South Australian Centre for Economic Studies

Fifth Social and Economic Impact Study of Gambling in Tasmania

Discussion Paper

Report commissioned by

Department of Treasury and Finance
Tasmanian Government

Report prepared by

The South Australian Centre for Economic Studies
University of Adelaide

together with
ENGINE Group

and
Centre of Policy Studies
Victoria University

and
Saul Eslake

September 2020

Published by: South Australian Centre for Economic Studies
University of Adelaide SA 5005 AUSTRALIA
Telephone: (61+8) 8313 5555
Facsimile: (61+8) 8313 4916
Internet: http://www.adelaide.edu.au/saces
Email: saces@adelaide.edu.au

1. About the social and economic impact study

The *Gaming Control Act 1993* requires that an independent review of the social and economic impact of gambling in Tasmania be conducted every three years. To date, four social and economic impact studies have been completed since 2008, with the most recent being in 2017. Copies of the previous studies are available here:
https://www.treasury.tas.gov.au/liquor-and-gaming/gambling/reduce-harm-from-gambling/social-and-economic-impact-studies

Following a short delay due to the impact of COVID-19, the fifth Social and Economic Impact Study of Gambling in Tasmania has commenced and is expected to be completed by the second quarter of 2021. The Department of Treasury and Finance has appointed a multidisciplinary team comprising the SA Centre for Economic Studies, Engine, the Centre of Policy Studies and Saul Eslake to conduct the latest independent review.

The study involves two broad elements:

- provision of an analysis of key trends in gambling and comparisons with other states and territories, including, but not limited to, an update of the gambling industry structure and characteristics, changes and trends in gambling behaviours, and revenue; and
- a gambling prevalence study to enable comparisons with previous Tasmanian prevalence studies.

As part of the study the research team is undertaking consultations with stakeholders and inviting written submissions from the community. This discussion paper provides background information on relevant economic and social aspects of the gambling industry in Tasmania to inform the community consultations. Details on how you can make a submission are provided at the end of the discussion paper.

2. The Tasmania Gambling Industry: Structure and Recent Trends

2.1 Structure of the gambling industry

The Tasmanian gambling industry is a mature industry that offers a range of gambling products including casino table gaming, gaming machines, keno, lotteries, race wagering and sports betting. There are also a range of minor gaming activities including raffles, bingo, lucky envelopes, calcutta sweepstakes, and instant draw bingo. Given the very small scale of minor gaming activities, expenditure data for these activities has not been collected for many years.

Table 1 summarises the gambling activities currently available in Tasmania in terms of the number of venues and gaming units or permits. At 30 June 2020 there were 3,521 EGMs located across 97 venues including hotels and clubs, the two casinos, and two Spirit of Tasmania ferries. Other commonly available forms of gambling in terms of their presence in venues and outlets are keno, wagering, and lotteries.

Table 1: Gambling Activities in Tasmania – as at 30 June 2020 (unless otherwise stated)

Activity	No of venues or outlets	Number
Electronic Gaming Machines	97	3,521
- *Casino*	*2*	*1,185*
- *Hotels and Clubs*	*93*	*2,300*
- *Spirit of Tasmania Ships*	*2*	*36*
Casino table games[(a)]	2	38
Lottery outlets	91	na
Keno venues	153	na
Race wagering		
- UBET retail outlets	133	na
- On-course bookmakers[(b)]	6	na
Minor gaming permits	na	273

Note: na = not applicable.
(a) As at 11 February 2020.
(b) For 2018-19.
Source: Department of Treasury and Finance (2020, 2020a, 2020b), and Racing Australia (2019).

The two major gambling operators regulated in Tasmania are the Federal Group and UBET TAS Pty Limited (rebranded as TAB and a subsidiary of Tabcorp Holdings Limited). The Federal Group has exclusive rights to conduct casino operations (Wrest Point Hotel Casino and Country Club Tasmania) and to operate a network of keno and gaming machines in Tasmania through its casinos and hotels and clubs until 30 June 2023 as part of a 2003 Deed of Agreement.

