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THE UNIVERSITY of ADELAIDE

Fifth Social and Economic Impact Study of Gambling in Tasmania 2021

Volume 1: Industry Trends and Impacts

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Executive Summary

The Fifth Economic and Social Impact Study (SEIS 2021) was undertaken by the South Australian Centre for Economic Studies (SACES) in conjunction with the School of Psychology at the University of Adelaide, Centre of Policy Studies (CoPS) at Victoria University, ENGINE a specialist in undertaking large scale surveys and Corinna Economic Advisory.

The terms of reference to guide the study referred to two distinct tasks and accordingly the research is provided in two volumes:

a) Volume 1: an analysis of key trends 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 behaviour; and revenue; and

b) Volume 2: undertake a gambling prevalence study to enable comparisons with previous Tasmanian prevalence studies.

This Executive Summary combines the major findings from both Volume 1 and Volume 2.

Volume 1 Results from Fifth SEIS: Industry Trends and Impacts

Benefits and Costs to Calculate the Net Benefits of Gambling

- The social benefits of gambling include recreation, entertainment and taxes raised for the benefit of the community. Gambling also causes harm or social costs to the individual, to others and the broader community.
- The net benefits of gambling require that the social costs are deducted from the social benefits.
- Gambling in Tasmania delivers benefits of between $123.3 million and $207.8 million. The offsetting impacts or social costs are estimated to be in the range of $48.9 million to $159.6 million. Deducting the costs from the benefits implies that the net benefit of gambling in Tasmania is between minus $36.3 million and $158.9 million.
- As the most plausible range is positive, it is highly likely that gambling delivers a net benefit for the Tasmanian community.
- The range of net benefit in this study indicates the benefits have increased in weight when compared to the first SEIS, largely reflecting a reduction in the prevalence of problem gambling since the 2008 study. Converting to 2020/21 values using the change in the CPI since 2007/08 the estimates from the first SEIS were of net benefits ranging from minus $80 million to plus $97 million.

Economic Impacts Assessment

- Over the last decade, taxes on gambling activities paid to the Tasmanian Government have on average raised $89-$99 million each year. Some 55 per cent has come from taxes on electronic gaming machines (EGMs), 34 per cent from taxes on lotteries, 4 per cent from taxes on casinos and the remainder from taxes on racing and other gambling.
- The largest sources of gambling receipts in 2019-20 were lotteries (44 per cent of total receipts), EGMs (39 per cent), split between hotels and clubs (25 per cent), and casinos (15 per cent).
- The point of consumption wagering tax (introduced from 1 January 2020) raised $5.99 million in the first six months of 2020, eclipsing other minor revenue sources such as casino table gaming, keno gaming, hotel and club fees, and minor gaming fees.
- The Tasmanian Government collects less by way of revenue from taxes on gambling activities – both per head of population and as a proportion of gross state product – than any other jurisdiction. This is consistent with Tasmanians spending less per head, and as a proportion of their incomes, on gambling activities.

Employment and Tourism

- Total gambling related employment in 2020 was estimated at 1,218 Full Time Equivalents (FTE) based on actual data and estimates of staff time allocated to conducting gambling activities provided by hotels and clubs, and all other sectors of the gambling industry (casinos, racing and wagering, etc.).

- Estimated gambling related employment (1,218 FTEs) was equivalent to 0.6 per cent of total full-time employment in Tasmania in 2020 (198,500 FTEs).
- It is estimated that there are 440 FTEs in hotels and clubs associated with providing EGM services (N=234), Keno (N=49), race wagering (N=113) and network technician and general support (N=44).
- Total gambling expenditure by tourists was estimated at $12 million in 2018-19, which is equivalent to about 4 per cent of total gambling expenditure in the state.
- Gambling plays only a minor role in tourism expenditure activity. Spending by tourists may account for 1.5 to 4 per cent of total gambling expenditure in Tasmania (i.e. $4.5m to $12m).

Tasmanian Gambling Industry Structure, Characteristics and Trends

- The gambling industry is a mature industry, similar to other states, offering a range of gambling products including casino table gaming, EGMs, keno, lotteries, race wagering and sports betting and minor gaming activities.
- Unlike in other states, the industry is monopolised by a private company holding the public gaming licence under a deed of arrangement until 2023. This includes ownership, access and the monitoring of EGMs and the sole provider and operator of keno in hotels, clubs and the casino. There have been limited restrictions imposed on the company from purchasing hotels with EGMs. As the owner of the EGMs, it has a role in assessing the commercial viability of an application to operate machines in a venue.
- Tasmania, in comparison with the Australian average (per 1,000 adults), has a:
  - lower density of EGMs at 8.6 machines per 1,000 adults; Australia 10.1;
  - lower prevalence of EGMs in clubs at 0.3; Australia 5.8;
  - higher density of EGMs in hotels at 5.4: Australia 3.6; and a
  - higher proportion of EGMs in casinos at 34 per cent; Australia 7 per cent.

Participation Rates

- There has been a steady decline in gambling participation rates in Tasmania over the last 10-15 years from a participation rate of 72 per cent in 2008 to 59 per cent in 2017 and to 47 per cent in the prevalence survey (2020) (see Volume 2 report).
- The level of gambling expenditure peaked in 2008-09 and it has fallen steadily in the five years to 2018-19.
- The most popular form of gambling in terms of participation by adults was buying lottery tickets in person or online (37 per cent). The next most common types of gambling were playing keno at a club, hotel or casino (17 per cent), buying instant scratches (11 per cent), and playing EGMs (9 per cent).

Total Gambling

- The level of expenditure per adult on gambling has generally fallen over the past 20 years after reaching a peak around 2009 ($1,250 in 2008-09).
- In 2018-19 Tasmanian gamblers spent $310 million. Based on people aged 18 years or over, this was equivalent to $733 per person, the second-lowest of any state or territory. It was $544 per head or 43 per cent below the national average of $1,277 per head.
- As a percentage of household disposable income, Tasmania's gambling expenditure is equivalent to 1.3 per cent, the third-lowest in Australia and 0.8 percentage points below the national average of 2.1 per cent.
- Although these figures for Tasmania may be relatively low by Australian standards, they are high by international standards (see Figure 4.3).

Electronic Gaming Machines

- EGM spending since the Fourth SEIS (2017) fell by 15 per cent between 2015-16 and 2018-19, from $204 million to $174 million. EGMs in casinos fell by 17 per cent and those located in hotels and clubs fell by 13 per cent.
- Real per adult EGM expenditure after peaking at $851 per adult in 2003-04, has steadily fallen, reaching $415 per adult in 2018-19. With the COVID-19 related temporary venue closures, spending fell further to an average of $307 per adult in 2019-20.

- Tasmanian expenditure on EGMs in hotels and clubs stood at $257 per adult, well behind the next highest level of $500 per adult for South Australia. New South Wales had the highest average expenditure at $1,035 per adult.
- There is a clear inverse correlation between socio-economic status (as measured by the Index of Relative Socio-Economic Disadvantage (IRSD)[1] and per adult expenditure on EGMs across Tasmanian local government areas (LGAs). The available evidence supports the view that spending on gambling through EGMs tends to be higher in regions with lower levels of economic and social resources than in more advantaged areas.
- There is an even stronger inverse correlation between median household net worth and per capita spending on EGMs. A clear positive correlation exists between per capita spending on EGMs and the proportion of LGA populations whose highest educational qualification is less than Year 12.
- Sixty per cent of hotel and club EGMs are located in the 13 most socio-economically disadvantaged LGAs which contain just under 44 per cent of Tasmania's 20-and-over population.
- Notwithstanding the above, Tasmania has the lowest level of expenditure on EGMs per adult. Compared to other states, Tasmania has tougher restrictions on access to cash withdrawals at gaming venues; it is one of only two jurisdictions to prohibit ATMs in hotels and clubs with EGMs; it is one of only two to impose a limit on cash withdrawals at ATMs in casinos; one of only two to impose a limit on EFTPOS withdrawals at hotels and clubs with EGMs; and Tasmania is the only State with a ban on note acceptors in hotels and clubs.

Race Wagering

- Total expenditure on gambling services offered by race wagering operators located in Tasmania amounted to $40 million in 2018-19. Almost all of this expenditure (98 per cent) was channelled through the TAB.
- Tasmania had a relatively lower level of race wagering expenditure compared to the rest of Australia at $96 per adult versus $103 per adult (2018-19). Per adult race wagering expenditure in Tasmania was higher than in Victoria at $87 per adult, Queensland $84 per adult and South Australia $77 per adult.
- The point of consumption wagering tax from 1 January 2020 provides insight into spending by Tasmanians with interstate providers. Expenditure data indicates that interstate wagering by Tasmanians is quite substantial. In the six months to June 2020 Tasmanians spent almost $41 million with out of state wagering providers.

Lotteries

- Per adult expenditure on lotteries in most jurisdictions has remained fairly constant with slight fluctuations over time. Tasmania has consistently maintained one of the lowest levels of per adult spend on lotteries among Australian jurisdictions.
- Real lottery expenditure was $53 million in 2018-19. Since the last SEIS (2017) real lottery expenditure has risen by 22 per cent.
- Per adult lottery expenditure in Tasmania was $109 in 2018-19, well below the national average of $132 per adult.

Keno

- Aggregate expenditure on keno measured in real terms has been quite stable over the past decade, fluctuating between $35 million and $37 million per annum.
- Tasmanian keno expenditure is relatively high. Real expenditure for hotels and clubs on a per adult basis in 2018-19 was $79, some 45 per cent higher than the next highest jurisdiction, the Northern Territory ($55).
- Of total keno expenditure in Tasmania in 2018-19, 92 per cent ($33.5 million) was spent in hotels and clubs, while 7.7 per cent ($2.8 million) was spent in casinos.

[1] For a more detailed explanation of the Index of Relative Socio-Economic Disadvantage (IRSD) see ABS (2018a).

Casino

- Tasmania's relative level of real casino expenditure in 2018-19 ($194 per adult) was 22 per cent below the national average of $248 per adult.
- Spending on casino gambling in Tasmania has been in decline. Since 2008-09 total expenditure fell by 43 per cent in real terms to $81.5 million by 2018-19. This decline was largely driven by a fall in spending on EGMs (down 46 per cent).
- Measured by expenditure, EGMs are the largest form of gambling undertaken in the casinos (84 per cent of casino expenditure in 2018-19), followed by table games (13 per cent) and keno (3.4 per cent).
- As a consequence of the downward shift in aggregate casino expenditure, per adult expenditure for Tasmania has declined from $360 in 2008-09 to $194 in 2018-19.

Sports betting

- Expenditure on sports betting with the Tasmanian licensed operator has declined from $3.4 million in 2016-17 to $2.1 million in 2018-19 which represents a fall of 41 per cent.[2] Sports betting remains a minor form of gambling in Tasmania, accounting for only 0.7 per cent of total gambling expenditure.
- In 2018-19 real national expenditure was equivalent to $49 per adult in 2018-19 prices while in Tasmania the figure was $5.98.

Gambling Support Program and the Tasmanian Gambling Exclusion Scheme (TGES)

- Online media information campaigns and other materials produced by Communities Tasmania are considered to be exceptionally high quality. The material in other languages and specifically addressing international students is unique.
- One of the most notable changes in respect of in-person counselling services is that self-referral has become an increasingly important method of referral, accounting for 90 per cent of referrals in 2019-20, which is well above the average of 62 per cent over the last six years.
- People engaging in in-person gambling help services have typically endured gambling problems for lengthy periods of time. In the three years to 2019-20, approximately 80 per cent of in-person clients had experienced gambling problems for two years or more.
- Reflecting the nature of problem gambling whereby people gamble and lose excessive amounts, financial impacts are by far the most commonly reported harm identified by Gambling Help clients. Some 86 per cent of Gambling Helpline clients in 2019-20 identified financial impacts as one of the consequences resulting from their gambling. The next most common consequence was identified as the impact on family, relationships and/or social interactions (48 per cent).
- 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 it is important to note that venues had been closed from 23 March through to June. The number excluded was still 5.7 per cent higher than in the corresponding period in 2016 just prior to undertaking the Fourth 2017 SEIS.

Modelling the Cessation of Problem Gambling in Tasmania: The impact of eliminating problem gambling

- The study examined the hypothetical economic impacts of the cessation of problem gambling in Tasmania. The study used a dynamic multi-region computable general equilibrium (CGE) model to examine a hypothetical ending of problem gambling in Tasmania spanning two years, 2020-21 and 2021-22.
- The quantified economic loss from the cessation of problem gambling, which excludes any valuation of the social harm from gambling, is $260 million in net present value terms or $7 million per annum. Another way of interpreting this is that if the net present value of social harm from problem gambling exceeds $260 million, the state will gain from an end to problem gambling.
- Employment losses associated with eliminating problem gambling are small in the context of likely future gains in economy-wide employment. The removal of problem gambling (the policy options are not specified) leads to Tasmania's employment falling 0.03 per cent below base.
- To put these temporary job losses into context, employment in Tasmania grew by more than 6 per cent between 2016 and the COVID-19 outbreak (early 2020). That is, the jobs lost due to a permanent

[2] Department of Treasury and Finance, Tasmania

downturn in gambling activity due to cessation of problem gambling would be very small in comparison with the underlying employment growth trend.

General Community Concerns

- Community perspectives on the impact of gambling are focussed on the relative ease of accessibility of gambling in land-based venues. A secondary concern regards the pervasiveness of advertising in respect of gambling and the opportunities to gamble through technology platforms.
- Concerns were expressed regarding the growth of unregulated gaming products via the internet, the increase in online casino and slot games and accessibility to gambling via smartphones. The view was that technology platforms are most often absent of regulation and procedures for consumer protection.
- Respondents to the prevalence survey (2020), community and industry submissions and gambling help agencies were unanimous in their support for additional resources to be devoted to general awareness and advertising campaigns. Communities Tasmania education and awareness campaigns were rated very highly.
- There was also substantial agreement from across the community/gambling help sector as to further preventative strategies they would like to see implemented. These included support for reducing the maximum bet limit from $5 to $1, increasing the spin-rate from 3.5 seconds to 6 seconds, the introduction of a card-based pre-commitment system and reducing the number of hours open to gambling to a maximum of 12 hours a day.

Volume 2 Results of the 2020 Tasmanian Prevalence Survey

Research as part of the Fifth Social and Economic Impact Study of Gambling in Tasmania required that a gambling prevalence study be undertaken to enable comparisons with previous Tasmanian prevalence studies. The prevalence survey was undertaken in 2020 but is referred to in Table E.1 by its release date 2021.

Table E.1 Summary of the major Tasmanian prevalence surveys: 2007-2020: sample details and participation rates

		Percentage			
Year	**Number**	**Gambled**	**Low Risk**	**Medium Risk**	**Problem Gambler**
2007	4,051	71.6	1.0	0.8	0.5
2011	4,303	64.5	5.3	1.8	0.7
2014	5,000	61.2	3.9	1.8	0.5
2017	5,000	58.5	4.8	1.4	0.6
2021	5,009	47.0	4.3	1.7	0.4

Background and Overview

- A gambling prevalence study was undertaken by a consortium of researchers: the South Australian Centre for EconomicStudies (SACES) in conjunction with the School of Psychology at the University of Adelaide and ENGINE.
- The timelines for the project and referencing of questions were adjusted to accommodate the occurrence of the COVID-19 pandemic.
- This research is the 8th dedicated prevalence survey to be conducted in Tasmania since 1994 (excluding the national survey conducted by the Productivity Commission, 1999).

Contextual Overview

- Tasmania has lower net per capita expenditure on gambling compared with other States and Territories ($733 per adult) compared with $1,593 in New South Wales, $825 in South Australia and the Australian average of $1,277.
- Just over a third of net player expenditure (losses) comes from EGMs (35 per cent); another 27 per cent from casino activities; 23 per cent from various lottery products; and only 14 per cent from racing and sports (1 per cent) respectively.
- In the 2017 prevalence study: 0.6 per cent of the adult population in Tasmania were classified as problem gamblers; 1.4 per cent as moderate-risk gamblers; and, 4.8 per cent as low risk gamblers.

Methodology

- The research involved 5,009 respondents who were recruited using computer-assisted telephone interviews (CATI) in a sampling frame that extended from the 22 October 2020 to the 29 November 2020. Participants were adults aged 18 years and over living in Tasmania.
- The survey takes a public health approach to gambling. Several innovative features incorporated into this survey to enhance its policy relevance include: (a) a more extensive analysis of gambling-related harm; (b) analysis of the effects of COVID-19 on gambling behaviour; (c) questions on the convergence of gaming and gambling; (d) positive play and protective behaviours; (e) help-seeking; and (f) online gambling and advertising in sports.
- The survey involved a 100 per cent mobile design (all calls used mobile numbers) using sample sourced from the Integrated Public Number Database (IPND). The IPND is a centralised database containing all telephone numbers issued by Carriage Service Providers (CSPs) to their customers in Australia. The sample comprised a random selection of listed and unlisted mobile numbers for Tasmanian residents.
- The questionnaire was developed by The University of Adelaide in consultation with the Tasmanian Department of Treasury and Finance. To allow for comparability with previous prevalence surveys, item content was kept the same wherever possible. The survey included gambling participation, problem gambling risk status, gambling-related harms, gambling behaviours, help-seeking behaviours and gambling attitudes. The survey also included a section on the impact of COVID-19 on gambling behaviour. A sub-sampling design was used in this section to reduce the overall average survey length. Under this design, all respondents were administered a core set of questions. A further set of questions was then administered to a randomly selected 50 per cent of the total sample.
- The prevalence results reported were weighted to reflect non-response rates and enable weighted estimates for the adult Tasmanian population to be obtained.

Overall Participation Rate

- All respondents were asked to indicate which gambling activities, from a list of 12, they had spent money on during the 12 months preceding COVID-19 (that is, between March 2019 to February 2020) just before COVID was declared a pandemic.
- Overall, just under half (47 per cent) of Tasmanian adults had participated in at least one gambling activity in the 12 months prior to March 2020. Men were significantly more likely to participate in at least one gambling activity (49 per cent, compared with 45 per cent of women).
- The prevalence of 'non-lottery gambling' (i.e. participation in gambling activities excluding lotteries, TasKeno, instant scratchies and bingo) was 18 per cent. Again, men were significantly more likely than women to participate in at least one non-lottery gambling activity (23 per cent, compared with 13 per cent of women).
- Older respondents were more likely to gamble overall (56 per cent aged 55 to 64 years, compared with 47 per cent overall). However, the rate of non-lottery gambling was highest among the youngest respondents, aged 18-24 years (24 per cent) and lowest among those aged 65 years and over (13 per cent).
- The most prevalent gambling activity was lottery ticket buying (37 per cent). The next most popular activities were: TasKeno (17 per cent), instant scratchies (11 per cent), and EGM gambling (9 per cent).
- Further analysis based on gender showed that men were more likely than women to have participated in five of the 12 activities: betting on horse or greyhound races (10 per cent versus 4 per cent); betting on sporting events (7 per cent versus 1 per cent); playing casino tables games (6 per cent versus 2 per cent); informal private betting sessions (5 per cent versus 2 per cent); and playing poker games online for money (1 per cent versus 0.3 per cent).
- Half (49 per cent) of Tasmanian adults who had gambled in the past 12 months had participated in only one activity, a quarter (25 per cent) had participated in two activities, and a quarter (25 per cent) had participated in three or more activities[3].
- Almost a third (31 per cent) of gamblers had gambled once a week or more. Over a quarter (28 per cent) gambled one to three times a month, and 41 per cent had gambled less than once a month. Men and older respondents were more likely to gamble once a week or more (35 per cent of men, 43 per cent of people aged 55 years and over, compared with 31 per cent overall).

[3] The results do not sum to 100% due to rounding.

- In relation to internet gambling, one in 20 (5 per cent) Tasmanian adults had gambled online in the 12 months preceding COVID-19.

Impact of COVID-19 on Gambling

- Tasmania imposed significant restrictions on indoor gatherings and stay-at-home orders. Gaming venues were closed towards the end of March 2020 for approximately three months.
- A series of questions examined the reported impact of the COVID-19 pandemic on gambling behaviour.
- Of those people who reported being engaged with venue-based gambling, almost two-thirds reported no change in expenditure; almost a third reported a decrease; and, only around 4 per cent reported spending more than before.
- Just over 70 per cent of the people who gambled online reported no change in expenditure; around 20 per cent reported a decrease; and, around 9 per cent reported spending more than before.
- Very few people reported adopting any new forms of gambling and this includes online gambling. Respondents were more likely to report having ceased gambling on several activities, with EGMs, lotteries, and keno being the activities most likely to have ceased due to COVID-19.
- In relation to self-reported expenditure by venue-based gamblers, it was found that non-problem gamblers were most likely to remain the same, whereas higher risk gamblers were more likely to report spending less than before.
- In relation to online gambling, a total of 75 per cent of non-problem gamblers reported having not changed their expenditure as compared with 57 per cent of moderate-risk gamblers and those classified as problem gamblers. Higher risk gamblers generally reported having spent less on gambling (pre and post COVID-19) as compared to the other groups.
- Further analysis based on gender showed that women who gambled at venues were more likely to report having spent less than before, whereas men were more likely to stay the same. For online gambling, men were more likely than women to report having increased their expenditure.
- Younger people were generally more likely to report having spent less on venue-based gambling, but were significantly more likely to report an increase in expenditure on online gambling as compared with the other groups. Older people were more likely to report that their gambling had not changed due to COVID-19.
- The results showed that COVID-19 has generally led to a decline in reported expenditure on gambling and no clear evidence of a migration to online gambling. People have most likely decreased their involvement in activities that are venue based (e.g. EGMs, keno or casino table games). There was some trend towards men and younger people reporting an increase in expenditure on online gambling during the COVID-19 period. However, there was little evidence of higher risk gamblers gravitating towards online gambling or increasing their gambling.

Gambling Activities

- Participants were asked to indicate whether they had spent money on 12 different gambling activities in the period preceding the COVID restrictions imposed in March 2020[4].

Electronic Gaming Machine (EGM) gambling

- Overall, 6 per cent of Tasmanian adults had played EGMs less than once a month (but at least once) in the12 months before COVID-19. A further 3 per cent had played one to three times a month, and 1 per cent had played once a week or more. Nine in ten Tasmanian adults (91 per cent) did not participate in EGM gambling during the 12 months in question.
- Analysis of EGM gamblers (i.e. excluding non-EGM gamblers) indicated that 64 per cent had played EGMs less than once a month, 27 per cent had played one to three times a month, and 8 per cent had played once a week or more.
- EGM participation was more frequent among older gamblers (EGM gamblers aged 65 years and over played 23.2 times per year, on average) and gamblers who were not working or studying (17.5 times per year, compared with 14.1 times per year overall).

[4] Occasionally the displayed results will not sum to 100%, due to rounding or the exclusion of don't know or refused responses.

Horse or greyhound races

- Overall, 3 per cent of Tasmanian adults had bet on horse or greyhound races less than once a month (but at least once). A further 2 per cent had bet between one to three times a month, and 1 per cent had bet once a week or more. Over nine in ten (93 per cent) did not bet on horse or greyhound races during the reference period.
- Analysis of race bettors (i.e. excluding non-race bettors) indicated that 53 per cent had bet on races less than once a month, 24 per cent had bet one to three times a month, and 23 per cent had bet once a week or more. Men were more likely than women to bet on races once a week or more (29 per cent compared with 7 per cent).

Lottery ticket buying

- Overall, 11 per cent of Tasmanian adults had bought lottery tickets once a week or more in the 12 months preceding COVID-19. A similar proportion (10 per cent) had purchased lottery tickets one to three times a month and 16 per cent had purchased lottery tickets less than once a month (but at least once). Nearly two thirds of Tasmanian adults (63 per cent) had not bought a lottery ticket during the 12 months reference period.
- Analysis of lottery ticket buyers indicated that three in ten (29 per cent) had bought lottery tickets once a week or more during the 12 months in question. A further 27 per cent had bought lottery tickets one to three times a month and 44 per cent had bought lottery tickets less than once a month. Men were more likely than women to buy lottery tickets once a week or more (34 per cent compared with 25 per cent).
- Lottery ticket buying tended to attract older gamblers (lottery ticket buyers aged 55 to 64 years purchased lottery tickets 34.6 times per year, on average), those who lived alone (30.9 times per year) or couples without children (29.1 times per year, compared with 25.4 times per year overall).

Instant scratch tickets

- Overall, 8 per cent of Tasmanian adults had purchased instant scratchies less than once a month (but at least once). A further 2 per cent had purchased instant scratchies one to three times a month and 1 per cent had purchased instant scratchies once a week or more. Nine in ten Tasmanian adults (89 per cent) had not bought instant scratch tickets during the 12 months in question.
- Analysis of instant scratch ticket buyers indicated that 73 per cent had bought instant scratchies less than once a month, one in five (20 per cent) had bought instant scratchies one to three times a month and 6 per cent had bought instant scratchies once a week or more.
- Instant scratchies were popular among older people (instant scratch ticket buyers aged 65 years and over purchased instant scratchies 13.4 times per year, on average) or people who were not working or studying (12.2 times per year, compared with 10.0 times per year overall).

Taskeno

- Around one in ten (11 per cent) Tasmanian adults had played Taskeno less than once a month (but at least once). A further 4 per cent had played one to three times a month and 2 per cent had played Taskeno once a week or more. Just over four in five (83 per cent) had not participated in Taskeno during the reference period.
- Analysis of Taskeno players indicated that 68 per cent had played Taskeno less than once a month, 23 per cent had played one to three times a month and 9 per cent had played once a week or more.
- Taskeno tended to attract older people (Taskeno players aged 55 to 64 years played 20.5 times per year, on average), those who lived alone (21.1 times per year) or those who were not working or studying (18.5 times per year, compared with 14.1 times per year overall).

Casino table games

- Overall, the majority of Tasmanian adults (96 per cent) had not participated in casino table games during the 12 months in question. Three percent (3 per cent) had played casino tables games less than once a month (but at least once). A further 0.3 per cent had played one to three times a month and 0.1 per cent had played once a week or more.
- Analysis of casino table game players (i.e. excluding non-gamblers) indicated that 89 per cent had played casino table games less than once a month during the reference period, 9 per cent had played one to three times a month and 2 per cent had played once a week or more.

Sports betting

- Overall, the majority of Tasmanian adults (96 per cent) had not bet on sporting events in the 12 months preceding COVID-19. Two percent (2 per cent) had bet on sporting events less than once a month (but at least once). A further 1 per cent had bet one to three times a month and the same proportion (1 per cent) bet once a week or more.
- Analysis of sports bettors (i.e. excluding non- bettors) indicated that half (50 per cent) had bet on sporting events less than once a month, 28 per cent had bet one to three times a month and 22 per cent had bet once a week or more.

Bingo

- Overall, the majority of Tasmanian adults did not participate in playing bingo (99 per cent). Only 0.4 per cent of Tasmanian adults had participated in bingo less than once a month (but at least once). A further 0.2 per cent had played bingo one to three times a month and 0.2 per cent had played once a week or more during the 12 months in question.
- Analysis of bingo players (i.e. excluding non-players) indicated that 47 per cent had played bingo less than once a month, 23 per cent had played one to three times a month and 30 per cent had played once a week or more.

How People Gamble

Expenditure

- For each activity undertaken in the 12 months before COVID-19, respondents were asked to estimate the 'average' amount they had spent during a 'typical' session of that activity.
- Self-reported gambling expenditure data remains inherently problematic (most often under represented, poor recollection, etc.) but is reported as an indication of gambling volume or intensity.
- Respondents who gambled were estimated to spend the highest per session amounts playing table games on-site at a casino ($75 median, $161 mean). This was more than double the next highest median spend ($30 per session) for each of: EGM gambling ($51 mean), online poker ($58 mean), and online casino games ($48 mean).
- Estimates of respondents' annual spend per activity was derived from reported spend and reported frequency of participation. Apart from the small sample of online poker players (n=21, $250 median, $820 mean), the largest annual amounts were reportedly spent race betting, by respondents who placed race bets via the internet ($240 median, $4,127 mean), playing bingo ($240 median, $818 mean), and playing table games at a casino ($200 median, $1,539 mean).
- Estimates of respondents' total annual gambling expenditure was also calculated from the sum of the amounts they had spent on each activity. The median annual amount spent gambling was $240 ($1,659 mean). Men reported spending more on gambling than women ($310 median, compared with $165).
- Annual gambling expenditure also increased with age (up to 64 years), decreased as education-level increased, and was higher among gamblers of Aboriginal and Torres Strait Islander origin.

EGM gambling

- The majority of EGM gamblers had played EGMs in hotels (60 per cent). A little under half (47 per cent) of EGM players had played casino EGMs.
- The most common options among EGM gamblers were: 1c or 2c units of credit (62 per cent), maximum lines (49 per cent), single credit per line (68 per cent never/rarely/sometimes played multiple credits per line), 71c average spend per spin (50c median).
- Men were significantly more likely than women to play higher stake options. This included: maximum lines (55 per cent compared with 43 per cent), multiple credits per line (32 per cent often/always, compared with 21 per cent), and over $1 per spin, on average (14 per cent compared with 7 per cent).

