



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Annual and financial reports 2012-2013](#))

**Members:**

**MR B SMYTH (Chair)**  
**DR C BOURKE (Deputy Chair)**  
**MR M GENTLEMAN**  
**MS N LAWDER**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**MONDAY, 4 NOVEMBER 2013**

**Secretary to the committee:**  
**Dr A Cullen (Ph: 620 50142)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

## APPEARANCES

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## **Privilege statement**

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*Amended 20 May 2013*

## **The committee met at 12.01 pm.**

Appearances:

Burch, Ms Joy, Minister for Education and Training, Minister for Disability, Children and Young People, Minister for the Arts, Minister for Women, Minister for Multicultural Affairs and Minister for Racing and Gaming

ACT Gambling and Racing Commission  
Jones, Mr Greg, Chief Executive Officer

Economic Development Directorate  
Gilding, Ms Louise, Executive Director, Ministerial, Cabinet and Policy,  
Economic Development, Policy and Governance Division

**THE CHAIR:** Welcome to this annual reports hearing of the public accounts committee. Today we will be looking at the Racing and Gaming portfolio. I would like to welcome everybody here. On behalf of the committee, minister, I would like to thank you and your relevant officials and directorate staff for attending today. During the course of the proceedings, between now and 1 o'clock, we will be looking at the annual report of the ACT Gambling and Racing Commission and the parts, therefore, of the Economic Development Directorate annual report which are relevant to racing and gaming policy.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement that is before you on the table, on the pink card. Could you confirm for the record that you understand the privilege implications of the statement?

**Mr Jones:** Yes, I have read the statement.

**Ms Burch:** Yes.

**THE CHAIR:** Thank you very much. Can I also remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we proceed to questions from the committee, minister, would you like to make an opening statement?

**Ms Burch:** I will make a brief opening statement, and thank the committee for the opportunity. With respect to some of the key areas of work in the last year, we certainly recognise that the viability of our community clubs sector is important, which is why we are looking at a club industry reform package. Some of that work includes our commitment to further reducing red tape, providing for a scheme that allows for the trading of machines, in line with an appropriate social impact assessment, and that looks to support ongoing diversification of income streams away from gaming machine revenue, which, over time, will facilitate a reduction in the number of machines in the territory.

Many of the clubs have a keen interest in the policy direction relating to this. Particularly with respect to the diversification of income, this is a complex area and I

am working with other relevant ministers on how we could progress that.

In terms of the memorandum of understanding between the government and ClubsACT, to mark the first anniversary of that signing, we wrote to all club members just last month and reported on our progress. I am very pleased with the progress that has been made in areas. In addition to progressing a trading scheme and identifying and removing unnecessary red tape, as part of the government's broad review of the current regulatory regime, other work has included the finalisation of a review of the code of practice by the ACT Gambling and Racing Commission. ClubsACT is establishing a women in clubs network and ClubsACT is reviewing its own voluntary code of practice.

I also take this opportunity to congratulate the commission and the executive for taking the initiative to establish the Gambling Industry Consultative Committee, which was established in May this year. It has met four times and it provides a great opportunity for the committee to talk directly with the clubs. Certainly on the weekend, when I met with one of the clubs, they were very keen about and very pleased with that consultative process.

This is an opportune time to update the committee on the insurance issues previously reported in the media regarding the Canberra Harness Racing Club over the last month or so. Back in August, committee members may remember that the government became aware that the club was experiencing difficulty in finding alternative insurance for their drivers on race day, after their current insurer refused to provide cover. As a result the club had to take the decision to cancel the meet in September. I am very pleased to say that after working with the government, insurance brokers and industry peak bodies, the club has secured the necessary insurance cover that enabled races to recommence. I think they were held last Saturday night. So the harness club is up and racing again, literally, and that is good news.

Both sectors continue to face challenging times. As Minister for Racing and Gaming, I will continue to work with stakeholders to maintain a viable and vibrant industry for all Canberrans.

In closing, I take the opportunity—because we all scurry away at the end of the hearings—to thank officials both in EDD and particularly in the Gambling and Racing Commission for their work, and also the brains behind some of the policy work that we are developing.

**THE CHAIR:** Thank you, minister. Before we go to questions, there will be extra points issued today for Melbourne Cup quips or appropriate jokes. So if you want to weave them into the conversation—

**Ms Burch:** We could have worn our fascinators.

**THE CHAIR:** No, I am not wearing a fascinator! Minister, you spoke about the viability of the community clubs sector, which I think we all agree is most important. Does the government have a policy on the viability of the casino?

**Ms Burch:** In what sense? It is a casino; it has a licence to operate. It has certain conditions under that licence. It does not include, and never has included, gaming machines.

**THE CHAIR:** Does the government have a policy that it is desirable to have a casino in the ACT? Does it care if the casino goes broke?

**Ms Burch:** I do not think the government would want to see any industry or business in the ACT go broke, as you so delicately put it, Mr Smyth.

**THE CHAIR:** There were reports last week that staff were being laid off at the casino and that hours were being cut back. What will the government do to assist the casino to re-extend its hours and re-employ those staff?

**Ms Burch:** I think they are business decisions to be made. The only recent financial arrangement was through the sale of some land, and that provided a cash injection to the casino.