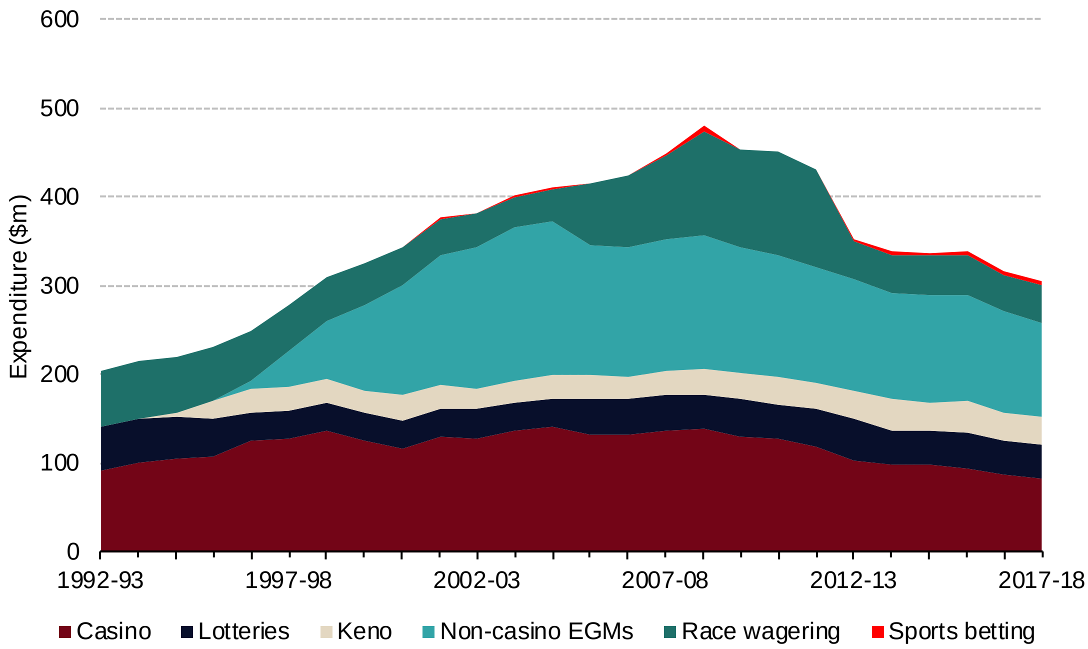
UBET TAS offers pari mutuel (pool-based) and fixed odds wagering on racing products including thoroughbred, harness and greyhound racing, and fixed odds wagering for sports betting. Its products are delivered through a state-wide network of retail outlets (including hotels and clubs), the internet, telephone and at racecourses.

The Tasmanian Liquor and Gaming Commission is the independent regulator responsible for the regulation of gambling in Tasmania in accordance with the *Gaming Control Act 1993*. The Commission oversees a suite of measures to protect people from gambling harm, including a responsible gambling industry code of practice, and a gambling exclusion scheme.

2.2 Gambling Expenditure

Based on the most recently available data, total recorded player expenditure on gambling in Tasmania – defined as the total amount gambled less the total amount won by players – was $304.1 million in 2017-18. As Figure 1 shows, the level of gambling expenditure, measured in real terms, has fallen steadily since it peaked in 2008-09. The pace of decline has been somewhat more subdued over recent years – in the five years to 2017-18 total spending on gambling fell by 14 per cent, whereas it fell by 22 per cent over the previous 5 year period. By way of comparison, total Tasmanian household consumption spending on goods and services rose by 10 per cent over the last five years (ABS, 2019).

Figure 1: Tasmanian Real Gambling Expenditure, 1992-93 to 2017-18 (a), (b)

