

**TASMANIAN COUNCIL OF
SOCIAL SERVICES**

**SUBMISSION TO THE
PRODUCTIVITY COMMISSION INTO
AUSTRALIA'S GAMBLING INDUSTRIES**

HEARING 14/12/98

SUMMARY OF TASCROSS RECOMMENDATIONS

THE COMMUNITY SUPPORT LEVY

That a contribution to the Community Support Levy be made from the profits obtained from gaming machines within the casino complexes.

That the community education program funded through the Community Support Levy be extended to statewide and develop further industry development strategies .

The continuation and expansion of the Community Development grants program to provide real funding for community welfare sector based projects.

In order to fund research, Break Even services and the Community Development Grants program, the Community Support Levy should be lifted by 2%.

PATRON CARE

That ATMs are not made available in hotels and clubs and that these restrictions are enforced through the Gaming Control Act or through banking regulations.

RAISING OF BETTING LIMITS FROM 1999

TasCOSS calls on the government to abandon the plan for raising of betting limits in Tasmania from 1 January 1999.

CASINO LICENSE FEE

That the current casino licence fee be increased by at least 20% to approximately \$73 000 per month.

INTERACTIVE HOME GAMBLING

TasCOSS recommends that the Tasmanian Department of Revenue and Gaming undertake research into the issue and recommend licensing controls.

1. BACKGROUND

Revenue issues for the states, and particularly the smaller states is the core issue in any debate about gambling. The states have come to rely heavily, and perhaps too heavily, on revenue derived from gambling taxes.

The reform of Australia's tax system and the proposed introduction of the GST provides an opportunity for states to secure a revenue base that is not dependent on a tax derived from a socially destructive activity.

Gambling taxes are source of rapidly increasing revenue for the State Government. Taxation receipts from gambling have increased from \$61.4 million in 1996-7 to \$63.9m in 1997-8. At the current levels, this represents 10.0% of the State's taxation revenue. Appendix 1 details a comparison of the revenue derived from gambling over the past three years.

Clearly the State Government has an unhealthy reliance on taxation revenue derived from the gambling industry. This creates a situation where this vested interest overrides the growing social concerns inherent in the practise of gambling.

Video Gaming Machines were introduced into hotels and clubs in Tasmania on 1.1.97. This recent introduction has seen revenue from gaming machines increase from \$1.6m in 1996-7 to \$7.8m in 1997-8, or an increase of more than 400%. As at June 1998, 93 venues held licences to operate both keno and gaming machines, servicing a state population of only 460 000.

2. THE COMMUNITY SUPPORT LEVY

The Community Support Levy is derived from gross profits on gaming machines in hotels and clubs, at the rate of 4% and 2% respectively. No contributions to the Community Support Levy are received from the profits of gaming machines located within the casino complexes.

Revenue from gaming machines situated within casino complexes has increased significantly in the past three years (see Appendix 1). Patrons using the gaming machines through casinos are as likely to be experiencing gambling related problems as those within the wider community, particularly given the revenue increases in this area.

TasCOSS therefore recommends that a contribution to the Community Support Levy be made from the profits obtained from gaming machines within the casino complexes.

Gambling services provided under the Break Even banner are now into their second year of operation. These are essential services and the programs have been appropriately targeted. The community education program, however, operates only in northern Tasmania and has had limited broad impact within the community.

TasCOSS recommends that the community education program funded through the Community Support Levy be extended to statewide and develop further industry development strategies.

The Break Even program has now developed a 'closed shop' approach with a limited number of programs funded on an annual basis. This has been undertaken without community consultation and has excluded a notable service provider, Gamblers Anonymous.

The Community Support Levy also funds Community Development grants program. In 1997-8, 27 applications were funded totalling \$78 000, or an average of only \$3 000 each grant. Grants of this magnitude have minimal impact on the sector and are costly administratively. Extension of the Community Support Levy will bring in additional funding to expand this program.

TasCOSS recommends the continuation and expansion of the Community Development grants program to provide real funding for community welfare sector based projects.

Funding for research related issues has been inadequate, and it is essential that funding be provided at this point to address a range of current and ongoing issues related to problem gambling;

- assessment of the full impact of the introduction of gaming machines into Tasmania on 1.1.97
- through interstate experience, assess the potential impact of the raising of betting limits in Tasmania
- evaluation of the Community Support Levy including the adequacy of services, breadth of services and development of strategic models to address problem gambling
- other social and health related impacts of gambling.

In order to fund research, Break Even services and the Community Development Grants program, TasCOSS recommends lifting the Community Support Levy by 2%.

3. PATRON CARE

It is imperative that vigilance is maintained regarding patron care. Self exclusion is becoming a more difficult issue as the number of licensed operators grows and patrons have the opportunity to 'shop around'. Self exclusion is however a mechanism used as a personal measure and while individuals are committed to the concept, it is worth pursuing.

The issue of the availability of Automatic Teller Machines at operator points is one that has been debated previously. Although ATMs are unavailable within restricted areas covered by the Gaming Control Act, they are often available within close proximity to restricted areas.

TasCOSS recommends that ATMs are not made available in hotels and clubs and that these restrictions are enforced through the Gaming Control Act or through banking regulations.

