

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Auditor-General's Reports No. 99: Follow up of Regulating Gambling and Liquor (2019) and No. 213: Reducing the Harm Caused by Gambling (2021)

Melbourne – Monday 24 July 2023

MEMBERS

Sarah Connolly – Chair

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Bev McArthur

Danny O'Brien

Ellen Sandell

WITNESS

Associate Professor Charles Livingstone, Monash University.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be here with us today.

On behalf of the Parliament, the committee is conducting this follow-up inquiry into the Victorian Auditor-General's reports on regulation of gambling and liquor and the reduction of gambling harm in Victoria.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

The witness will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome Associate Professor Charles Livingstone, School of Public Health and Preventive Medicine at Monash University. I invite you to make an opening statement or presentation. This will be followed by questions from the committee.

Charles LIVINGSTONE: Thank you. Thank you for the invitation to appear here. Briefly I would like to make three points, if I may. The first is that what we learned from the Crown Casino debacle is that the previous system of regulation was unfortunately a pretty comprehensive failure. VAGO in their earlier report about the commission for gambling and liquor regulation, as it was, identified some deficiencies around casino regulation and in its follow-up report of course indicated that that had begun to be addressed. But it is, I think, very unfortunate that the reason that Crown was brought to account was mainly because of the work of whistleblowers – some members of Parliament, including Mr Wilkie of course – and the persistence of investigative journalism. It was not brought to bear because of the work of the regulator, which is a really sad indictment upon the state of regulation. It was a real failure of regulation. I hope we can learn the lessons from that, and that is that it is really fundamentally important that regulators of high-risk gambling venues – and I include local poker machine venues in that area – are vigilant and take active steps to ensure that all effective regulations are being complied with and that there is a real understanding amongst licensees that they will be brought to account if they are deficient in complying with that regulation.

I say this not just because Crown Casino has been a debacle – the whole regulation of it. It was and is, unfortunately. But because we know from a little bit of research, limited in Australia but certainly overseas, that mystery shopper type activities – that is, where people visit a venue without identifying themselves as regulators or representatives of them – can constantly identify deficiencies in so-called responsible gambling codes of conduct. This has occurred in Victoria and was published in literature by people working at that time at the Australian Gambling Research Centre at the AIFS and subsequently in other jurisdictions in Australia and certainly around the world. So it is not just a problem we have in Australia, it is a global problem, and unfortunately we have not addressed it. Other jurisdictions, I think, have addressed it much better than we have.

The second point I wanted to make was that the decision by the government to transfer the functions of the VRGF to other agencies, including the new regulator, is an interesting one and it sort of renders moot many of my comments about the VRGF. However, I would say that the VRGF did indeed commission a series of excellent research projects, many of which have had really significant impact not just in Australia but globally and are constantly referred to in the global literature. It would be absolutely, I think, dreadful if that program were to be abandoned or diminished in any way despite its transfer. It may end up at the regulator, as I understand it; it may end up somewhere else. There are certainly agencies within the Victorian system of government that could take on that role, including VicHealth, for example, or the regulator, but it would of course require new infrastructure to do that. Nonetheless I think the real problem with the VRGF was that it had an inability to implement programs and regulations that would affect material change in the system. They could only persuade people, or seek to persuade people, including operators, as to what should or should not be done.

My argument is that the way you bring about cultural change is through material change, and the best example of that is the long history of tobacco control. Fifty years ago people in this room probably would have been smoking if it was permitted in Parliament – I presume it was; it was permitted pretty much everywhere else.

Danny O'BRIEN: They had rooms for it.

Charles LIVINGSTONE: Yes. The reality is that that all changed not because of slick advertising campaigns and not because of persuasion but because the circumstances under which cigarettes and tobacco were available, were sold, were marketed and could be consumed were altered. That is what brought that about. The same I think can be said of motor vehicle injury reduction. The two standout public health success stories of this last century have been tobacco control in Australia – and increasingly elsewhere – and motor vehicle injury reduction. We are seeing an increase again, unfortunately, in motor vehicle injuries, but for a long period of time we saw a very steady and solid decline in motor vehicle mortality. That, again, is not because people were persuaded by TAC ads to drive more carefully, but what the TAC ads did was rationalise or justify to the public the reason for speed cameras, the reason for breath testing, the reason for drug testing, the reason for improved enforcement of road rules and so on. What changed was better roads, better cars and better enforcement of existing rules – and increased vigilance. What I am trying to argue here is that material change is what brings about harm reduction. If you cannot implement material change, then you are just whistling in the dark; you are not going to achieve anything.