**THE CHAIR:** What is the government's reasoning in not allowing the casino to have gaming machines?

**Ms Burch:** It is the Labor government's policy—and I understood it was the Liberal government's policy as well—that poker machines, gaming machines, will be held by the community club model. If you have a problem with that, if you think that is a policy decision that the Canberra Liberals want to change, I will be more than happy to hear your views, Mr Smyth.

**THE CHAIR:** We are not here to discuss the Canberra Liberals; we are here to work out what the government is doing to assist the casino to survive. What practical support will you be offering the casino?

**Ms Burch:** In terms of what, Mr Smyth?

**THE CHAIR:** They are clearly finding things tough given the economic circumstances. They are letting staff go and cutting back hours. What discussions have the government had and what offers of assistance have they made to the casino?

**Ms Burch:** The discussions I have had with them were around them being keen on resolving the block of land, which was done through EDD. That provided them a cash injection. There are also, I think, ongoing discussions with the commission about appropriate red tape reduction and some policy simplification methods that reduce some of the burdens. That is the whole process and the plank behind red tape reduction.

They have regularly approached me around gaming machines, as they no doubt regularly approached you and yours when you were in government. It has always been the position that gaming machines in the ACT sit within a community club model. That was the provision of their licence from the get-go.

**THE CHAIR:** Licence conditions change in many fields. The Productivity

Commission has said there is no policy reason for the casino not to have poker machines. What is the government's reasoning in not allowing the casino to have gaming machines?

**Ms Burch:** Because it is our policy position, Mr Smyth.

**THE CHAIR:** What is the reason behind it?

**Ms Burch:** If you have a different policy position then I would like to hear it. You either support the community club policy position or you do not, Mr Smyth.

**THE CHAIR:** Perhaps you would like to answer the question. What is the reasoning behind the policy?

**Ms Burch:** Because it is our policy position. I would like you to articulate whether the Canberra Liberals support—

**THE CHAIR:** You are not here to ask the questions, minister.

**Ms Burch:** the community gaming model here in the ACT.

**THE CHAIR:** Well, we do.

**Ms Burch:** Well, you do not.

**THE CHAIR:** We absolutely support the community gaming model.

**DR BOURKE:** Can I have a supplementary question?

**THE CHAIR:** I am now asking you: what is the reason behind the policy?

**Ms Burch:** I have just told you.

**THE CHAIR:** No, you have just said it is the policy. That is not a reason. What is the reasoning that underlines the government's and the ALP's policy that the casino should not have gaming machines?

**Ms Burch:** I think it is a similar reason that probably underscored the Canberra Liberals' policy position on this—

**THE CHAIR:** No, you do not know what our policy is.

**Ms Burch:** and probably why you support the community model.

**THE CHAIR:** I am sorry; come to order for a moment.

**Ms Burch:** The policy position is that it sits with the community—

**THE CHAIR:** Minister, come to order, please.

**Ms Burch:** Well, I am; I am coming to the question.

**THE CHAIR:** No, when I say “come to order” you should stop speaking. The question is: what are the reasons—

**Ms Burch:** I am getting to that, Mr Smyth.

**THE CHAIR:** Why don’t you get to it? That would be a good thing.

**Ms Burch:** I think some context is always useful, Mr Smyth. The policy position is that we believe it sits with the not-for-profit sector. That model, in the ACT, is reflected in our community clubs.

**THE CHAIR:** What studies has the government conducted to inform that policy position and what were the findings of those studies?

**Ms Burch:** We could spend an hour talking on this, if you like. It is a very clear position—

**THE CHAIR:** If you do not answer the questions—

**Ms Burch:** That is our policy, Mr Smyth, and I have answered the question.

**DR BOURKE:** Minister, can you tell us about the fundamental differences between the ownership—

**THE CHAIR:** Pardon me, Dr Bourke.

**DR BOURKE:** between the Canberra casino and the community—

**THE CHAIR:** No, Dr Bourke. Please come to order. What studies were done? It was a very simple—

**DR BOURKE:** Chair, you have already had 10 questions. I have not had one yet. I have got a supplementary.

**THE CHAIR:** That is okay. We will get there.

**DR BOURKE:** I have already told you a couple of times that I have got a supplementary. I would like to get it in. It might be helpful to the situation.

**THE CHAIR:** You are wasting time. Minister, what studies has the government conducted—

**Ms Burch:** I might say you are too, Mr Smyth.

**THE CHAIR:** to inform this policy position?

**Ms Burch:** The policy has always been, since the licence was issued, around having that in the community club model, a not-for-profit model. If I can go to what I think



was Dr Bourke's question—that is, why do you make that distinction? It is because we have very clear arrangements in place. As to the revenue of the gaming machines going to community benefit, I think a minimum of eight per cent of that revenue stream goes to community organisations. In addition, there is a contribution to the harm minimisation fund which at the moment goes to some research work at ANU and also to the contract for Mission Australia.

**THE CHAIR:** You have not answered the question. What studies has the government conducted to inform the policy?

**Ms Burch:** I am not aware of any, Mr Smyth, but again I am really glad that the Canberra Liberals continue to support the community club model without question.