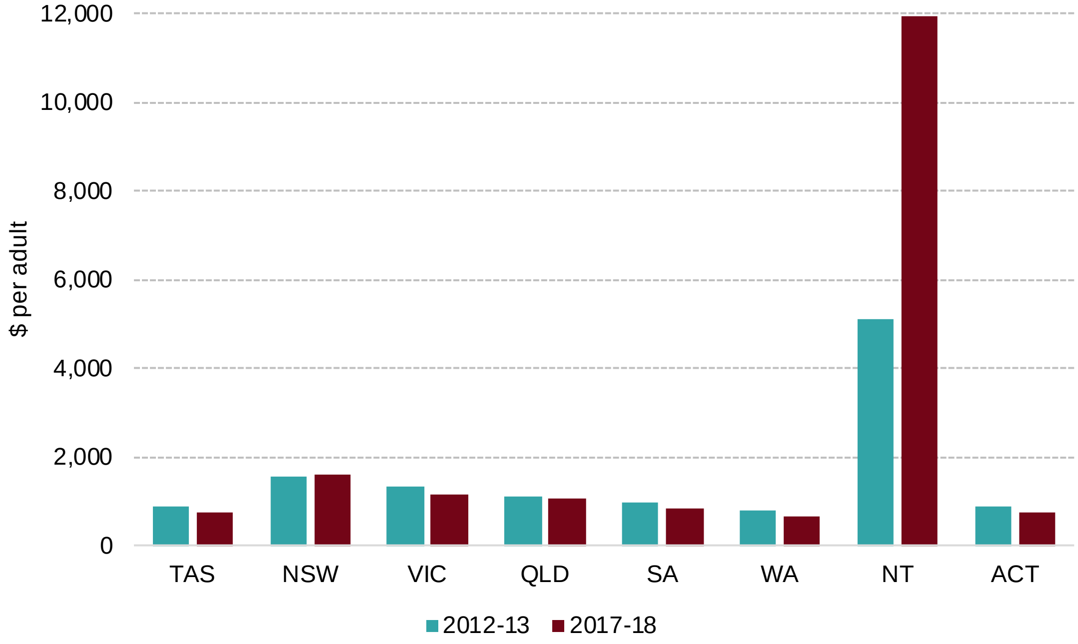


Note: (a) Expenditure in 2017-18 prices.
(b) Excludes minor gaming expenditure, which has not been collected since 2003-04 (earlier data is excluded). Lotto includes lotto, keno, lotteries and pools.
Source: Queensland Government Statisticians Office, *Australian Gambling Statistics, 35th Edition*.

Tasmania has a relatively low level of total gambling expenditure. In 2017-18, the state had an average per capita spend of $736 per adult, which was 43 per cent below the national average of $1,292. Tasmania has the second lowest average spend in Australia behind only Western Australia ($657 per adult) – see Figure 2. It is interesting to note that the Northern Territory is a significant outlier, having by far the highest relative level of total gambling spend ($11,940 per adult). The high spend for the Northern Territory can be attributed to online racing and sports betting wagering providers concentrating in the Territory due to the existence of favourable taxation arrangements (Barnes et al 2017). Thus some of the spending for the Northern Territory would capture spending by residents in other states and territories, including Tasmania.[1]

[1] It is important to note that the relative small size of the population in the Northern Territory would exaggerate the size of this effect.

Figure 2: Real Per Capita Total Gambling Expenditure by State, 2012-13 and 2017-18 [(a)]



Note: (a) Expenditure in 2017-18 prices.
Source: Queensland Government Statisticians Office, *Australian Gambling Statistics, 35th Edition*.

Gaming machines located in hotels and clubs accounted for 35 per cent of total gambling expenditure in 2017-18. The next highest gambling expenditures in order were casino gaming (27 per cent), race wagering (14 per cent), lotteries (13 per cent), keno (10 per cent), and sport betting (1.1 per cent).

2.3 Policy changes and industry developments

The outbreak of COVID-19 has significantly disrupted the gambling industry and broader economy. Public health restrictions saw the closure of gaming venues from 23 March 2020. Keno, wagering and minor gaming were allowed to recommence from 5 June 2020, while other gaming activities were permitted to recommence from 26 June.

Beyond the impact of COVID, the most significant industry development since the last social and economic impact study is the State Government's proposed *Future Gaming Market* reforms. Announced during the 2018 State election, the proposed reforms aim to end the exclusivity arrangements for the Federal Group to conduct casino operations and operate EGMs in 2023. Other notable policy changes proposed include:

- a decrease in the State-wide cap for EGMs in hotels and clubs by 150 machines, from 2,500 to 2,350;
- establishing individual venue licences to operate EGMs in hotels and clubs;
- the creation of two new 'high roller, non-resident' casino licences, which would exclude gaming machines;
- establishing a more appropriate distribution of returns between venues and the government;
- the tender of the rights to operate the monitoring of the hotel and club EGM network;
- the Community Support Levy on EGMs in hotels and clubs is to be increased for hotels and extended to EGMs in casinos.

Further information on the proposed changes are contained in the *Future of Gaming in Tasmania, Public Consultation Paper 2020*.[2] On 28 March 2020 the Government announced that the reforms would be deferred due to the COVID-19 outbreak.