The third quick point I want to make is to clarify what we mean by public health and responsible consumption paradigms. There are two major paradigms that operate in public health as far as dangerous consumption is concerned, and they are responsible gambling in this case – or responsible drinking – and the public health. I asked for a small document to be circulated – I do not know if the committee has copies of it – but essentially I think we can break it down into some key ingredients. I will not go into it now – it might take me a little long – but essentially when it comes to identifying what a public health focus is, I think we can do that. And I think if we do that and implement it, then we will be implementing the sort of material change which will bring about reduction in harm. Thank you.

The CHAIR: Thanks for that introduction. I am going to throw to your local member Mr O'Brien.

Danny O'BRIEN: So this time I get special treatment – thank you, Chair. Thank you, Professor. They are some interesting comments to open with. You referred to the change of VRGF to the VGCCC – and we are not entirely sure the detail of what that entails yet – as 'an interesting one'. Are you concerned that there is not necessarily a conflict between regulation, prevention and research but that they are not the same thing and should be kept separate?

Charles LIVINGSTONE: Yes. I mean, in the best of all possible worlds I think you would have a regulator that regulated and that was that and was strong in doing that and well resourced to do it, and you would have a public health agency that undertook research and acted to implement regulatory reform. They have to work together, obviously. The third arm of all of that of course is government, policymakers and the department and so on, who have to develop policy based on that. I think the problem with the VRGF was that it never really seemed to have a good channel to the legislature, as far as I could see. It was never able, in my opinion, to enact what it needed to do, and certainly from many conversations I have had over a long period of time with the VRGF it seems to me that the channel into government was not as open as it might have been. This is under governments of both persuasions. There was no real possibility of seeing the real sort of reform that was necessary, and therefore they did not raise it. And for a long time of course VRGF was not permitted to undertake advocacy of any form. Again, if the regulator is not able to advocate strenuously for regulatory reform and legislative reform, then they are going to suffer the same fate. They are not going to be able to pursue the implementation of measures that will bring about the sort of harm reduction and harm prevention that is fundamental. And I think it is good to talk about harm minimisation and harm reduction, but it is also important to remember that we need to be focused on harm prevention, which is what happened with tobacco control and with motor vehicles and which is now the focus of most countries overseas that do gambling harm prevention well.

Danny O'BRIEN: And the recent announcements, including VRGF but the other changes proposed to EGMs, have you got any insight as to where that has come from then if it has not come from those two organisations?

Charles LIVINGSTONE: I mean, as far as I know it has not, but I do not know all of the channels of course – far from it. I think the reality is that there has been a lot of talk about precommitment in Australia since at least 2010 when the Productivity Commission produced a report recommending it and the Gillard government in conjunction with Mr Wilkie signed an agreement to introduce that. It was fiercely resisted by the industry of course. Fast forward to last year, and the Perrottet government in New South Wales introduced a similar scheme and the Tasmanian government introduced a scheme which is to take effect from the end of next year, 2024, a very similar scheme to what is proposed in Victoria. So where did they come from? They came from the world's best practice, and the world's best practice is in the Scandinavian countries. Norway has been running a system like this since the mid 2000s. Sweden and Finland have now implemented one. In those jurisdictions it cuts across all of the operators, so it is not just limited to EGMs, it includes online gambling, lottery forms and so on. You have a budget that you can spend every month or whatever or every week on gambling, and that includes all forms of gambling –

Danny O'BRIEN: Including horseracing.

Charles LIVINGSTONE: including horseracing, sports betting, EGMs, lottery tickets – the works.

Danny O'BRIEN: How does the government enforce that?