**THE CHAIR:** The Canberra Liberals are not answering questions here today. The supplementary, Dr Bourke, and then we will move to a new question.

**Ms Burch:** It is always easy, isn't it, to have a view without having a view?

**DR BOURKE:** Minister, can you clarify the different ownership regimes of the Canberra casino and community clubs, and how is that reflected in the policy?

**Ms Burch:** The community clubs have grown out of the community. To participate in club activities you need to be a member of the club. They are not-for-profits. Any excess cash—rather than call it “profit”—is reinvested into activities and amenities for the benefit of the members.

The casino is owned, as I understand it, predominantly by companies that are offshore or based overseas. That is their arrangement. Their income, their cash flow, is for a full profit for a company. That is very much different from the arrangements we have in place here in the ACT.

**MR GENTLEMAN:** I have a supplementary too.

**THE CHAIR:** Mr Gentleman.

**MR GENTLEMAN:** Minister, can you tell us what the benefit has been for the ACT community with the community club model?

**Ms Burch:** What has been the benefit?

**MR GENTLEMAN:** Yes.

**Ms Burch:** If you look around our city, it is more of a club town than a pub town. I do not know who first coined that phrase, but I think it is something that certainly reflects our community. If you look down south at the Vikings Club, for example, you see that the amenity, sports facilities and grounds that they are able to bring to our community are second to none; they are first rate. Similarly, you could say the same with Ainslie football club.

I have mentioned that these clubs make a contribution of a minimum of eight per cent

each year. That fluctuates between 12 or 15 per cent. I think that equates across the clubs to \$12 million per annum in community contributions. I know a number of the members of the committee here have been at various functions where they have seen the clubs hand out well-received cheques and contributions to community groups that make such a significant difference.

**THE CHAIR:** What is the contribution of the casino back to the community?

**Ms Burch:** The casino contributes, I think, \$50,000 to the harm minimisation arrangement.

**THE CHAIR:** What benefits does the casino bring to the community?

**Ms Burch:** They provide amenity and activity and an outlet for people who like to go to casinos. Their contribution to harm minimisation certainly goes to supporting people in our community that may be experiencing difficulties with gambling.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you, chair. I would like to hear some more about the relationship—and I think you alluded to it a little before—between the commission and the ANU's Centre for Gambling Research. I want to hear about some of the projects that have come out of that relationship. How do you work out which topics you want to research?

**Mr Jones:** We have had a relationship with ANU for almost 10 years now. It was set up by a fund where the commission contributed \$1.1 million, which was matched by ANU, which is effectively like an endowment fund. That funds the research chair, or the primary research operator, within ANU.

Based on that we work out an annual program of problem gambling assistance research which focuses on informing the commission and ANU about where we need to increase our baseline data on problem gambling and, in fact, the profile of gamblers particularly within the ACT so that we can, firstly, compare to the rest of Australia and, secondly, target our assistance programs, particularly our counselling services, to meet those needs.

The deed of arrangement that we have with ANU provides for a project by project fund or arrangement whereby we determine with ANU, through a steering committee, what projects are being designed each year. Sometimes it is just one for the year, if it is a relatively large one; sometimes it is two smaller ones. The commission invests in the order of \$180,000 to \$200,000 per year in specific projects. The most recent project that we have been working on is one informing us about stigma. We have just had the results of that come through in the last week or two. That will be made public over the next several weeks—certainly sometime this month. It is just being set up for final printing and publication.

That research project was particularly important because what we know from previous research is that the stigma associated with people that have a problem gambling issue is a lot higher for gambling than it is for alcohol, drugs and other areas, which is quite

surprising. We wanted to explore the area of stigma a lot more, because it is clearly going to assist us to target our assistance and our educational programs, in trying to get an increase in early intervention, on the people that are having difficulty with controlling their gambling activity.

While we are still going through the report, because we have just received it, it has indicated some fairly important results. One in particular was that, because the level of stigma for problem gamblers is so strong, you need to be extremely careful in how you target your educational programs. As an example, around Australia at the moment, most assistance programs or educational programs use the words “gamble responsibly”. You have probably all seen it on TV, in ads and things like that. This research is indicating that what it does is increase the pressure on the person that may not be gambling quite so responsibly, and actually may increase stigma, which makes it worse for them to approach a counselling session.

What we are looking at now is having some further discussions with the ANU researchers about some of the background with this particular research on how we can target our educational programs. What we are going to do, following those discussions, is talk to a media communicator and say, “Here’s the results of our stigma research. This is what you can and can’t say. How do we design an educational program that isn’t going to increase stigma and actually put people off, firstly, self-identifying that they do have a problem and, secondly, actually doing something about it to seek help?” That is one really important research project which will dictate over the next 12 months where our educational program will be heading.

The other research project which is going to have significant importance not only to the ACT but to Australia is a longitudinal study which we have just finalised with ANU. Because we needed a large sample size which was not available in the ACT, we approached New South Wales to see if we could use some of the gambling counselling areas there. In the end we negotiated a joint research project with New South Wales which has just been finalised and will be announced this month, as a formal announcement. The total project is over five years and is worth a total of \$1.2 million, of which New South Wales will contribute approximately \$400,000. So we think we have done reasonably well in getting that contribution from New South Wales. It gives them a bit of ownership of and involvement with the project. That will tell us why people are seeking counselling—obviously for assistance, but what the trigger is that reaches that decision point for someone to go and seek counselling services.