Wagering

- Over two-thirds (68 per cent) of race bettors had placed racing bets at a venue or via a phone call. The most popular venues for placing race bets were clubs and hotels (32 per cent of race bettors).
- Forty-six percent (46 per cent) of race bettors had placed racing bets over the internet, most commonly via a mobile device (39 per cent of race bettors). Online race betting was more common among men than women (50 per cent compared with 37 per cent).

- The majority (80 per cent) of sports bettors had bet on sporting events over the internet, most often using a mobile device (72 per cent of sports bettors).
- Over three-quarters (77 per cent) of sports bettors said that special deals and promotions had no effect on the amount they bet. A similar proportion (78 per cent) said that sports betting advertising had no effect on how much they bet.

Internet Gambling

- Over one in ten gamblers (11 per cent) had participated in internet gambling in the 12 months before COVID-19. This was equivalent to one in 20 respondents overall (5 per cent).
- Online sports betting, and online race betting were the most common internet gambling activities (3 per cent of respondents overall, for each).
- Internet gambling was significantly more prevalent among men (8 per cent, compared with 3 per cent of women), 18-24 year olds (11 per cent, compared with 3 per cent of respondents over 54 years), respondents of Aboriginal and/or Torres Strait Islander origin (10 per cent, compared with 5 per cent of respondents overall), and employed respondents (7 per cent, compared with 5 per cent of respondents overall).
- Men and younger gamblers were also more likely to only gamble via the internet (and not in person). Six percent (6 per cent) of male gamblers only gambled via the internet, compared with 1 per cent of female gamblers. Eight percent (8 per cent) of gamblers aged 18-24 years only gambled online, compared with 4 per cent of gamblers overall.
- University-educated respondents were significantly less likely to be online gamblers (4 per cent, compared with 5 per cent of respondents overall). However, those who were online gamblers were significantly more likely to only gamble online (6 per cent of university-educated gamblers, compared with 4 per cent of gamblers overall).

Problem Gambling

- Respondents who participated in at least one gambling activity in the 12 months before COVID-19 were asked the nine-item Problem Gambling Severity Index (PGSI) questions.
- Results based on the total sample indicated that 0.4 per cent of Tasmanian adults were classified as problem gamblers, 1.7 per cent as moderate-risk gamblers and 4.3 per cent as low-risk gamblers. Respondents classified as moderate-risk or problem gamblers comprised 2.1 per cent of the Tasmanian population (4.5 per cent of gamblers).
- Analysis of those who reported gambling on at least one activity in the past 12 months indicated that the majority (86.4 per cent) of gamblers were classified as non-problem gamblers under the PGSI. Nine percent (9.1 per cent) of gamblers were considered low-risk gamblers, 3.7 per cent were moderate-risk gamblers, and 0.8 per cent were classified as problem gamblers.
- Rates of low-risk to problem gambling have remained relatively stable in Tasmania since 2011. In 2011 the figure was 2.4 per cent as compared with 2.1 per cent in the present survey.
- Compared with the results of recent gambling prevalence surveys in South Australia, Victoria, and New South Wales, Tasmania had the lowest prevalence rates recorded for all three gambling-risk categories: low-risk, moderate-risk and problem gambling.
- Men were significantly more likely than women to be categorised in the higher PGSI risk categories (3.0 per centwere classified as moderate-risk or problem gamblers, compared with 1.3 per cent of women).
- Moderate-risk or problem gambling was also more prevalent among younger adults (3.4 per cent of 25-34 year olds, compared with 2.1 per cent overall), single respondents (3.5 per cent compared with 1.3 per cent of respondents in married or in de facto relationships), and respondents with a trade qualification or diploma (3.0 per cent comparedwith 2.1 per cent overall).
- Moderate-risk and problem gamblers were significantly more likely than gamblers overall to have participated in each gambling activity, except lottery ticket buying and betting on non-sporting events.
- Not surprisingly, the frequency of gambling participation increased with PGSI risk level. This was the case both for gambling generally (all activities undertaken), and for all five of the most popular activities: playing EGMs, race betting, buying lottery tickets, buying scratchies, and playing TasKeno.
- Moderate-risk and problem gambling prevalence was lowest among participants of the most popular gambling activity, lottery ticket buying (4 per cent). In contrast, 18 per cent of sports bettors, 17 per cent

of bingo players, and 15 per cent of in-venue casino table game players were categorised as moderate-risk and problem gamblers (compared with 5 per cent of gamblers overall).

- For all individual gambling activities, apart from bingo, the reported median expenditure per gambling session was higher for respondents classified as moderate-risk and problem gamblers than for participantsin the activity overall.
- The largest annual median amount reportedly spent by moderate-risk and problem gamblers on an individual activity was $2,600 on race betting (compared with $240 spent by race bettors overall). The second largest annual median amount spent by moderate-risk and problem gamblers was associated with EGM playing ($2,400, compared with $120 spent by EGM players overall).
- Moderate-risk and problem gamblers were significantly more likely to be online gamblers than gamblers overall (41 per cent compared with 11 per cent). Notably, half (51 per cent) of problem gamblers had participated in internet- based gambling activities.
- Over a quarter (26 per cent) of moderate-risk and problem gamblers had bet on sporting events via the internet, compared with 7 per cent of gamblers overall. Just under a fifth (19 per cent) had placed racing bets via the internet, compared with 6 per cent of gamblers overall.
- Online poker players were significantly more likely to be moderate-risk or problem gamblers than online gamblers overall (41 per cent compared with 16 per cent).
- A multivariate analysis confirmed that the demographic 'predictors' of moderate-risk or problem gambling included being male, 25-34 years old, single, unemployed, or educated to a trade certificate or diploma level.
- Sports betting and EGM gambling were the activities most significantly associated with moderate-risk and problem gambling.

Gambling Harm

- The nature and severity of gambling harm was measured in six dimensions: financial; psychological; relationships; physical health; work and study; and legal (committing crimes to fund gambling). With the exception of the final category, respondents were asked to indicate the severity of harm at three levels: (a) over-prioritisation; (b) strains and pressures; and (c) severe harms.

Harm measured in all gamblers

- **Financial harm**: It was found that 1.41 per cent of people who gambled reported over-prioritising gambling ahead of other things, 1.10 per cent experienced pressures or strains and 0.34 per cent experienced severe impacts or harms associated with gambling (which could include a loss of essential services, bankruptcy or selling assets).
- **Psychological harm**: 1.49 per cent of the people who gambled reported putting gambling ahead of their psychological health, 1.74 per cent experienced psychological strain or distress due to gambling and 0.47 per cent experienced severe psychological consequences.
- **Relationship harm**: 0.64 per cent of the people who gambled were prioritising gambling ahead of important relationships. 1.15 per cent had experienced pressures or strains on their relationship and 0.47 per cent had experienced significant relationship harms (e.g. loss of relationships) due to gambling.
- **Physical health harm**: A total of 1.19 per cent of people who gambled reported putting gambling ahead of theirphysical health, 0.81 per cent reported impacts on their physical health due to gambling, but only .04 per cent (only one person) reported that gambling had led to severe physical harm.
- **Work and study harm**: 0.81 per cent of people who gambled reported prioritising gambling over work or study; 0.3 per cent reported that gambling was leading to reduced performance; and, 0.08 per cent (two people) reported severework/study consequences because of gambling (e.g. loss of job).
- **Legal**: Only five (or 0.21 per cent of the sample) reported having committed illegal acts to gamble.

Harm by risk level (PGSI categories)

- **Over-prioritisation** (in at least one area of harm): This behaviour was very rare in non-problem gamblers (0.7 per cent), reported by just over one in 20 low-risk gamblers, by 28 per cent of moderate-risk gamblers and more than nine in 10 problem gamblers. Inspection of the data showed that 57 per cent of problem gamblers and 5.9 per cent of moderate-risk gamblers over-prioritised gambling in three of the five areas investigated.

- **Pressures and strains**: These were very rare in non-problem (0.4 per cent) and low risk gamblers (2.4 per cent), but were reported by 29 per cent of moderate-risk gamblers and 90 per cent of problem gamblers.
- **Severe harms**: These were almost non-existent in the low-risk groups, were reported by 7 per cent of moderate-risk gamblers and by 60 per cent of problem gamblers.
- **Financial harm**: 60 per cent of problem gamblers reported over-prioritisation; 75 per cent reported pressures and strains and 30 per cent reported severe harms. The figures for moderate-risk gamblers were: 15 per cent, 9 per cent and 1 per cent respectively.
- **Psychological harm**: 80 per cent of problem gamblers reported over-prioritisation; 80 per cent reported pressures and strains; and 30 per cent reported serious psychological harm due to gambling. The figures for moderate-risk gamblers were: 16 per cent, 19 per cent and 6 per cent respectively.
- **Relationship harm**: 55 per cent of problem gamblers reported over-prioritisation; 70 per cent reported pressures and strains; and 40 per cent reported severe relationship harm. The figures for moderate-risk gamblers were: 10 per cent, 2 per cent and 12 per cent respectively.
- **Physical health harm**: 70 per cent of problem gamblers reported over-prioritisation; 40 per cent reported strains and pressures; and 50 per cent reported severe physical health harm due to gambling. The figures for moderate-risk gamblers were: 2 per cent, 12 per cent and 7 per cent respectively.
- **Work and study harm**: 40 per cent of problem gamblers reported over-prioritisation; 30 per cent reported pressures and strains and 50 per cent reported severe harm to work or study.
- **Harm in lower risk gamblers**: In support of Browne et al. (2016), the results show that harm is not solely confined to the higher risk groups (around 21 per cent comes from the lower risk groups), but much of this appears to relate to over-prioritisation rather than strains, pressures or serious harm.
- **Overall distribution of harm**: Using weighted aggregate harm scores, it was found that 48.8 per cent of the total sum of harm is contributed by problem gamblers, 30 per cent by moderate-risk gamblers, 8.6 per cent by low-risk gamblers and 12.6 per cent by non-problem gamblers. In other words, almost 79 per cent of the total harm score totalis attributable to moderate and problem gambling.
- **Demographics and harm:** Younger people and men were significantly more likely to report over-prioritising gambling over other areas of life and to report strains or pressures due to gambling.
- **Activities and gambling harm**: The odds of people who bet on sports prioritising gambling ahead of other activities was four times higher than for those who did not bet on sports. The odds of over- prioritisation were 2.6 times higher for those who gambled on EGMs. The odds of men reporting strains or pressures were 1/0.53 or 1.9 times higher; EGM participation increased the odds three times and sports gambling increased the odds almost three times.

Positive Play and Gambling

- The Positive Play Scale (PPS) examines the extent to which people are feeling honest with others and in control of their gambling (the Honesty and Control Subscale); whether they are setting a budget before they gamble (Pre-commitment); if they are taking responsibility for their actions (Personal Responsibility); and, whether theyare viewing gambling in an objective manner (Gambling Literacy).
- **Honesty and control**: Problem gamblers indicated significant difficulties in being able to stay in control orbe honest about their gambling (as indicate by a mean score of 12 versus. a possible maximum score of 21).
- **Pre-commitment**: The analysis for pre-commitment showed a similar trend. Problem gamblers, in particular, reported being much less likely to set budgets before they gambled.
- **Personal responsibility**: The results for personal responsibility revealed smaller differences between thegroups, but showed that problem gamblers and, to a lesser degree, moderate-risk gamblers, were less likely to believe themselves to be responsible for their actions as compared with non-problem gamblers.
- **Gambling literacy**: Higher risk gamblers also reported lower gambling literacy compared with the lower risk groups which indicates that they were more likely to see gambling as a way to make money or that they held erroneous beliefs about their chances of winning.
- **Demographic differences**: Women were more likely to take personal responsibility and to have better scores on the Gambling Literacy subscale. The results showed that older people tended to have less positive play than younger people. The 65+ age group scored lower on honesty and control and also personal responsibility than the younger age group.

- **Harm**: those who reported over-prioritising gambling had significantly poorer scores on Honesty and Control and Pre-commitment, but did not differ on the two belief subscales.

Gambling and Gaming

- A number of questions were included to capture video gaming, online rewards use, - problem gaming and the association between these variables and gambling. This section of the study was included to address the concept of digital convergence.
- Around 40 per cent of the total sample reported playing video games at least once per week. Just over a quarter reported moderate usage and around 6 per cent played 30 or more hours per week.
- 218 people in the total sample (or 4.4 per cent) could be classified as having at least some signs of problems with gaming.
- A total of 38 per cent people who played video games indicated that they played games that contained loot boxes. However, only 150 (or 9 per cent) reported having purchased a loot box. Of these people, 83 (57 per cent) indicated that they usually spent (per month) less than $10; 37 (24 per cent) indicated between $10 and $20; 5 per cent indicated $21-30; and 14 per cent said that they spent more than $30. Only 24 people indicated that they had used skins to gamble, which represents 1 per cent of video gamers and less than 1 per cent of the total sample.
- There was little indication that video gaming had any influence on their gambling. When asked: 93 per cent indicated 'Not at all'; 4 per cent said 'Very little'; 1 per cent said 'Moderate' and 1 per cent said 'Strong influence'. In other words, video games were generally not seen as a pathway to gambling. Only around 2 per cent of video gamers suggested some influence, which represents around 1 per cent of the total sample of 5,009 people.
- Loot boxes are rarely purchased by occasional gamers, but over one in five very regular gamers (those who play 30 hours per week) reported purchasing them.
- The prevalence of signs of problem gaming was significantly higher in problem gamblers as compared with other groups: 15 per cent of problem gamblers displayed at least one sign of problematic gaming comparedwith only around 4 per cent of the lower risk groups.
- Problem and moderate-risk gamblers were also significantly more likely to report having purchased a lootbox compared with the lower risk groups: 25 per cent of problem gamblers reported buying loot boxes and that this behaviour increased with the level of risk (as based on the PGSI). This is consistent with international studies.
- Men were more likely to report higher intensities of gaming than women. The percentage of men reporting 30 or more hours of video-gaming per week was more than double that of women (8 per cent to 4 per cent).
- Video gaming was most common in the youngest age groups. Over 50 per cent of people in the youngest age group (under 40 years) played 10 or more hours per week, with 11 per cent reporting 30 or more hours.
- Of those who gambled on online gaming activities (casino games), 13 per cent reported having purchased a lootbox compared with 3 per cent of those who had engaged in this form of online gambling.

Help-Seeking

- Gamblers' help-seeking behaviour during the past 12 months was examined. This included gamblers' self- exclusion behaviour, the type of help and the reason for seeking or not seeking any help. Due to the small sample of help seekers, findings should be treated with caution.

Formal self-exclusion

- Eleven gamblers said they had used the formal self-exclusion process to exclude themselves from entering gambling venues; seven men and four women. Three out of the seven male gamblers tried to re-enter venues during self-exclusion period and all of them succeeded, while no female gamblers tried to re-enter.
- Nine out of the 11 gamblers who formally self-excluded were classified as moderate-risk or problem gamblers.

Online self-exclusion

- Only 18 gamblers said they had excluded themselves from an online gambling provider; 14 men and four women. Five out of the 14 self-excluded male gamblers tried to re-access the online provider and

three succeeded, while one female gambler tried to re-access but did not succeed.

- Thirteen out of the 18 who had self-excluded from online providers were classified as moderate-risk or problem gamblers.

Help-seeking

- Thirteen gamblers sought help for their gambling related problems; seven men and six women. Twelve out the 13 help seekers were classified as moderate-risk or problem gamblers.
- Help seekers (n=13) were asked their reasons for seeking help. Most commonly, they had realised that they had a problem and that things had to change (n=8). Other reasons included: wanting support and advice from friends (n=5), wanting professional advice (e.g. GP, n=3), and experiencing a family or financial crisis (both n=2).
- Nine help seekers said they sought professional help, in the form of a counselling service or social worker. Personal help had been sought by six help seekers, and self-help by two. The Gambler's Help 24-hour hotline had been accessed by one respondent, and Gambler's Help face-to-face counsellors had also been used by one respondent.
- **Professional help awareness**: Those who sought professional help (n=10) were asked how they found out about it. The most common means was via referral from another professional service (n=4). This wasfollowed by advertising material or a sign in a pub, hotel, club or casino (n=2). One respondent had directly contacted an independent counsellor or community organisation, and one had found professional help viathe Tasmanian Gambler's Help Website.
- **Type of personal help**: Those who sought personal help (n=6) were asked what type of personal help they had sought. Family members were preferred (n=3). Two respondents said they talked to a friend or work colleague.
- Respondents who did not seek any help and had a PGSI score of 2 or more (n=157) were asked why theyhad not sought help for their gambling problem. More than four fifths (82 per cent) said that they did not have a gambling problem, while one in ten (10 per cent) believed they could sort the problem out themselves, and 2 per cent felt that counselling 'is not helpful'.
- Moderate-risk and problem gamblers were significantly more likely than low-risk gamblers to believe theycould 'sort the problem out themselves' (14 per cent compared with 3 per cent).

Health-Related Correlates and Community Attitudes Towards Gambling

- The prevalence of co-morbidities, including alcohol, cigarettes and other substances, and the psychological wellbeing of all respondents were assessed in the study.

Alcohol consumption

- Using a brief alcohol screen, all respondents were asked about the frequency and volume of their alcohol consumption. Four levels of harm related to alcohol consumption were derived: a) no risk of harm; b) low-risk of harm; c) medium risk of harm; and d) high risk of harm.
- Men were significantly more likely than women to be classified as having a high risk of alcohol harm (51 per cent compared to 32 per cent).
- Two thirds (67 per cent) of moderate-risk and problem gamblers (combined) were classified as having a high riskof alcohol related harm. Among problem gamblers alone, the rate reached 90 per cent.

Smoking

- All respondents were classified into five smoking frequency categories: a) never smoked; b) ex-smoker; c) less than weekly; d) at least weekly and e) daily.
- Two thirds (66 per cent) of Tasmanian adults had never smoked. Seventy percent (70 per cent) of women had never smoked, 62 per cent of men had never smoked.
- Three in ten (31 per cent) moderate-risk and problem gamblers (combined) reported that they smoke daily, compared with 10 per cent of non-gamblers.

Other substances, such as anti-depressants, sleeping pills, marijuana and any other illicit substances

- Almost four fifths (78 per cent) of Tasmanian adults reported that they had not consumed any medication or illicit substances in the past four weeks. A quarter (26 per cent) of women, and 18 per cent of men, said they had taken at least one medicine or illicit substance.
- Anti-depressants were most common, taken by 14 per cent of the Tasmanian adults.

- Almost two fifths (37 per cent) of moderate-risk and problem gamblers (combined) reported having used one or more medical or illicit substances.

The Kessler Psychological Distress Scale (K6)

- All respondents were asked to respond to six statements (K6) relating to the experience of psychological distress within a past 30-day's time-frame. Items related to: feeling nervous, hopeless, restless or fidgety, worthless, depressed, or that everything was an effort.
- Three levels of distress (no or low distress, moderate, and high) were calculated, based on respondents' responses to the K6.
- Feeling nervous was the most commonly reported statement, with 53 per cent of Tasmanian adults saying that they had felt nervous during the past 30 days. This was followed by feeling restless or fidgety (49 per cent), and finding everything to be an effort (48 per cent).
- Almost half (45 per cent) of moderate-risk and problem gamblers (combined) were classified as 'moderate distress' based on the K6, and a further 20 per cent were classified as 'high distress'.

Overall attitudes towards the impact of gambling on the community

- Two statements were used to measure attitudes towards the impact of gambling on the community. Half the sample was asked their level of agreement with the statement that 'gambling has done more good than harm for the community'; while the other half was asked the inverse (i.e. whether gambling has done more harm than good). Responses to these two questions were combined for analysis of the sample overall, and are reported in terms of agreement with the statement, 'Gambling has done more harm for thecommunity than good'.
- Four fifths (80 per cent) of the Tasmanian population strongly agreed or agreed with the statement, including 77 per cent of gamblers and 83 per cent of non-gamblers.
- Bingo players (56 per cent), and EGM players (70 per cent) were significantly less likely than other gamblers (77 per cent) to agree with the statement.

Gamblers' enjoyment of gambling

- More than four in five (85 per cent) gamblers indicated that gambling had made no difference to their life. One in ten (10 per cent) reported that gambling had made their life a lot or a little more enjoyable, and 4 per cent said that gambling had made their life a lot or a little less enjoyable.
- Moderate-risk and problem gamblers were divided in opinion: 28 per cent felt that gambling had made their life alot or a little more enjoyable, while 31 per cent of them said gambling had made their life less enjoyable.

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It was a requirement that the draft reports ─ Volumes 1 and 2 ─ be submitted to two independent peer reviewers. We record our appreciation of the contribution provided by the peer reviewers.

Finally, to the many citizens of Tasmania who participated in the telephone survey and prevalence survey, we thank you for your contribution.

SACES was the lead agency that ultimately was responsible for signing off on the study, but we wish to acknowledge the team members of the consortium, ENGINE Asia Pacific, Centre of Policy Studies (CoPS), Dr.Paul Delfabbro of the Psychology Department of the University of Adelaide and Corinna Economic Consultancy. The final reports reflect the contributions of members of the consortium.

Note:
The Prevalence Survey was conducted in October to November 2020. When referring to reporting of the results of the survey in both Volumes 1 and 2 we use the description Prevalence Study (2020).

The Fifth SEIS study reports are referred to and dated as 2021 in accordance with the release date.

Abbreviations

ABS	Australian Bureau of Statistics
AGC	Australasian Gaming Council
ATM	Automatic Teller Machine
CGE	Computer General Equilibrium
CoPS	Centre of Policy Studies
CPGI	Canadian Problem Gambling Index
CSL	Community Support Levy
DT&F	Department of Treasury and Finance
EGMs	Electronic Gaming Machines (or "Pokies")
GDP	Gross Domestic Product
GHM	Gambling Harm Measure
GSP	Gross State Product
GSP	Gambling Support Program (in the Department of Communities)
GTA	Gambling Technologies Association
HDI	Household Disposable Income
HES	Household Expenditure Survey
LGA	Local Government Areas
NGR	Net Gaming Revenue (which is player loss)
OLS	Ordinary Least Squared regression
PC	Productivity Commission
PGSI	Problem Gambling Severity Index
RST	Racing Services Tasmania
RWA	Responsible Wagering Australia
SACES	South Australian Centre for Economic Studies
SEIFA	Socio-Economic Index for Areas (ABS)
SEIS	Social and Economic Impact Study
SLA	Statistical Local Area
SGHS	Short Gambling Harm Scale
SOGS	South Oaks Gambling Screen
TasCOSS	Tasmanian Council of Social Services
TGES	Tasmania Gambling Exclusion Scheme
THA	Tasmanian Hospitality Association
TLGC	Tasmanian Liquor and Gaming Commission
TGES	Tasmanian Gambling Exclusion Scheme
VGS	Victorian Gambling Screen

1 Introduction

1.1 Study overview

The Department of Treasury and Finance (Treasury) on behalf of the Tasmanian Government awarded a competitive tender to the South Australian Centre for Economic Studies (SACES) of the University of Adelaide to undertake the Fifth Social and Economic Impact Study (SEIS) of gambling in Tasmania. The research was undertaken by a consortium of researchers: the South Australian Centre for Economic Studies (SACES) in conjunction with the School of Psychology at the University of Adelaide, Centre of Policy Studies (CoPS) at Victoria University, ENGINE a specialist in undertaking large scale surveys and Saul Eslake, an economist resident in Tasmania.

Under section 151(5) of the *Gaming Control Act 1993* (the Act) the Treasurer must:

a) cause an independent review[5] of the social and economic impact of gambling in Tasmania to occur every three years; and
b) cause the findings of the review (or a report of those findings) to be tabled in each House of Parliament within 20 sitting days of that House after the completion of that review.

Table 1.1 lists the research commissioned by the Tasmanian Government and that conducted by the Australian Productivity Commission (2 studies) covering the Tasmanian gambling environment since 1994. The sequence of the five research studies since 2008 have each time conducted research into the social and economic impacts of gambling combined with a prevalence survey.

Table 1.1 Gambling Studies: Tasmania

Year of Release	Type of Study	Consultant
1994	P	Australian Institute for Gambling Research, Roy Morgan Research
1996	P	Australian Institute for Gambling Research, Roy Morgan Research
1999	S/E, P	Australian Productivity Commission (First National Study)
2000	P	Roy Morgan Research
2005	P	Roy Morgan Research
2008	S/E, P	South Australian Centre for Economic Studies (SACES)
2010	S/E, P	Australian Productivity Commission (Second National Study)
2012	S/E, P	Allen Consulting Group (now ACIL ALLEN Consulting)
2015	S/E, P	ACIL ALLEN Consulting
2017	S/E, P	ACIL ALLEN Consulting
2021	S/E, P	South Australian Centre for Economic Studies (SACES)

Note: S/E = social/economic/broader study; P = Prevalence study.

1.2 Previous Studies 2008 to 2017

The first SEIS study commissioned by the Department in 2007, was prepared by the South Australian Centre for Economic Studies and was released in July 2008. It included a general overview of the impact of gambling in Tasmania and an assessment of the broad economic, financial and social impacts, as well as a prevalence survey of gambling and problem gambling. A range of harm minimisation measures were introduced in response to the findings of the study, including the Responsible Gambling Mandatory Code of Practice for Tasmania.

The second study commissioned in 2010 was prepared by the Allen Consulting Group, in collaboration with external experts, and was released in March 2012. It built upon the first study by examining changes in gambling behaviour (through a prevalence survey) and economic and social impacts since the first study. It assessed the effectiveness of Tasmania's harm minimisation measures and presented a potential framework for ongoing evaluation. An in-depth examination of the impacts of gambling in eight selected local government areas was included. A separate study was also conducted to assess sentencing options for gambling-related crime and to improve data collection of gambling-related crime in Tasmania's courts and prisons.

The third SEIS was commissioned in 2013 and was prepared in two parts by a consortium led by ACIL Allen Consulting Pty Ltd. Part A was released in March 2015 and updated key aspects of the earlier studies, as well as conducting a prevalence survey. Part B was released in November 2015 and provided an assessment of the harm minimisation measures implemented since the first study. It concluded a longitudinal study that surveyed the same participants three times, initially as part of the second study.

[5] Under the Act, the term 'independent review' means a 'review by persons (only one of whom may be employed by the State of Tasmania or a State Agency) who, in the Treasurer's opinion, possesses appropriate expertise or qualifications to carry out the review'.

The fourth SEIS was commissioned in 2016 and was prepared by ACIL Allen Consulting in collaboration with Deakin University, Central Queensland University and the Social Research Centre. It comprised two Volumes; Volume 1 focusing on the policy context and structure of the gambling industry, trends in gambling expenditure and government revenue, and the economic footprint of the gambling industry, and Volume 2 detailing the 2017 SEIS prevalence survey results, reporting on interviews with gamblers and affected others.

1.3 Terms of Reference for Fifth SEIS 2021 Study

The consultants were provided with the following terms of reference:

a) Provide an analysis of key trends 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 behaviour; and revenue; and
b) Undertake a gambling prevalence study to enable comparisons with previous Tasmanian prevalence studies.

In the conduct of the study the members of the consortium were required to:

- undertake consultation with stakeholders;
- invite written submissions from the community and the industry;
- conform with the national definition of problem gambling as endorsed by the Ministerial Council on Gambling, which is "problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community"[6];
- provide estimates of gambling prevalence using "the Canadian Problem Gambling Index", and sampling methodology which is consistent with the fourth SEIS unless best practice suggests otherwise;
- provide a draft report subject to independent peer review before it is finalised;
- provide a final report that is statistically valid and rigorous, and include analysis and conclusions in relation to the findings;

The final scope of work for the consultancy services was developed between the Department and the successful Tenderer. The onset of the COVID-19 pandemic resulted in a delay in commencement of the study and had other impacts that were addressed during the course of the study. As a result, the completion date was extended to 30 June 2021.

Public consultation on the implementation of the Government's Future Gaming Market policy from 1 July 2023 is being progressed as a separate process.

1.4 Structure of the 2021 Tasmanian SEIS

In keeping with the four previous Tasmanian SEIS studies this research corresponds with the Terms of reference and is presented in two Volumes:

— Volume 1 (this report) provides an overview of the Tasmanian gambling industry, the policy context, the regulatory environment and structure of the industry, a summary of community and industry issues provided in the submissions and consultations, analysis of trends in gaming expenditure, assessment of economic and social impacts of the gambling industry, modelling on the net impacts of gambling and final comments and conclusions.

— Volume 2 considers the 2020 SEIS prevalence survey, methodology and results including a comparison of findings with earlier prevalence surveys.

1.5 Public Submission and Consultations

Written submissions to inform the Fifth SEIS were sought through a variety of communication channels including print media (the *Mercury*), websites (both SACES and Treasury) and direct emails to key stakeholders, including those who provided a submission to the 2017 study. This approach was consistent with that undertaken for the 2017 Study. A background discussion paper was also promoted through the Gambling Support Program social media, and peak bodies (the Local Government Association of Tasmania and the Tasmanian Hospitality Association) were asked to distribute the paper and promote to their members. Circulation through a range of channels ensured that there was awareness of the discussion paper state-wide.

The discussion paper provided information about the study, background information on the structure of the industry and recent trends, industry developments and consideration of the benefits and costs of gambling including harm minimisation measures. The paper posed key questions and issues when inviting public

[6] The definition was developed by SACES in 2005 and adopted by the Ministerial Council later that year.

submissions (see Appendix B). Additional questions were provided for public guidance on request (see Appendix C and follow up questions for interviews are provided at Appendix D).