[2] For further information see: https://www.treasury.tas.gov.au/liquor-and-gaming/gambling/future-gaming-market

A timeline of major recent developments for the gambling industry is provided in Box 1.

Box 1: Tasmanian Gambling Industry – Events since 2017 Social and Economic Impact Study

Major Events	
2017	Community Interest Test introduced in September 2017 which applies to venues seeking to possess EGMs for the first time
2017	First review of the *Responsible Gambling Mandatory Code of Practice for Tasmania* completed
2017	Tasmanian Parliament Joint Select Committee on Future Gaming Markets released its final report on 28 September
2017	Sole wagering licence holder Tatts Group (UBET TAS) combined with Tabcorp Limited
2018	Measures identified as part of the review of the Mandatory Code implemented on 1 May, with additional measures taking effect on 1 November
2020	Point of consumption tax on wagering introduced for all Australian betting operators on bets made by Tasmanians from 1 January
2020	*Future of Gaming in Tasmania – Public Consultation Paper* released on 25 February, seeking feedback on proposed reforms
2020	Gaming venues closed from 23 March due to COVID-19 lockdown measures. Keno, wagering and minor gaming allowed to recommence from 5 June, other gaming activities from 26 June.
2020	State Government announced on 28 March a deferral of its Future Gaming Markets policy due to COVID-19 outbreak

3. The Benefits and Costs of Gambling

3.1 Benefits of gambling

Gambling provides a source of recreation and entertainment for players. Individuals consequently derive satisfaction and enjoyment from their consumption of gambling.

Gambling also provides economic benefits in the form of taxation revenue to the Tasmanian Government, which is used to fund public services and infrastructure. Total government revenue derived from gambling taxes, licences fees and penalties amounted to $95.3 million in 2018-19. This represents a decline of 1.2 per cent from its previous peak of $96.4 million in 2015-16.[3] The importance of gaming as a source of government revenue has fallen over the past decade – gambling taxes, licences fees and penalties accounted for 1.5 per cent of State Government revenue from all sources in 2018-19, down from 2.2 per cent in 2009-10.

The gambling industry supports jobs, both directly and indirectly through its purchases of goods and services from suppliers. Estimating total employment generated by the gambling industry is a difficult task given incomplete data coverage of the sector, uncertain supply chain linkages, and overlap with non-gambling related activities, particularly in hotels and clubs which offer gambling and non-gambling services such as meals, alcoholic beverages, entertainment and accommodation.

Data from the 2016 Australian Bureau of Statistics Census on employment in gambling and gambling related industries for Tasmania shows there were approximately 823 people employed in gambling activities such as casino, lottery, and TAB operations; 181 in respect of horse and dog racing activities; and 2,489 in hotels, clubs and bars. These estimates will overestimate gambling employment to the extent they include employment related to non-gambling related activities in hotels and clubs, and underestimate gambling-related employment to the degree they do not capture employment generated through the supply chain and regulatory functions of government.

Income derived from gambling activities enables businesses to subsidise other services and complementary activities such as meals, and undertake investment to improve the quality of existing facilities. It also provides a source of sponsorship to sporting clubs and donations to community and sporting groups.

3.2 Costs of Gambling

The costs of gambling primarily arise from social costs related to individuals who find it difficult to control their gambling. The Australian Ministerial Council on Gambling defines problem gambling as gambling that "is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, other, or for the community."

The costs of problem gambling include:

- financial impacts related to bankruptcy and debts;
- negative impacts on productivity, employment and study;
- crime and justice system costs related to court proceedings and imprisonment where problem gamblers have resorted to crime;

[3] Measured in current price or nominal terms.

- personal and family impacts including depression, stress, suicide and family breakdown; and
- treatment and increased community support costs.

A prevalence survey conducted as part of the fourth social and impact study in 2017 provides the most recent insight into participation in gambling and the scale of problem gambling in Tasmania. It found that:

- 58.5 per cent of Tasmanian adults participated in any form of gambling in 2017, down from 61.2 per cent in 2013;
- lotteries were the most common form of gambling in which Tasmanian adults participated (38.5 per cent), followed by keno (25.9 per cent), instant scratch tickets (20.5 per cent), and EGMs (18.6 per cent);
- 0.6 per cent of Tasmania adults were classified as problem gamblers, 1.4 per cent as moderate risk gamblers, 4.8 per cent as low risk gamblers, 51.8 per cent as non-problem gamblers, and 41.5 per cent as non-gamblers; and
- the proportion of adults classified as being problem, moderate risk and low risk gamblers in 2017 were comparable to those recorded in 2011, indicating no major changes over time in terms of at risk categories of gamblers.