Because it is a longitudinal study, we will be following these people through on what they get out of the counselling once they join it, and what happens post counselling. Do they go back to gambling? Do they remain cured, as it were, or is all well? So that is a really important study on which we are starting some preliminary work now. We have just committed \$200,000 to kick that off and do some pilot studies this year. So they are the two most significant areas of research and the practical outcomes of that.

**DR BOURKE:** You talked a moment ago about the profile of gamblers in the ACT and whether there were similarities or differences with other states. Could you talk around that, and also how that might affect the longitudinal study you are doing with New South Wales, and whether there are any linkages with alcohol or drug abuse?

Someone who does not particularly know the area might assume that there was, but indeed there may not be.

**Mr Jones:** In terms of profiling the gamblers in the ACT, every five years we do what we call a prevalence study. We are just doing the design work now for a study in 2014 which will be an update, clearly, of the one that was done in 2009. That gives us a very detailed profile of what our gambling community looks like—those that gamble, those that do not and what the profile is of a gambler and, more importantly, of what a typical problem gambler is. That is in terms of perhaps lower educational levels, youngish in age, male, and usually single. That is a fairly significant profile, and that is typical over most states in Australia and Australia as a whole.

In terms of profiling of our people where we are fairly typical in terms of what our problem gamblers look like, the similarity with other states, and in this case, very relevantly, New South Wales, we can use sampling methods in New South Wales and their counselling service, because our profiles are very similar. So there are no issues there in terms of comparability.

One of the main differences with the ACT is perhaps what people gamble on. It is more gaming machine focused in the ACT compared to other states, where it can be a bit more online and a bit more casino. So there is a slight prevalence in the ACT on the utilisation of gaming machines. Otherwise the actual profile of a typical gambler or problem gambler is pretty similar. I cannot remember the balance of your question.

**DR BOURKE:** The linkage with drugs and alcohol.

**Mr Jones:** The co-morbidities are very common with gambling, and it typically is with drugs and alcohol as well. One of the things that we do look at, and particularly with those that front counselling, is that clearly the counsellors are trained to go through whatever issues the person is presenting with and why it actually might manifest with gambling, whereas in fact it could be some sort of relationship issue; it could be dealing with a stressful situation, such as a family issue. Often drugs and alcohol are symptoms of the same thing, and often gambling is. You typically find that problem gamblers tend to score reasonably high on the co-morbidity scales, particularly alcohol, smoking, and sometimes drugs as well. So there are very common links across those co-morbidity issues.

**MS LAWDER:** Thank you, Mr Jones. That is really interesting. I look forward to your prevalence study and the longitudinal study, but I wonder if I could ask a question.

**THE CHAIR:** Yes.

**MS LAWDER:** I note on page 71 of the Gambling and Racing Commission annual report there is mention of a licence which was cancelled in the previous reporting period and it was reinstated after an ACAT decision. Can you explain the decision making behind it? What was the original reason for the cancellation and then why did ACAT overturn it? What led to the reinstatement?

**Mr Jones:** This particular licence was the Italo club. After an audit on their activity

we discovered that they had some financial issues. Their independent auditor issued a report on their activity which said that they were not a going concern, which means that they could not pay their debts as and when they were falling due.

Under our legislation that is a ground for taking disciplinary action. The commission was most concerned that, for example, a gambling person, if they won a jackpot or some payout, was not going to get paid. That is a major concern for us, the fairness and integrity of gaming, and slightly more broadly if a company is trading while insolvent then all the creditors and other associated organisations or individuals are likely to be hurt.

We went through the disciplinary process. There was no immediate resolution to their financial issues that was presented to us at that time so we gave notice to cancel their licence. They lodged an appeal, or a review, with ACAT, which gave them a bit more time to revamp their financial arrangements. There was, from memory, about \$1½ or \$2 million worth of debt which was finalised, forgiven, or satisfied—which was removed from their books.

They had other injections of liquidity into the company. Basically, they completely turned around their financial situation. On the day of the hearing in ACAT we did an arrangement with them which allowed their licence to be reinstated. That was endorsed by ACAT and they are off and running again.

**MS LAWDER:** I have a follow-up question, still on gaming machine regulation. On page 71 I note there were 17 small-scale machine relocation applications which led to 148 gaming machines being relocated elsewhere between clubs. Was there a particular trend with the movement of these machines—for example, from larger clubs to smaller clubs or vice versa?

**Mr Jones:** The small-scale machine relocation amendment allows the group clubs, which have multiple venues, to adjust the numbers of machines between their venues to reflect the demand from their customers or their members, which does change over time. It allows a more efficient allocation within that club group of where machines go.

The clubs have been using this opportunity to increase the efficiency of their operations. In particular, there are a couple of smaller venues which have not been viable where the club, particularly the Raiders, have been taking the opportunity to move machines out of those venues and actually close them down. Three small venues that were operating at a loss have been shut down by the clubs utilising this policy and moving machines elsewhere where there is higher demand. So it is largely smaller, less efficient venues—moving them into larger venues where there is a higher profile and a higher demand, I suppose.