A total of 49 community submissions were received and a further 18 from community agencies, charitable, welfare and gambling help service agencies, industry and industry associations, local government and representative individuals. The public submissions are available on the Treasury website.

COVID-19 restricted face-to-face interviews, however the researchers were able to travel to Tasmania in the week commencing 8 February 2021 and conducted interviews with industry groups (e.g. Federal Hotels Group, THA, and Network Gaming), the Tasmanian Liquor and Gaming Commission, with councils and the Local Government Association, welfare and problem gambler help service providers, and the Department of Communities. Questions for interview were consistent with the 2017 study for comparative purposes except where we sought clarification of issues raised in the current submissions.

In addition to written public submissions the researchers wrote to various stakeholders requesting information and/or clarification of issues raised in the written submissions. All agencies that were visited by the researchers had provided written submissions. A list of written submissions received is shown at Appendix E. Analysis of written submissions and personal interviews is presented in Chapter 3 of this report.

1.6 Methodology and research activities, analysis, structure of Volume 1 report

The research methods to prepare this report included the following:

a) Review of national and state data to analyse trends in the Tasmanian gambling industry.
b) Collation and review of Tasmanian agency administrative data.
c) Call for public submissions supported by a discussion paper, consultation with industry and community stakeholders.
d) Computer General Equilibrium (CGE) modelling of the economic and social impacts of the Tasmanian gambling industry.
e) Review of literature on social and economic impact assessment.
f) Incorporation of results from the 2020 prevalence study.

These stages provide the structure for this Volume 1 report:

Chapter 1: Introduction
Chapter 2: Overview of the Gambling Industry
Chapter 3: Findings from Stakeholder Consultations and Public Submissions
Chapter 4: Expenditure on Gambling Activities
Chapter 5: Economic Impacts Assessment
Chapter 6: Gambling Support and Harm Minimisation
Chapter 7: Quantifying the Social and Economic Impacts of Gambling in Tasmania

Volume 1 also includes 9 Appendices:

Appendix A: Joint Parliamentary Select Committee on Future Gaming Markets
Appendix B: Discussion Paper: Fifth Social and Economic Impact Study of Gambling in Tasmania.
Appendix C: Additional Questions for Public Guidance: Submission to the 2021 Social and Economic Impact Study into Gambling in Tasmania.
Appendix D: Interview schedules for the Fifth Social and Economic Impact Study (SIES) in Gambling, Tasmania 2021.
Appendix E: Stakeholder list for the Fifth Social and Economic Impact Study.
Appendix F: Tasmania's Economy: An Overview.
Appendix G: Characteristics of Casino Gambling in Tasmania – A Brief Recap.
Appendix H: Issues in the Conceptualisation and Measurement of harm.
Appendix I: Dynamic VU-TERM: depicting small regions in computable general equilibrium framework.

1.7 Differences from previous Social and Economic impact studies

The previous study included an assessment of the economic impact of gambling using direct and indirect impacts of gambling expenditures through the supply chain. While this analysis enhances understanding of the supply chain linkages of variations in gambling expenditures, it fails to pick up on diversions of expenditure that may occur when gambling policy changes. For example, policies that have the effect of curtailing gambling expenditure are likely to have the side effect of boosting expenditures on other recreational activities in regional communities, since households spend the money elsewhere.

Moreover, the input-output approach used previously (SEIS 4, 2017) measures costs but does not assess the welfare gains that arise when consumers are able to allocate their consumption in ways that they prefer. Nor does it deal effectively with government budgetary impacts and the constraints that they impose because input-output models assume no resource constraints and hence no competition for resources. This is not realistic as for example, money spent on gambling is at the expense of other budgetary items such as expenditure on food, schooling or health.

We believe that policy advice will be more meaningful if it can address these issues. For this reason, we applied computable general equilibrium modelling to two hypothetical gambling policy changes. The CGE modelling provided a cohesive framework that allowed us to identify:

(a) the impacts on and through the gambling sector of policy changes.
(b) the net impacts of policy changes, taking into account the displacement of consumer spending to other services.
(c) the welfare costs/benefits of changes to the allocation of consumer spending – drawing on the Productivity Commission's work in this area. While somewhat dated in terms of its statistical content, is still a useful methodological framework.
(d) the implications of alternative allocations of monopoly/regulatory rents arising from gambling e.g. whether (a) paid into the State budget to replace other revenue sources or finance new spending or (b) conferred on private sector parties to their private benefit.

The CGE model also allows a more sensible treatment of government revenues, e.g. imposing a balanced budget requirement.

1.7.1 Method to improve true measurement of harm

In the previous Tasmanian prevalence survey, harm was measured using the Short Gambling Harm Scale. This measure provides a generic or non-specific measure of harm based on a 10-item checklist. The harms captured by this measure are mostly low to moderate severity. Several of them come very close to substitution effects rather than true harm or opportunity costs (e.g. gambling reduces savings, expenditure on other recreational activities or time spent engaging in other activities). The measure does not differentiate between different types of harm or the severity of harm.

The 2020 survey introduces a newly developed measure of harm (Delfabbro, Williams, & Parke, 2020) which differentiates between different domains of harm: financial, psychological, relationship, physical health, work and study and legal. Within the first five categories (not legal harms) respondents indicate the level of harm using a stepped method: (a) over-prioritisation; (b) strains and pressures; and (c) severe harms. The content of these items as well as the conceptual framework built upon the earlier work on Browne et al. (2016) and Langham et al. (2016).

2 Overview of the Gambling Industry

Policy and Regulatory Environment

Gambling activities in Tasmania are governed by three State acts: the *Gaming Control Act 1993*, the *TT-Line Gaming Act 1993* and the *Racing Regulation Act 2004*.

The Tasmanian Liquor and Gaming Commission (TLGC) is the independent regulator responsible for the regulation of gambling in Tasmania in accordance with the *Gaming Control Act 1993*. One of its functions is to foster responsible gambling and minimise the harm from problem gambling. Meanwhile, the Office of Racing Integrity is responsible regulating thoroughbred, harness and greyhound racing, while the Department of Communities Tasmania is responsible for administering the Gambling Support Program, which is funded by the Community Support Levy.

A Joint Parliamentary Select Committee on Future Gaming Markets was established in August 2016 and reported to the Tasmanian Parliament in 2017. The Inquiry considered, *inter alia*, the future of gaming markets in Tasmania post 2023. Following the Committee's report and during the 2018 Tasmanian State election the Government announced that the Tasmanian gaming industry would be restructured. Implementation of the new policy has been deferred in response to the COVID-19 outbreak.

Industry Structure and Characteristics

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 and a range of minor gaming activities.

While the industry is mature in terms of the range of products that are available and community participation in gambling, in the case of EGMs it differs substantially from other states in that the ownership and monitoring structure is monopoly owned by a private company, the Federal Group.

At 30 June 2020 there were 3,521 EGMs in 97 venues including hotels and clubs, the two casinos, and two Spirit of Tasmania vessels. Other commonly available forms of gambling in terms of their presence in venues include keno (152 venues), race wagering (121 TAB retail outlets), and lotteries (93 lottery outlets).

The general gambling environment in Tasmania is very similar to other states and territories. A point of differentiation relates to the general availability of gaming machine gambling. Tasmania has a lower density of gaming machines (8.5 machines per 1,000 adults) in comparison with Australia as a whole (9.8 machines per 1,000 adults). The lower penetration rate for Tasmania is entirely due to a much lower prevalence of gaming machines in clubs (0.3 machines per 1,000 adults versus 5.6 machines for Australia). On the other hand, Tasmania has a higher density of gaming machines in both hotels and casinos relative to other states.

A notable characteristic of the Tasmanian gaming machine environment is the high degree to which machines are located in casinos at 34 per cent compared to an Australian average of 7.0 per cent.

There has been a notable decline in the number of gambling venues since the last SEIS. In December 2020 there were 174 gambling venues in Tasmania, down from 189 in 2017. This represents a decline of 7.9 per cent or 15 venues, and was brought about by reductions in hotels (down 13 venues) and clubs (down 2 venues).

The structure of the hotel sector is quite diverse with almost three quarters of venues being licensed by a single entity. The notable outlier is the Federal Group, which holds licences for 12 venues.

Gambling Behaviour and Participation

The 2020 prevalence survey indicates that 47 per cent of adults in Tasmania participated in some form of gambling in the 12 months prior to the outbreak of COVID-19. The most popular form of gambling in terms of participation by adults was buying lottery tickets in person or online (37 per cent). The next most common types of gambling were playing keno at a club, hotel or casino (17 per cent), buying instant scratches (11 per cent), and playing pokies or poker machines (9 per cent).

Participation in gambling has fallen away since the fourth SEIS. The proportion of adults participating in some form of gambling fell by 12 percentage points between 2017 and 2020. Lower participation was evident across almost all forms of gambling. The largest declines occurred in respect of instant scratches (down 10 percentage points), EGMs (down 10 percentage points), and keno (down 9 percentage points). Participation in all other forms of gambling either held steady or fell slightly.

There was little evidence of a shift to online forms of gambling with only 5 per cent of respondents indicating that they used the internet to place a wager or engage in online gaming. Moreover, of those who gambled online a greater proportion reported that they had decreased rather than increased their expenditure in response to the pandemic.

The results of the Tasmanian prevalence study are generally consistent with other Australian studies which point to people gambling less frequently during the initial lockdown period of the pandemic.

2.1 Tasmania Policy and Regulatory Environment

The provision, supervision and control of gambling activities in Tasmania are governed by three State acts:

- *Gaming Control Act 1993* – permits and controls most forms of gaming and wagering, including casino gaming, gaming machines, keno, lotteries, totalizator wagering, fixed odds sports betting and race wagering, betting exchange wagering and minor gaming.
- *TT-Line Gaming Act 1993* – allows specifically for gaming on the Spirit of Tasmania vessels operated by TT-Line Company Pty Ltd, which is a government business enterprise responsible for operating a shipping service to and from Tasmania.
- *Racing Regulation Act 2004* – regulates thoroughbred, harness and greyhound racing and associated on-course betting activities.

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*. One of the Commission's functions under section 125 of the Gaming Control Act is to foster responsible gambling and minimise the harm from problem gambling. The Commission oversees a suite of measures and procedures to protect people from gambling harm, including the industry *Responsible Gambling Mandatory Code of Practice for Tasmania*, and a gambling exclusion scheme. Recent changes relating to harm minimisation measures are summarised in Box 2.1.

The Office of Racing Integrity, a division of the Department of Primary Industries, Parks, Water and Environment, is responsible for maintaining the probity and integrity of thoroughbred, harness and greyhound racing in accordance with the *Racing Regulation Act 2004*. The General Manager of Racing Integrity is appointed to the statutory role of Director of Racing established by the *Racing Regulation Act 2004.*

Box 2.1 Tasmanian Liquor and Gaming Commission Policy Changes Relating to Harm Minimisation Measures

Amendments to the Responsible Gambling Mandatory Code of Practice for Tasmania:

- Effective from 31 March 2018, the Code was amended to require that all advertising of gambling products must not portray, condone or encourage gambling in combination with the consumption of alcohol (where celebration is portrayed inside a gambling venue).

- In 2018, amendments to the Code resulting from the first review (2017 Review) were implemented by the Tasmanian Liquor and Gaming Commission in two phases: May 2018 and November 2018.

  Included among the key measures that took effect from May 2018:

  - prohibiting licence holders from providing incentives/benefits to staff or any persons working in the licensed premises as a reward for encouraging patrons to gamble (new requirement);
  - prohibiting alcohol being served at any time to customers playing, seated or standing at a gaming machine in hotels and clubs (strengthened requirement); and
  - EFTPOS cash withdrawal transactions at venues are limited to $200 for payment of accommodation; $200 for payment of main meals served in prescribed areas; and $100 per customer per day for any other purpose (strengthened requirement) (TLGC, 2018, pp.9 and 10).

  The measures that took effect from November 2018, to allow operators sufficient time to implement the required changes and for patrons to adjust to the new practices include:

  - gambling related contact must not be initiated with player loyalty program members who have not gambled within the previous six month activity statement period and any form of non-gambling communication must not refer to gambling in any way (new requirement);
  - activity statements for player loyalty programs must contain prescribed minimum information about the player's gambling history, not contain gambling advertising or any other irrelevant information, and must be delivered to the member's home postal address twice yearly, unless the previous dot point applies (strengthened requirement);
  - gaming machine jackpot prize amounts in hotels and clubs have maximum limits (new requirement);
  - cheques cannot be cashed by the venue unless the customer is an international visitor or an exemption has been approved by the Commission to allow cheques to be cashed (new requirement); and
  - coin change machines must be located in the line of sight of the venue's main staffed areas and in the position approved by the Commission (new requirement). (TLGC, 2019, p.9)

- In 2019, the Commission approved an amendment restricting EFTPOS cash withdrawals in hotels/clubs to one transaction, per customer, per day up to a maximum $200 for any purpose (effective 1 June 2019). The revised measure continues to provide a safeguard to excessive gambling by placing a firm limit on access to cash and is more restrictive than the requirements prior to 2018, which only limited EFTPOS withdrawals to $200 for gambling purposes.

- In 2020, the Commission clarified the treatment of cashless technology under the Code. Bank deposits, electronic funds transfers and similar digital payments must not be accepted from customers for gambling purposes. This amendment ensures customers are only able to access additional funds through typical withdrawal methods such as ATMs and EFTPOS, which have withdrawal limitations.

New national consumer protection measures for online wagering:

- On 26 November 2018 the Tasmanian Government endorsed the National Consumer Protection Framework for Online Wagering in Australia to provide a minimum level of player protection across Australia and complement Tasmania's existing harm minimisation framework. It directed the Commission to prescribe changes to the Code, rules and other technical instruments. The first six harm minimisation measures have been implemented, with the remaining four measures, including a National Self-Exclusion Scheme Register, scheduled for implementation by the end of 2021 subject to completion of research, testing and passing of legislation.

Review of the Premium Player Program

- The Commission has reviewed the operation of the Casino player loyalty program. A major outcome of the review is the introduction of mandatory pre-commitment for premium players that will be nation leading. The Commission approved a new set of Rules and Standards for the operation of the premium loyalty program with a start date set for 1 May 2020 but the impacts of the COVID-19 pandemic intervened and casinos were closed from March – June 2020. Following the re-opening of the casinos, the Commission approved a new start date for implementation of the Program, including the introduction of mandatory pre-commitment, for 1 November 2020 with full implementation by 1 September 2021.

The Department of Communities Tasmania is responsible for administering the Gambling Support Program, which provides a range of support services in response to the risks and harms posed by gambling, community education, community grants, policy development and research. The Program is funded by the Government's Community Support Levy under the Gaming Control Act (refer to Chapter 6).

2.2 Recent Developments in Tasmanian Gambling

Findings of the Joint Select Committee on Future Gaming Markets
The Joint Parliamentary Select Committee on Future Gaming Markets was established in August 2016 and reported to the Tasmanian Parliament in 2017. The Inquiry was primarily focused on electronic gaming machines (EGMs) and the future of gaming markets in Tasmania, post 2023. In a broad ranging inquiry, the Committee received 148 public submissions, and held public hearings in Tasmania and discussions in other States.

Twenty-three recommendations were agreed by a majority decision in response to the terms of reference. The recommendations are included at Appendix A. In broad terms the recommendations covered the following issues:

a) consideration of a reduction in EGMs from hotels and clubs by July 2023;
b) duration of EGM licences;
c) extend the time period for the Social and Economic Impact Studies into gambling;
d) review matters related to the Community Support Levy;
e) address matters related to the casino licences including any future licences;
f) consideration of tax arrangements (rates, sliding scale); and
g) a venue operator model is desirable for EGMs.

Future Gaming Market Reforms
Following the report of the Joint Select Committee and during the 2018 Tasmanian State election the Government announced its policy to restructure the Tasmanian gaming industry. A Future Gaming Market regulatory model was outlined to be implemented from July 2023.

The Tasmanian Government announced on 28 March 2020 a deferral of its Future Gaming Market policy due to COVID-19 outbreak. The project has recommenced and legislation is expected to be introduced in the second half of 2021.

The future gaming market model includes the following:

- a decrease in the State-wide cap for EGMs of 150;
- the creation of individual venue licences to operate EGMs in hotels and clubs;
- two new high roller non-resident casino licences;
- more appropriate distribution of returns;
- tender of the rights to operate the monitoring of the hotel and club EGM network;

- increased future funding to improve harm minimisation;
- exclusivity under the Deed removed;
- increased CSL including extending to casino EGMs; and
- licence terms up to 20 years.

The Department of Treasury and Finance released a Public Consultation Paper titled the *Future of Gaming in Tasmania (2020*) which invited public submissions on the proposed regulatory model that will implement the policy. A second stage of consultation on an exposure draft of the amending legislation will occur prior to its introduction to Parliament.

Other recent developments

Implementation of a Point of Consumption Tax
A point of consumption (POC) tax on wagering in Tasmania commenced from 1 January 2020. The POC tax applies to all betting operators licensed in Australia on wagering revenue from Tasmanian bets. The POC tax restructured the previous wagering levy arrangements with Tasmania's only wagering licence holder (UBET TAS Pty Ltd).

2.3 Tasmanian Gambling Industry Structure, Characteristics and Trends

2.3.1 Historical Development

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.

Box 2.2 provides a timeline of the major events that have contributed to the development of the gambling industry. Tasmania was the first state to allow casinos initially in Hobart in 1973 and then Launceston in 1982. Western Australia followed in 1985 with the Burswood casino followed by Victoria with the Crown casino in temporary premises in 1994 and Sydney with The Star casino in 1995. Land based EGM gambling in hotels and clubs was introduced in 1997 and today there are 93 hotel and club venues with EGM gambling facilities, 2 casinos and EGM gambling on the two Spirit of Tasmania Vessels (N=97 venues in total).

The early establishment of casinos in Tasmania provided the gambling industry with a point of differentiation compared to other jurisdictions. Through the 1980s and 1990s casinos were progressively established across all other jurisdictions in Australia. The Australian casino industry had effectively matured by the mid-1990s and no new casinos have been established since 1996. This situation was set to change with Crown Resorts Limited planning the imminent launch of its new Crown Sydney high roller casino, but these plans are now in limbo after the NSW Independent Liquor and Gaming Authority determined that the company was unfit to hold the second Sydney casino licence (Crown Resorts Limited, 2021) following a public inquiry. The casino may go ahead if Crown can demonstrate it has addressed the significant concerns raised.

While the Tasmanian gambling industry is a mature industry in terms of the range of gambling products available and the level of community participation in gambling, in the case of EGMs it differs substantially from industry structures found in other states in that the ownership and monitoring structure is a monopoly owned by a private company, the Federal Group. A Deed of Agreement provides the Federal Group with the exclusive right to conduct casino operations, operate EGMs and conduct games of keno in Tasmania. The Deed commenced in 2003 and ran for 15 years, followed by a five-year "rolling term". The first rolling term commenced on 1 July 2018, and automatically renews annually thereafter if the Minister responsible for the Gaming Control Act does not exercise discretion to cease the rolling term. As the owner of all EGMs in the state (including those operating in hotels and clubs), the Federal Group has a role in assessing the commercial viability of any application to operate EGMs in a venue. However, ultimately the decision to approve this resides with the TLGC.

Box 2.2 Tasmanian Gambling Industry – Timeline of Major and Recent Events

Major Events	
1973	First casino in Australia opens in Hobart (Wrest Point Casino)
1974	Off-course TAB betting introduced
1975/76	Pools, Tattslotto introduced
1978	Instant scratchies introduced
1982	Country Club Casino opened in Launceston
1986	Casino-style gaming machines introduced to casinos
1990	Keno introduced in casinos
1993	Gaming Control Act and First Deed of Agreement established – provides legal framework for the introduction of EGMs in hotels and clubs
1993	Modern style EGMs introduced to casinos
1993	EGMs introduced on Bass Strait Ferry
1994	Keno introduced in hotels and clubs
1997	EGMs introduced in hotels and clubs, commencement of Community Support Levy
2001	New integrated Tasmanian Gambling Exclusion Scheme introduced in August, building on existing industry-operated self-exclusion scheme
2003	Statewide cap on gaming machines introduced, Second Deed of Agreement
2006	Betfair awarded licence to operate Australia's first betting exchange
2008	First Social and Economic Gambling Impact Study
2012	*Responsible Gambling Mandatory Code of Practice for Tasmania* introduced to minimise harm from gambling
2016	Betfair relinquishes Tasmanian Gaming Licence
2017	Community Interest Test introduced in September 2017 which applies to hotels and clubs seeking to possess EGMs for the first time or have not operated for last six month period
2017	First review of the *Responsible Gambling Mandatory Code of Practice for Tasmania* completed
2017	Report of the Joint Parliamentary Select Committee on Future Gaming Markets
2018	Future of EGMs in hotels and clubs is an election issue in the lead up to the State election in March
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	*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 the outbreak of COVID-19

From 1999, the Federal Group commenced purchasing hotels with EGMs under the entity the Vantage Group. The group "bought four hotels before 2003 and another eight after this time and all twelve were within Tasmania's top twenty-three poker machine establishments in terms of turnover."[7] In 2002, the regulator advised that it would not allow Federal Group to operate Licenced Premises Gaming Licences (hotels and clubs with gaming) that would cause more than 25 per cent of the total number of EGMs to be held by the group.

2.3.2 Structure and Available Gambling Activities

Table 2.1 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 vessels. Other commonly available forms of gambling in terms of their presence in venues and outlets are keno (152 venues), race wagering (121 TAB retail outlets), and lotteries (93 lottery outlets).

The two major gambling operators regulated in Tasmania are the Federal Group and Tabcorp Holdings Ltd (Tabcorp).

The Federal Group has exclusive rights to conduct casino operations (Wrest Point Hotel Casino and Country Club Casino) and to operate a network of keno and gaming machines in Tasmania through its casinos and in hotels and clubs until 30 June 2023, as part of a 2003 Deed of Agreement. Federal Group is a private company owned and operated by the Farrell family. It has various hospitality and tourism oriented businesses, including the Saffire Freycinet luxury resort, MACq 01 Hotel, and Henry Jones Art Hotel. Through its Vantage Hotel

[7] Boyce. J., *Losing Streak: How Tasmania was Gamed by the Gambling Industry* p113

Group business unit, Federal Group operates 12 community based hotels across Tasmania and 20 9/11 Bottle shop retail liquor stores. The company also owns Network Gaming which manages the distribution and monitoring of gaming machines and keno in hotels and clubs throughout Tasmania. Across its whole business in Tasmania, it is estimated that Federal Group directly employed 1,325 full-time equivalent persons in 2015-16, of which 792 were employed by the gaming business area (Federal Group, 2020).[8]

Table 2.1: Gambling Activities in Tasmania – as at 30 June 2020 (unless otherwise stated)

Activity	No of venues or outlets	Number
Electronic Gaming Machines		
- Casino[(a), (b)]	2	1,185
- Hotels and Clubs[(b)]	93	2,300
- Spirit of Tasmania Vessels[(a), (b)]	2	36
Electronic Gaming Machines Total	**97**	**3,521**
Casino table games[(c)]		
- Wrest Point Hotel Casino	1	24
- Country Club Casino	1	12
Casino Table Games Total	**2**	**36**
Lottery outlets[(d)]		
- Golden Casket and Tattersalls	85	na
- Golden Casket only	8	na
Lottery Outlets Total	**93**	**na**
Keno venues[(e)]		
- Casinos	2	na
- Hotels	127	na
- Clubs	23	na
Keno Venues Total	**152**	**na**
Race wagering		
- TAB retail outlets[(e)]	121	na
- On-course bookmakers[(f)]	6	na
Race Wagering Total	**127**	**na**
Minor gaming permits[(b)] Total	**Na**	**273**

Note: na = not applicable.
(a) Department of Treasury and Finance, Gaming and Wagering Industry Data, https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/gaming-and-wagering-industry-data
(b) Department of Treasury and Finance (2020), unpublished data.
(c) Department of Treasury and Finance, Table Gaming Activities in Tasmanian Casinos, https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/table-gaming-activities-in-tasmanian-casinos, data correct as of 9 November 2020.
(d) Department of Treasury and Finance, Lottery in Tasmania Premises, https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/lottery-in-tasmanian-premises, data correct as of 26 February 2021.
(e) Department of Treasury and Finance, Gambling Industry Data, List of gaming venues in Tasmania.XLSX, https://www.treasury.tas.gov.au/Documents/List%20of%20gaming%20venues%20in%20Tasmania.XLSX, data correct as at 10 December 2020.
(f) Racing Australia (2020), Factbook 2019/20, data for 2019/20.

Tabcorp is the holding company of several subsidiary companies that have operations in Tasmania, including UBET TAS Pty Limited (rebranded as TAB), Tattersall's Sweeps Pty Ltd, Golden Casket Lottery Corporation Limited, eBet Gaming Systems Pty Ltd, and Byecraft Systems Pty Ltd. 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. Tattersalls Sweep's Pty Ltd is the official licensed operator of lotteries in Victoria, through which it also operates lotteries in Tasmania and the Northern Territory. It was one of five licensed lottery businesses owned by Tatts Group, which merged with Tabcorp on 22 December 2017 (TattsGroup, 2017).[9] Tabcorp (2020) advises that it employed more than 50 Tasmanians in 2019-20.

The general gambling environment in Tasmania is very similar to other states and territories – see Table 2.2, which shows forms of gambling undertaken in each state and territory. Tasmanians effectively have access to the same types of gambling that are available in most other states and territories. The main differences arise on the supply side of the industry. Most notably, Tasmania has no dedicated providers of major lotteries operating in the state. Instead, two interstate based providers – Tattersalls Sweeps Pty Ltd in Victoria and Golden Casket Lottery Corporation Limited in Queensland – hold foreign games permits that allow their game and lottery products to be sold in accredited venues in Tasmania (Queensland Treasury, 2019).

8 More recent estimates in terms of headcount indicate that Federal Group employs 2,000 people, 1,700 of which are employed in respect of gaming oriented businesses such as the casinos, Vantage Hotel Group and Network Gaming. The FTE head client for the two casinos and Network Gaming was 750 as at March 2021.

9 In terms of Tabcorp's other businesses, eBet Gaming Systems provides gaming technology services to gaming venues, while Byecraft Systems provides repair and maintenance services, gaming systems and other interactive equipment.

Table 2.2: Forms of gambling currently undertaken, by state and territory

	NSW	Vic	Qld	SA	WA	Tas	ACT	NT
Racing and betting	✓	✓	✓	✓	✓	✓	✓	✓
Sports betting	✓	✓	✓	✓	✓	✓	✓	✓
Lotteries	✓	✓	✓	✓	✓	✓	✓	✓
Gaming machines	✓	✓	✓	✓	Casino only	✓	Hotels and clubs only	✓
Casino gaming	✓	✓	✓	✓	✓	✓	✓	✓
Keno	✓	✓	✓	✓	Casino only	✓	✓	✓
Football pools	✓	✓	✓	✓	✓		✓	✓
Interactive gaming	The Commonwealth Interactive Gambling Act 2001, which came into effect in August 2001, prohibits the supply of interactive gambling services to Australian residents. Interactive gaming exists in the Northern Territory but is available only to overseas visitors.							
Minor gaming	✓	✓	✓	✓	✓	✓	✓	✓
Betting exchange	Betting exchange wagering is currently only undertaken in the Northern Territory. Betfair surrendered its Tasmanian Gaming Licence in November 2016.							

Source: Queensland Government Statisticians Office (2019), Australian Gambling Statistics, 35th Edition.

Another area of differentiation relates to the general availability of gaming machine gambling. Tasmania has an overall lower density of gaming machines (8.5 machines per 1,000 adults) in comparison with the average for Australia as a whole (9.8 machines per 1,000 adults). As Table 2.3 shows, the lower penetration rate for Tasmania is entirely due to a much lower prevalence of gaming machines in clubs (0.3 machines per 1,000 adults versus 5.6 machines for Australia). On the other hand, Tasmania has a higher density of gaming machines in both hotels and casinos relative to clubs.

Table 2.3: Gaming machines in Tasmania and Australia, 2018-19 (operating at 30 June)

Venue Type	Estimated Number of EGMs		Estimated Machines per 1,000 adults	
	Australia	Tasmania	Australia	Tasmania
Hotels	69,220	2,218	3.5	5.3
Clubs	110,006	127	5.6	0.3
Casino	13,542	1,221	0.7	2.9
Total	**192,768**	**3,566**	**9.8**	**8.5**

Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021). Figures for Casinos in Tasmania includes the 36 EGMs operating on Spirit of Tasmania vessels.

Table 2.4: Electronic gaming machines in Australia, 2018-19 (operating at 30 June)

	Casinos		Clubs		Hotels		Total Machines	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	National Percentage
New South Wales	1,500	1.6	68,676	74.0	22,612	24.4	92,788	48.1
Victoria	2,628	9.0	12,826	44.1	13,622	46.8	29,076	15.1
South Australia	834	6.4	1,223	9.4	10,907	84.1	12,964	6.7
Queensland	3,910	8.6	22,614	49.5	19,187	42.0	45,711	23.7
Western Australia	2,466	100.0	0	0.0	0	0.0	2,466	1.3
Tasmania	1,221	34.2	127	3.6	2,218	62.2	3,566	1.8
Australian Capital Territory	0	0.0	3,823	98.7	50	1.3	3,873	2.0
Northern Territory	983	42.3	717	30.9	624	26.9	2,324	1.2
Australia	13,542	7.0	110,006	57.1	69,220	35.9	192,768	100.0

Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021).