Charles LIVINGSTONE: Well, because they have a monopoly. In Sweden they do not have a monopoly, but if you want to have a licence in Sweden, you have to agree to be part of that system. And an analogous system is currently being developed and should be implemented by the end of August for the Commonwealth through their online wagering consumer protection framework, which is requiring all operators who are licensed in Australia to immediately exclude someone who pushes the button, so to speak, to be excluded. So that would be across all operators, and it does not take a lot of imagination to realise that you could do that. In a digital age such as we inhabit it is not that hard to spread that across all the operators over time if you give them a chance.

Danny O'BRIEN: So in the Scandinavian countries that restriction on gambling is enforced via a card?

Charles LIVINGSTONE: Yes, they have an account system. In most countries it is a card, but it does not have to be. It could be anything you like. It could be an account number or whatever, but it has to be reasonably good in terms of identity protection so people cannot use them fraudulently and whatever.

Danny O'BRIEN: Yes. And I would probably love to investigate the civil liberties arguments and everything on that, but that is maybe a separate story. In your view, though, is the evidence clear that these things will work to prevent that problem gambling?

Charles LIVINGSTONE: Oh, yes. Well, let us go one step back from there. I think the issue is, while we are talking about problem gambling, we are talking about a focus on individuals, which is a real major part of the whole discourse of responsible gambling, which blames the individuals for getting into trouble instead of looking at the system which exposes people to high risks of gambling harm. So in Australia the reason we have such a big gambling culture is because we have so many opportunities to gamble. If you look at all the other countries in the world, no other country in the world as a country has the sorts of opportunities we have, but if you look at those parts of the world, parts of the United States or Canada, where there are similar opportunities to gamble, then you see similar patterns of consumption of gambling and similar patterns of harm. There is nothing innate about Australians in terms of either drinking or gambling too much. It is simply because we are exposed to so many opportunities. There is almost no other country on earth where every pub and every social club has a room full of poker machines – and in Sydney's case of course 800 or more poker machines.

Danny O'BRIEN: I think the alliance suggests that Victoria has 75 per cent of the world's EGMs or something. Is that accurate?

Charles LIVINGSTONE: Well, it depends on how you define EGMs. If you discount pachinko and pachislot machines in Japan, which clearly has the largest number of electronic gambling machines, then no. But in terms of the per capita density of them, it is pretty high. You have to exclude countries like USA and so on, which are destination gambling venues, and Macau, but if you take those out we are in the top five.

Danny O'BRIEN: You touched on online gambling. That is one of the issues I am interested to know about, and perhaps I should have clarified my question earlier on the Scandinavian experience. Yes, it will work to reduce problem gambling in EGMs by mandatory carded play, slower spin rates et cetera. What is the risk that we just drive the problem gambler to something else that is easier, particularly online, which is harder to regulate?

Charles LIVINGSTONE: The evidence from Scandinavia is that that did not occur. It did not occur in Finland when they introduced their scheme, and I have seen a research report from a colleague just published, which points that out. It certainly did not happen in Norway when they introduced their scheme nearly 15 years ago, I think.

Danny O'BRIEN: Didn't you say their scheme covers all gambling, though?

Charles LIVINGSTONE: Yes, but they monitor the illegal providers. They have got the same problem we have got. Every country in the world has a problem with unlicensed providers marketing into their jurisdiction. The Europeans are actually working – there is an EC group called the Pompidou Group, which is currently working on an intergovernmental regulatory system, so that if an operator is licensed in one of the EU countries or an affiliate country, then they have to abide by this. That has not been implemented yet, but it is close to being implemented. That is why I submitted to the federal parliamentary inquiry that an international agreement is necessary, and they took up that recommendation and have recommended it in their proposal. I was recently at a WHO meeting dealing with this, and it is clear that there is a big appetite globally for a framework convention or a system of international agreement to regulate online gambling effectively. But to get back to the point of your question, there is no evidence to suggest that people who gamble on slot machines will suddenly start gambling online if you make it harder to gamble on slot machines.