**MR GENTLEMAN:** Minister, you mentioned in your opening comments the memorandum of understanding with ClubsACT and some of the items that were in that MOU. Can you give us an update on the trading scheme for gaming machines operating at the moment and the outcomes that you might see for community clubs in the ACT with that trading scheme in place?

**Ms Burch:** Just on the trading scheme, certainly one of the consistent messages that I heard from the clubs when I took up this ministry was about their interest in a trading scheme, some reduction of red tape and a level of certainty. So just to have a look at the environment in which they operate we have set up a number of things there. We can talk about red tape reduction. In fact, there was an amendment on red tape reduction tabled just last week which Mr Jones can go to.

In terms of the trading scheme, we put out a discussion paper earlier in the year, an option paper for clubs, for them to make comment on. A key element of that was whether there is a serious appetite, an interest, within the sector for a trading scheme and what will that look like given that other states have a form of trade amongst clubs. One of the things we put out for comment was a forfeiture model—if you trade, what is the return, because we are trying to reduce the number of machines? There was consideration of a levy and consideration of a broader application of the community contribution.

Comments have come back. There was absolute support for a trading scheme, and we are progressing that work. There was acceptance of forfeiture within trading. The various states have got a one to three to a one to five, so we will find a space within that. We are finalising the papers now. I think we are looking at the first quarter of next year to bring some of this into the Assembly.

Certainly, there was acceptance of a forfeiture model. There was probably a limited appetite for a levy—understanding that, if we do not apply a levy, can we review the tax arrangements around the income of gaming machines to make it a bit more progressive, that those clubs which have got the capacity to pay do so and, for those clubs that are gaining income, is it their strongest level of income? Where do they sit on that? Certainly, the clubs have been very supportive of that. I met with a club group over the weekend and they were very keen to see this come in because it gives them those business scopes within one of their key products.

The other element was around whether it will be a set price or a market and what will be the commission's place within that? The very strong feedback from the sector was that it is market driven. It is a deal between two exchanging entities, and I would certainly support that model. We are finalising the policy work on that and the legislative arrangements. I would hope to see that come through the Assembly in March or April next year.

**DR BOURKE:** What sort of feedback have you had from the red tape reduction that you have already achieved, minister?

**Ms Burch:** Very positive. I recognise absolutely the work of an independent compliance statutory body that the commission is. But it is also about how we can reduce the processes and still have the absolute integrity and accountability that we as a community must apply to this. The reductions so far have been very sensible. The one we tabled just last week was around making it a single application process for acquiring a new machine. You will see in the report that machines turn over; they need to be replaced. It used to be a two-pronged approach—and perhaps Mr Jones can talk to that—because the financial arrangements are held elsewhere. All that accountability and compliance are dealt with in the second part of the act. It is about

how we go through. Some of the red tape reductions that they are seeking are more straightforward, and we have certainly got on to that. I think the longer term view—and we are not near there yet—is to have a centralised monitoring system. That will go, again, to some more streamlined processes. But that is a significant investment and one the clubs would have to be party to, as well as government. Did you want to talk about the consultative committee and the red—

**THE CHAIR:** Just before we go to Mr Jones, perhaps you could clarify something in regard to the bill that you tabled. You said on the ABC: “The ACT government plans to make it easier for ACT clubs to purchase poker machines.” Is that the stated intention of the bill that is currently before the Assembly?

**Ms Burch:** I think the ABC may have misrepresented. If I used the word “purchase” it was a mis-speak. It was around “acquire”. But it is about making it, process-wise, certainly easier. It is about reducing red tape. Mr Jones can go to the detail of that.

**THE CHAIR:** Just to clarify that, will you issue a categorical statement that poker machines are not to be sold or purchased in the ACT and that they would not be easy to get?

**Ms Burch:** There is no change to buying or selling until we bring the trading scheme in. It is not on the table. I have certainly had the discussion. I just had a five-minute conversation about a trading scheme. But on the red tape reduction, which it is about, if you have red tape reduction, a simplified process, does that mean “easier”? You can join the dots that way, Mr Smyth, if you like.

**THE CHAIR:** Sorry, they are your words. You said on air, and I quote: “This will make it easier to get one.” So is it your intention to make it easier to get poker machines in the ACT?

**Ms Burch:** Through the reduction in red tape, the process will be easier, Mr Smyth. Mr Jones, do you want to go to what that is?

**THE CHAIR:** That is a bit unclear. Is it the government’s intention—

**Ms Burch:** Mr Smyth, why don’t you have—

**THE CHAIR:** No, I am asking you; you are the minister.

**Ms Burch:** Yes, I am, Mr Smyth.

**THE CHAIR:** Is it your intention to make it easier to get poker machines in the ACT?

**Ms Burch:** Through red tape reduction, Mr Smyth. Mr Jones, do you want to explain the amendment?

**Mr Jones:** The statutory requirements in terms of who is eligible to purchase, acquire or operate a gaming machine have not changed. It would make it easier for those that are eligible in terms of red tape, in terms of administrative processes, to actually do

their commercial business with the commission in terms of upgrading, changing or acquiring machines. So “easier” is in the context of the administrative process which is undertaken with the commission for those who are already eligible. The eligibility has not changed. So is it easier for the community to get gaming machines? No, it is not. None of the eligibility requirements have actually changed in terms of access to machines. It is purely in the administrative processes for an existing eligible licensee to acquire or trade up or exchange a gaming machine.