A further notable characteristic of the Tasmanian gaming machine environment is the high degree to which machines are located in casinos. As Figure 2.1 and Tables 2.4 and 2.5 shows, a higher proportion of gaming machines in Tasmania (34 per cent) are located in casinos compared to all other states except the Northern Territory and Western Australia where EGMs are not permitted outside the casino in the latter.

Table 2.5: Electronic gaming machines in Australia in 2018-19 per 1000 adults

	Casinos	Clubs	Hotels	Total Machines
New South Wales	0.2	11.0	3.6	14.8
Victoria	0.5	2.5	2.7	5.7
South Australia	0.6	0.9	7.9	9.4
Queensland	1.0	5.8	4.9	11.8
Western Australia	1.2	0.0	0.0	1.2
Tasmania	2.9	0.3	5.3	8.5
Australian Capital Territory	0.0	11.6	0.2	11.8
Northern Territory	5.3	3.9	3.4	12.6
Australia	0.7	5.6	3.5	9.8

Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021).

There has been a decline in the number of gambling venues since the last SEIS – see Table 2.6. In December 2020 there were 174 gambling venues in Tasmania, down from 189 venues in 2017. This represents a decline of 7.9 per cent or 13 venues, and was brought about by reductions in the number of hotels (down 9.3 per cent or 13 venues) and clubs (down 8.0 per cent or 2 venues). Measures introduced to combat the pandemic such as temporary venue closures, social distancing and interstate travel restrictions have placed significant stress on social consumption industries such as hotels and clubs. This in turn may have encouraged some venues to close or relinquish their gambling licences during a period of constrained cash flows.

Figure 2.1: Proportion of Total Jurisdiction EGMs Located in Casinos, 2018-19

Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021).

Table 2.6: Gambling Venues by Type and Offerings, 2020[(a)]

	2011	2014	2017	2020
Venues by type				
Hotels	141	139	140	127
Clubs	28	28	25	23
Standalone Totalizator Agents (TAB)	19	18	20	20
Casino	2	2	2	2
Ferry (Spirit of Tasmania vessels)	2	2	2	2
Total	**192**	**189**	**189**	**174**
Venues by gambling offering				
Number of Keno only venues	37	33	37	31
Number of TAB only venues	20	19	20	20
Number of EGM only venues	2	2	2	2
EGM and Keno	34	25	24	20
EGM and TAB	0	0	0	0
Keno and TAB	31	35	32	26
All three (EGM, Keno and TAB)	68	75	74	75
Total	**192**	**189**	**189**	**174**

Note: (a) Data for 2020 as at 10 December 2020.
Source: Department of Treasury and Finance (2020b),

Of the 174 licensed venues in December of 2020 that offered EGMs, Keno or race wagering (i.e. TAB), 43 per cent provided all three forms of gambling – refer Table 2.6. The number of venues providing all three forms of gambling has increased by one since the fourth SEIS, hence all of the decline in gambling venues has occurred in venues offering two or fewer forms of gambling. The largest proportional declines have occurred in respect of venues offering Keno and TAB (down 19 per cent), EGMs and Keno (down 17 per cent), and Keno only (down 16 per cent).

Table 2.7 provides a breakdown of the gaming licence structure of hotels. The structure of the hotel sector is quite diverse with almost three quarters of venues being licensed by a single entity. Of the 100 licence holders at 10 December 2020, only seven have licences for multiple venues. The notable outlier is the Federal Group which holds licences for 12 venues, or 9.4 per cent of all hotels with a gambling licence. No other entity holds licences for more than five venues, of which there were two in December of 2020.

Table 2.7: Entities holding Gaming Licences for hotels, 2020[(a)]

Number of venues per licence holder	Number of licence holders per venues	Total venues licensed	Venues share of total venues (%)
1	93	93	73.2
2	1	2	1.6
3	2	6	4.7
4	1	4	3.1
5	2	10	7.9
6	-	-	-
7	-	-	-
8	-	-	-
9	-	-	-
10	-	-	-
11	-	-	-
12	1	12	9.4
Total	100	127	100.0

Note: (a) Data for 2020 as at 10 December 2020.
Source: Department of Treasury and Finance (2020b)

2.4 Gambling Behaviour and Participation

The 2020 prevalence survey indicates that 47 per cent of adults in Tasmania participated in some form of gambling in the 12 months prior to the global outbreak of COVID-19 (i.e. March 2019 to February 2020) – Table 2.8.[10] The most popular form of gambling, at least in terms of the proportion of adults that engaged in the activity, was buying lottery tickets either in person or online (37 per cent). The next most common types of gambling were playing keno at a club, hotel or casino (17 per cent), buying instant scratchies (11 per cent) and playing pokies or poker machines (9 per cent).

Participation in gambling has declined significantly since the fourth SEIS. The proportion of adults participating in some form of gambling fell by 12 percentage points between 2017 and 2020, from 59 per cent to 47 per cent. Although respondents were asked to report on their behaviour in the 12-month period prior to the outbreak of COVID-19 to enable comparisons with the previous SEIS, it is possible that the experience of lockdown and challenges associated with recalling specific activities over a more distant timeframe has contributed to lower participation rates being reported. While the latest result fits a pattern of long-term decline of participation in gambling activities, the fall is larger compared to previous inter-survey changes. Fitting a linear trend to the results for prevalence surveys conducted from 2008 to 2017 suggests that participation would have fallen to 53 per cent in 2020 – i.e. about 6 per cent above the actual result – if the trend from previous prevalence surveys had been maintained.

Table 2.8: Participation in gambling activities over time, Tasmania, per cent of adult population

Gambling activity	2005 (n=6,048)	2008 (n=4,051)	2011 (n=4,303)	2013 (n=5,000)	2017 (n=5,000)	2020 (n=5,009)
Electronic Gaming Machines	n/a	29	21	19	19	9
Horse or greyhound races	n/a	17	15	11	10	7
Instant scratchies	32	31	24	21	21	11
Lotteries	52	51	46	43	39	37
Keno	n/a	26	24	26	26	17
Casino table games	5	7	6	6	5	4
Bingo	2	2	2	2	2	1
Sporting or other events	4	4	4	4	4	4
Informal private games	5	5	3	3	3	3
Any other gambling activity	n/a	2	0.4	1	0.4	0.3
Any of the above gambling activities	n/a	72	65	61	59	47

Source: Fifth Social and Economic Impact Study of Gambling in Tasmania (2020), Volume 2: Prevalence Survey 2020t.

Participation in almost all forms of gambling has declined since the fourth SEIS. The largest declines occurred in respect of instant scratchies (down 10 percentage points to 11 per cent), EGMs (down 10 percentage points to 9 per cent), and keno (down 9 percentage points to 17 per cent). Participation in all other forms of gambling either held steady or fell slightly. Betting on sporting or other events has remained stable at 4 per cent throughout all prevalence surveys.

The latest prevalence survey provides little evidence of a shift to online forms of gambling with only 5 per cent of respondents indicating that they used the internet to place a wager or engage in online gaming. Moreover, there is no evidence that the temporary closure of terrestrial venues during the initial stages of the pandemic encouraged a switch to online gambling. Approximately 20 per cent of people who gambled online reported a decrease in expenditure in response to the pandemic, as opposed to around 9 per cent who reported an increase in expenditure, while the remainder felt their spending was about the same.

On the other hand, spending on venue-based gambling activities was adversely affected by venue closures and restrictions. Of those who gambled at venues, almost one-third reported a decrease in expenditure, while only about 4 per cent reported spending more than before.

The results of the Tasmanian prevalence study are generally consistent with other Australian studies which point to people gambling less frequently during the initial lockdown period of the pandemic. Further information on these studies as well as more detailed information on participation in specific forms of gambling are provided in *Volume 2: Prevalence Survey Report*.

[10] The prevalence survey was conducted in 2020, while the final report was prepared and released in 2021.

2.5 Conclusion

In summary, the Tasmanian gambling industry is a mature industry similar to other states in terms of the range of gambling products available and the level of community participation in gambling.

However, the industry is monopolised with a private company, the Federal Group, holding exclusive right to conduct casino operations, operate EGMs and conduct games of keno in Tasmania until 2023. This includes operation of EGMs and keno in hotels and clubs.

There have been some changes since the 2017 SEIS, principally a decline in the number of venues with gambling products (i.e. 13 hotels and 2 clubs) so that the number of all venues in 2020 is 174 down from 189 in 2017.

With respect to EGMs, as at the 30 June 2020 there were 3,521 in 97 venues including hotels and clubs, the two casinos, and two Spirit of Tasmania vessels. There were 152 keno venues, race wagering (132 UBET retail outlets), and lotteries (91 lottery outlets).

While similar to other states in most regards, a point of differentiation is Tasmania's lower density of EGMs (8.6 machines per 1,000 adults) in comparison with the average for Australia as a whole (10.1 machines per 1,000 adults). A lower penetration rate for Tasmania is entirely due to a much lower prevalence of EGMs in clubs (0.3 machines per 1,000 adults versus 5.8 machines for Australia).

Conversely Tasmania has a higher density of EGMs in both hotels and casinos. EGMs in the two casinos, often referred to as 'destination venues', total 34 per cent compared to the Australian average of 7 per cent.

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.

The Department of Communities Tasmania is responsible for administering the Gambling Support Program, which provides a range of support services in response to the risks and harms posed by gambling.

3. Findings from Stakeholder Consultations and Public Submissions

Community and stakeholder consultations formed an important part of the analysis undertaken in this Fifth Social and Economic Impact Study. This chapter reports the range of views expressed in that consultation on a thematic basis.

The Impacts of Gambling
It is widely acknowledged – by community respondents, community sector stakeholders, and industry stakeholders – that excessive participation in any form of gambling can lead to personal and social harms.

There are, however, very substantial differences in emphasis between stakeholder groups, both with respect to the scale of harm and the nature of concerns.

The two competing perspectives of industry, some community respondents and the community sector, are principally with respect to electronic gaming machines (EGMs). The industry rightly asserts that they are a form of entertainment for those who choose to play, and several respondents noted benefits of local venues in reducing social isolation. On the other hand, many community respondents highlight the scale of costs arising from problem gambling such as financial hardship, bankruptcy, disruption of family life, homelessness, mental health problems and criminal activity including child abuse and neglect.

In general terms, community perspectives on the impact of gambling are almost always concerned with the accessibility of gambling in land-based venues, with a secondary concern regarding the pervasiveness of advertising in respect of gambling and the opportunities to gamble through technology platforms.

Respondents identified a range of positive economic impacts from gambling including employment, taxation revenue and increased investment in venues. However, many community members suggested that discretionary expenditure devoted to gambling will have less of an economic impact than if it were devoted to other sectors of the economy.

Recent Developments
Concerns around increased participation in online gambling, particularly gambling through international providers not regulated by Australian Governments, were common. Concerns were focused on online gambling's increased accessibility relative to in-venue gambling, and the lack of harm minimisation measures. Many respondents felt that COVID-19 had accelerated the trend toward online gambling. Importantly, these concerns were shared by industry, who noted that online activity occurs in a non-gambling environment absent of regulation, probity checks, procedures for consumer protection and harm minimisation.

Regional Dimensions of Gambling
The regional impacts of gambling, particularly those of gaming machines, were highlighted by several community sector organisations and local councils. These concerns focused on the extent to which gaming machines are more likely to be located in regions with relatively higher levels of socio-economic disadvantage.

The location of Community Service Levy spending was also raised, with the concern being that not enough spending was occurring in those regions most affected by gambling.

Harm Minimisation Measures
Broad scale harm minimisation measures such as awareness raising campaigns and the existing ban on note acceptors were supported by both industry, community members, and community organisations. However, community members were generally sceptical about the effectiveness of some of the supports provided to gamblers experiencing problems with EGMs, particularly self-exclusion.

Industry submissions around harm minimisation emphasised the lower prevalence of problem gambling in Tasmania as a success of the existing regulatory structure, highlighting interventions such as the ban on note acceptors. Industry was also optimistic about the role technological solutions such as facial recognition, automatic risk monitoring and pre-commitment systems could play in reducing the harms arising from EGM gambling.

Many community members, and community organisations, expressed the view that existing harm minimisation measures for EGM gambling should be strengthened through policies such as a reduction in the maximum bet limit and a reduction in the spin rate.

3.1 Introduction

Community and stakeholder consultations formed an important part of the analysis undertaken in this Fifth Social and Economic Impact Study (SEIS). A discussion paper (refer Appendix B) was prepared by SACES to provide background information and guidance on key issues to support community members and organisations in making a submission.

Community and stakeholder input were sought through a variety of channels, including:

- an advertisement of the study and discussion paper, inviting written submission appeared in the Mercury Newspaper;
- direct approaches to a number of community, peak body and industry organisations;
- advertising through social media; and
- posting the invitation to make a submission on the University of Adelaide website together with a copy of the discussion paper.

The deadline for submissions was 16 October 2020, however SACES agreed to extensions of time to assist submission writers when that was requested. A number of respondents advised that they would have difficulty meeting the original deadline due to disruption and increased workloads brought about by the pandemic.

In total SACES received 49 submissions from individuals and 18 submissions from the community services sector, local government and industry stakeholders. All respondents were provided with the opportunity to make a confidential submission, and a number of respondents chose to do so. All submissions not marked confidential have been uploaded onto the Department of Treasury website.

Written submissions were supplemented by a set of face-to-face interviews with key stakeholders. Due to COVID-19 and consequent travel restrictions SACES was required to delay the interviews, which were ultimately conducted in the week commencing 8 February 2021. Several discussions were undertaken by phone and videoconferencing. Peak community organisations, gamblers help agencies, organisations, state and local government, the industry regulator and industry stakeholders where the principal focus of personal interviews.

In considering and reporting on the views of stakeholders it is important to stress that the Fifth SEIS study was required to address the terms of reference of the study, which focuses on the recent and current Tasmanian gambling environment (see Chapter 1). In that regard, prospective changes to the industry such as the Future Gaming Market reforms were out of scope, and discussions related to the potential impacts of future policy changes have not been included here.

In this Chapter feedback from the full range of stakeholders is organised on a thematic basis, including the nature of concerns with gambling, its community impacts, and economic impacts, current harm minimisation policies, and finally the impacts of COVID-19 on Tasmania's gambling industries.

The purpose of this chapter is to outline the range of community views; inclusion of a view does not indicate whether or not it is shared by the researchers.

3.2 What is the basis of concern with the impacts of gambling?

It is widely acknowledged – by community members, community stakeholders, and industry stakeholders – that excessive participation in any form of gambling can lead to personal and social harms.

Community submissions expressed support for industry codes of practice and regulation of gambling. There are, however, very substantial differences in emphasis, both with respect to the scale of harm and on the nature of concerns.

The two competing perspectives are principally with respect to EGMs. The industry rightly asserts that they are a form of entertainment for those who choose to play, while submissions from community respondents assert that the potential costs of this form of entertainment should be subject to greater constraints.

The principal concern is largely centred on the capacity to incur significant losses in a relatively short period of time, which is largely not evident in other forms of entertainment (e.g. dining out, going to the movies, attending sporting function). A number of respondents referred to the increased potential for losses as EGM technology has become more sophisticated and cited the support of the Productivity Commission Inquiry (2010) for $1 bet limits, support that has previously been echoed by the TLGC as a 'simple, cheap and effective way to reduce the amount that can be lost and therefore reduce harm to problem gamblers'.[11]

A number of community submissions and commentators on the Tasmanian gambling industry identified the monopoly operating model for EGMs as an additional area of concern or contributor to harms. Submissions noted that the Federal Hotel Group has access to all the gaming machine data through their Network Gaming business, "so it is no surprise that Federal Hotels has bought up a number of the most profitable pokies venues."

[11] TLGC submission to the Joint Select Committee on Future Gaming Markets dated 9 December 2016, p 3

The monopoly industry structure in Tasmania is well understood as is evidenced by comments in community submissions and by other researchers such as

> *"money ……in the pockets of millionaires who have a monopoly on the pokies in Tasmania"*
>
> *"free monopoly licence to buy up 12 of the top pokies pubs by turnover".*

Submissions also referred to the economic loss to Tasmania resulting from current arrangements as:

> *"profits (i.e. player losses) are transferred interstate to a private company,"*
>
> *"profit is absorbed by the Federal Group and not re-invested in the state"*
>
> *"the money is funnelled to well-resourced interstate companies."*

3.3 Views on the impacts of gambling on the Tasmanian community

A trend observed throughout Australia, including Tasmania, is that there has been a steady decline over recent years in gambling participation rates across almost all forms of gambling. Community attitudes towards the impact of gambling on the community tend to be negative, with the majority (80 per cent) of respondents to the current prevalence survey endorsing the statement 'gambling has done more harm than good for the community'.[12]

In general terms community perspectives on the impact of gambling are almost always concerned with the accessibility of gambling in land-based venues, with a secondary concern regarding the pervasiveness of advertising in respect of gambling and the opportunities to gamble through technology platforms. Community concerns are also most often expressed in 'regard to others', to problem gamblers and then other individuals including children, families, work colleagues and employers.

With respect to benefits derived from all forms of gambling and wagering, community respondents acknowledged the enjoyment that many derive from this leisure pursuit as well as the role that land based venues play in social connection. Individual community respondents generally commented:

> *"The benefits are that there are people who enjoy social gambling and there are taxes collected for the government to use to benefit all of our community. The costs are personal."*
>
> *"We have witnessed some of the positive effects of the availability of poker machine venues. We have seen elderly persons who are lonely and have reduced opportunities for social contact, find these venues provide an opportunity to interact and offer social interaction. The staff at these venues know and converse with these people, and provide that vital human contact. Without these venues, the people we have seen, would be home alone, as 'gone are the days' of Senior Citizens clubs and like venues. The cost of restricting access to the poker machine venues would result in quite a number of lonely people becoming more isolated, as because they are 'unseen', they are forgotten."*

The Tasmanian Hospitality Association (THA) reports that, similar to interstate venues, Tasmanian venues that have one or more forms of gaming advised they use 'income from gaming to offer cheaper meals, provide more sponsorship and support to their local communities along with free use of facilities and equipment by local clubs and community groups'. The same principle of cross-subsidisation applies in staffing a venue with staff performing multiple roles across multiple areas of the business. Venues with EGMs will most commonly have keno and TAB facilities and licensed staff are utilized right across the entirety of a venue (estimates of employment by gambling type are discussed in Chapter 5).

Industry stakeholders also highlighted the direct employment impacts of gambling activities, full details of which are reported in Chapter 5. For example, the Federal Group advised that it has 507 employees in Wrest Point Casino, 346 employees in the Country Club Casino, as well as 34 staff in Network Gaming, and 112 staff in its headquarter operations (although, with the exception of Network Gaming staff, only a proportion of employment in each business unit are directly gambling related). Similarly, the Tasmanian Hospitality Association identified a substantial proportion of staff time in hotels and clubs was spent on providing services related to EGMs, keno and wagering.

However, comments from community respondents reflected concerns with gambling and excessive gambling. They often cited the economic, social, community and individual impacts attributed to gambling, with EGMs being identified as the primary concern. Examples of such feedback includes:

[12] Prevalence study (2021) Vol 2, p213

> *"Overall gambling has a negative impact on individuals, families, and the wider community. The financial losses for gamblers playing pokies far outweigh any benefits to the community. The only people that consistently benefit are the owners of said machines and the venues hosting the machines. The limited benefits of enjoyment and novelty are hugely diminished by the ruinous consequences on people's health, finances, careers and families".*

> *"We deal with the impact every day in the social services sector. Increased family tensions over money often triggers family violence also it keeps children in poverty. It affects the lower socio economic groups the most because of their lack of disposable income. Advertising on streaming services and TV have a significant impact on children."*

> *"Gambling has an enormously detrimental effect on the Tasmanian Community. The damage it does to individuals, businesses, communities and innocent affiliates of the addict is incalculable. It destroys people's lives and governments should be held accountable for allowing this to be introduced into our society in the first place."*

> *"WA hotels are able to thrive without relying on gambling income. It is possible: there just needs to be a willingness for the government to withstand the pressure from the gambling industry."*

While most community respondents were not stipulating a causal effect, some considered that the costs of gambling are:

> *"evident in the breakdown of family life, financial suffering to parents and children, trigger for domestic violence, catalyst for mental health problems, homelessness, child abuse and neglect, criminal activity through stealing to gain assets to fund gambling habits, suicide, leads to increased consumption of alcohol, increase medical and allied health expense to cope with the depression and despair it creates. It takes away the quality of life. The money lost on gambling would be better spent in the economy to create jobs and opportunity for those affected."*

A number of community respondents in submissions and interviews expressed a concern about the influence of the gambling industry on the political system noting that this was a long-standing concern in Tasmania. One submission summarised a general concern:

> *"And it's terrible for the political culture in Tasmania given that Big Gambling is allowed to fund election campaigns. We wouldn't accept that from Big Pharma or Big Tobacco would we?"*

Table 3.1 provides a summary of the main positive and negative impacts of gambling identified by community respondents in their submissions to the Fifth SEIS.

Much of the concern in submissions by members of the community was focused on potential harm to individuals and communities that are less well-off, those who are perhaps more vulnerable and/or disadvantaged and the implications of excessive gambling on individuals, families and children. With relatively fewer people now gambling in Tasmania, it is possible that the total expenditure and harm is becoming more concentrated in certain groups and is associated with fewer individuals which is equally of concern.

Table 3.1 Summary Table of Community Respondent Views on the Benefits and Costs of Gambling

Perceived benefits of gambling	Perceived costs to individuals and their families
Enjoyment of social gambling	Addiction to gambling: Personal cost
Recreational activity if controlled/ in moderation, social gambler	Impact on personal health, mental health, finances, careers, gambling harm
Entertainment for some individuals	Instances of suicide, obsessive thoughts/feelings
Taxes transmitted to Government	Impact on families in multiple forms (lost income, disputes, other)
Employment for a few that is directly gambling related	Factor in family violence, divorce, breakdown, relationships
Contributes to community socialisation	Diverts expenditure from family/children, from other goods and services, reduced savings/assets
	Factor in homelessness, loss of home/debt
	Invisible personal costs that are difficult to quantify/measure
	Estimated that 40% of losses come from problem gamblers, financial difficulties, bankruptcy
	Unemployment, reduced productivity
Perceived positive impacts of gambling venues	**Perceived costs to the community**
Expands venue offerings, facilities, promotes viability of venues	Factor in reported criminal activity, policing, legal, court, incarceration
Social benefits, particularly for lonely/isolated individuals	Money leaving the state via ownership structure
Industry plays a role in harm reduction strategies	Treatment costs, costs imposed on employers
Industry involved in staff training, supervision, intervention strategies	Exploits the poorest/most vulnerable
Benefits of community contributions from venues	Greater effects on poorer regions
Has capacity with technology to enforce exclusions (facial recognition)	Creates dependency on social services
Casino provides accommodation, general support for tourism	Factor in creating/worsening poverty
	Secondary impacts on others from gambling harm
	Excessive advertising in all forms
Government, political	**Negative views expressed around government, political impacts**
Industry has capacity to influence government policy direction in positive fashion	Regulatory costs, licensing
Entitled to promote their membership	Strong objections to gambling industry funding election campaign, disquiet with government, concern with lack of transparency
	Policy reticence to introduce bet limits, spin speeds, accessibility, reduce opening hours.

Source: Summary of submissions by community respondents

3.4 Regional aspects of community impact

Community respondents and peak community sector organisations note that the location of EGMs in hotels and clubs is concentrated in areas that are characterised as 'lower socio-economic, more disadvantaged' communities. This concern is not unique to Tasmania – it is documented by researchers (Rintoul and Deblaquiere, 2019), it is discussed in other states and various policies have been implemented to address this concern (e.g. state-wide and regional caps, targeted community campaigns). This concern is not voiced in respect of access to lotteries in news agencies and other businesses.

Contemporary analysis of machine locations (proxy for access) was provided by TasCOSS in its submission which is summarised in Table 3.2. Of the 2,315 machines in pubs and clubs it is estimated that some 1,428 or 62 per cent of machines are located in LGAs that are rated as the most disadvantaged by the ABS Social and Economic Index for Areas (SEIFA).

The foregoing discussion suggests that while there are contrasting views with respect to community-based access to EGM gambling, there is perhaps a shared understanding by government, industry and the 'concerned sector' of the potential impact on individuals and communities. There is also a somewhat less contrasting view than at first appears as to those most at risk of problems that arise from gambling and/or that gambling compounds other problems. The question remains as to how best to protect individual consumers and communities of all economic and social situations, including how best to minimise harm while protecting the recreational choices of consumers.

Table 3.2 Number of EGMs by Legislative Council electorate

Legislative Council Electorate	EGMs	SEIFA quintile of advantage / disadvantage (relevant LGAs)[13]
Murchison (Burnie, Smithton, Wynyard, Somerset, Queenstown, Strahan, Rosebery, Zeehan)	305	1 (Most disadvantaged)
Mersey (Devonport, East Devonport, Port Sorell, Latrobe)	280	1
Montgomery (Ulverstone, Burnie, Sheffield, Penguin)	180	1-2
Windemere (George Town, Ravenswood, Launceston CBD, Mowbray, Rocherlea)	180	1-2
Elwick (Moonah, Glenorchy, Derwent Park)	180	1
McIntyre (Scottsdale, St Helens, Bridport, Westbury, Deloraine, Longford, Perth)	165	1
Launceston (Launceston CBD, Kings Meadows, Newstead)	161	2
Prosser (Campbell Town, Dodges Ferry, Dunalley, Sorell, Orford, Bicheno, Brighton)	150	1-3
Rosevears (Launceston, Exeter, Beauty Point, Prospect, Riverside)	145	3
Hobart (Hobart CBD, North Hobart, West Hobart)	139	5 (Most advantaged)
Derwent (New Norfolk, Claremont, Bridgewater, Berriedale)	138	1
Pembroke (Lindisfarne, Mornington, Howrah, Bellerive)	120	4
Rumney (Midway Point, Lauderdale, East Risdon)	85	4
Huon (Dover, Snug, Huonville)	57	3
Nelson (Kingston)	30	5

Source: TasCOSS submission to Fifth SEIS

The submission from Glenorchy City Council also highlighted the high number of EGMS in its council area, noting that:

> *"… with 240 electronic gaming machines across eight venues (approximately one machine for every 156 adults) the City of Glenorchy has the unenviable distinction of being known as the 'pokies golden mile'. Unfortunately, the City also leads the way in expenditure on electronic gaming machines, with figures from the Department of Treasury and Finance showing that a considerable amount of money is lost each month."*

Indeed, Glenorchy City Council is sufficiently concerned about the scale of the regional impacts that the Council's official position is that it would support the removal of all gaming machines from venues in the council area.

The distribution of funding from the CSL between regions was also highlighted by several councils, with a concern expressed that relatively disadvantaged, higher EGM spend areas are seeing a smaller share of CSL spending. As the Glenorchy City Council put it in their submission:

> *"…the City's socio-economically challenged residents are cross-subsidising undeniably good community services and one-off activities in other communities at the expense of their own high losses to poker machines".*

3.5 Views on the impacts of online gambling

In interviews the community sector expressed a concern that in recent times there had been a marked increase in sports and online betting offering more options and greater access to gambling platforms for users. The Prevalence survey (2020) found that taking participation in other gambling activities into account, participation in sports betting was a significant 'predictor' of moderate-risk and problem gambling. Sports bettors were 3.8 times more likely to be moderate-risk or problem gamblers than other gamblers.

Community agencies observed that currently there are few supports to sit alongside this rise, and services cannot offer self-exclusion schemes or the equivalent of venue visits. In support of self-exclusion and venue-based exclusion the helping agencies play a role in self-exclusion with "majority of clients reporting benefits and effectiveness of this strategy as part of their harm minimisation plan.

These concerns were also expressed by industry. For example, the Federal Group expressed concerns regarding the increase in online casino and slot games and online games on a computer, tablet, laptop or smartphone. Young people who play unregulated online gaming products are said to be the focus of heavy advertising.

[13] https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2033.0.55.001~2016~Main%20Features~IRSAD%20Interactive%20Map~16

The Federal Group, the Australasian Gaming Council and others make the valid point that venue-based or terrestrial gambling ('traditional gambling') requires the patron to visit a licensed venue in order to engage with the gambling product, whereas some online activity, such as online casino games on overseas sites, occurs in an environment absent of the same level of regulation, probity checks, procedures for consumer protection and harm minimisation.

To what extent youth preferences may have contributed to a decline in EGMs and other terrestrial gaming products is uncertain, but the principal point here is that continuing growth of unregulated gaming products via the internet that are non-terrestrial continues to impact the gambling industry and susceptibility to problem gambling. This is an area that most likely falls within the purview of the Australian Government. While difficult to regulate, the Federal Group and many others suggest that "there is an urgent need for strong education and awareness campaigns aimed at young people and their parents." (p19)

The Tasmanian Hospitality Association's submission reported that EGM gambling "has been in decline" for several years. Some of the decline can be attributed to the increase seen in online gambling along with app-based gaming becoming more popular in Tasmania and the rest of Australia, especially during and post-COVID-19.

