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Submission to

**Tasmanian State Government 2016-17 Budget
Community Consultation on**

**The removal of poker machines
from hotels and clubs**

December 2015



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Executive summary and recommendations

Anglicare Tasmania welcomes the opportunity to participate in the State Budget Community Consultation process for 2016-17. This submission focuses on the harm caused to individuals, families and communities by poker machines.

The Productivity Commission stated that the 'public health and consumer policy frameworks provide the best basis for coherent and effective gambling policies, emphasising the importance of addressing the gambling environment as well as gamblers' behaviours' (Productivity Commission 2010, p. 3.1). The Commission also recognises that effective harm minimisation measures must result in a decrease in expenditure by consumers and income for industry and government (Productivity Commission 2010, p. 3).

Anglicare recognises the Government's commitment to conducting regular Social and Economic Impact Studies (SEIS), the most recent one being published this year. Previous SEIS have led the Government to introduce various harm minimisation measures which it expected would reduce the impact of gambling problems. The most recent SEIS included an analysis of harm minimisation measures based on consumer and stakeholder opinions.

Given that expenditure on poker machines in hotels and clubs has not abated despite the introduction of harm minimisation measures, this submission recommends:

Recommendation 1: That on the expiration of the Deed between Federal Hotels and the State Government in June 2018, poker machines are phased out of hotels and clubs and that any new Deed requires a market price for the new license.

Estimated cost: This recommendation will result in a reduction in government gambling revenue of \$17 to \$23 million¹ per annum. This is the worst case scenario for government income as it is expected that the license has increased in value since 2003 and that there is some transfer in expenditure on poker machines to the two casinos once all poker machines are removed from hotels and clubs (see recommendation 2). Further, there will be a decrease in costs to individuals, families, communities and the State from a reduction in gambling problems once poker machines are removed from hotels and clubs.

Recommendation 2: That any new Deed for gambling in Tasmania introduces a four percent levy on the annual gross profit of poker machines in Tasmania's casinos to replace the levy previously derived from poker machines in hotels and clubs.

Estimated cost: Expected earnings are approximately \$3 million p.a. from current casino poker machine player expenditure. This is expected to be an underestimate as there is likely to be an increase in expenditure in the

¹ This figure is based on estimations that the 15-year poker machine license granted in 2003 was worth between \$100m and \$200m, which would average out at between \$7 and \$13 million income per year of the license. This income is offset by the decrease in annual taxation and fees of approximately \$30 million per year that would no longer be collected from poker machines located in hotels and clubs.

two casinos once all poker machines are removed from hotels and clubs.

Recommendation 3: That existing community education and counselling continues at current levels until there is evidence that the prevalence and impact of gambling problems has decreased significantly.

Estimated cost: No cost to government as these services are funded from the Community Support Levy (CSL). Gambling-related problems are expected to decrease as expenditure decreases and the contributions to the CSL will therefore also fall. The Government should monitor how closely these are correlated, particularly as gambling problems are often residual, and adjust counselling budgets accordingly.

Introduction to Anglicare Tasmania

Anglicare is the largest community service organisation in Tasmania with offices in Hobart, Glenorchy, Launceston, St Helens, Devonport and Burnie, and a range of programs in rural areas. Anglicare's services include emergency relief and crisis services, accommodation support, employment services, mental health services, acquired injury, disability and aged care services, alcohol and other drug services, and family support. In addition, the Social Action and Research Centre (SARC) conducts research, policy and advocacy work with a focus on issues affecting Tasmanians on low incomes.

Anglicare Tasmania is committed to achieving social justice for all Tasmanians. It is our mission to speak out against poverty and injustice and offer decision-makers alternative solutions to help build a more just society. We provide opportunities for people in need to reach their full potential through our services, staff, research and advocacy. Anglicare's work is guided by a set of values which include these beliefs:

- that each person is valuable and deserves to be treated with respect and dignity;
- that each person has the capacity to make and to bear the responsibility for choices and decisions about their life;
- that support should be available to all who need it; and
- that every person can live life abundantly.

Anglicare has provided Gamblers Help services for individuals and their families affected by gambling since poker machines were rolled out into hotels and clubs in 1997. Our services include personal or family counselling and group support, self-exclusion orders from gambling areas, financial counselling and community education.