**THE CHAIR:** Minister, given that is not what you said—

**DR BOURKE:** So it is just as hard to get over the bar to get a gaming machine—

**THE CHAIR:** Pardon me for a moment. Given that is not what you said on the radio the other day, will you issue a clarifying statement now?

**Ms Burch:** Mr Smyth, I am not going to play these games with you.

**THE CHAIR:** So you will not issue a clarifying statement?

**Ms Burch:** Mr Smyth, no, because I do not believe I need to. Dr Bourke.

**THE CHAIR:** No, you do not allocate questions. You have said it will be easier to get. Will you now issue a clarifying statement—

**Ms Burch:** I have answered your question, Mr Smyth.

**THE CHAIR:** because according to the head of the commission—

**Ms Burch:** I have answered your question, Mr Smyth.

**THE CHAIR:** the eligibility has not been relaxed.

**Ms Burch:** Mr Smyth, I have answered your question. I do not believe I need to issue a clarifying statement.

**MR GENTLEMAN:** Mr Chairman, I still have a couple of supplementaries off my MOU question, if I could.

**THE CHAIR:** Go back to your MOU question and Dr Bourke has a supplementary.

**Ms Burch:** Do you still need your briefing on this next Tuesday or have you answered all—

**THE CHAIR:** I always need a briefing on a bill that you have presented.

**MR GENTLEMAN:** Minister, back to the MOU, you mentioned in your opening comments that the MOU had something about women in clubs. Can you explain to the committee what that process involves?

**Ms Burch:** This is an initiative from ClubsACT that is looking to promote women in



the clubs network. I think it has come through self-reflection, through looking at the number of women that are on clubs' boards and the positions that they hold within the clubs sector, at a governance level, on the executive and then down through the operations of the clubs industry. So they are very keen to promote women and make it a more—not to speak for them—woman-friendly environment and to increase the number of women on their boards.

This has been an initiative for those. I think they regularly meet. There are social invitations and a fairly straightforward networking process through clubs. I went to one of their networking functions. It was good to see. With respect to board members of clubs, women are under-represented. I make that comment to them regularly as well.

**MR GENTLEMAN:** Finally, also in this MOU is the code of practice. Can you explain to the committee what the code of practice is?

**Ms Burch:** I might go to Mr Jones on that because we have done some recent work on our level of code of practice, for want of a better word internally, through the commission, and also through the clubs.

**Mr Jones:** Mr Gentleman, do you mean the code of practice which is the harm minimisation one, which is a regulation, or do you mean the ClubsACT voluntary code of practice, which deals with their members?

**MR GENTLEMAN:** It is the ClubsACT one that I am interested in.

**Mr Jones:** The ClubsACT code of practice has a number of requirements in terms of performance of their members, in terms of adhering to some basic requirements for the industry. It is a benchmarking for the industry. ClubsACT has agreed to review with its members that voluntary code to raise the bar a little bit and to improve the overall output, performance and quality of the club industry in the ACT. I think that is a very positive response.

**DR BOURKE:** With this red tape reduction that we were all getting excited about before, if the bar to getting a poker machine has not changed, is it that you have reduced the amount of paperwork needed to leap off?

**Mr Jones:** Yes, that is a correct summary, Dr Bourke.

**THE CHAIR:** With respect to other issues, there was to be a review of the purchase of scratch lotteries by the owner or staff in newsagencies or outlets. Has that review been conducted and what did it conclude?

**Mr Jones:** No scratching on this one; they are still in the barrier, I think.

**Ms Burch:** That was a Melbourne Cup joke—the first one, I think.

**Mr Jones:** I think the reference, Mr Smyth, is to the review of the code of practice, the statutory regulation, which the commission has undertaken over the last 12 months. After considerable consultation, including two requests for public submissions and

several meetings with the relatively newly formed gambling industry consultative group, which is basically industry members over a broad range of people, the commission finalised its policy paper, which had recommendations which have been forwarded to the minister, and that has been agreed. There were quite a number of recommendations on there.

The issue that you are referring to is whether lottery operators such as a newsagent can purchase lottery products at their own venue, which at the moment is prohibited under the code of practice. Based on the submissions and the risks that the commission has identified, which we acknowledge are relatively small compared to other areas but are still there, in terms of problem gambling and also credit betting, we are proposing no change to that policy.

**THE CHAIR:** So that is with the minister and we are expecting a response?

**Mr Jones:** The minister has responded and we are currently dealing with parliamentary counsel on drafting some amendments to that regulation.

**THE CHAIR:** The co-location of the racing facilities: when are we likely to see that report?

**Ms Burch:** I think the first part of that work has just started or is about to start; that is my understanding. There are probably two parcels of work in that regard. The first one, we imagine, will be a few months away. Is that right, Mr Jones?

**Mr Jones:** Yes.

**DR BOURKE:** Minister, how do you assess the effectiveness of the problem gambling programs that you are working on through Mission Australia or the Problem Gambling Assistance Fund? What are your KPIs on that?