Tabcorps's submission noted the trend away from retail wagering to online wagering with "4 retail TAB agencies having closed in Tasmania over the last two years because of compromised financial viability." COVID-19 had resulted in:

> *"…..many customers who traditionally placed cash bets in the supervised environment of a retail venue opening online gambling accounts to continue enjoying a bet on racing and sport. Some customers who have transitioned to online betting will not come back to place bets in retail venues or bet with the TAB (the State-based licensee). Consequently, there will be less regulatory oversight and economic benefit for Tasmania."*

3.6 Views on the impacts of gambling has on other Tasmanian industries and the economy

Respondents generally had a well-informed view of the economic impacts of gambling industries noting that the gambling industry provides employment for a few and taxes for the government which funds services and infrastructure. However, this is not without costs.

> *"I would say the economy benefits through taxes, liquor licences and sales, land tax etc. But then money has to be spent on services for regulation, to combat addiction, to rehabilitate addicts, to assist those in need (who have lost everything)."*

There also appears to be a view expressed that discretionary expenditure devoted to gambling will have less of an economic impact than if it were devoted to other sectors of the economy.

> *"By reducing disposable income, sometimes obliterating all income, it reduces the amount that can be spent in more productive ways which will produce more jobs. The millions spent on gambling would have far greater positive impact on the economy if spent in other industries in Tasmania."*

> *"money …spent on gambling it is not being spent on the local economy - on food and clothing, holidays, outings - it would be much better if people spend money on positive worthwhile relationship building activities …supporting home improvements, hardware stores, furnishing stores and building industry."*

> *"Non-gambling businesses suffer because of gambling-businesses. No one comes to Tasmania to gamble - it is not a tourist attraction. It is fellow Tasmanians gambling in Tasmania. They are using the money they could be spending in other Tasmanian businesses."*

How spending on gambling impacts other sectors and the broader economy has been considered in section 5.3, which models the hypothetical scenario of how the Tasmanian economy would respond to the sudden cessation of all in-state gambling activity.

There is also a perception that gambling profits are not always retained in Tasmania and not reinvested in the state, including concern that the Federal Group had too much market power.

> *"The Poker Machine industry represents…. a loss to the Tasmanian economy, as much of the profit is absorbed by the Federal Group and not re-invested in the state. "*

3.7 Views on Tasmania's current gambling harm minimisation measures

Views on the effectiveness of existing harm minimisation were quite varied, with views expressed in submissions largely shaped around the harm minimisation measures available for EGM gambling. The larger scale measures such as awareness raising campaigns and the ban on note acceptors were broadly supported.

However, many community member responses argued that current direct supports for problem gamblers were largely ineffectual, most notably the practice of self-exclusion which was considered either too easy to circumvent or was inadequately policed at venues. Several respondents suggested that the addition of facial recognition could be a potential technical solution to improve self-exclusion, particularly with respect to those gamblers who seek to re-enter gambling venues while excluded.

Respondents agreed that many problem gamblers typically do not seek support. Those that do may present with other issues (co-morbidities). Harms associated with problem gambling may have severe and long-lasting impacts on a person's 'life infrastructure'. The types of harm associated with problem gambling were said to be quite varied but include financial harm (losing assets, accruing debts, difficulty paying bills and supporting families), emotional and psychological harm (struggling with meaninglessness, not fitting in, feeling overwhelmed, loss of control, deterioration of relationships, family violence, anger), mental health issues (depression, suicide risk, severe mental illness), and legal harms (committing crimes to support gambling habits, long-term effects from criminal conviction). Family and friends of people experiencing problem gambling also experience adverse effects, including loss of trust, isolation, anger, neglect and even family violence.

The submission from Anglicare noted that in 2018-19 a growing number of new referrals and ongoing clients presenting from Tasmanian prisons with estimates 50 to 70 per cent of the prison population as having issues with gambling.

There were concerns raised in a number of community member submissions that venues do not typically adhere to responsible gambling practices as potentially they face a conflict of interest between exclusion of gamblers and revenue they generate.

> *"I cannot see how pubs can adhere to responsible gambling practices, mainly because it is not in their interests to do so. Venues do not enforce RSG. Facial recognition technology should be used to enforce exclusions. Spot checks should be used to ensure RSG enforcement."*

However, several community respondents provided a different perspective based on personal experience of a son/daughter having worked in a venue "who took their responsibilities seriously and always did their utmost to adhere to RSG." There is also a view expressed in some submissions that the individual needed to assume responsibility for their gambling.

> *"The current harm minimisation measures are adequate. If a person has a problem with gambling, then that person needs to take personal responsibility for their addiction. The harm minimisation measures cannot be 'mother', 'father', 'guardian'. Somewhere, sometime, the person with the gambling addiction, needs to admit this, and take personal responsibility."*

Industry groups were much more likely to highlight the successes of existing harm minimisation policies, and the lower prevalence of problem gambling observed in Tasmania.

The Tasmanian Hospitality Association (THA), the peak body in Tasmania representing hotels, accommodation venues, restaurants, cafes, caterers and sporting and community clubs, reported that in its view Tasmania's mandatory gaming code and various laws and regulations (such as non-allowance of note acceptors in hotels and clubs) is "one of the strongest when it comes to harm minimisation in the country and that is supported by our low number of problem gamblers compared to other states and territories."

Similarly, the Australasian Gaming Council (AGC) noted that problem gambling rates measured in Tasmania have ranged between 0.5 per cent and 1.0 per cent of the adult population. In the most recent study for this report (see Volume 2) the problem gambling prevalence rate was reported to be even lower at 0.4 per cent. The AGC (p.18) rightly concludes that a "relatively small but significant proportion of the population do experience problems associated with their gambling activity". Contributing to this result in Tasmania is the ban on note acceptors in hotels and clubs, withdrawal limits on access to cash set at $200 per day, and strict prohibition on the serving of alcohol and food to those playing EGMs. The AGC claims that Tasmania is the leading State in these restrictions, a view shared by the TLGC.

Community sector stakeholders considered the Community Services Levy (CSL) financing of community awareness campaigns (conducted by the Department of Communities) had been generally effective. Those campaigns and other media coverage, including the discourse around the renewal of the Tasmanian gambling licence had put gambling issues under the spotlight. Effectiveness was measured as leading to an uptake in gambling support services including referrals from prisons and the general community. Relationship Australia noted, however, that:

> *"…..there continues to be conflicting messaging in the community of gambling not being identified as being addictive in the same way alcohol and other substances."*

Future directions for harm minimisation measures

Many industry groups identified technological innovation as an important way of addressing some of the limitations of existing harm minimisation measures.

The AGC noted various developments relating to harm minimisation, particularly the role that technology continues to play. Examples here include the use of facial recognition technologies (FRT) being implemented in South Australia, automatic risk monitoring systems (South Australia and New Zealand) that provide alerts regarding length of play, and the use of card-base, digital transactions for 'payments and play'. They conclude by noting that "the broader harm minimisation environment is moving, as is society, towards a period where technology will likely be at the core of both business sustainability and actions to further public health" (p.22).

Equally, the submission from the Federal Group highlighted the potential for pre-commitment to further reduce harms, noting that:

> *"The card-based gaming system enables the Responsible Gambling Team to undertake enhanced monitoring of loyalty program members. These insights can lead to early intervention when 'at risk' gambling behaviours are detected. The ability to monitor and report on card-based EGM activity for loyalty program members enables the casinos to develop customer …… [more advanced]…care arrangements."*

For premium players, which comprise those with a history of high spend or frequent use of EGMs (i.e. members of the casinos Premium Player Program), the TLGC's Rules for mandatory pre-commitment will come into effect in September 2021. The Federal Group reported that the "Premium Player Program was introduced in 2013. Using card-based play, the Premium Player Program provides a mechanism to monitor players who frequently use EGMs, and it enables players to self-manage their gaming activity and is designed to ensure they undertake gaming activity in a safe and sustainable way" (Federal Group, p.10)

Community respondents and particularly community sector stakeholders, however, were much more likely to suggest that additional harm minimisation measures were needed. Similar sets of policy interventions were raised across interviews and submissions, including support for:

- reducing the maximum bet limit from $5 to $1.
- increasing the spin-rate from 3.5 seconds to 6 seconds to reduce the intensity of play and player losses.
- introducing a card-based pre-commitment system as it is well recognised that card based play is an effective intervention to support people to limit their gambling; and
- reducing availability through a shutdown of hours. Many gambling venues are open between 14 and 18 hours a day, between 8am and 2am, which is much longer than most other businesses in Tasmania. It was suggested that reducing the accessibility of gambling to a maximum of 12 hours a day would create a more supportive environment for Tasmanians.

3.8 Impacts of the COVID-19 lockdown on Tasmania's gambling industries

COVID-19 provided what in effect was "an enforced break in play" for those who gambled at land-based venues and equally the lifting of restrictions provided an insight into behavioural responses. The closure of venues occurred from 23 March to the 26 of June 2020. Immediately following the conclusion of the lockdown period there was spike in gambling revenue.

The TLGC publishes monthly data on expenditure on electronic gaming machines, and the data confirms the significant rebound in EGM gambling in the second half of 2020 following the re-opening of venues. Further analysis is provided in Chapter 4 in the review on expenditure.

Overall, most community respondents were not themselves gamblers so there were no 'personal impact stories' to tell. Most were of the view that the imposed lockdown had positive impacts for gamblers in terms of their personal finances, the ability to pay for essential items, for their families, while the enforced lockdown

resulted in space from the gambling environment, less pressure and anxiety to reflect on previous gambling patterns. This assessment was supported by comments from helping agencies in interviews and in submissions.

A number of community members and industry stakeholders suspected that many gamblers switched to online gambling as a result of the COVID-19 related shut-downs of in-person venues.

Community sector respondents highlighted that the lifting of restrictions saw an increase in net gaming revenue (i.e. money lost) as previously discussed.

> *"I noticed an increase in my vulnerable clients gambling due to them trying to escape poverty and also having the extra COVID-19 payment to gamble with. Friend went straight back to the pubs/casino to continue gambling just as she'd always done. Nothing changed."*

There were also concerns expressed by a number of community sector stakeholders that reopening gambling, particularly electronic gaming machines, at a time when there was still considerable economic and social disruption due to the effects of COVID-19 risked exacerbating existing negative community impacts.

Industry views on the impact of COVID-19 centred on its financial impacts, and the potential diversion of activity from Tasmanian venues to online forms of gambling.

Tabcorp considered that the COVID-19 pandemic was having short-term disruptive, commercial impacts while accelerating the structural trends of consumers gambling less in retail venues (see discussion in Section 4.1). At the same time, across the wagering industry, the nature and intensity of competition in the Australian gambling industry had fundamentally changed over the past decade while the regulatory landscape had not kept pace with new technologies and new products. As a result, overseas-owned, online-only gambling companies licensed in the Northern Territory (corporate bookmakers) have been favoured.

There is also some evidence of persistent impacts of the COVID-19 lock-down. The Tasmanian Hospitality Association in one survey of 11 representative organisations found that post COVID-19 employment levels had declined to approximately 88 per cent of their pre-COVID-19 levels, in part due to the mid-year shutdown, in-venue restrictions and the decline in tourism numbers overall. The shutdown directly affected EGM, keno and Tote participation.

4 Expenditure on Gambling Activities

Recent Developments

In 2018-19, the last full financial year before the disruption brought on by the coronavirus pandemic, some $310 million was spent on services provided by Tasmanian gambling operators.

Spending on gambling, measured in real terms, has fallen steadily since it peaked in 2008-09. However, the rate of decline was slowing prior to the onset of COVID-19.

Gambling expenditure has fluctuated wildly in response to the pandemic. Real expenditure fell sharply in 2019-20 (down 19 per cent), primarily because gaming venues were shut down from 23 March. The subsequent reopening of venues saw spending surge, at least temporarily, pointing to pent up demand. For instance, expenditure on EGMs in the 6 months to December 2020 was up 15 per cent compared to a year earlier.

Relative Expenditure

Tasmania has a relatively lower level of overall gambling expenditure compared to other states. The level of per adult expenditure in 2018-19 ($733) was the second lowest of any state or territory and 43 per cent below the national average ($1,277). While spending in Tasmania is low by Australian standards, it is high by international standards.

A relatively lower level of gambling spend for Tasmania is due, in part, to there being relatively fewer opportunities to gamble compared with other states. For example, Tasmania has the lowest level of spending on EGMs in hotels and clubs compared to any other state except Western Australia, which would largely be a consequence of there being relatively fewer machines in the state. Including machines in casinos, Tasmania had the third lowest prevalence of EGMs in 2018-19 (8.5 machines per 1,000 adults), behind only Victoria (5.7) and Western Australia (1.2).

Race Wagering

Race wagering comprises thoroughbred, harness and greyhound racing. Total expenditure on gambling services offered by race wagering operators located in Tasmania amounted to $40 million in 2018-19, almost all of which was channelled through the TAB. Real expenditure fell sharply in 2012-13 – from $113 million to $44 million – and has remained around this level ever since. The fourth SEIS attributed this sharp decline to the sale of TOTE Tasmania to Tatts Group, which adopted a lower risk profile in terms of engagement with high stakes professional gamblers.

In 2018-19, Tasmania had a relatively lower level of race wagering expenditure compared to the rest of Australia excluding the Northern Territory ($96 per adult versus $103 per adult).

Electronic Gaming Machines

Expenditure on EGMs has fallen steadily since peaking in the mid-2000s. Real per adult expenditure on EGMs in casinos, hotels and clubs in 2018-19 ($415) was less than half its peak level reached in 2003-04 ($851). Maturation of the gaming machine industry, smoking bans, responsible gambling measures, competition from other forms of gambling and entertainment have all contributed to relative and absolute decline in EGM activity.

Spending on EGM gambling - in Tasmania as elsewhere - tends to be higher in regions with lower levels of economic and social resources than in more advantaged areas.

Lotteries and keno

Since the last SEIS real lottery expenditure has risen by 22 per cent to just over $50 million in 2018-19, and rose by a further 5.4 per cent in 2019-20. The recent strength in lottery expenditure appears to due to jackpot draws which have sparked renewed interest in lotteries across Australia. The temporary closure of licensed venues in 2020 may also have encouraged some diversion to lotteries.

Tasmania has one of the lowest levels of per adult spending on lotteries among Australian jurisdictions. Per adult expenditure in 2018-19 was $109, well below the national average of $132 per adult.

Aggregate expenditure on keno has been quite stable over the past decade, fluctuating between $35 to $37 million per annum. Unlike other forms of gambling, Tasmania has a relatively high level of spending on keno. Real expenditure on keno in hotels and clubs in 2018-19 was $79 per adult, some 45 per cent higher than the next highest jurisdiction, the Northern Territory ($55).

Casino Gambling

The two casinos in Tasmania provide three primary forms of gambling: table gaming, EGMs and keno. Measured by expenditure, EGMs are the largest form of gambling in the casinos (84 per cent in 2018-19), followed by table games (13 per cent) and keno (3.4 per cent).

Overall spending on casino gambling in Tasmania has been declining since 2008-09. Over the decade to 2018-19 real expenditure fell by 43 per cent to $81.5 million. Total expenditure fell by a further 25 per cent to $60.8 million

as a consequence of temporary casino closures that formed part of the public health effort to prevent the spread of COVID-19.

Tasmania's level of real casino expenditure in 2018-19 of $194 per adult was 22 per cent below the national average of $248 per adult. Only South Australia ($90 per adult) had a lower level of relative expenditure.

Sports Betting
Expenditure on sports betting with the Tasmanian licensed operator has declined over recent years, from $3.4 million in 2016-17 to $2.1 million in 2019-20, which represents a fall of 41 per cent. The latest figures suggest that sports betting remains a minor form of gambling in Tasmania, but these data do not include sports betting undertaken with interstate-based providers (where it is estimated that sports wagering accounts for about 25 per cent of all wagering).

Interstate Wagering
Historically, gambling data sources have only captured spending undertaken with providers licensed in Tasmania and therefore did not capture spending by Tasmanians with online providers licensed in another state. The introduction of the point of consumption tax from 1 January 2020 provides insight into this activity and suggests that interstate wagering by Tasmania is quite substantial. In the six months to June 2020 Tasmanian's spent $41 million with out of state wagering providers. Increasing competition from online bookmakers, generally licensed in the Northern Territory, has seen a shift from terrestrial to online gambling.

The following chapter provides an overview of comparative and historical trends in gambling expenditure and related measures of gambling activity in Tasmania. Trends are analysed for the various forms of gambling that are permitted in Tasmania which include:

- race wagering (thoroughbred, harness and greyhounds);
- electronic gaming machines (EGMs);
- lotteries (lotteries, instant lotteries, lotto and sports pools);
- Keno;
- Casino or table gaming;
- sports betting; and
- minor gaming.

Gambling expenditure is defined as the total amount gambled (i.e. turnover) less the total amount won by players, which represents the net amount lost by players. It corresponds to the gross profit earned by gambling operators.

Two data sources are primarily used in the following analysis:

- administrative data compiled by the Tasmanian Department of Treasury and Finance; and
- national gambling data published by the Queensland Government Statistician's Office as part of its annual Australian Gambling Statistics publication.

Data gathered by the Department of Treasury and Finance (DTF) ultimately flows into the national statistics published by the Queensland Government Statistician's Office, which provides the most comprehensive account of gambling across Australia. However, the national statistics are published with a significant lag – the latest data are for 2018-19 – and complications associated with COVID-19 delayed the latest edition. In the following analysis we have used Treasury administrative data to analyse the latest developments in gambling activity, and referred to the national dataset for inter-jurisdictional comparisons. The DTF data not only has the advantage of providing insight into how gambling activity has evolved during the course of the coronavirus pandemic, it provides greater detail by form of gambling. For instance, the national dataset does not permit a breakdown of casino gaming into its constituent parts of table gaming, gaming machines and keno systems.

When interpreting the data, it is important to be aware of some caveats. The most important is that expenditure data is sourced from providers of gambling services according to where they are licensed (i.e. point of supply). Thus, expenditure for Tasmania reflects spending on gambling services provided by businesses located or licensed in Tasmania.

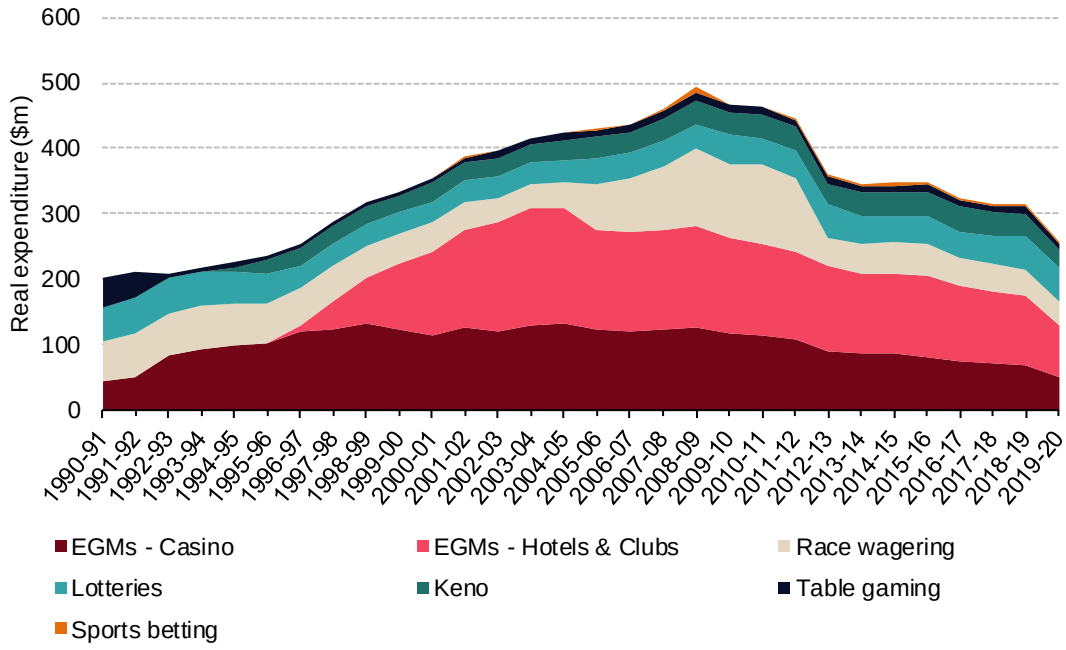
In addition, expenditure data does not include spending by Tasmanians on sports betting with interstate based providers, including online wagering operators, and therefore understates actual spending. Other limitations of official data estimates are that they do not capture spending on minor forms of gaming, nor illegal forms of gambling. Permits are required for raffles where the retail value of the prizes exceeds $5 000.

4.1 Total Gambling

Data compiled by the Department of Treasury and Finance show that $310 million was spent on services provided by Tasmanian gambling operators in 2018-19 – i.e. the last full financial year prior to the disruption brought on by the coronavirus pandemic. This estimate excludes spending on interstate wagering providers by Tasmanians which appears to be quite significant (see below).

As Figure 4.1 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 2018-19 total spending on gambling fell by 8.9 per cent, whereas it fell by 30 per cent over the previous 5-year period. By way of comparison, total Tasmanian household consumption spending on goods and services rose by 12 per cent over the more recent 5-year period (ABS, 2020a).

Figure 4.1: Real Expenditure in the Tasmania Gambling Industry, by Gambling Activity, 1990-91 to 2019-20[(a), (b)]



Note: (a) Real expenditure in 2019/20 prices.
(b) Excludes minor gaming expenditure. Lotteries includes instant lotteries, lotteries, lotto and pools.
Source: Department of Treasury and Finance (2020), unpublished data and ABS (2020).[14]

Real gambling expenditure fell by 19 per cent in the 2019-20 financial year, largely as a result of the closure of gaming venues from 23 March as part of the 'lockdowns' in response to the COVID-19 pandemic. Keno, wagering and minor gaming were allowed to recommence from 5 June 2020, while other gaming activities were permitted to recommence from 26 June. As a consequence of the temporary closures, spending on gaming machines (in casinos and hotels and clubs), table gaming and keno all fell by approximately 25 per cent compared with their 2018-19 levels, partly offset by a 5.1 per cent increase in spending on lotteries (which does not require access to licenced gaming premises).

The TGLC also publishes monthly data on expenditure on electronic gaming machines, and these show a significant rebound in this form of gambling in the second half of 2020, after the re-opening of venues following the 'lockdown'.

Tasmanians spent $103 million on EGMs between July and December 2020, the largest amount in any six-month period since the second half of 2011, and nearly 15 per cent more than in the corresponding period of 2019 – see Figure 4.2). In July 2020, spending on EGMs of $19.4 million was the highest in any month since mid-2011, and 26 per cent more than it had been in July 2019. The December 2020 figure of $16.5 million was the highest for any December since 2011.

To at least some extent, this 'spike' in spending on EGMs after the end of the 'lockdowns' in June can be seen as an expression of 'pent-up demand'.

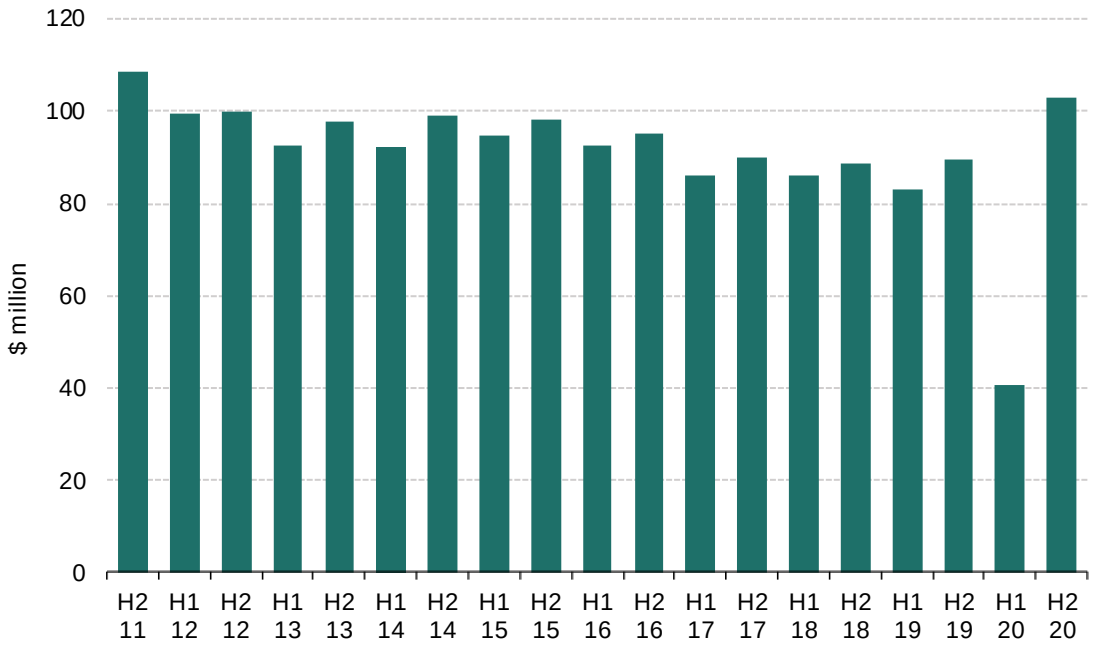
This effect seems to have been stronger in Tasmania than it was in Victoria – where the increase in spending between February (the last full month before 'lockdown') and December (the first full month after what had been a much longer 'lockdown') was 'only' 14 per cent (and the December figure for Victoria was lower than it

[14] Reference to unpublished data refers to data before 2009-10. Player expenditure on EGMs in casinos, hotels and clubs for recent years is also published in Tasmanian Liquor and Gaming Commission Annual Reports

had been in August 2019) (Victorian Commission for Gambling and Liquor Regulation 2021). The bounce back in spending was also stronger for Tasmania relative to South Australia (up 17 per cent in July 2020 compared to a year earlier), but somewhat weaker compared to Queensland (up 32 percent over the corresponding period).[15] These comparisons do need to be treated with some caution given differences between the states in terms of the nature of restrictions, the path of the pandemic in each state which may also have affected subsequent behaviour (eg. greater caution on the part of the Victorians following a protracted lockdown), and other socio-economic differences.

It also seems likely that government cash payments to individuals during the pandemic contributed directly to the increase in gambling expenditure – as has been shown to have occurred during the global financial crisis of 2008-09 (Hirschberg and Lye (2013); Buddlemeyer (2014)). Preliminary studies have pointed to a similar consequence of stimulus payments made in 2020 (Gainsbury and Blaszczynski (2020)).

Figure 4.2: EGM Expenditure in Tasmania, by Half Years



Source: Department of Treasury and Finance (2020), Electronic Gaming Machine Expenditure by Financial Year, https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/electronic-gaming-machine-expenditure-by-financial-year

Table 4.1: Gambling Expenditure, by State and Territory, 2018-19

	Expenditure	Expenditure per adult	Proportion of total expenditure	Expenditure as a proportion of HDI
	$ million	$ per adult	%	%
Tasmania	307	733	1.2	1.3
New South Wales	9,966	1,590	39.8	2.4
Victoria	5,465	1,068	21.9	1.9
Queensland	4,296	1,107	17.2	1.8
Western Australia	1,316	656	5.3	0.9
Australian Capital territory	245	745	1.0	0.7
Northern Territory	2,323	12,613	9.3	14.8
South Australia	1,091	793	4.4	1.3
Australia	25,010	1,277	100.0	2.0

Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021).