Danny O'BRIEN: Just a final one perhaps, Chair, if I may: the issues that you referred to with Crown that we want to try and avoid happening again – how do we avoid regulator capture, with any regulator?

Charles LIVINGSTONE: It is a good question. I think the problem is that we have seen a lot of cosy relationships between the regulator and the regulated, not just in gambling, unfortunately. It seems to be a bit of an Australian problem, and I think the regulator has to be constantly reminded by parliamentary scrutiny and partner scrutiny of the press that these sorts of things are not acceptable. I mean, in the Western Australian situation where the regulators were going fishing with those who they were regulating, the people did not have any idea that this was a bad idea. That is just beyond comprehension, but it happens. You can understand that people spend a lot of time with each other. I think there has to be a clear division between them, and we also have to make sure that the regulator is insulated from the pressure that Crown, for example, was able to bring to bear. We saw multiple examples of that where Crown had even attempted to put pressure on Mr Finkelstein during his inquiry, which was remarkable. But that is how they behaved, and they think that that is normal. So I think it has to be made clear to the regulated that what the regulator wants, the regulator gets, and they have to have the powers to enforce that. But they also have to be regularly subject to scrutiny, and parliamentary committees and the rest of it. Every other form of scrutiny has to be constant and vigilant.

Danny O'BRIEN: Yes. Hold them to account too.

Charles LIVINGSTONE: Absolutely. Who guards the guards, as they say.

Danny O'BRIEN: Excellent. Thank you.

The CHAIR: That is really interesting. Thank you, Mr O'Brien. We will go to Ms Kathage.

Lauren KATHAGE: Thank you. Thank you, Professor, and thank you for sharing the table comparing the frameworks or paradigms of responsible consumption and public health. It reminds me I guess of discussions that have taken place over the last couple of decades regarding disability and the medical model of disability compared to the social model, which squarely places the environment as part of causing disability. Considering this public health approach, do you think there is an opportunity to align the gambling harm reduction research with the public health or Victorian public health research?

Charles LIVINGSTONE: Absolutely. The problem we have got is that our colleagues in Canada did a review in 2020 of the literature, and they found that about 80 per cent of the gambling literature in Canada was

oriented towards responsible gambling. I cannot emphasise enough how significant it is to see this particular discourse, this framework, this paradigm or whatever we want to call it – how influential that has been. If you look at the legislation, it talks about responsible gambling. If you look at what the regulator is doing, it talks about responsible gambling. If you go down to Crown, they will talk about their responsible gambling practices. If you go to a venue, they will talk about their responsible gambling code of conduct. The reality is that it simply does not work, and the reason it does not work is because it is focused on individuals. It blames individuals for the problem, and it emphasises treatment rather than prevention. I know it is a hackneyed cliché perhaps, but it is like having people falling off a cliff and providing ambulances for them but not building a fence. The public health approach is focused on building that fence, and it is not focused on individuals as the source of the problem. It is focused on, as you said, the environment, the accessibility to particular products and the conditions under which they are marketed and so on. So what we must do is reorient the research paradigm away from responsible gambling and towards the public health approach.

I have just completed a short survey, which has not yet been published, essentially looking at the same question that our Canadian colleagues had. What we found was that in both alcohol and gambling research in Australia, amongst the sample of literature we looked at, two-thirds of it persists with the responsible gambling model or the responsible drinking model. What that means is that you cannot make progress on harm prevention or harm reduction if you are looking in the wrong place. If you are doing responsible gambling, you are looking at the individual as being the source of the problem. So we really need to reorient that.

One of the things that the VRGF has signalled is its inclination towards adopting this public health lens and this public health perspective, and some of the research that they have commissioned in the last several years in particular has taken a very strong view on that, especially work done by their colleagues from Central Queensland University and so on. Matthew Browne and his colleagues have looked at the harms framework and have done a great deal of really important work on understanding the nature of gambling-related harm. That is a really important aspect of it, but we have to move beyond that now. We have to start looking at disrupting the system that creates the harm. As you said, with disability services what we had was a medical model, a disease model. We treated the disability as a disease and provided treatments for the disease instead of providing an environment which nurtures people and gives them the opportunity to live the best possible lives they can. What we need to do with gambling is to take a similar view, different of course in detail but focused on preventing harm, disrupting the system which causes the harm in the first place and making sure that where people do get into difficulties we provide them obviously with the necessary treatment and that it is effective – that we are doing the best we possibly can.