An updated prevalence survey is being conducted as part of the fifth social and economic impact study. The survey will include questions on gambling behaviour since COVID-19 began.

4. Gambling Support and Harm Minimisation Measures

The Gambling Support Program (GSP) provides a range of support services that comprise the main public health response aimed at preventing and reducing harms from gambling in Tasmania. The GSP is administered by the Department of Communities Tasmania and is funded by the Community Support Levy. The Levy is funded as a percentage of the gross profit derived from EGMs in hotels and clubs. The Gaming Control Act requires that 50 per cent of the fund be allocated to:

- research into gambling;
- services for the prevention, treatment and rehabilitation of compulsive gamblers;
- community education concerning gambling; and
- other health services.

The *Gambling Support Program Strategic Framework 2019-2023* provides the current roadmap for preventing and reducing gambling harms. It has three priority areas comprising the provision of high-quality gambling support services, educating Tasmanians so they understand the risks of gambling, and enabling communities to identify and respond to gambling-related harm and issues.

Existing support services comprise the Gamblers Help suite of services, which are:

- Gamblers Help – in-person support services offered during business hours in a range of locations across Tasmania, including Hobart, Launceston, Devonport and Burnie. Anglicare Tasmania is funded to provide these services until 30 June 2023.
- Gamblers Helpline – telephone based support services offered 24 hours per day, 7 days a week. Eastern Health is funded to provide these services until 30 June 2023.
- Gamblers Help Online – online support services offered 24 hours per day, 7 days a week. Eastern Health is the current service provider of online support services as part of a nationally managed service formed through a Memorandum of Understanding between all states and territories.

The Tasmania Gambling Exclusion Scheme allows for patrons to exclude themselves from gambling. Venue operators and third parties with a close personal interest in the welfare of another person can also apply for a person to be excluded from gambling. A total of 389 people were excluded from gambling under the scheme as at 30 June 2020. This represents a decline of 5.6 per cent from the same time a year earlier, although the number excluded was still 5.7 per cent higher than in the corresponding period in 2016 just prior to undertaking the 2017 SEIS (Department of Treasury and Finance, 2020).

5. Call for Submissions

5.1 Invitation to make a submission

Members of the community are invited to make a written public submission in respect of the social and economic impacts of the Tasmanian gambling industry.

Some of the issues highlighted below may provide guidance for those who wish to make a submission. However, you are welcome to provide comments on any aspects of the gambling industry in Tasmania.

5.2 Key issues

Economic development of the gambling industry

- How has the Tasmanian gambling industry evolved since 2017?
- What has been the impact of COVID-19 on gambling participation and the performance of businesses engaged in gambling activities?
- Have there been any notable changes in gambling behaviour?
- To what extent have innovations or new forms of gambling emerged?
- What is the level of employment associated with gambling activities and how has it changed over recent years?

Benefits and Costs of Gambling

- What are the benefits and costs of gambling in Tasmania?
- How does gambling impact other sectors of the economy?
- Are there any notable regional differences in terms of the concentration of activities, and the social and economic impacts of gambling?

Problem gambling and support services

- Are existing policies and strategies in place to minimise harm from gambling effective?
- Do gambling venues adequately adhere to responsible gambling practices?
- Do existing support services meet the needs of those individuals who are experiencing problems with their gambling?

5.3 Making a Submission

If you would like to provide a submission please submit it electronically **by email** to the SA Centre for Economic Studies (SACES) at **saces@adelaide.edu.au**

If you would prefer to make a hard copy submission, please submit it to SACES at:

Fifth Tasmanian Gambling Study
SA Centre for Economic Studies
University of Adelaide SA 5005

All submissions will be published on the Department of Treasury and Finance website. Your name (or the name of the organisation) will be published unless you request otherwise.

In the absence of a clear indication that a submission is intended to be treated as confidential (or parts of the submission), SACES/the Department will treat the submission as public.

If you would like your submission to be treated as confidential, please indicate this in writing at the time of making your submission by clearly identifying the parts of your submission you wish to remain confidential. Your submission will not be published to the extent of that request.

The closing date for submissions is 5.00 pm, Friday 16 October 2020.