**Ms Burch:** With the contract arrangement—again, Mr Jones could go to the detail of that—broadly it would have them reporting to us on the number of people that are accessing the phone counselling support, that are going for education sessions, that are going for individual counselling. All of that is reported through the contract reports. Also, clubs individually do a lot of work themselves, in addition to the work through Mission Australia. My understanding is that they all have a very clear focus, with their GCOs, gambling contact officers. Each club has a nominated gambling contact officer. So they would do work and certainly refer to Mission Australia or other services that they have faith and trust in, and think are appropriate for problem gamblers. Perhaps Mr Jones can talk about the detail.

**Mr Jones:** Further to what the minister said, we have a contract with Mission Australia, which we fund out of the Problem Gambling Assistance Fund. There are key performance indicators and requirements under that contract which Mission Australia must adhere to. Under normal contract management arrangements, we monitor their performance.

**DR BOURKE:** Can you tell us a little bit more about what those indicators might be?

**Mr Jones:** In terms of engaging industry, in terms of numbers of qualified counsellors that they have on board, they are required, for example, to have a number of gambling counsellors as well as financial counsellors, who they relate to in terms of linkages with, for example, the co-morbidities we were talking about earlier. They have a very extensive network with people ranging from OzHelp to Men's Shed to the various counselling sectors and things like that. We monitor, liaise and assist with all of those. We monitor the numbers of persons seeking counselling and how many turn up at the time, how many they are seeing, what their follow-up is and things like that. So it is a fairly broad performance—

**DR BOURKE:** But those are all essentially input measures. Do you have any output measures in place?

**Mr Jones:** In terms of the success or otherwise?

**DR BOURKE:** Yes, stopping problem gambling, which would be the objective.

**Mr Jones:** Perhaps if I can refer back to some of our earlier discussions on the research. Only a very small number of people with a problem with their gambling actually seek counselling. Where through our current regimes we are only getting a relatively small number—and we think it might only be something like 10 per cent—clearly that is an issue for us. What we are really after is early intervention and trying to increase the number of people that do have an issue with their gambling to go and seek help, especially at a much earlier point, thus dealing with the stigma and trying to get that message across and give some sort of planning or assistance.

We measure the level of problem gambling every five years with a prevalence study. That is a very expensive study to conduct. It has got a sample size in the order of 15,000. It is a very large study. Every five years we get a snapshot of what the level of problem gambling is. We also have our problem gambling website. We measure, about every six months, what the hit rate is on that and whether that coincides with particular issues, whether it be Christmas, our problem gambling awareness week—which is in May—and things like that. So we monitor hits on our website as well.

**THE CHAIR:** Ms Lawder, a new question and then Mr Gentleman.

**MS LAWDER:** I refer to pages 73, 74 and 75 concerning compliance audits and breaches detected. It appears that statistically there were a significantly greater number of breaches of the Gaming Machine Act this year—218 compared to 204—and there were 49 breaches, compared to 27 last year, of the gaming and racing control code of practice. With what appears to be a more significant number of breaches, I was wondering why there have been fewer instances of disciplinary action in this reporting period.

**Mr Jones:** I am just looking at the breaches detected, for example, under the Gaming Machine Act. Just to clarify, there were 218 in 2012-13 compared to 204 last year. I would not have thought just an increase of 14 in over 200 would be a significant amount.

**MS LAWDER:** But when you add to the next two categories as well—eight breaches

of the regulation, compared to two last year, and 49, compared to 27, breaches of the code of practice last year.

**Mr Jones:** In terms of the regs, eight compared with two, they are still relatively small numbers, but I acknowledge it is an increase. I guess there are two explanations for that. The first is that our audit program is getting more effective as part of our activity. Secondly, the level of compliance is not quite as good as it was in the previous year. Perhaps the answer might be a bit of a combination of both.

I guess one of our focuses with our compliance program is education as well. There is a reasonably high turnover of staff in gaming venues, which is fairly typical of the hospitality industry. We have an ongoing education program, where there are new key staff or new board members at the venues, to outline what their responsibilities are.

**MS LAWDER:** So relating to the disciplinary action itself?

**Mr Jones:** Taking disciplinary action, in our view, is a last resort. It can have fairly significant consequences for the licensee. Where we can resolve something by education or advice or pointing out an area where perhaps their operating procedures can be improved, we tend to do that. If it involves something significant like fraud or theft or a deliberate non-payment of tax, that is pretty severe and we would take disciplinary action straightaway.

**MS LAWDER:** So would any of them have been, if you like, repeat offenders? Do you know?

**Mr Jones:** If we give someone some advice to say, “This is non-compliant; you need to fix it,” and the second or third time they just have not done it then we find that the disciplinary process can draw their attention to the fact that compliance is desirable.

**MR GENTLEMAN:** My question is on a similar line. On page 70 of the report you refer to compliance audits for the casino. Could you outline the risk-based audit methodology used and what you found?

**Mr Jones:** All of our audits are risk based. As you can imagine, most of the legislation is in the order of 200 pages long, with an enormous amount of compliance requirements from the industry’s perspective. We go through and grade all of that compliance in terms of the level of risk. For example, the payment of tax, or the non-payment of tax, we consider as a high risk in terms of our concentration of effort.