Lauren KATHAGE: Thank you. You spoke about some of the literature that has been produced in Australia and the research from Australia that is quoted around the world and used around the world, which is great. We have read in other submissions that people feel that enough research has been done on the harms caused by gambling and that they feel like a pretty good picture has been drawn of what that is and that we need to move on. This is my question for you: what should be the focus then? In a public health model, what should researchers be focusing on?

Charles LIVINGSTONE: Look, we know a bit about harm. We certainly do not know as much about harm as we might want to know. We do not know as much about the harms of gambling as we do, for example, about the harms of illicit drugs or the harms of tobacco or the harms of alcohol consumption, and we still do not have a definitive global framework which reflects that. Until we have got that, I would say we need to keep doing research. But I suspect that a lot of the grunt work has been done and a lot of it from now on will be incremental improvements in knowledge. What we need to do is make sure that we are taking the lessons of the mechanisms of harm – how harm comes to be played out in the community – and working out how to disrupt it. My argument would be that we certainly know enough about how to disrupt the harm and now we can make very significant steps towards achieving that. You know, for example, the carded play or the precommitment system that has recently been announced by the Victorian government absolutely will go a long way towards reducing harms from poker machine gambling. If we also end up with a similar system, a precommitment system, at a national level for the online sector, then between those two they account for something like 70 per cent of the gambling problems in Australia. Fifty-something per cent of the harm or the gambling problems in Australia can be attributed to poker machine gambling and another 20 per cent to wagering – most of it is now online of course. So if we had a precommitment system for both of those, we would have taken very significant steps towards terminating a lot of the harm. But there will continue to be all sorts of harmful gambling products developed, so we have to start looking at how we disrupt the characteristics of gambling that cause harm – the

structural characteristics – and how to modify and regulate gambling games so that we are not allowing particularly pernicious games to get into the system. Of course the crossover between gambling and gaming is something that we all have to be very mindful of as well. It is a really significant problem which in many countries is already causing significant harm.

Lauren KATHAGE: You spoke about that perhaps there would have been greater benefit if there was a more open channel between the foundation and government to create change. You have also spoken about the public health focus. Do you think that some of those sorts of research agendas in a more government health model or government health structure would have a bigger impact on government policy?

Charles LIVINGSTONE: Well, I mean, one of the problems I think with the VRGF research is that it is great for wonks like me, but it often is a bit inaccessible to people who do not have a primary interest in that area. I think translating the knowledge is the hard part, and I do not think the foundation was particularly good at translating that knowledge. Certainly they were not shouting a lot of it from the rooftops, if I can put it that way. I think they had constraints on what they felt they could advocate for and they were by and large not screaming anything from the rooftops about what needed to be done, even though lots of people would have liked them to, particularly when we look at the harms that are associated with casino gambling 24 hours a day, where people were gambling for literally days at a time and so on and nothing was done about that. It was well known to anyone who spent any time at the casino that that sort of activity was ongoing, but nothing was ever said about it, and it needed to be said.

Government gets a lot of money from gambling, and so the perception is that governments want to keep it quiet – they do not want people to know about it. Any agency which is commissioning research has to have, in my opinion, the ability to disseminate that research clearly and loudly in order to prevent harm because it will not happen in the dark.

Lauren KATHAGE: Thank you. Beyond regulation, what do you see could be done to effectively reduce harm –

Charles LIVINGSTONE: Beyond regulation?

Lauren KATHAGE: Beyond the scope of regulation, what do you think could be effectively done?