The display of material on services available under the Break Even program has been sporadic. Cards advertising G-Line are more easily accessible and contain clear and concise information.

4. RAISING OF BETTING LIMITS FROM 1999

The raising of betting limits from the current limit of 30c will have a devastating impact on Tasmanians and deepen the problems inherent in the practise of gambling.

The raising of betting limits is a profits driven move. Profits to both Network Gaming and hotels and clubs will significantly increase. The Sate Government stands to gain through increasing revenue from gambling taxes.

In conjunction with the new increased profitability of gaming machines, it is likely that if betting limits are raised, we will see a move towards increasing the number of hotels and clubs carrying licenses to operate gaming machines.

Dickerson and Maddern (1997) found that women are more likely to use gaming machines for sessions of 1-3 hours duration. This would indicate that women will be adversely affected by the raising of betting limits, and likely to experience greater financial problems as a result.

TasCOSS calls on the government to abandon the plan for raising of betting Limits in Tasmania from 1 January 1999.

5. CASINO LICENSE FEE

The monthly casino licence fee is set through Section 43 of the Gaming Control Act. The fee is currently set at \$60 800 per month and is made subject to CPI increases. In order to maintain and improve the current high standard of the inspection system, this fee must be increased. The inspection system is currently operating at a minimum and given the increasing levels of gambling availability in hotels and clubs, there needs to be a view to extending the system.

TasCOSS recommends that the current casino licence fee be increased by at least 20% to approximately \$73 000 per month.

6. INTERACTIVE HOME GAMBLING

It is essential that comprehensive research and public consultation occur around the issue of interactive home gambling to assess the full and potential impact of this practise.

Concerns around interactive home gambling are numerous and include the increasing exposure of minors to gambling products, the predicted increase in problem gambling and the increase in the frequency of home gambling. Any establishment of a licensed regulatory environment will increase consumer confidence and reduce any barriers to the uptake of interactive home gambling.

TasCOSS recommends that the Tasmanian Department of Revenue and Gaming undertake research into the issue and recommend licensing controls.

7. THE WIDER ECONOMIC IMPACTS OF GAMING MACHINES

Tasmania is currently coping with the highest level of unemployment in the country. The gambling industry only serves to exacerbate many of the problems inherent in the issue of unemployment.

The poverty associated with unemployment, and particularly long term unemployment means that Tasmania has a proportionally larger number of people on lower incomes. Research indicates that many gamblers have low incomes, and these are the people least able to afford to spend more money on gambling.

Video gaming machines do not create jobs. Staff requirements to oversee, run and maintain gaming machines are minimal. Although highly profitable, gaming machines benefit Network Gaming, not Tasmanians.

Increasing numbers of licenses held by hotels and clubs around the state has a direct effect on regional and rural communities. Money that is being poured into gaming machines is money that could otherwise have been spent within the local community; maybe eating at a local cafe, buying household goods or on recreation.

Restrictions on the gambling industry are vital for the people and state of Tasmania. TasCOSS urges the Commission to recognise this and maintain scrutiny and tight regulations within the gambling industry.

Appendix 1:

Revenue derived from gambling in Tasmania 1995-6 to 1997-8

	1995-6	1996-7	1997-98
Total Revenue	\$53.4 m	\$61.4 m	\$63.9m
% of state taxation revenue	9.3	9.7	10.0
SOURCES			
Racing	\$11.9 m (22.2%)	\$10.4 m (16.9%)	\$9.2m (14.4%)
Minor Gaming	\$0.1 m (0.3%)	\$0.1 m (0.2%)	\$0.1m (0.2%)
Lotteries	\$20.7 m (38.8%)	\$19.3 m (31.5%)	\$18.8m (29.4%)
Football pools	\$0.1 m (0.2%)	\$0.1 m (0.1%)	\$0.1m (0.1%)
Casino	\$20.6 m (38.5%)	\$31.6 m (51.5%)	\$35.8 (55.9%)
CASINO RECEIPTS			
Video gaming machines	\$14.1 m (68.6%)	\$24.6 m (77.8%)	\$29.2m (81.7%)
Spirit of Tasmania	\$0.3 m (1.4%)	\$0.3 m (1.0%)	\$0.3m (0.9%)
Licence Fees	\$1.6 m (8.0%)	\$1.7 m (5.3%)	\$1.8m (5.0%)
Unclaimed Prizes	\$0.4 m (1.8%)	\$0.5 m (1.5%)	\$0.1m (0.4%)
Table Gaming	\$1.8 m (8.6%)	\$1.6 m (5.2%)	\$1.3m (3.7%)
Keno	\$2.4 m (11.6%)	\$2.9 m (9.2%)	\$3.0m (8.3%)
LOTTERY			N/A
Saturday Tattsлото	\$10.3 m (49.6%)	\$9.5m (49.4%)	
Powerball	\$2.7 m (13.1%)	\$2.5 m (13.1%)	
Instant Lotteries	\$2.8 m (13.5%)	\$2.4 m (12.4%)	
Keno	\$2.8 m (13.6%)	\$2.8 m (14.7%)	
Oz Lotto	\$1.6 m (7.7%)	\$1.5 m (7.9%)	
Other	\$0.5 m (2.6%)	\$0.5 m (2.6%)	