls a day, 1000 calls a month, and we have four part-time staff. We are not even answering the phone most of the time.

Ms DUFALL - We turn away more clients than we can see.

CHAIR - Unfortunately, you do not have a behaviour change. It is just lip service to the client. You have to work with a client to have an outcome.

Ms JOWLES - It would be great if we could have an investment in financial literacy, starting in high schools and getting in much earlier. Financial counselling is very reactive.

We often see people at a crisis point when they find themselves in a situation they realise they cannot control. It is very difficult for people to talk about their finances. It is one of those very private things people find very difficult to discuss. So by the time they come to a financial counsellor they often are experiencing very complex financial problems, which are then much more difficult to undo. If we had seen them earlier or they had good financial education earlier, perhaps -

Ms RATTRAY - The issue is that kids only see you pay with the cards now; they don't see you hand over any money. This seems to be endless.

Mr WEST - It certainly does.

Mr WEST - It is challenging for us. In terms of the shift in the way people gamble, you see them shifting away from going to a location. You could be anywhere, as you said on the phone; it

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is very private. People sitting at home, people are on their own. There are fewer and fewer indicators once a person is extremely distressed. They could be on Facebook or Twitter as much as they could be on their gambling account. In terms of betting at work and betting on the MBA or whatever you want across the world, no-one knows.

Ms JOWLES - Even when you go into the casino you can see that the people at the machines are mostly older women. You will see a lot of Asian people gambling on the poker machines. It would be very isolating for some would be sitting there all day on a machine as well.

Ms DUFALL - Again it comes back to the fact that a lot of those people won't admit their gambling problems as well. We really do not know with online gaming because of the different profiles of the individuals involved. We probably do not have a really good understanding of the extent of the problem at the moment. I imagine over the next five, 10, 20 years that will change. -

CHAIR - It is kind of hidden. That is the advantage of it. Raising a family or whatever, your partner does not see what you are doing; if you are in front of gaming machine, it is quite obvious to everybody in the community. So it is like a hidden disease.

Mr WEST - Down at the TAB or at the racetrack, it is much more visible. There are opportunities too for people to intercede.

Ms DUFALL - And it could be more shameful.

The state government-funded consortium committed to financial literacy as a component of the tender. I am saying it is an interesting component of it. We have been working significantly with social housing providers in Western Australia. If gambling were a more extensive problem in the state, the same could be done to drive some of those literacy and prevention programs, moving it more before the problem has progressed to the stage where financial counselling is needed.

CHAIR - We met with a terrific operator in Cairns. One of the things they highlighted is their lack of capacity to get into the primary and the high schools, which is where you need to be for preventive health. Most of the things you guys do are reactive. At the moment, any funding that comes your way would be related to a case you have, not at the other end of the scale where you really need to put it in. I think there was a case in Victoria where four- and five-year-old children identified with online betting because they watch it on the Footy Show. It is in front of their face all the time. It is normalised.

Ms RATTRAY - It is a broader issue.

Mr TWOMEY - The other thing that will potentially be a challenge for your parliament is: what does it mean around the revenue stream you are using to deal with problem gambling? What extent is it a displacement of people who are currently gambling through your regulated gambling through poker machines or is it an entirely different group? We have that challenge here, but we have not had gambling on that kind of scale. Seeing that increase in demand, we are wondering how we are going to deal with it.

You may well have a challenge in reducing the revenue you are getting from your current gambling-funded stream while you are seeing an increase in problem gambling through a different thing that is not regulated or taxed. This is why we jumped on board with what South Australia

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was doing to advocate to do something like that as part of the solution. Another part of that has to be around advertising and normalisation, particularly kids' exposure to it through sport.

Ms JOWLES - Another interesting example of that is in the UK. Financial counselling is funded by a percentage on every credit provided. Every time someone gets credit a small percentage of that funding goes into financial counselling. It allows them to do much more early intervention work, which is great. While that is not a gambling solution, they have looked at that and say, 'When we give out credit, we have a responsibility to ensure people manage that responsibly'.

Mr ARMSTRONG - It is interesting. We met with some groups in north Queensland and you touched on the north-west of Western Australia with the poker games.

Ms JOWLES - That sort of informal gambling, you mean?

Mr ARMSTRONG - Yes, they have poker machines in those areas, but they said that it was mainly the Aboriginal groups. From what I understood, they still had their informal poker games, whether it was in the street or at a house or wherever it was. They did not move from their poker games to electronic gaming machines as you thought they might.