Tasmanian Gambling Expenditure Relative to Interstate Jurisdictions

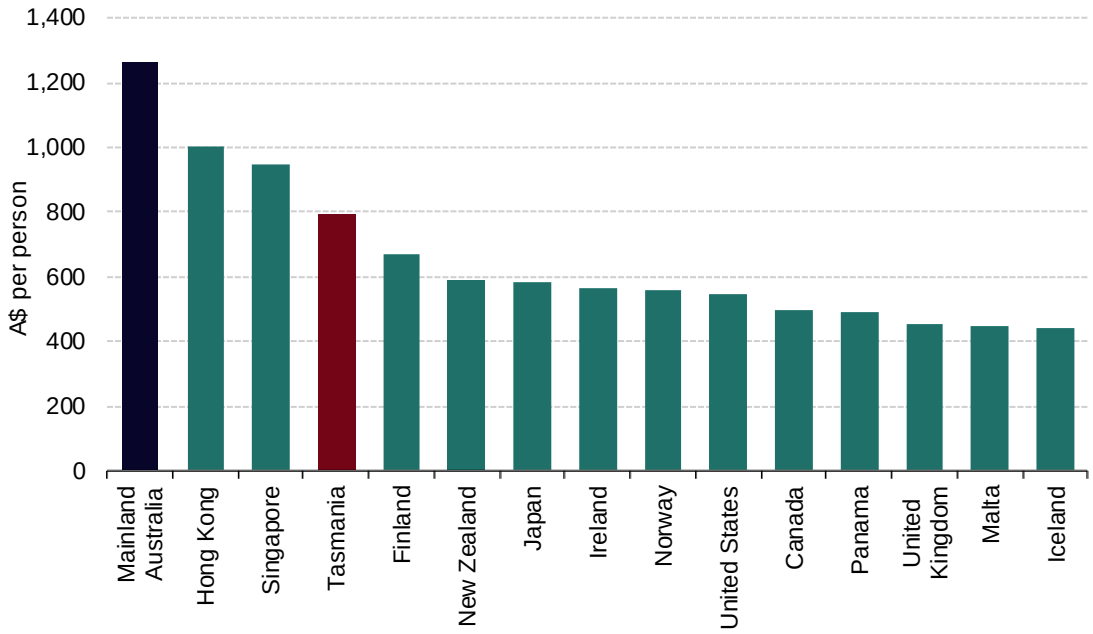
In order to see how gambling expenditure in Tasmania compares with other states and territories we must turn to the national statistics published by the Queensland Government Statistician's Office. These show that Tasmanian gamblers spent $307 million on gambling in 2018-19 – equivalent to $733 per person aged 18 or over, the second-lowest of any state or territory except Western Australia, and $544 per adult or 43 per cent

[15] South Australian data from Consumer and Business Services, Quarterly Statistics (Statewide) 2021-21 and 2019-20; Queensland data from Queensland Government, Open Data Portal, Total Queensland Gaming Machine Data.

below the national average of $1,277 per head – see Table 4.1. A s a percentage of household disposable income, Tasmania's gambling expenditure is equivalent to 1.3 per cent – the third-lowest in Australia (after WA and the ACT), and 0.8 percentage points below the national average of 2.0 per cent.[16]

It is worth noting that although these figures for Tasmania may be relatively low by Australian standards, they are high by international standards, as shown in Figure 4.3.

Figure 4.3: Gambling expenditure per adult, 2017



Note: Original source data converted from US$ to A$ at the average exchange rate for 2017 (A$1 = US$0.7669). Data for mainland Australia and Tasmania are average of 2016-17 and 2017-18 from QGSO scaled in line with source for Letts (2018). Source: H2 Gambling Capital via Letts (2018); Queensland Government Statistician's Office, Australian Gambling Statistics, 35th Edition (2019).

As a proportion of household disposable income, expenditure on gambling peaked in 2002-03 and has been declining ever since, slightly more in Tasmania than for Australia as a whole (Figure 4.4a) although not as much as in Victoria or the ACT (Figure 4.4b). Similarly, real per adult expenditure in Tasmania peaked in 2008-09 and has been trending downward thereafter, and to a greater degree compared to all other states and territories – Figure 4.5.

The lower level of gambling expenditure per head or as a proportion of household disposable income in Tasmania than elsewhere in Australia, since 2012 (with the exception of WA) is likely due in part to there being relatively fewer opportunities to gamble than in other states or territories (with the exception of WA) and possibly a reduction in problem gambling.

Figure 4.4a: Gambling expenditure as a percentage of household disposable income, Tasmania and Australia

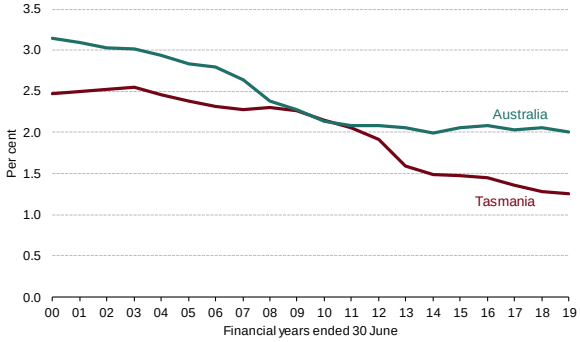
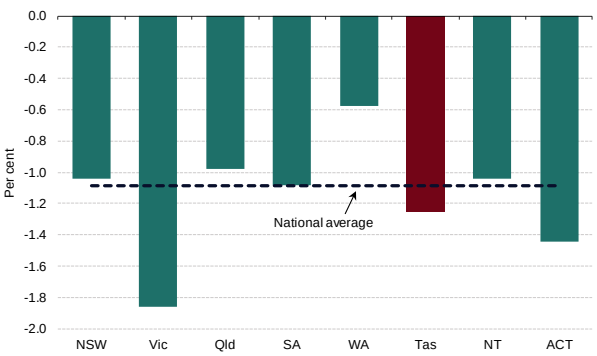


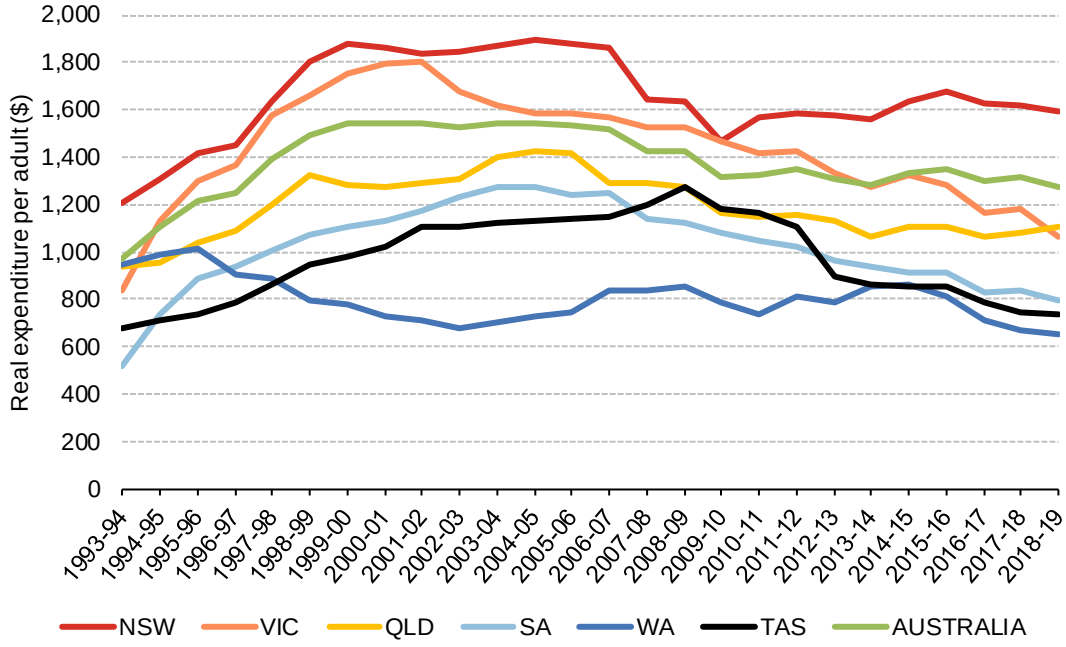
Figure 4.4b: Change in gambling expenditure as a pc of HDI between 1999-2000 and 2018-19, states and territories



Note: Data excludes online betting reported as incurred in the Northern Territory as it includes expenditure by residents of other jurisdictions so would inflate NT data, whereas for other states it would predominantly for local residents. Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021), and ABS (2020e).

[16] Note that reported spending on gambling in the Northern Territory is significantly inflated by the inclusion in its figures of all spending on online sports betting, through agencies which been exclusively located in the NT since 2016, when Betfair (which had operated from Tasmania since 2005) relocated its Australian base to Darwin.

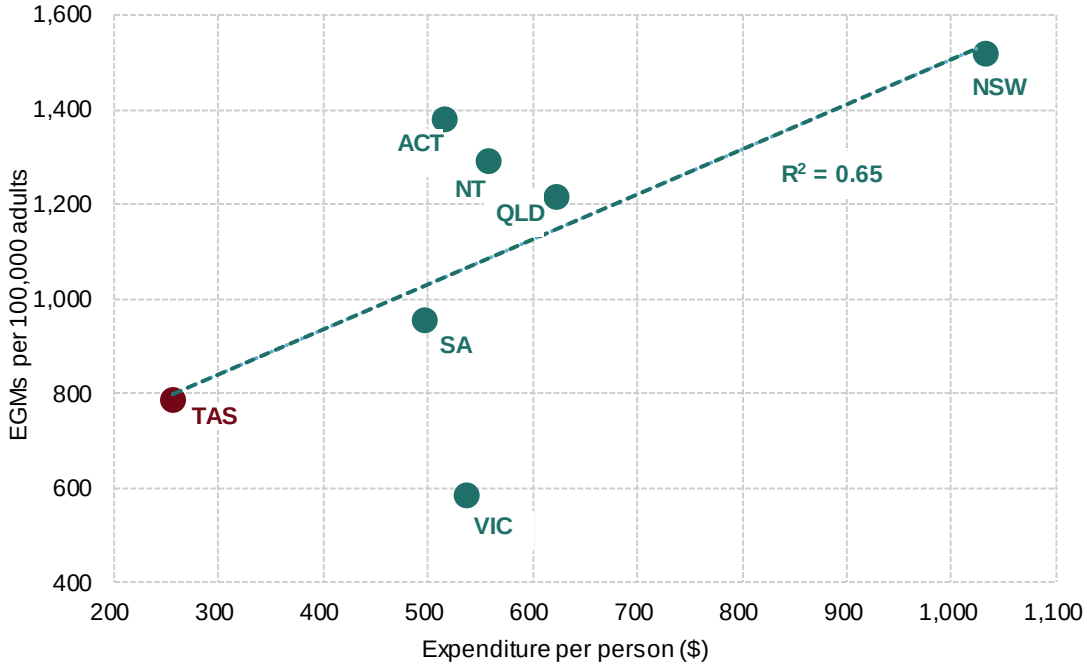
Figure 4.5: Real per adult expenditure on Gambling by State, 1993-94 to 2018-19[(a)]



Note: (a) Real expenditure in 2018/19 prices.
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021).

There is a clear (although far from perfect) correlation between the number of electronic gaming machines per 100,000 adults and expenditure on EGMs (Figure 4.6) – so one reason for Tasmania having the lowest level of expenditure on EGMs per adult is probably that Tasmania has fewer EGMs relative to its population than any other state or territory except Victoria and WA (not shown). Another reason is likely to be that Tasmania has tougher restrictions on access to cash withdrawals at gaming venues than any other state or territory – being one of only two jurisdictions (along with Victoria) to prohibit ATMs in hotels and clubs with EGMs, one of only two (along with SA) to impose a limit on cash withdrawals at ATMs in casinos, and one of only two (again along with SA) to impose a limit on EFTPOS withdrawals at hotels and clubs with EGMs (Hare 2017: 19). Tasmania is now the only State with a ban on note acceptors in hotels and clubs.

Figure 4.6: Electronic gaming machines per 100,000 adults and spending on EGMs per adult, states and territories, 2017-18



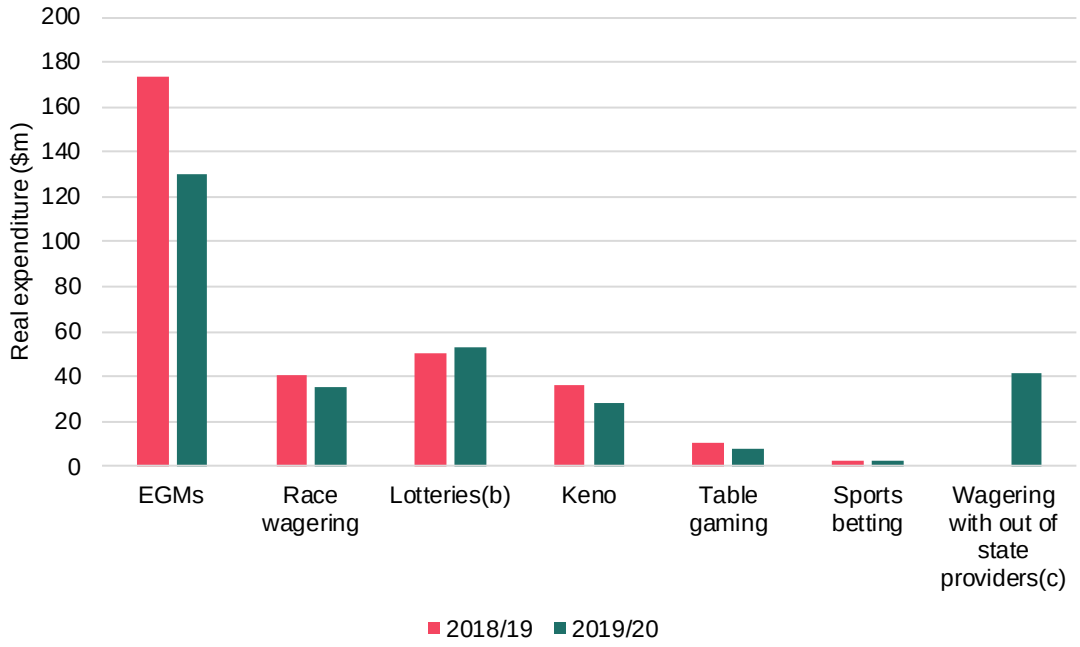
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 35th Edition (2019) and ABS (2020e)
Note: Includes number of EGMs in casinos but does not include spending on EGMs in casinos based on way the data is compiled.

A More Complete Picture of Gambling Expenditure

The analysis to this point is based on expenditure with gambling providers domiciled in Tasmania. Historically there has been scant data on spending by Tasmanians with interstate providers, but the introduction of a point of consumption wagering tax from 1 January 2020 provides insight into such activity for the first time.

Expenditure data collected in respect of the point of consumption tax indicates that interstate wagering (including both racing and sports) by Tasmanians is quite substantial. In the six months to June 2020 Tasmanians spent almost $41 million with out of state wagering providers.

Figure 4.7: Real Expenditure of Gambling Activities, Tasmania, 2018-19 and 2019-20[(a)]



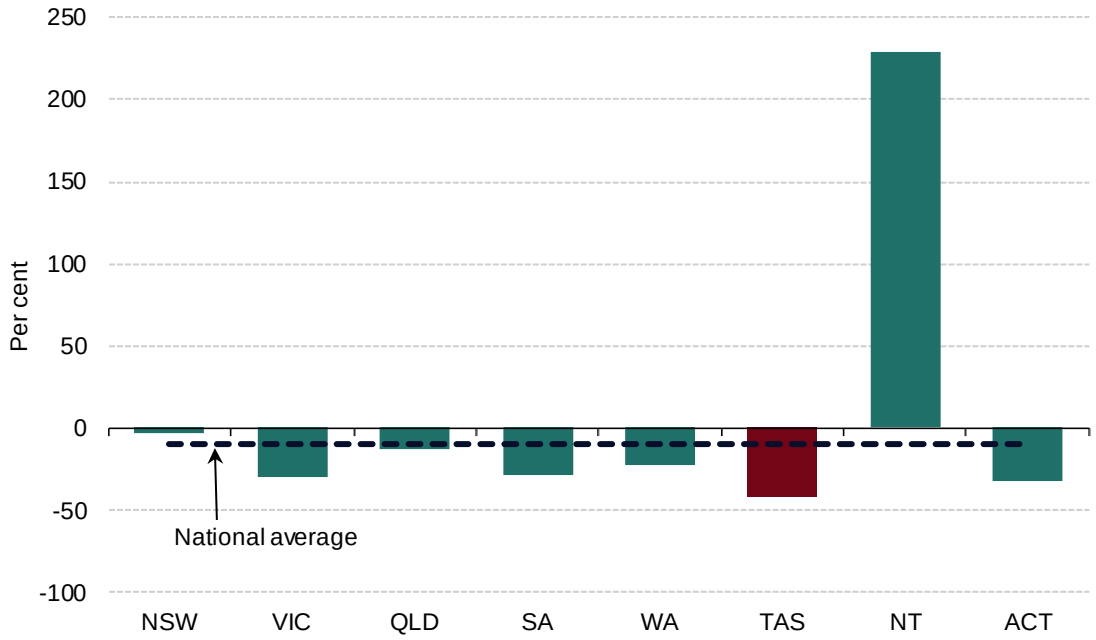
Note: (a) Real expenditure in 2019/20 prices.
(b) Lottery expenditure includes instant lotteries, lotteries, lotto and pools. Race wagering expenditure not available separately for casinos and hotels and clubs, and is reported as 'other' along with on-course bookmakers and totalisators.
(c) Refers to expenditure for the first six months of 2020 only (point of consumption wagering tax introduced on 1 January 2020).
Source: Department of Treasury and Finance (2020), and ABS (2020).

The national statistics published by the Queensland Government Statistician's Office records wagering expenditure by Tasmanians with out of state providers against those states and territories where interstate providers are licensed. In practice, this spending is chiefly attributed to the Northern Territory as online racing and sports betting wagering providers have clustered in the NT due to the presence of favourable taxation arrangements (Barnes et al 2017). This effect is acutely demonstrated by patterns of per adult gambling expenditure, which show that expenditure in the NT has surged at a time when it has fallen or remained steady in all other states and territories. As Figure 4.8 shows, real per adult gambling expenditure in the NT rose by 229 per cent or $8,779 between 2008-09 and 2018-19, while for the nation as a whole it fell by 10 per cent or $146 over this period (Tasmania recorded the largest decline over this period, equal to 42 per cent or $538 per adult).[17]

Thus, some of the reduction in relative gambling expenditure for Tasmania and other states and territories over recent years is overstated to the extent there has been a shift from terrestrial to online gambling, and strong underlying growth in online gambling, which has generally accrued to bookmakers licensed in the NT.

[17] Note that the initial year (2008-09) for this change over time comparison corresponds to the peak in relative gambling expenditure for Tasmania.

Figure 4.8: Change in real per adult gambling expenditure between 2008-09 and 2018-19, states and territories[(a)]



Note: (a) Real expenditure in 2018/19 prices.
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021).

4.2 Race Wagering

Race wagering comprises thoroughbred, harness and greyhound racing in Tasmania. Table 4.2 provides a breakdown of racing activities in Tasmania in 2019-20. Racing activity during the financial year was disrupted by a COVID-19 induced industry shutdown which lasted from 2 April until 14 June.

Four clubs operated thoroughbred race meetings across five tracks in Tasmania in 2019-20. These clubs held 58 thoroughbred race meetings, comprising 454 thoroughbred races with 3,996 overall starters (number of horses).

Unlike most other states and territories, harness racing course activity in Tasmania exceeds thoroughbred racing course activity – Table 4.2. There were eight harness racing tracks in Tasmania in 2019-20, which held 68 harness race meetings, comprising 550 total harness races with 5,520 overall starters.

In 2019-20 there were three greyhound racing clubs in Tasmania, which operated greyhound race meetings across three tracks. A total of 130 greyhound race meetings were held, comprising 1,252 races with 9,596 overall starters.

Table 4.2: Racing Statistics, Tasmania, 2019-20

	Thoroughbred	Harness	Greyhound
Clubs	4	na	3
Tracks	5	8	3
Meetings	58	68	130
Races held	454	550	1,252
Overall starters	3,996	5,520	9,596

Note: na is not available
(a) Racing in Tasmania was shut down between 2 April 2020 and 14 June 2020.
Source: Tasracing (2020, 2021), Racing Australia (2020), and Harness Racing Australia (2020).

Table 4.3 summarises group and listed thoroughbred racing statistics by jurisdiction in 2019-20. Horse racing in Australia is divided into five categories: Group 1, Group 2, Group 3, listed and restricted listed. Group and listed races are considered by the Australian Racing Board to reflect the highest standard of racing for races run in Australia. Group 1 races are the highest graded race category, followed by Group 2, 3 and Listed races. Higher graded races require higher minimum prize money with Group 1 races currently having a minimum of $350,000, while at the low end Listed races have a minimum of $80,000.[18]

[18] Minimum prize money for other categories are $175,000 for Group 2 races and $115,000 for Group 3 races.

Very few thoroughbred races are held in Tasmania – the state hosted just 2.5 per cent of all Group and Listed races held in Australia last financial year. Moreover, thoroughbred racing in Tasmania is skewed towards lower graded races with no Group 1 or Group 2 races being held.

Given the lack of high graded races and overall racing activity, prizemoney for thoroughbred racing in Tasmania is among the least attractive in Australia – Table 4.3. Total prizemoney for Group and Listed races was $2.1 million in 2019-20, equivalent to just 1.3 per cent of all prizemoney awarded in Australia.

Table 4.3: Thoroughbred Group and Listed Statistics, by State and Territory, 2019-20

	TAS	NSW	VIC	QLD	SA	WA	Australia
Races (number)							
Group 1	0	29	30	2	4	3	68
Group 2	0	38	37	4	3	6	88
Group 3	4	56	59	16	12	16	164
Listed	12	45	76	35	28	51	250
Group and Listed	**16**	**168**	**202**	**57**	**47**	**76**	**570**
Restricted Listed	0	4	1	3	0	2	10
Prizemoney ($m)							
Group 1	0.0	26.7	47.8	0.7	1.6	3.0	79.7
Group 2	0.0	10.7	9.5	0.7	0.8	2.2	23.8
Group 3	0.8	9.8	12.1	2.6	1.4	2.6	29.6
Listed	1.3	6.5	12.6	4.1	2.8	5.2	33.1
Group and Listed	**2.1**	**53.6**	**82.0**	**8.1**	**6.6**	**12.9**	**166.2**
Restricted Listed	0.0	2.9	0.5	5.0	0.0	0.4	8.7

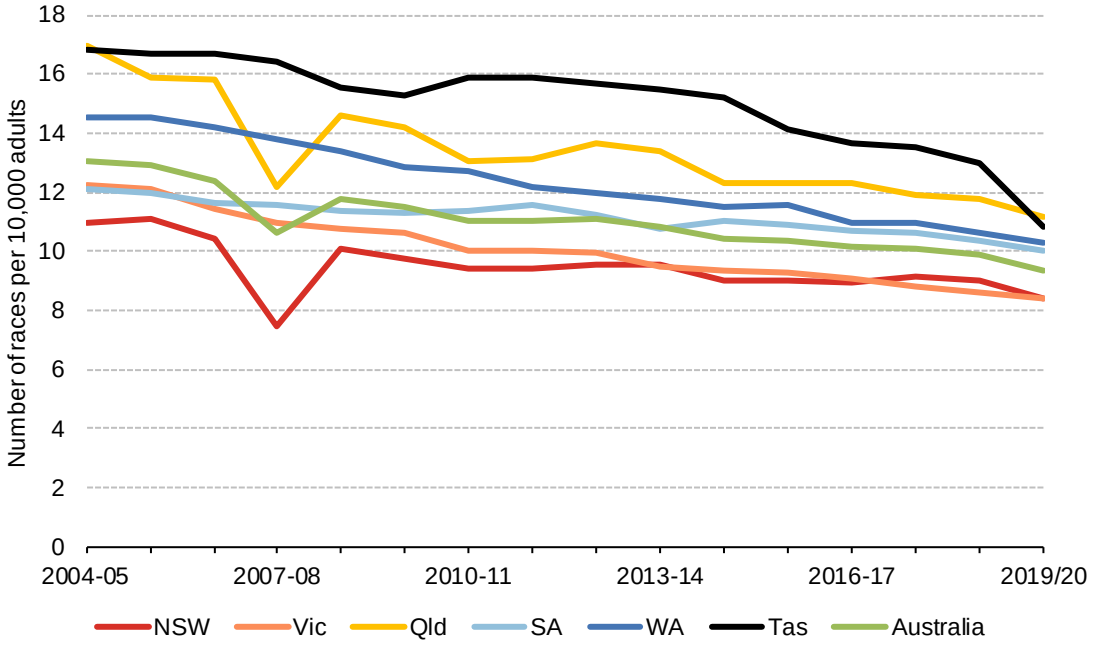
Note: (a) Australia includes Australian Capital Territory. Northern Territory has no group or listed races.
Source: Racing Australia (2020).

Tasmania has a relatively high prevalence of racing measured on per capita terms. In 2018-19, an average of 13.0 races were held in Tasmania per 10,000 adults, which is higher than every other state and territory except the Northern Territory (22.6 races) and Queensland (11.8 races). A higher prevalence of thoroughbred racing in Tasmania and the Northern Territory suggests that smaller, more remote jurisdictions must operate a critical mass of races in order to maintain a viable racing industry.

The relative number of thoroughbred races measured on per adult terms has fallen in all jurisdictions since the early 2000s – Figure 4.9. These trends reflect a pattern of relatively stable racing activity against a background of rising populations, which suggests that the supply of racing activity has been sufficient to accommodate growth in demand for wagering.

Tasmania's share of national races has declined over time, from a peak of 3.6 per cent in 2007-08 to 2.5 per cent in 2019-20.

Figure 4.9: Number of Races per 10,000 Adults, by Jurisdiction, 2002-03 to 2019-20



Source: Racing Australia (2020), and ABS (2020b).

Table 4.4: Total and Per Adult Race Wagering Expenditure, by Wagering Form and State and Territory, 2018-19

	TAS	NSW	VIC	QLD	SA	WA	NT	Australia	Australia (excl. NT)
Expenditure ($ millions)									
On-course totalizator	0.7	6.4	12.5[a]	0.0	1.5	3.5	0.5	25.3	24.8
TAB	39.3	945.0	213.6[a]	310.8[b]	99.0	306.1	9.0	1,939.5	1,930.5
On-course bookmaker	0.0	39.6	U	U[c]	0.4	0.6	1,502.7[d]	1,543.4	40.7
Off-course bookmaker	n.a.	U	U	U	0.9	n.a.	U[d]	0.9	0.9
Total	40.0	991.0	226.1	310.8	101.9	310.2	1,512.2	3,509.2	1,997.0
Expenditure per adult ($)									
On-course totalizator	1.6	1.0	2.4[a]	0.0	1.1	1.7	2.9	1.3	1.3
TAB	93.9	150.7	41.7[a]	80.1[b]	71.9	152.5	48.9	99.0	99.5
On-course bookmaker	0.1	6.3	U	U[c]	0.3	0.3	8,159.5[d]	78.8	2.1
Off-course bookmaker	n.a.	U	U	U	0.7	n.a.	U[d]	0.0	0.0
Total	95.5	158.1	44.2	80.1	74.0	154.5	8,211.4	179.1	102.9

Note: n.a. = not applicable
U = unavailable data
(a) Only contains data from July 2018 to December 2018 (i.e. prior to introduction of the point of consumption tax from 1 January 2019).
(b) Includes on and off-course betting.
(c) Included in TAB expenditure.
(d) Off-course bookmaker expenditure included in on-course bookmaker expenditure. On-course bookmaker expenditure includes corporate bookmakers and registered on-course bookmakers.
Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021)

Total expenditure on gambling services offered by race wagering operators located in Tasmania amounted to $40 million in 2018-19. Almost all of this expenditure (98 per cent) was channelled through the TAB, with little to no spending via bookmakers – Table 4.4. Although the data needs to be interpreted with caution given patchy availability of data, particularly for bookmakers, a similar pattern applies to most other states and territories with the notable exception of the Northern Territory. Table 4.4 shows the outsized role that the NT plays in race wagering due to the clustering of corporate bookmakers in the territory. Bookmakers in the NT accounted for 97 per cent of all on-course bookmaker expenditure in Australia in 2018-19, and 43 per cent of national race wagering expenditure across all forms of race wagering.[19]

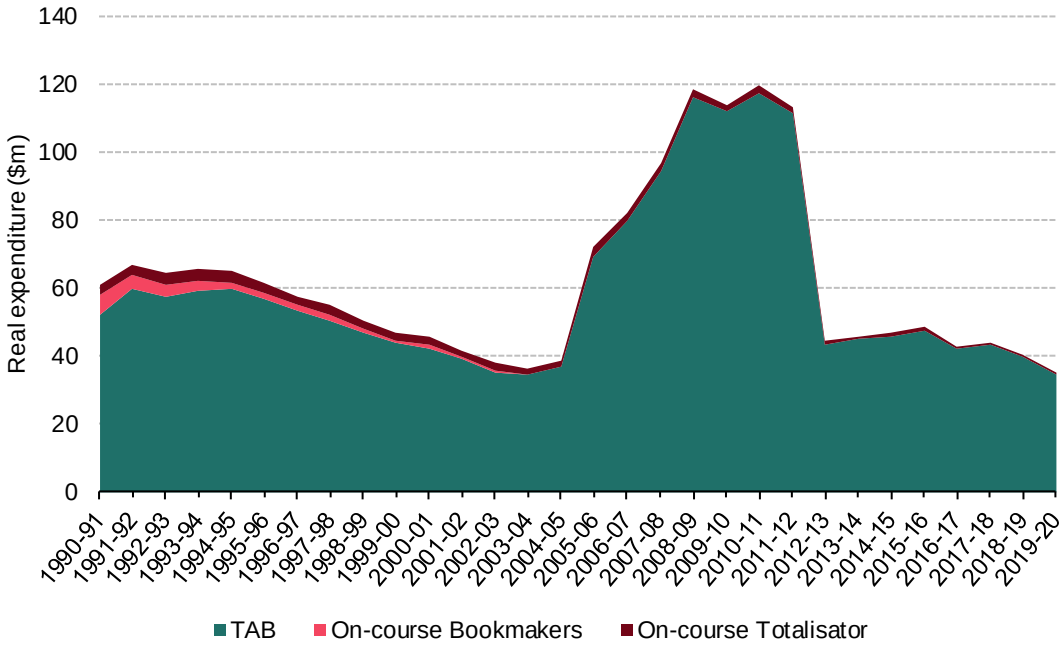
Excluding the Northern Territory, Tasmania had a relatively lower level of race wagering expenditure compared to the rest of Australia in 2018-19 ($96 per adult versus $103 per adult). However, per adult race wagering expenditure in Tasmania was higher than in Queensland ($80 per adult) and South Australia ($74 per adult). These relative comparisons of wagering spend need to be treated with some caution given the high level of wagering that occurs through online bookmakers located in the NT. Moreover, relative expenditure for Victoria

[19] Note that off-course bookmaker expenditure for the NT is classified to on-course bookmakers.