Based on that level of risk assessed, we put in a certain amount of effort or resources in terms of what we check and how often we check. For example, we check their tax payments and returns every month, which is when they are due. If it is something like a signage issue or whatever, which I would put in the low risk category, we may check those every three to six months, for example.

Depending on the level of compliance and the feedback we get, we constantly adjust that program so that if there is an area of non-compliance then we tend to give them the appropriate warnings for information and target those a bit stronger in the next round, or do a follow-up audit in particular. If we get a lot of non-compliance we

would typically give them advice on what they need to fix it and then, within two or three weeks, go into a follow-up audit to make sure they have done it. I guess it is a constant dynamic assessment of the relative risk and making sure they are compliant through education and warnings.

**MR GENTLEMAN:** What did you find from that audit?

**Mr Jones:** With the casino, most of the time they are pretty good. They have their own surveillance sector within the casino through their CCTV camera network. They have a fairly extensive hierarchy of their own inspectors, pit bosses and gaming floor managers that keep an eye on activity.

Casino activity itself is a relatively high risk cash environment, unlike a gaming machine where you have meters which measure all the payouts. A casino environment is based on a person's decision. So the inherent risks are significantly higher, which is why we have a more concentrated effort on monitoring their activity.

**THE CHAIR:** Ms Lawder has a quick sup and then Dr Bourke.

**MS LAWDER:** It might be a separate question.

**THE CHAIR:** We will do the sup and then we will pose the second question.

**DR BOURKE:** I think you may have already answered the question, Mr Jones, but I will just check. On page 73 it talks about 218 breaches of the legislation in relation to gaming machines across the plethora of community clubs that we have got here in Canberra versus 335 breaches in the casino. Does this relate to the answer that you just gave to the previous question or is there something else going on here?

**Mr Jones:** It is really difficult to try and compare 70 gaming venues with one casino. The casino is a lot more highly regulated because of the inherent risks compared to the gaming venues. I do not think comparing an absolute number from one to the other is a meaningful statistic. If one was twice the other I would not put any significance on it. It is more the relative activity.

**DR BOURKE:** Thank you.

**THE CHAIR:** The final question.

**MS LAWDER:** My question is about online betting on amateur sports in the ACT by companies based interstate or overseas. Does the government monitor those interstate and overseas companies who conduct online betting on Canberra amateur sports and/or has the government taken any action about that?

**Mr Jones:** That is extremely difficult to do. In fact, I would almost say—

**MS LAWDER:** To monitor or to take action?

**Ms Burch:** To monitor—

**Mr Jones:** To monitor interstate companies. We have absolutely no influence. Let us take an example. Let us say there was a bookmaker in the Northern Territory, let alone overseas. They have absolutely no obligation to tell us anything of what their activity is on an ACT market that they may or may not form. Even in Australia, if we asked, they have no obligation.

**MS LAWDER:** That has led to issues in some sporting fields.

**Mr Jones:** It has. In fact, volleyball had some issues both in South Australia and in the ACT on this. There is some really good work being done by the commonwealth here at the moment with their National Integrity of Sport Unit that has a coordination role with the integrity of sport. On these particular volleyball issues, Volleyball Australia raised the issue with the commonwealth as the coordinating organisation here through the Integrity of Sport Unit which I mentioned. I think it was a Northern Territory bookmaker. They were able to negotiate with that bookmaker to drop that off their betting activity, which was not really a problem because it was an extremely small level of activity. I think there was only something like \$5,000 or \$10,000 bet on those markets.

If it was an overseas company I would say there would be very little or no influence there. In fact, most likely you would not even know there was a market being formed on it. That is the difficulty I think facing Australia with the integrity of sport. This bookmaking activity can be going on overseas and there could be some influence on some local game, whether it is soccer or otherwise. It is an extremely difficult area.

**THE CHAIR:** We might close there. I am going to ask the final question. Ms Gilding, you have done well. You have not answered a single question. Who is going to win the Melbourne Cup tomorrow?

**Ms Gilding:** I don't have a clue.

**THE CHAIR:** Not a clue. Is that horse running—"not a clue"?

**Ms Gilding:** I would not have a clue.

**THE CHAIR:** Minister, your tip?

**Ms Burch:** I am with Ms Gilding.

**THE CHAIR:** "Not a clue" has got the money so far. Mr Jones?

**Mr Jones:** No 4.

**THE CHAIR:** No 4. Members, any bets? Mr Gentleman?

**MR GENTLEMAN:** No.

**THE CHAIR:** You are not going to nominate a horse?

**MS LAWDER:** "Blue with white armbands".

**THE CHAIR:** “Blue with white armbands”, No 4 and “not a clue”.

**DR BOURKE:** I will have the same.

**THE CHAIR:** Everybody passes. All right. On that note, we will finish there. No questions have been taken on notice so no answers are to be provided. Members, if you have got supplementary questions you have three working days from the proof transcript becoming available. If the committee has any questions, minister, they will be forwarded, and answers to supplementary questions should be provided to the committee secretariat no later than Friday, 6 December. On behalf of the committee, I thank you and your officials for attending today. When available, the proof transcript will be forwarded to witnesses to check and suggest any corrections. I formally declare the public hearing closed.

**The committee adjourned at 1.03 pm.**