Ms JOWLES - I used to work in child protection and that was a key concern, particularly with a number of Aboriginal children in care. A lot of grandparents care for these children and they just take the kids from one house to another to gamble and to play cards. We started to see that becoming an issue for children because they were left to look after themselves. Not always - I am generalising - but we were seeing more and more of that. Informal card playing is very much an issue.

Mr ARMSTRONG - There is no oversight of that or anything. Nobody is there to watch.

Ms JOWLES - No, it was very informal, and managing and control can lead to feuding. That is one of the risks for children and young people who are caught up in it. When one particular family keeps on winning, there is a conversation about that in communities. It leads to other social issues as well, but it is not something you could regulate.

Mr ARMSTRONG - The group we met with said that as far as funding was concerned, they thought it was adequate. They had to apply for it each year and they worked within their funding. They were not anti-gambling, but they were working with the people who had come to them, as far as gambling - it probably was. They thought their funding at the time was adequately addressed to them. Is that right, Chair?

CHAIR - Yes.

If you take your work hat off, we are interested to know - we have been speaking to taxi drivers and baristas and whoever - about how Western Australians feel about not having gaming machines. We have gathered evidence about the pub and club scene here. As an individual, a community member, how do you view that? It must something you see when you go to Sydney or Melbourne. I would be interested to know about that from the four people here, understanding you are in the sector.

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Ms DUFALL - My social circle enjoys, likes and embraces having no machines here. We see them quite negatively, maybe because of the lot of the media we see associates gambling with a lot of problems, addictions and poverty. From my understanding, having no gaming machines is embraced. Among the people I know, there would no push to have that changed.

Mr TWOMEY - I have certainly found travelling, staying at hotels, going to meetings or going out for a drink after meetings and so on, that I didn't like the clubs at all. I find pokies a bit confronting. It has never been a thing that has been particularly attractive to me. I personally quite like the idea that we don't have them here.

Mr WEST - I probably echo those sentiments. It is hard being in this position and knowing what I know, but, similarly, having travelled over east or overseas and seeing other venues, as I said.

The Racing and Gaming Commission is often asked questions when it gets a new application for an electronic TAB for a pub. We have those in our hotels and other venues. We get asked to provide a response. One of the questions is: what are the benefits?

I know an electronic TAB machine is a bit different from a gaming machine, but it is hard to find any sort of social or intellectual benefit that could come from those machines. I understand people who argue that you can't protect everyone from themselves and so on. My experience is that people who have a tendency to use those machines and end up having problems with them are often people who are already vulnerable. For people who can manage that, it is fine. They might be able to throw a few coins in - I don't see the point of giving my money away. The people who return, and return frequently and overspend on those machines, are the people who are most vulnerable and may have mental health issues. As I said before, they might have relationship issues and be there for other reasons. They are not generally there for entertainment.

It is not giving entertainment; it is really predatory. It is sad. I am glad we don't have them. There is plenty of other options for people be entertained.

Ms JOWLES - I'm an ex-smoker so I could easily be addicted to gambling. I am quite glad it's not in pubs and clubs. It is quite appealing for some people.

What I like about WA is that it is a bit special to go to the casino. I know that sounds a bit odd, but I grew up in a working class area - if you go to the casino, it's a night out. It is something you dress up for. It is something special, rather than something you just go down to the pub and do. From that perspective, it is good to restrict it and have it as a bit of a glitzy thing. Although I don't support gambling per se, the fact that there is a restricted market for it makes it much better for WA. Certainly in my friendship group, nobody would argue that they want poker machines in WA.

Ms RATTRAY - Does Lotterywest have a presence in clubs and pubs? Can you buy a ticket there?

Ms JOWLES - No. You can only buy them through registered newsagencies. You can get them online.

Ms RATTRAY - It said the last one was sold out in days and to get ready for the next one.

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Mr ARMSTRONG - What are your thoughts on Keno? We have heard some people have been pushing for putting keno into hotels and clubs around Western Australia?

Ms JOWLES - I think it would present the same issues.

Mr ARMSTRONG - When we met with other jurisdictions, they have virtually said that they have never had real issues with Keno.

CHAIR - Interestingly, though, they are the places that also have gaming machines in pubs and clubs.

Ms JOWLES - Yes, I don't really know.