Charles LIVINGSTONE: I mean, where do you start? One of the problems in Australia is that gambling is heavily normalised, like alcohol consumption. It is heavily normalised, so that means people are exposed from a young age to gambling advertising, to gambling activity and to gambling participation. We have a public holiday in Victoria for a horse race, the purpose of which is to gamble. We have constant bombardment with TV advertising. If you go to the game, the hoardings around the grounds are proclaiming the names of bookmakers and so on and some of the clubs still have sponsorships with bookmakers and so on. So that is a very powerful way of saying that this is a normal part of sport, or this is a normal part of life and you should all get into it. If you go out for dinner to a club or a pub in much of Melbourne and rural areas, you will go to a pokie joint. There will be pokies there and at some point in the evening the parents might park the kids in the playroom and off they go to play the pokies. Now, I am not saying people are doing anything wrong. They are not. But what that does do is it reinforces in young people the idea that going off to play the pokies is a big deal. I have seen it myself – you know, we go to a local club for dinner, and the kids want to know what is going on in the pokie room. ‘Why are all those people going in there? Why can’t I go in there?’ And they sneak around the corner, and they see all these flashing lights, and it looks pretty exciting and entertaining. That sort of normalisation, you know, is not even particularly subtle, but it does mean that culturally we come to believe that it is an appropriate thing to do, just like excessive drinking is an appropriate thing to do. How do we disrupt that? Again, materially – we change the way in which it is presented and made available to people, and we stop bombarding young people in particular with advertising and sponsorship.

Lauren KATHAGE: Thank you. And I had that conversation with my daughter when she saw the pokies room, that exact conversation.

Charles LIVINGSTONE: Yes, well, many have.

Lauren KATHAGE: Thank you, Chair.

The CHAIR: Thanks, Ms Kathage. I am going to go to Ms Sandell.

Ellen SANDELL: Thank you, Chair. Thank you, Professor, for joining us today. You spoke this morning pretty persuasively about how the regulator failed. We heard from them this morning about some of the things they are doing to try and improve. Hopefully that is successful. Obviously, though, a regulator is often only as good as the tools it has available to them and the laws and the regulations that it has. Some things have changed in Victoria through pressure, as you mentioned – we have had this recent announcement of the \$100 load limit, the shutdown of certain venues and slowing the spin rate. Do you think they go far enough, or would you like to see more in those areas?

Charles LIVINGSTONE: The poker machines – I think the introduction of the precommitment system is the most important single reform, and it has to be done quickly. The thing that concerned me was the government's announcement had no time line, and unfortunately, it also referred to extensive consultation with industry. I accept that governments have to consult with industries that they are regulating, but I think there is a distinction between consulting and being guided by.

I think in the past governments of all persuasions have been much too close to the gambling industry. This is a function of all sorts of things – it is culture, it is history, it is the fact that local members need to go to their local club to meet people and so on and so forth and so you have got to be on good terms with them – but it is really important that government and the gambling industry part ways. That is why reform of donation systems is very important, and in Victoria much work has been done in that, I appreciate. Lobbying access, opening of diaries, the soft influence that these guys have with, you know, boxes at the football or invitations to special pavilions at the races, those sorts of things – that is how they work. They are very good at it. The gambling industry, along with the alcohol industry, which are often the same industries, are world-class at influencing government policy to their advantage, and until we get on top of that, then the perception is always going to be that governments go soft on regulation of gambling because they are too close to them. Those are really important changes that need to be done.

Going back to the machines themselves, the load-up limit is a really good idea, although I do not know why it needs to be \$100. One hundred dollars is vastly better than \$1000 and certainly better than \$9499, as it used to be, but you can still go through quite a lot of money loading up with \$100 every time you go through it.

Ellen SANDELL: Do you want to lower the load limit, or would you prefer to see bet limits or just try it all?

Charles LIVINGSTONE: I think the precommitment system should, if properly implemented, be an effective impediment to excessive consumption of gambling, but I would like to see a statutory limit imposed, and I think that should be along the lines of the Tasmanian regulation, which imposes a statutory limit of \$100 a week, \$500 a month and \$5000 a year, which is broadly similar to the upper limits imposed in Norway, for example.

Ellen SANDELL: I know the ACT is going to trial a pokies buyback scheme. We have – I think we were talking earlier about more pokies than anywhere else in the world. Has there been any research on the effectiveness of those kinds of schemes, or what are your views on them?