($44 per adult) is artificially low due to data only being collected for part of the year due to the introduction of the point of consumption tax.

Looking at how spending on race wagering operators located in Tasmania has evolved over time, real expenditure exhibited strong growth from 2005-06 to 2008-09 as TOTE Tasmania adopted a business strategy to attract high spending punters from outside Tasmania – Figure 4.10.[20] Real expenditure fell sharply in 2012-13 – from $113 million to $44 million – and has remained around this level ever since, notwithstanding a fall to a record low for the period shown of $35 million in 2019-20 due to the impact of COVID-19. The sharp decline from 2012-13 was attributed in the fourth SEIS to the sale of TOTE Tasmania to Tatts Group, who adopted a lower risk profile and consequently stopped taking bets from high stakes professional gamblers. The migration to online wagering is also likely to have contributed the decline in real expenditure on services offered within Tasmania.

Figure 4.10: Real Expenditure on Services Offered by Tasmanian Race Wagering Operators, by Wagering Form, 1990-91 to 2019-20[(a)]



Note: (a) Real expenditure in 2019/20 prices.
(b) Expenditure on on-course bookmakers estimated at 5.5 per cent of turnover.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

Figure 4.11 shows how thoroughbred wagering turnover for Tasmania has changed over time by form of wagering, which includes bookmakers and the various modes of TAB wagering (i.e. on-course, retail, phone, internet, fixed odds). Turnover here represents the total amount staked by customers whereas expenditure, which was analysed earlier, denotes the total amount lost by customers (i.e. total amount wagered less winnings).

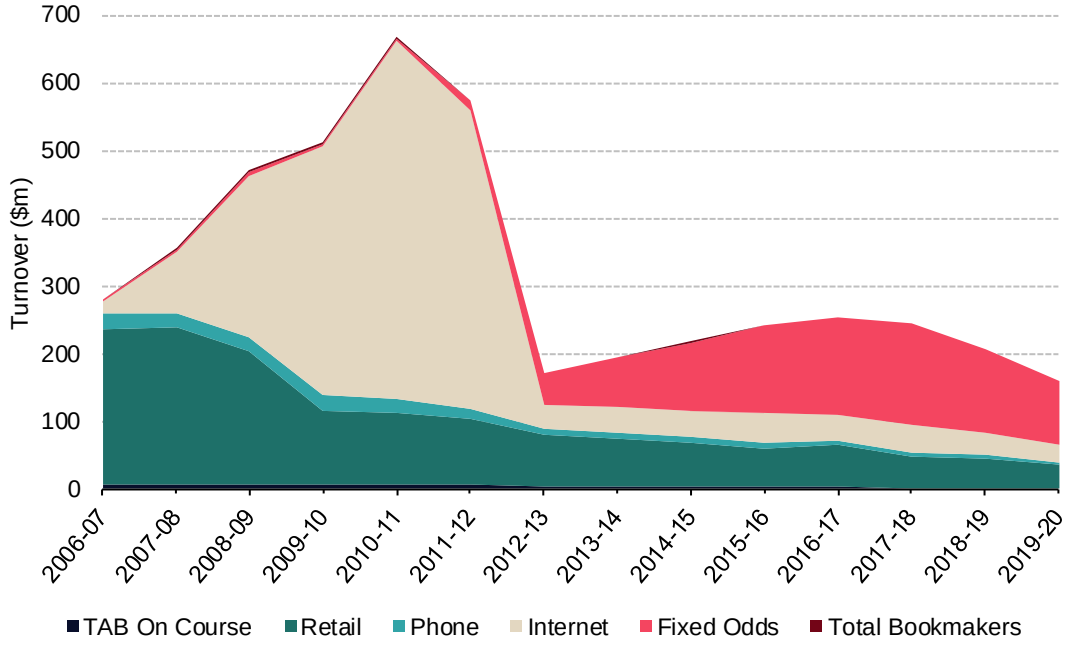
Total thoroughbred wagering turnover in Tasmania fell by 43 per cent between 2006-07 and 2019-20. During this period there was a surge and then sharp decline in turnover associated with the previously mentioned strategy of TOTE Tasmania targeting high stakes professional gamblers prior to its sale to Tatts Group.

Thoroughbred wagering turnover most recently peaked at $254 million in 2016-17 and has fallen steadily thereafter. By 2018-19 it had fallen 18 per cent, and then slumped a further 23 per cent in 2019-20 due to the temporary closure of racing during the initial coronavirus outbreak.

There have been some notable changes in the preferred modes of wagering over time, particularly from in person to remote betting. Between 2006-07 and 2018-19 there were large reductions in wagers placed via TAB retail outlets (down $187 million), by telephone (down $19 million) and on course (down $4.7 million), whereas fixed odds betting grew robustly (up $121 million). The latter rose strongly after 2012-13, from $13 million in 2011-12 to a high of $149 million in 2017-18, before falling back to $92 million in 2019-20. Strong growth in fixed odds betting was partly attributed to the increased usage of sports betting apps in the last SEIS (ACIL Allen Consulting, 2017).

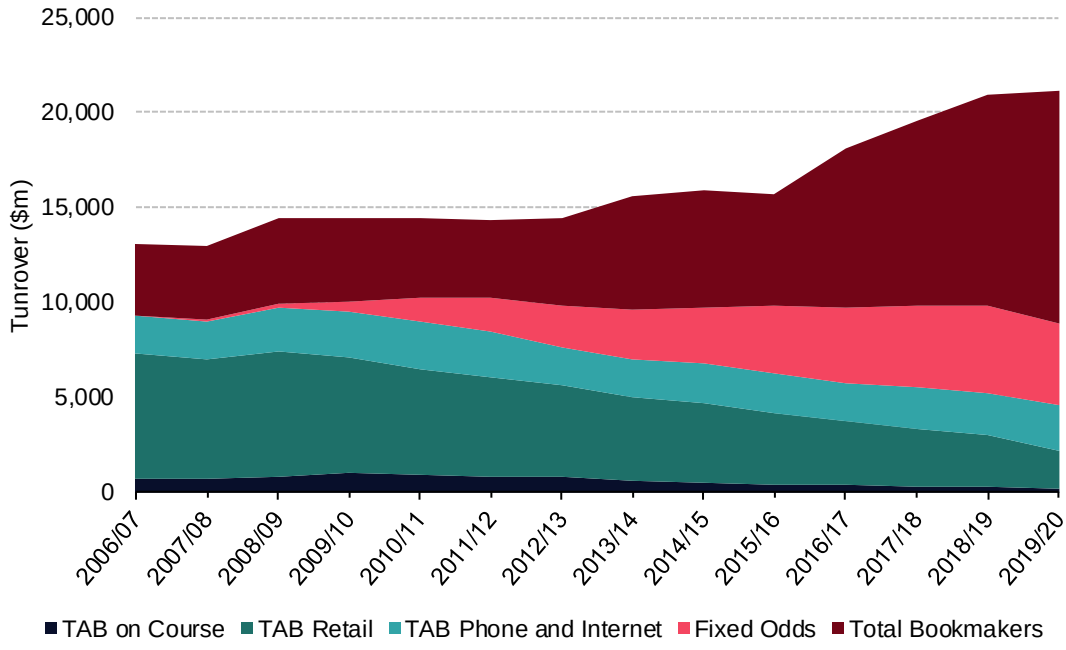
[20] Federal government stimulus in response to the global financial crisis may also have also provided a boost around 2008-09.

Figure 4.11: Thoroughbred Wagering Turnover, Tasmania, 2006-07 to 2019-20



Source: Racing Australia (2013, 2020).

Figure 4.12: Thoroughbred Wagering Turnover, Australia, 2006-07 to 2019-20



Source: Racing Australia (2020).

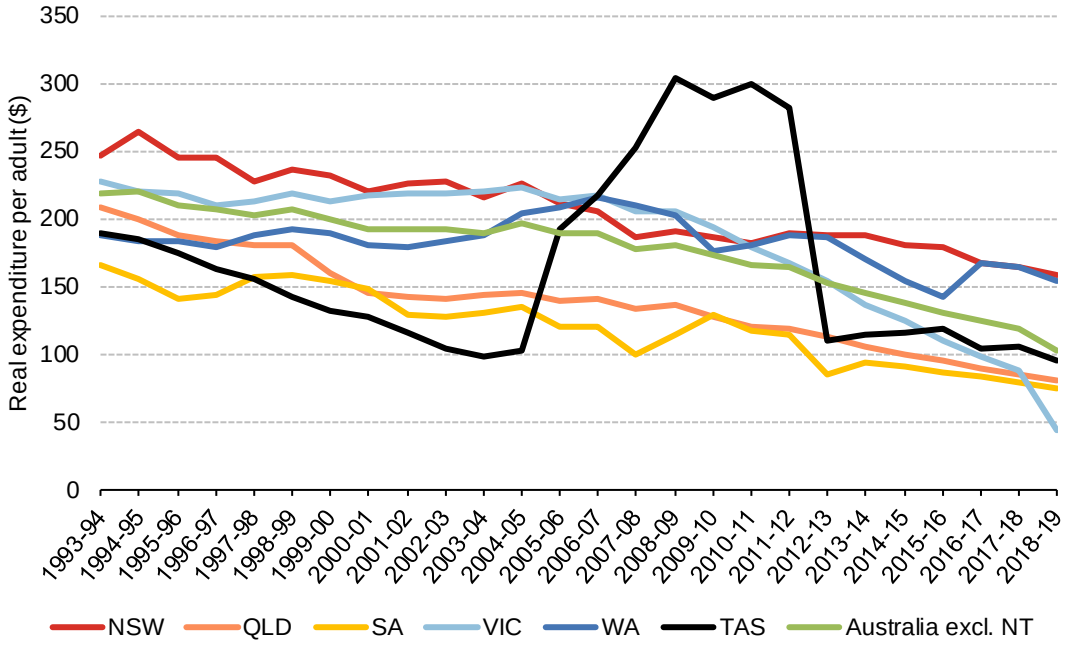
The recent slide in thoroughbred fixed odds betting with Tasmanian providers may reflect that Tasmanians are increasingly wagering online through interstate providers. As we have previously observed, race wagering around Australia has been increasingly channelled through bookmakers located in the NT, which is expressed through strong growth in bookmaker wagering at the national level – see Figure 4.13. National thoroughbred bookmaker wagering rose from $5.913 billion in 2015-16 to $12.190 billion in 2019-20, which represents an increase of 106 per cent. In comparison, Tasmanian bookmaker wagering turnover fell by 51 per cent over this period, although an overwhelming majority of this decline came in 2019-20.[21]

In terms of other modes of thoroughbred wagering, patterns of betting at the national level has been roughly similar to the Tasmanian experience over recent years with continued declines in TAB on course and retail wagering. The main differences are that fixed odds wagering has continued to expand at the national level more recently, while national wagering on phone and internet combined has been maintained at steady level, whereas it has fallen in Tasmania.

[21] Prior to the 2019-20 dip bookmaker turnover was being maintained at approximately $0.9 million per annum.

Figure 4.13 depicts long term trends in real per adult racing expenditure with service providers in each state and Australia excluding the Northern Territory. Relative spending has trended downward in all states over time although recent falls are at least exaggerated, and may even be overstated, due to the increasing diversion of race wagering to online bookmakers in the Northern Territory.[22] A similar, and even more pronounced downward trend was apparent for Tasmania during the 1990s and early 2000s. This decline reversed abruptly in the mid-2000s when the aforementioned adoption of an aggressive growth strategy by TOTE Tasmania targeting out of state players saw expenditure surge. Per adult spending then fell back quickly to its pre-surge level in 2012-13 after Tatts Group acquired the tote and reverted back to a low risk strategy.[23] The net effects of these movements is that Tasmania went from having the third lowest real per adult spend among the states in 1993-94 ($189), to having the fourth lowest per adult spend by 2018-19 ($96).

Figure 4.13: Real per Adult Total Racing Expenditure by State, 1993-94 to 2018-19[(a)]



Note: (a) Real expenditure in 2018/19 prices.
Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021)

Thoroughbred racing remains the most popular form of racing in Tasmania, as it does elsewhere in Australia. According to estimates compiled by Racing Australia (2020), thoroughbred racing accounted for approximately 71 per cent of race wagering turnover in Tasmania in 2019/20. It was followed by greyhound racing (19 per cent) and then harness racing (10 per cent).

Tasmania's distribution of race wagering turnover across thoroughbred, harness and greyhound racing is broadly consistent with the overall pattern for Australia – Figure 4.14. Compared with the nation as a whole Tasmania has a slightly higher share of wagering in respect of thoroughbred racing, and a slightly lower share with regard to greyhound racing.

[22] This factor is acutely demonstrated by considering recent changes in per adult spending for Australia with and without the Northern Territory. Total per adult real racing expenditure for Australia excluding the Northern Territory fell by 25 per cent over the five years to 2017-18, but with the inclusion of the Northern Territory per adult real expenditure actually rose by 3.9 per cent.
[23] Acil Allen Consulting (2017), p 26

Figure 4.14: Distribution of Race Wagering Turnover, By Jurisdiction, 2019-20

Source: Racing Australia (2020).

4.3 Electronic Gaming Machines

4.3.1 Overall Expenditure Trends

Electronic gaming machines (EGMs) in Tasmania operate in casinos, hotels and clubs, and on board the two Spirit of Tasmania vessels which operate between Tasmania and Victoria. As of the 30th June 2020, 63 per cent of the 3,521 machines operating in Tasmania were located in hotels, almost 34 per cent were present in casinos, 2.8 per cent in clubs, and just 1.0 per cent on the Spirit of Tasmania vessels. These relative shares have not changed materially since the previous SEIS.

EGMs were introduced into Tasmanian hotels and clubs in 1997. Expenditure grew rapidly following the introduction of EGMs into hotels and clubs. Measured in real terms, expenditure grew at an average rate of almost 12 per cent per annum between 1996-97 and 2004-05, when it reached a peak of $310 million – Figure 4.15. Spending then fell sharply in 2005-06 – by 12 per cent – and has steadily declined thereafter, falling to $174 million by 2018-19.

The abrupt decrease in the level of EGM expenditure in 2005-06 is directly attributable to the introduction of indoor smoking bans. Limited smoking bans in respect of gaming areas were introduced from 1 January 2005, with a total indoor ban for liquor venues coming into effect on 1 January 2006.[24] Similar outcomes have been observed in other Australian jurisdictions following the introduction of legislated smoking bans (for example see Lal and Siahpush 2008, in respect of Victoria).

While smoke-free policies resulted in a decline in spending on EGMs, a range of other industry specific, general and one-off factors may have contributed to the absolute and relative decline in spending on gaming machines over the past 15 years. These factors include, but are not limited to:

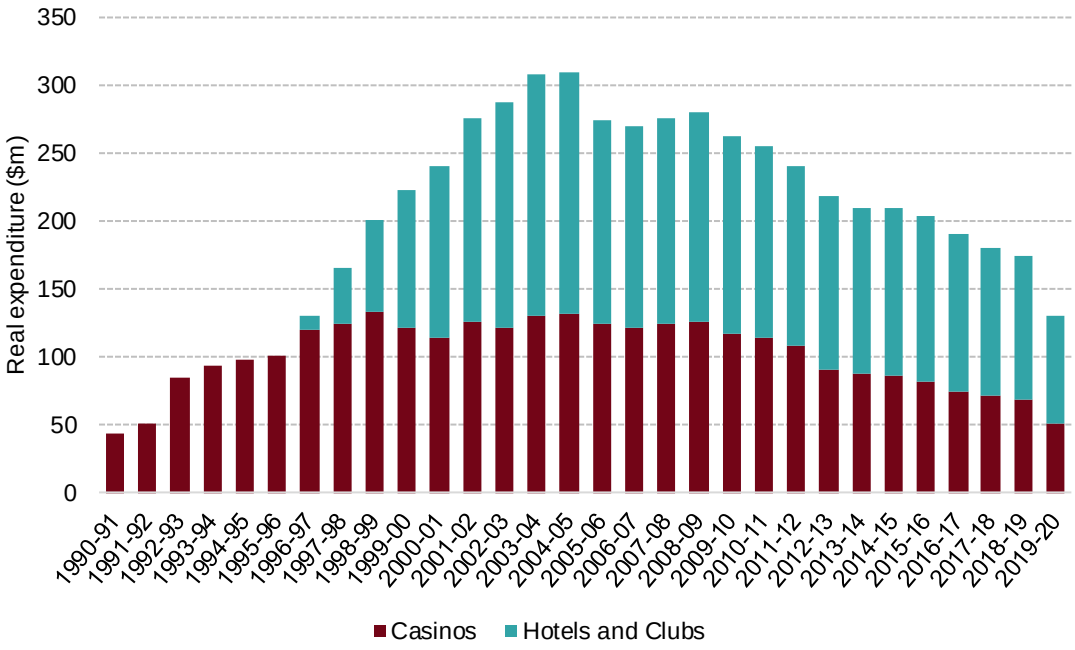
- the introduction of a total statewide cap on gaming machines in early 2006 which curtailed the expansion of gaming machines throughout the community;
- introduction of the Responsible Gambling Mandatory Code of Practice;
- the emergence of online access to established forms of gambling such as race wagering and sports betting through smartphone apps;
- the maturation of the EGM industry in terms of both its penetration into the community and becoming a less novel form of gambling and entertainment;
- the impact of the global financial crisis and other events including public health restrictions due to COVID-19 more recently, which negatively impacted consumer incomes and sentiment; and
- enhanced competition from other forms of gambling and entertainment such as sports betting, social media, streaming media, gaming etc.

[24] Department of Health, Tobacco Law History, https://www.dhhs.tas.gov.au/publichealth/tobacco_control/tobacco_control_laws/history

Looking more closely at developments in EGM spending since the fourth SEIS (2017), real expenditure in Tasmania fell by 15 per cent between 2015-16 and 2018-19, from $204 million to $174 million. Expenditure on machines in casinos fell by a greater margin (down 17 per cent) compared to those located in hotels and clubs (down 13 per cent).

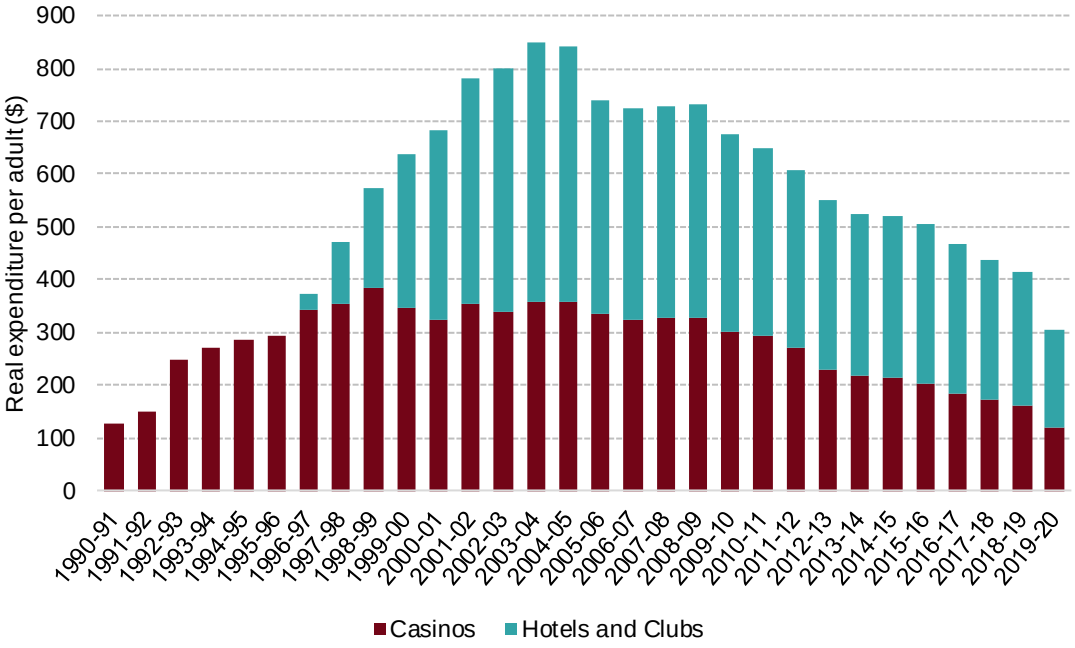
The temporary closure of gaming venues from 23 March 2020 as part of the public health response to COVID-19 naturally had a significant impact on EGM activity. Total spending fell by 25 per cent in 2019-20 to $130 million, which is the lowest real amount recorded since 1996-97. Given the uniformity of closure measures, similar declines were reported for casinos (down 26 per cent) and hotels and clubs (down 25 per cent).

Figure 4.15: Real EGM Expenditure in Tasmania, 1990-91 to 2019-20[(a)]



Note: (a) Real expenditure in 2019/20 prices. Casinos includes EGMs on the Spirit of Tasmania Vessels.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020). Player expenditure on EGMs in casinos, hotels and clubs for recent years is also published in Tasmanian Liquor and Gaming Commission Annual Reports.

Figure 4.16: Real EGM Expenditure per Adult in Tasmania, 1990-91 to 2019-20 [a)]



Note: (a) Real expenditure in 2019/20 prices.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020, 2020b). Player expenditure on EGMs in casinos, hotels and clubs for recent years is also published in Tasmanian Liquor and Gaming Commission Annual Reports.

As discussed in section 4.1, EGM activity in the first six months of 2020-21 shows a higher level of expenditure compared to pre-COVID-19 levels. Monthly expenditure since February 2021 has been closer to pre-COVID-19 levels.

Figure 4.16 presents real per adult gaming machine expenditure figures over the last 30 years for Tasmania. Unsurprisingly, per adult spending over this period closely traces the pattern of real aggregate spending as previously shown in Figure 4.13. After peaking at $851 per adult in 2003-04, spending has steadily fallen, reaching $415 per adult in 2018-19, i.e. less than half its peak level. With the COVID-19 related temporary venue closures, relative spending fell even further to an average of $307 per adult in 2019-20.

Interstate comparisons of EGM expenditure are restricted to machines in hotels and clubs as the national statistics do not separate EGM gambling in casinos from other forms of casino gambling.

Figure 4.17 shows per adult spending on EGMs since the early 1990s for those states that allow gaming machines in hotels and clubs. Prior to 1992 New South Wales and the Australian Capital Territory were the only jurisdictions that permitted gaming machines in hotels and clubs. Expenditure then grew rapidly across Australia during the 1990s as gaming machines were introduced in other states, first Victoria and Queensland (1992 respectively), followed by South Australia (1994) and then Tasmania (1997).

Table 4.5: Timing of Introduction of EGMs into Hotels and Clubs and Smoking Bans in Licensed Premises

State	Introduction of EGMs to licensed premises	Introduction of smoking bans to licensed premises	Peak in real per adult EGM expenditure
New South Wales	1956 (clubs) 1984 (hotels)	Total enclosed space ban from 1 July 2007	2004-05
Victoria	1992	Limited ban from 1 September 2002 with complete ban from 1 July 2007	2001-02
Queensland	1992	Limited ban from 1 January 2005 with complete ban from 1 July 2006	2005-06
South Australia	1994	Limited ban from 6 December 2004 with complete ban from 1 November 2007	2004-05
Tasmania	1997	Limited ban from 1 January 2005 with complete ban from 1 January 2006	2003-04

Source: SACES 2021

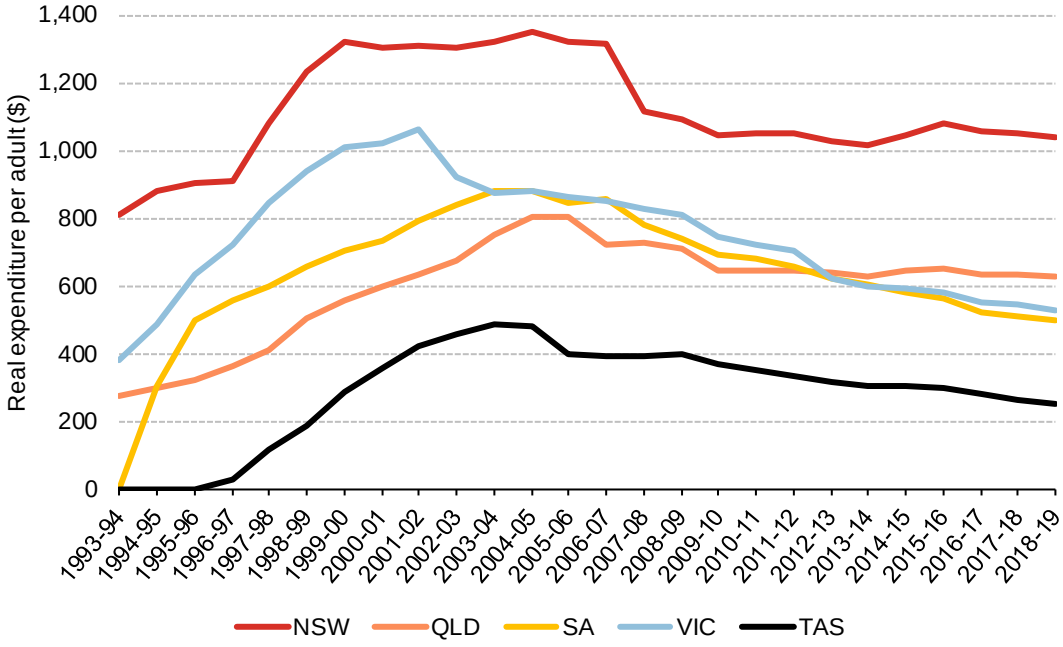
Real per adult spending on hotel and club EGM gaming peaked at various points during the first decade of the 2000s for each state. These peaks generally coincided with the introduction of smoking bans, the dates of which are summarised in Table 4.5. Per adult spending has trended downward in most states since their record highs were reached. The notable exceptions are New South Wales and Queensland where spending has remained relatively stable over recent years – Figure 4.17.

Since their widespread adoption across Australia, Tasmania has maintained a significantly lower level of per adult spending on EGMs in hotels and clubs relative to all other states and territories, with the exception of Western Australia which does not permit EGMs outside the casino – Figure 4.17. Tasmanian expenditure on EGMs in hotels and clubs stood at $249 per adult in 2018-19, well behind the next highest level of $495 per adult for South Australia. New South Wales had the highest average expenditure at $1,042 per adult.

Tasmanian expenditure on EGMs in hotels and clubs is also relatively low compared to other jurisdictions when measured as a proportion of Household Disposable Income and a share of total gambling expenditure – see Table 4.6. As noted previously, relatively lower expenditure on EGMs for Tasmania would in large part be a consequence of there being comparatively fewer machines in the state relative to the size of the population. Taking into account machines located in all types of venues (i.e. hotels, clubs and casinos), data from the most recent edition of Australian Gambling Statistics indicates that Tasmania had the third lowest prevalence of gaming machines in 2018-19 (8.5 machines per 1000 adults), behind only Victoria (5.7 machines) and Western Australia (1.2 machines).[25]

[25] The corresponding national average was 9.8 machines per 1,000 adults.

Figure 4.17: Real per Adult Gaming Machines Expenditure by State, Hotels and Clubs, 1993-94 to 2018-19[(a)]



Note: (a) Real expenditure in 2018/19 prices.
Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021).

Table 4.6: Hotel and Club EGM Expenditure as a Share of Total State Gambling Expenditure and Household Disposable Income (HDI), by State and Territory, 2018-19

Measure	TAS	NSW	VIC	QLD	SA	ACT	NT
EGM expenditure as a percentage of total state gambling expenditure	34.1	65.5	49.4	56.5	62.5	68.1	4.6
EGM expenditure as a percentage of HDI	0.4	1.6	1.0	1.0	0.8	0.4	0.7

Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021)

4.3.2 Regional Dimensions of EGM Expenditure

There is a clear inverse correlation between socio-economic status (as measured by the Index of Relative Socio-Economic Disadvantage (IRSD)[26] and used by Tasmania's State Grants Commission in assessing the relative need for financial assistance of Tasmanian councils) and per adult expenditure on EGMs across Tasmanian local government areas – see Figure 4.18.[27] In Figure 4.18 the highest level of disadvantage is shown with numbering greater than 1.0, the mean at 1.0 and the more advantaged LGAs with a score of less than 1.0.