CHAIR - It is funny, though: when the casinos first came to Tasmania, and it was the place to go for an experience. Now you don't dress up to go to the casino; you dress down because there are no standards.

Ms JOWLES - That is happening in WA as well. I think initially it was very ritzy.

CHAIR - We were very impressed. Sorry to say this, but we stayed there last night so we could have a look around the place and at the venues. Talking to the young guy who served me coffee, he loved the place because it was so busy. Yet sometimes our casino is not busy, and there are no nightclubs there anymore.

Ms RATTRAY - Did the Birdcage shut down?

Mr ARMSTRONG - There are meals.

Ms JOWLES - People see it as a night out because you can go to the theatre, have a very nice dinner and be entertained. The gambling is not the main attraction for most people. I think for some people it still will be.

CHAIR - But they can monitor too so they are aware of the people who come. You have a better chance of a person who continually comes back and back.

Mr ARMSTRONG - Our casino has entertainment of a weekend, most weekends. They will either have an overseas or interstate artist and things like that, but not during the week so much.

Ms RATTRAY - Most people would acknowledge that if we didn't have the casino bringing top-rated artists to Tasmania, we would not see anybody. That is just the way it is.

Mr TWOMEY - You are much closer to Melbourne and Sydney than we are.

Mr WEST - We keep statistics in terms of the new clients we see each year and which particular form of gambling is their primary and/or secondary. In terms of our clients there was a shift last year - we saw a reduction in the number of clients who identified casino table games, which I think would include Keno. They were a fifth of our clients. As mentioned before, I am certainly not in favour of seeing Keno extended. I guess it is one of those things, when you add something - once it is licensed - it is very hard to then pull it back. I do not know how eastern states will ever manage to pull back.

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Ms RATTRAY - We are certainly not here to advocate to the Western Australian government that they should put Keno in every club and pub. We have got enough to deal with in our own state.

Mr TWOMEY - One issue in closing that I think perhaps should be on your radar and is the links to financial abuse - gambling, family and domestic violence and financial abuse. In fact we have our community relief and resilience conference tomorrow. For us an emerging theme is the number of people who have escaped a violent or an abusive relationship - it could also be parents or grandparents as well, seniors and so on - who, 10 or 15 years, later are still dealing with debt landed on them unfairly by a partner who was violent and had a gambling problem. Make sure that is one of the things you are thinking about - that it is on your radar and that you are thinking about how your services identify and deal with that. It then becomes a challenge, when it comes to regulation, in terms of how our client financial sector deals with that. We have people who are unfairly trapped into debt: what is their way of getting out of that?

Ms RATTRAY - A good point. I would be very cross with my partner if he was spending our money on gambling.

Mr WEST - Further to what Chris is saying, obviously sometimes a portion of our money comes from gambling and is put into counselling. I guess it is the added social costs that occur in health or mental health through the legal system, through the justice system and in prisons where people go where the added money comes more from taxpayers rather than the people facilitating the problem in the first place.

Often those added costs to the community are not factored in when we allow these sort of behaviours. It is the rest of the community that picks up the pieces around these relationship issues: the Family Court, added lists and all those things are added on.

Ms RATTRAY - South Australia has a gamblers' intervention program operated through the Magistrates Court. We had some evidence this morning that the program is working really well. It is a court-supervised gambling treatment so it might be worth having a look at. I know courts are always dealing with a lot of numbers and they probably do not need any more on their plate, but if it is working, you can't help but look at it, can you?

Ms JOWLES - I also want to talk about another matter. I do not know whether there is a lot of data about it. We hear a lot about people working on the mines who work two weeks-on and two weeks-off who then spend a lot of their two weeks' off gambling - going to the casino and spending a lot because they have some time. Often they do not have family or responsibilities so I think a lot of money from their higher wages goes to the casino as well. It is hard to get evidence about it, but anecdotally that is what we have heard.

Ms RATTRAY - You have taken a lot of your minerals out of your ground. I do not think they grow again, so I do not know what you are going to do.

CHAIR - Do you have any closing comments?

Thank you so much for sharing with us your understanding and knowledge. It is really helpful for us to hear. Our course is to make recommendations to our government; what the

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government does is up to the government of the day. It has been very helpful because this is so different to the environment we work in.

Ms RATTRAY - I felt like I was in another country when I walked into the casino last night.

CHAIR - Thank you very much, it is appreciated.

DISCUSSION CONCLUDED