Charles LIVINGSTONE: Yes, there has. There has been a lot of research both in Australia and overseas, and the general conclusion is that if you are going to do it, you have got to reduce them by a significant amount. If you go into any pokie venue, most of the time not all the machines are being used. The only times they are really being used are Saturday night and Friday night mostly, because all the casual punters come in. The hard-core gamblers tend to avoid those nights because they cannot get onto their favourite machines. When you have a reduction – let us say you reduce the machines by 10 per cent, as has happened in Victoria from time to time when the regional caps were first introduced. A particular venue in south-east Melbourne, as I recall, reduced its number from 105 to 90, and their total revenue went up because the machines that they kept were the ones that were the most hardworking and they were increasingly utilised. Most of the time machines are not worked 100 per cent, so the ones that get worked a lot are the ones that make the most money, and they are the ones that they keep in any reduction or buyback scheme. If you want to reduce machines, then you have to reduce them quite substantially. It looks like the minimum reduction that might have an effect would be around 25 per cent or more. That is from Italy, Finland and certainly studies in Australia.

Ellen SANDELL: Thank you. We have heard a lot today that while pokies provide the greatest loss in the community, online gambling is increasing. You mentioned curtailing advertising as one way. Do you have examples from other jurisdictions? I know South Australia, for example, has restrictions around gambling advertising on screens. Are there other jurisdictions that you feel are doing this well?

Charles LIVINGSTONE: Yes. The Italians have banned advertising since 2019. The Dutch are doing it this year. In the Netherlands they have also implemented a prohibition on famous people doing promotional videos – a football star in fact was fined quite a lot recently for doing such a promotion. This sort of hero modelling stuff is really quite dangerous for young people. The Finns have abandoned it, the Belgians recently abandoned it, the English Premier League agreed to take sponsorship off their shirts recently and so on, so there is a growing trend towards jurisdictions seeing gambling advertising as something that they do not need and getting rid of it. There is no question. Of course, you know, the public opinion surveys suggest that 70 per cent of the population in Australia would support such a prohibition if it were introduced.

Ellen SANDELL: We have heard a bit about the root causes. The Auditor-General talked about really needing to drill into the root causes of the failure of regulation in order for those mistakes not to be repeated. You talked a little bit before about how you feel access to politicians and the regulator being too close to the regulated are some of those problems. Can you talk any more about what you feel the real root causes of the regulatory failures were? Was it structure of the regulator? Was it culture? Was it donations to politicians? Was it all of the above?

Charles LIVINGSTONE: I think it was all of the above. I mean, the problem is government gets a lot of money from gambling. Where the Treasury is in charge or where the Treasury has a big say in the regulation of gambling, then clearly they will tend to go soft because they want that money. They want to keep it coming. The problem is 40 per cent or more, probably more, of the money that goes through poker machines comes from people who are addicted, so it is causing enormous harm. You can say with confidence that at least half the money that goes through poker machines and a similar proportion of the money that goes through the online wagering sector, comes from people who are addicted and it is causing enormous harm to themselves and their families, friends and the community more broadly through crime and so on. Then if we look down at Crown and the other big casinos, we can see that a fair chunk of what is left is coming from the proceeds of crime one way or another. And from the New South Wales crime commission report we can also see that a fair chunk of the billions of dollars that go through pokies in New South Wales comes from the proceeds of crime one way or another.

If you really crackdown on all of that, then the revenue stream will dry up quite a bit. What that means is that if you want have an effective system of regulation, we have to accept that there will be less revenue to the state and that the gambling industry will shrink in size. Now, we do not have to do it overnight. We can reduce it over time, but the longer we delay effective regulation and the sorts of interventions that are likely to bring about reductions in harm and a reduction in money-laundering activity et cetera, then the more people are going to get hurt and the greater the cost to the community. It is a balancing act that all politicians and all governments have to make. But in 10 years time when we look back on all this, I think one of the things that people are going to wonder about is why it took so long for politicians to (a) understand the nature of the problem, (b) understand how deep it is in the community, how much harm it causes, and (c) take effective action. I think the Crown debacle marks a point of course where people were forced to sit up and take notice, but there is still an awful lot of resistance to reform unfortunately for reasons that sometimes I struggle to understand, particularly, for example, in New South Wales.