Anglicare's Social Action and Research Centre (SARC) has also conducted a number of substantial pieces of research in this area:

- *House of cards: problem gambling and low income earners in Tasmania* (Law 2005) documents the experiences of 29 people who gamble and six family members. The majority of participants experienced difficulties with gambling on poker machines and found the presence of machines in their local communities particularly difficult. This research recommended improved evidence-based consumer protection and a reduction in the number of poker machines in hotels and clubs when the next license was negotiated.
- *Nothing left to lose* (Law 2010) examined cases heard in the Tasmanian Supreme Court over a six-year period where the judge made comments linking gambling and the crime. The report shows gambling problems can lead ordinary people to do things they would not otherwise do including committing significant crimes. The report recommends a therapeutic jurisprudence approach and better consumer protection to prevent gambling problems developing.
- *It's the light, the music, the jingles, the free drinks et cetera* (Law 2014) incorporated the experience from the earlier research and added the views of people currently attending gambling support groups about harm minimisation measures introduced by Government. This report recommends that poker machines be phased out of hotels and clubs on the expiration of the Deed between Federal Hotels and the State of Tasmania.

Anglicare's research echoes many other reports that find that poker machines are designed to deceive people (Productivity Commission 2010; Schull 2012). It is also reflected in government education programs such as the Victorian Responsible Gambling Foundation and Tasmania's *Know your odds* programs.

Why poker machines should be removed from hotels and clubs

Poker machines cause harm to individuals, their families and communities. Approximately 2,000 adult Tasmanians have severe gambling problems and a further 22,000 are considered to have a moderate or low risk of developing a gambling problem (ACIL Allen Consulting et al. 2015). This group of 24,000 Tasmanians who have or are at risk of developing a gambling problem gambled on average between 70 and 190 times in the past year and lost on average between \$3,000 and \$14,000 per person (ACIL Allen Consulting et al. 2015). This compares to an average frequency of 40 gambling sessions per year and an annual spend of \$927 for all Tasmanians who gamble (ACIL Allen Consulting et al. 2015).

The Productivity Commission estimates between 5 to 10 people are affected by every person who has a gambling problem (Productivity Commission 1999) which means, on average, a further 168,000 Tasmanians being affected, including children and parents of people who gamble. The impact of gambling problems on individuals, their families and communities is well-documented: problems such as family breakdown, depression, financial hardship, health problems, legal problems and work issues (Productivity Commission 2010; ACIL Allen Consulting et al. 2015; Anglicare Tasmania 2005, 2014).

The overwhelming majority of Tasmanians do not see benefits from having poker machines in their local hotels and clubs and are calling for change. Recent state-wide polling of 1000 adult Tasmanians, conducted by the research company EMRS, found 84% disagreed that the community benefits, with 66% strongly disagreeing. Four in five want poker machines reduced in number or removed entirely from hotels and clubs (Anglicare Tasmania 2015).

This survey builds on previous studies: four years after poker machines were rolled out to communities, 79% of Tasmanians thought we had not benefitted from having the machines in our communities (Department of Health and Human Services 2001). Eleven years after the roll out, 80% of respondents thought poker machines were too widely accessible and 87% thought they were a serious social problem (Department of Treasury and Finance 2008).

The Productivity Commission explains that because people with a gambling problem contribute approximately 40 percent of total gambling losses, harm minimisation measures that are effective in reducing problem gambling must also reduce industry revenue (Productivity Commission 2010). However, poker machine losses have not fallen significantly in response to harm minimisation measures introduced by the State Government. For this reason, Anglicare argues for much stronger harm minimisation measures.

Recommendation 1: That on the expiration of the Deed between Federal Hotels and the State Government in June 2018, poker machines are phased out of hotels and clubs and that any new Deed requires a market price for the new license.

Estimated cost: This recommendation will result in a reduction in government gambling revenue of \$17 to \$23 million² per annum. This is the worst

² This figure is based on estimations that the 15-year poker machine license granted in 2003 was worth between \$100m and \$200m, which would average out at between \$7 and \$13 million income per year of the license. This income is offset by the decrease in

case scenario for government income as it is expected that the license has increased in value since 2003 and that there is some transfer in expenditure on poker machines to the two casinos once all poker machines are removed from hotels and clubs (see recommendation 2). Further, there will be a decrease in costs to individuals, families, communities and the State from a reduction in gambling problems once poker machines are removed from hotels and clubs.

Recommendation 2: That any new Deed for gambling in Tasmania introduces a four percent levy on the annual gross profit of poker machines in Tasmania's casinos to replace the levy previously derived from poker machines in hotels and clubs.

Estimated cost: Expected earnings are approximately \$3 million p.a. from current casino poker machine player expenditure. This is expected to be an underestimate as there is likely to be an increase in expenditure in the two casinos once all poker machines are removed from hotels and clubs.

Recommendation 3: That existing community education and counselling continues at current levels until there is evidence that the prevalence and impact of gambling problems has decreased significantly.

Estimated cost: No cost to government as these services are funded from the Community Support Levy (CSL). Gambling-related problems are expected to decrease as expenditure decreases and the contributions to the CSL will therefore also fall. The Government should monitor how closely these are correlated, particularly as gambling problems are often residual, and adjust counselling budgets accordingly.

annual taxation and fees of approximately \$30 million per year that would no longer be collected from poker machines located in hotels and clubs.

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