Ellen SANDELL: My final question is about quantifying harm. We have heard it is \$3.2 billion from pokies – that is the losses. But it is a bit hard, I think, for the public to get their head around what is \$3.2 billion. Are there other ways that research has looked to quantify that harm – number of houses lost, number of families affected, percentage of families in the broader community affected, those kinds of measures – rather than just the overall figure?

Charles LIVINGSTONE: Yes, those would be useful measures, but unfortunately we do not tend to collect them systematically. I know the VRGF outcomes framework was moving towards data not dissimilar to that, but I have not seen their baseline report. I think it is due soon, but I am not sure how they have managed to capture it. One useful way, which in fact came out of some VRGF research, was to utilise a public health model – the years of life attributable to disability. What was the disability-related impact on the community related to

gambling harm and excessive gambling consumption? You can do a YLD calculation which attributes a certain number of years per year, if you like, person years. I think if you look at the numbers for alcohol harm, it comes in at around 150,000 YLDs – that is years of disability per annum. If you do the same calculation for alcohol, making certain assumptions, then it comes out at about 100,000. What we are saying is that based on incomplete data and a lot of estimates we can say that gambling harm is at least equivalent to two-thirds of the harm attributable to alcohol.

Ellen SANDELL: The second figure – the 100,000 – that is gambling? Sorry, you said alcohol but just to clarify.

Charles LIVINGSTONE: Yes. If you add up the harms associated with gambling and compare it to alcohol, what we are looking at is it is certainly in the same order of magnitude and the best estimate so far suggests it is about two-thirds of the burden attributable to alcohol. Now, people might have some idea of how much harm is attributable to alcohol in the community – it is a bit more visible. Gambling of course is a little bit less visible, which is one of the problems with it, and it is heavily stigmatised. But if you do those sorts of calculations, it perhaps makes it a little bit more clear to people that what we are talking about is a level of harm of the same order of magnitude as alcohol harms.

Ellen SANDELL: Thank you. Thank you very much. That is all, Chair.

The CHAIR: Thank you, Ms Sandell. We have got 3 minutes left, and I know Mr Galea had a question.

Michael GALEA: Thank you, Chair. If I can just ask in relation to the majority of WSPs being licensed through the Northern Territory, that obviously presents some challenges on the ability of Victorian regulation or indeed from any other state. Do you have any commentary or opinions on the best way to regulate online betting?

Charles LIVINGSTONE: Yes. Well, the first thing I would say is that we need to have an international agreement on how to regulate internet gambling, because it is a problem globally. Every country in the world has the same problem. And the colleagues I met recently at WHO are all saying the same thing. We have to have an international agreement. That is number one.

Number two, I do not want to deprive Victoria of the regulatory power, but internet gambling clearly falls within the remit of the Commonwealth government if you look at the telecommunications powers in the constitution. It has so far not taken a very active role in regulating gambling other than to sort of bang heads together to get the consumer protection framework up to, I think, a not unreasonable standard, although there is a great deal more to be done.

My view is that there should be a national regulatory system and that the taxes derived from that system should be uniform and they should be distributed to the states on the basis of where the bets were made so that the states will not lose any revenue and there is a consistent and reasonably good standard of national regulation for the lawful operation of gambling. That would be my argument.

Michael GALEA: Interesting. Thank you. That is my only question.

The CHAIR: Thanks, Mr Galea. Well, Professor, it has been a wonderful 45 minutes, which could have gone into hours spent with you. It is quite a fascinating conversation based on your wealth of knowledge and your research. Thank you very much for taking the time to speak with us today. The committee is now going to follow up on any additional questions or questions taken on notice in writing. Responses, just so you know, are required within five working days of the committee's request. The committee is now going to take a short break before recommencing the hearing at 3:40 pm. I declare this hearing adjourned.

Witness withdrew.