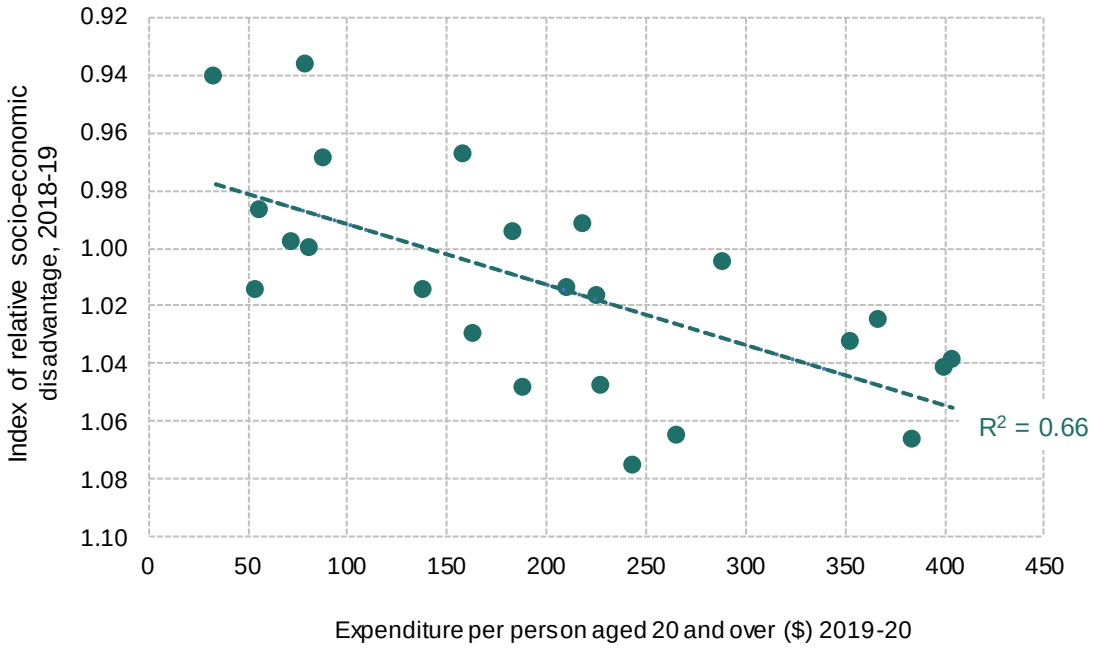
The available evidence supports the notion that spending on gambling through EGMs – in Tasmania as elsewhere – tends to be higher in regions with lower levels of economic and social resources than in more advantaged areas. (The focus here is on EGMs, rather than on other forms of gambling, given the evidence – as set out, for example, by the Productivity Commission (2010: Volume 1, 4.1-37) that 'problem gambling' is more closely associated with EGMs than with other types of gambling).

Almost 40 per cent of all EGMs in hotels and clubs are located in the ten local government areas (LGAs) with the highest levels of socio-economic disadvantage, even though those LGAs only account for 27 per cent of Tasmania's 20-and-over population. Latest ABS regional population data outside Census years is only available for very broad age groups e.g. 15 to 19 years, hence 20 years and over is closest approximation to 18 years and over adult population.

Sixty per cent of hotel and club EGMs are located in the 13 most socio-economically disadvantaged LGAs which contain just under 44 per cent of Tasmania's 20-and-over population (Figure 4.19). In Figure 4.19 reading from left to right, shows that the distribution (or share) of EGMs per population aged over 20 years is highest (in additive/cumulative terms) in the least advantaged LGAs than the more advantaged LGAs.

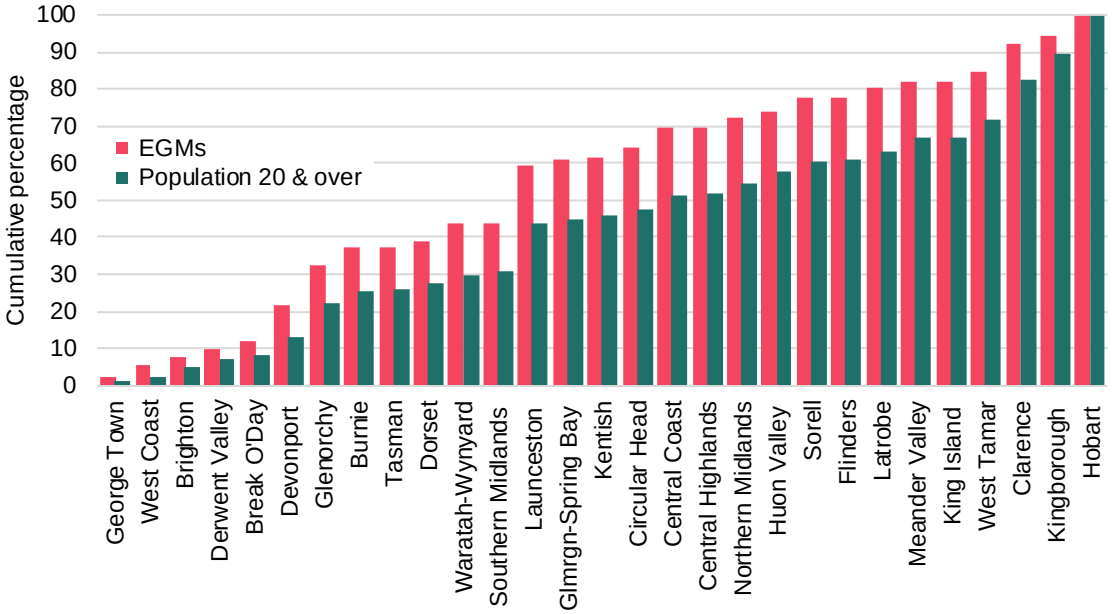
[26] For a more detailed explanation of the Index of Relative Socio-Economic Disadvantage (IRSD) see ABS (2018a).
[27] R^2 shown in Figure 4.16 and other subsequent Figure 4.18 is the 'co-efficient of determination' a statistical measure of the proportion of the variance of one variable (in this case, per adult EGM spending) that is 'explained' by another variable (in this case, the IRSD)

Figure 4.18: Per adult expenditure on EGMs and socio-economic status by local government areas (LGAs), 2019-20



Note: Each dot represents an LGA with EGMs so that LGAs without EGMs are not included in figure or in calculations.
Source: Tasmanian Liquor and Gaming Commission (2021a); ABS (2020b); State Grants Commission (2020)

Figure 4.19: Distribution of EGMs in hotels and clubs across local government areas (LGAs), by ISRD and population aged 20 and over



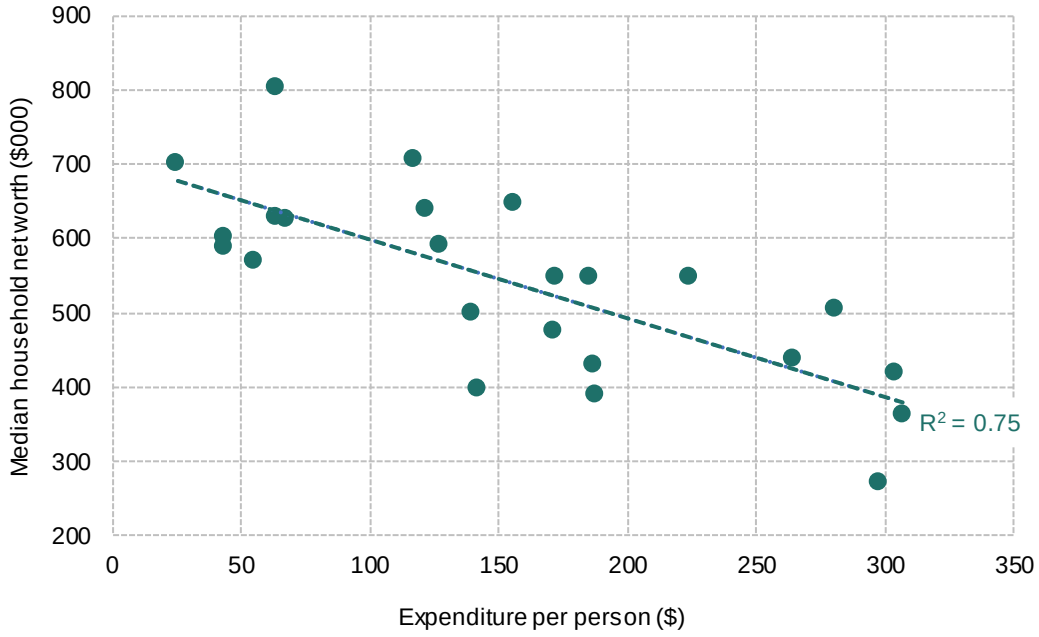
Source: Tasmanian Liquor and Gaming Commission (2021b); State Grants Commission (2020); ABS (2020b).

There is an even stronger inverse correlation between median household net worth and per capita spending on EGMs (Figure 4.20). There are also clear positive correlations between per capita spending on EGMs and the proportion of LGA populations whose highest educational qualification is less than Year 12 (Figure 4.19) and the proportion of LGA populations receiving the Disability Support Pension, NewStart Allowance (now known as JobSeeker Payment) or Parenting Payment (Figure 4.20).

The proximity or concentration of EGMs in LGAs with above-average proportions of the characteristics shown in Figures 4.17-4.21 may reflect an awareness on the part of venues and gaming machine operators that EGMs are a more popular form of entertainment among people with these characteristics than in communities with (for example) higher levels of educational attainment, on average, or greater wealth: in which case, it could be construed as an example of 'market forces' responding to geographical differences in demand for the product in question.

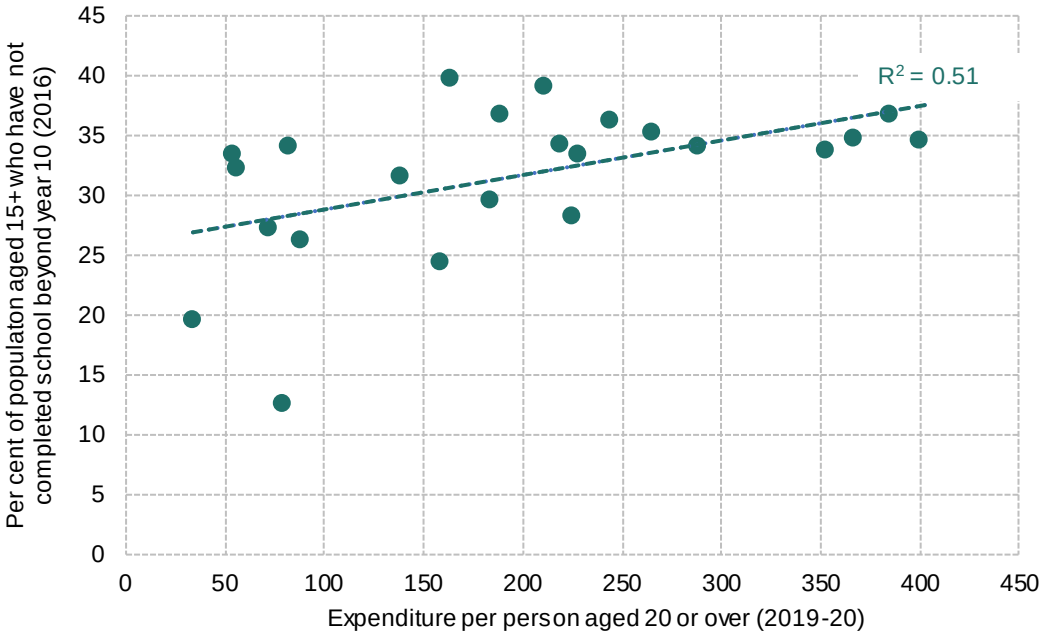
While the concentration of EGMs in LGAs with lower socio economic advantage might reflect an awareness by venues that this is a more popular form of entertainment in these communities, TasCOSS (2020: 4) reports that the extent of problem gambling is also more prevalent in these communities, which causes it concern.

Figure 4.20: Average annual expenditure on EGMs in Tasmania and median household net worth, by LGAs, 2019-20



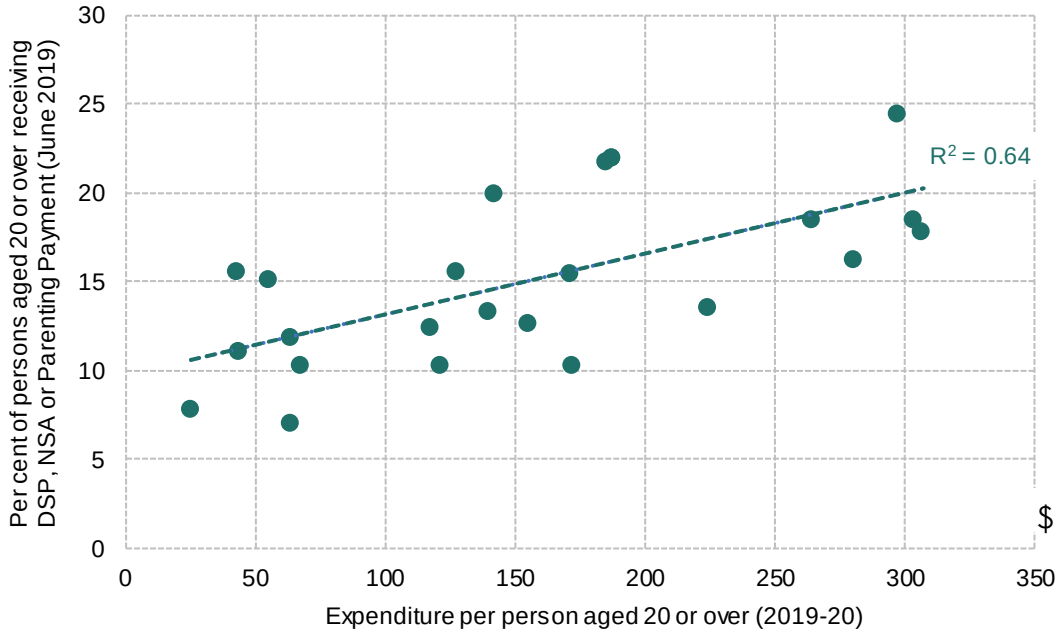
Source: Tasmanian Liquor and Gaming Commission (2021a); ABS Data by region.

Figure 4.21: Average annual expenditure on EGMs in Tasmania and proportion of population whose highest educational qualification is Year 10 or lower, by LGAs



Source: Tasmanian Liquor and Gaming Commission (2021a); ABS Data by region.

Figure 4.22: Average annual expenditure on electronic gaming machines in Tasmania and proportion of population on Disability Support Pension, NewStart or Parenting Payment, by LGAs



Source: Tasmanian Liquor and Gaming Commission (2021a); ABS Data by region.

4.4 Lotteries

Lotteries are games of pure chance involving the sale of tickets, a subsequent draw and awarding of a prize(s). Some forms of lotteries such as TattsLotto allow players to select numbers, whereas others such as instant lotteries (scratchies) do not permit or require player agency.

Lotteries in Tasmania are currently supplied by two external providers who hold foreign game permits: Tattersalls Sweeps Pty Ltd (Victoria) and Golden Casket Lottery Corporation Limited (Queensland). Lottery products in Tasmania include lotteries, instant lotteries, lotto and sports pools. These products are sold through various outlets, particularly newsagencies.

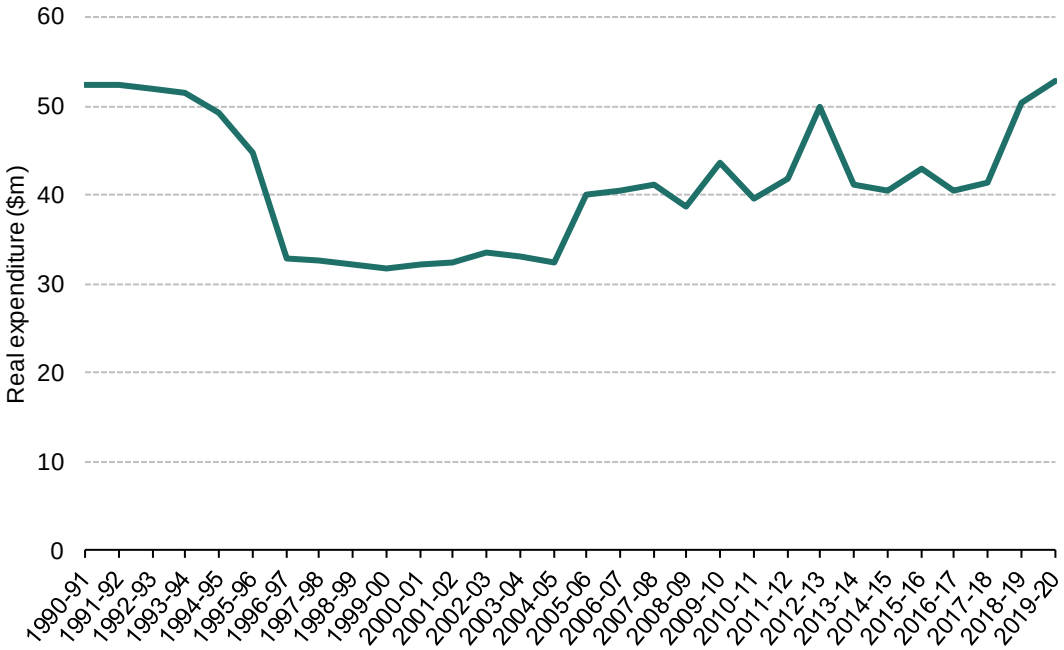
Real expenditure on lotteries in Tasmania has experienced periods of stability and abrupt change – Figure 4.23. Expenditure fell sharply between 1994-95 and 1996-97 with the emergence of new and more accessible forms of gambling, including the introduction of keno into clubs and hotels in 1994, followed by EGMs in 1997. Expenditure remained quite stable up to 2004-05, and then rose to around $40 million per annum and remained around this level with moderate fluctuations for over a decade.

Since the last SEIS (2017) real lottery expenditure has risen by 22 per cent to just over $50 million in 2018-19, and then a further 5.4 per cent to $53 million in 2019-20. The increase may be a consequence of growth in jackpot draws which appear to have sparked renewed interest in lotteries (Tasmanian Government, 2019). More recently, the temporary closure of licensed venues in 2020 may have encouraged some diversion to lotteries which were largely unaffected by COVID-19 related social distancing restrictions.

Comparative national data is not available beyond 2018-19 but does show that the recent initial uptick in lottery expenditure has occurred across all jurisdictions – Figure 4.24. Notwithstanding the recent upturn, per adult expenditure on lotteries in most jurisdictions has remained fairly constant with slight fluctuations over time. Tasmania has consistently maintained one of the lowest levels of per adult spend on lotteries among Australian jurisdictions since expenditure fell away in the mid-1990s. Per adult lottery expenditure in Tasmania was $109 in 2018-19, ahead of only the Australian Capital Territory ($74), and below the national average of $132 per adult. Lottery expenditure is relatively high in the Northern Territory ($269 per adult) and Western Australia ($214 per adult). The high level for Western Australia is likely a consequence of fewer alternative gambling options in the absence of EGMs in hotels and clubs and support for Lottery West, which provides grants and is a major funder of sport and recreation programs.[28]

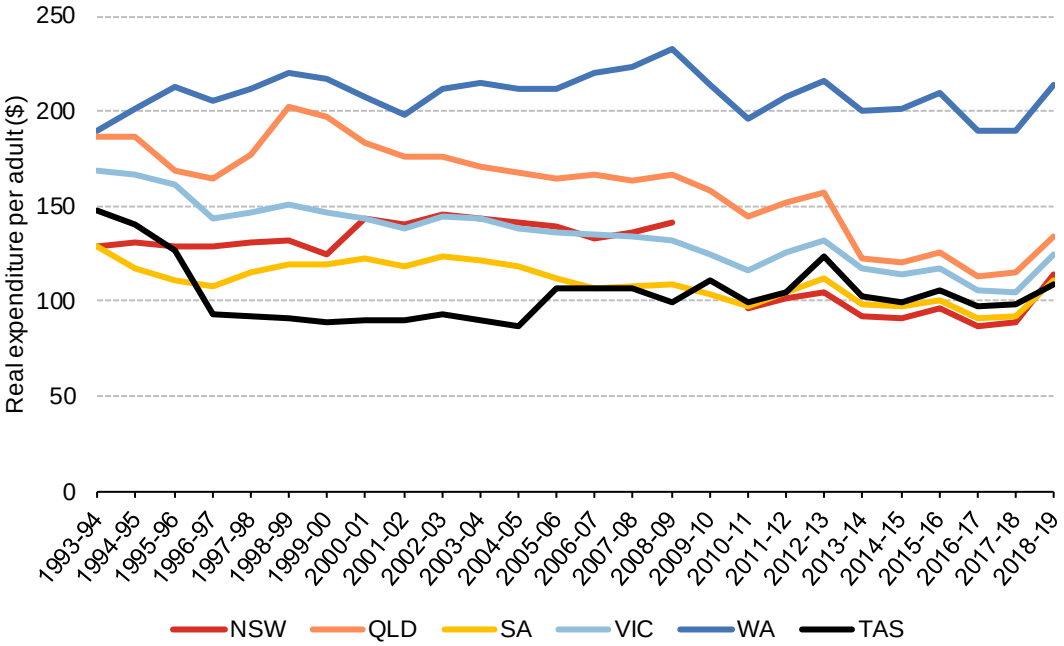
[28] https://www.lotterywest.wa.gov.au/lotterywest/grants/approved-grants-list/approved-grants-list

Figure 4.23: Real Lottery Expenditure in Tasmania, 1990-91 to 2019-20[(a)]



Note: (a) Real expenditure in 2019/20 prices.
(b) Lottery expenditure includes instant lotteries, lotteries, lotto and pools.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

Figure 4.24: Real per Adult Lottery Expenditure, By Jurisdiction, 1993-94 to 2018-19[(a),(b)]



Note: (a) Real expenditure in 2018/19 prices.
(b) Lottery expenditure includes lotteries, lotto, instant lotteries, and pools. Data for lottery expenditure in NSW in 2009-10 not available for the entire year and is consequently not shown. Pools was withdrawn from the Australian lottery market from 23rd June 2018.
Source: Queensland Government Statisticians Office, Australian Gambling Statistics, 36th Edition (2021).

4.5 Keno

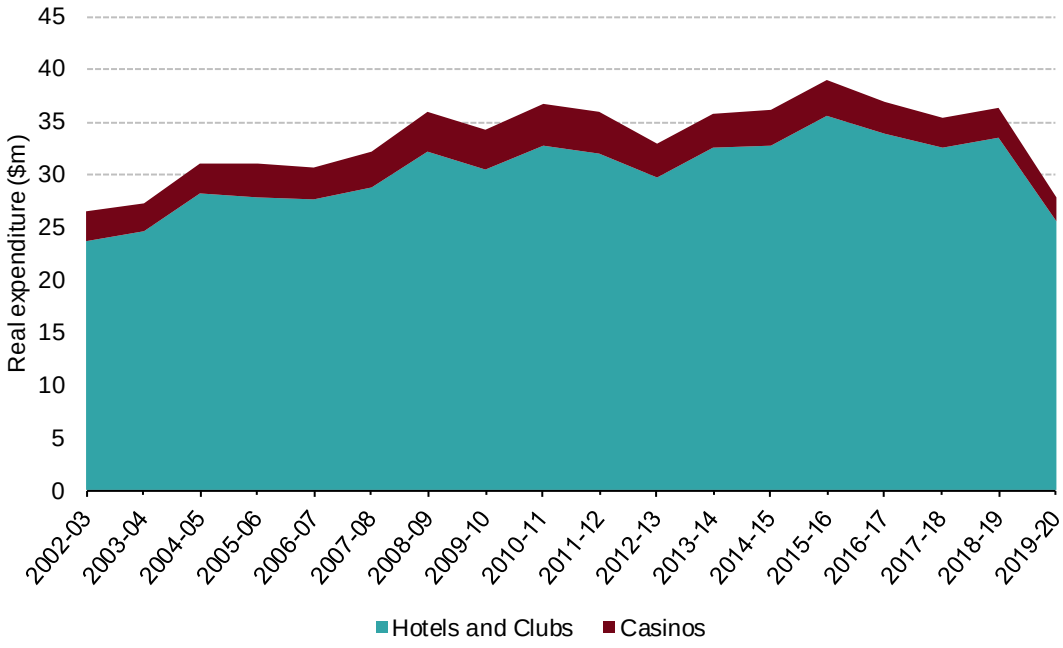
Keno is a lottery style game played in hotels, clubs and casinos through a state-wide computerised network. In the traditional version of the game players select up to 15 numbers from 1 through to 80 on a keno entry form. A total of 20 numbers are then randomly drawn from the 80 available. Winnings are determined in proportion to the number of successful matches, the number of matches relative to the total number of originally selected, and the total amount wagered.

The Tasmania brand of keno – TASkeno – is operated by Network Gaming, a business owned by the Federal Group. Games are currently played every three minutes. There were 152 keno outlets in Tasmania at 30 June 2020. The vast majority of these were located in hotels (84 per cent), followed by clubs (15 per cent) and casinos (1 per cent).

Aggregate expenditure on keno measured in real terms has been quite stable over the past decade, fluctuating between $35 million and $37 million per annum – Figure 4.25. Total expenditure in 2018-19 was $36.3 million, down 6.7 per cent from its peak of almost $39 million in 2015-16. With the temporary closure of gaming venues due to COVID-19, expenditure fell 24 per cent to a 16 year low of $27.8 million in 2019-20.

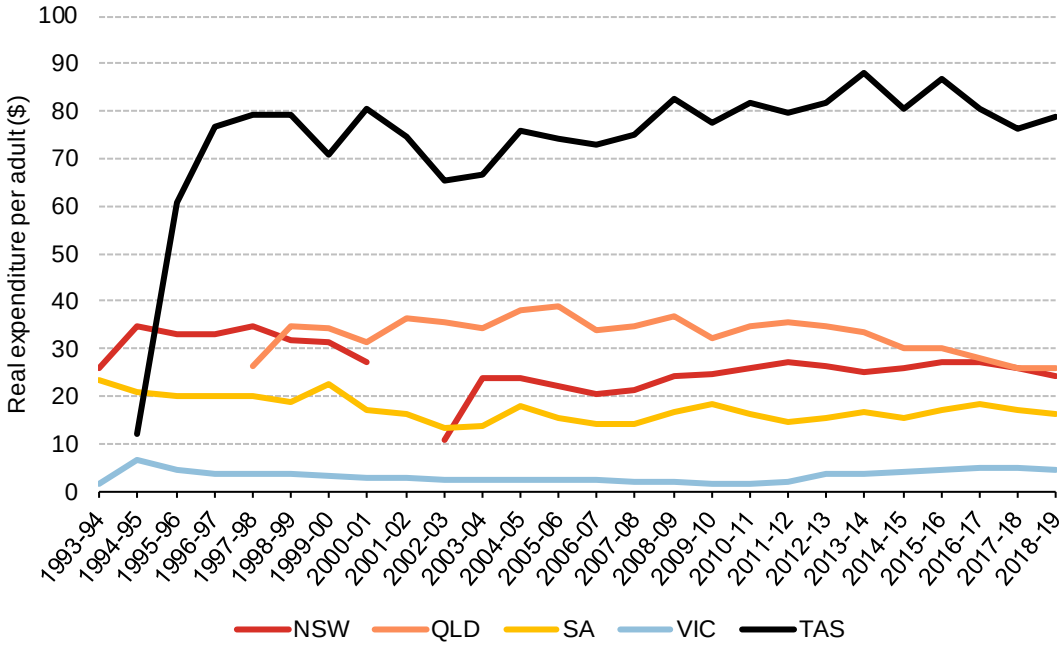
Of total keno expenditure in Tasmania in 2018-19, 92 per cent ($33.5 million) was spent in hotels and clubs, while 7.7 per cent ($2.8 million) was spent in casinos.

Figure 4.25: Real Expenditure on Keno in Tasmania, 2002-03 to 2019-20



Note: (a) Real expenditure in 2019/20 prices.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

Figure 4.26: Real per Adult Keno (Hotels and Clubs) Expenditure by State, 1993-94 to 2018-19[(a)]



Note: (a) Real expenditure in 2018/19 prices. Data for keno expenditure in NSW not available for missing years.
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021).

Tasmanian keno expenditure is relatively high. Real expenditure for hotels and clubs on a per adult basis in 2018-19 was $79, some 45 per cent higher than the next highest jurisdiction, the Northern Territory ($55). This divergence emerged quickly after keno was introduced into hotels and clubs in 1994-95 and has persisted ever since – Figure 4.26.

Previous SEIS reports have attributed the relatively higher level of expenditure for Tasmania to greater accessibility in terms of the proportion of licensed venues featuring keno where a player 'can sit and play' (ACIL Allen Consulting, 2018; SACES, 2008).

4.6 Casino

There are two casinos in Tasmania: the Wrest Point Hotel Casino in Hobart serves the southern part of state while the Country Club Casino in Launceston serves the northern part of state. The casinos provide three primary forms of gambling: table gaming, EGMs and keno. Measured by expenditure, EGMs are the largest form of gambling undertaken in the casinos (84 per cent of casino expenditure in 2018-19), followed by table games (13 per cent) and keno (3.4 per cent).

Figure 4.27 shows how real expenditure on casino gambling in Tasmania has evolved since 1990-01. It grew strongly from the mid to late 1990s after modern style gaming machines were introduced to the casinos in 1993. Total real expenditure rose from approximately $93 million in 1992-93 to $140 million in 1998-99. A side effect of introducing modern gaming machines was that spending on table games collapsed (by 80 per cent in 1992-93) – see Figures 4.27 and 4.28, which shows casino table gaming expenditure in real and nominal terms.

Following the initial surge in casino spending on the back of modern EGMs, total casino expenditure remained relatively stable from 2001-02 to 2008-09, hovering around $140 million per annum.

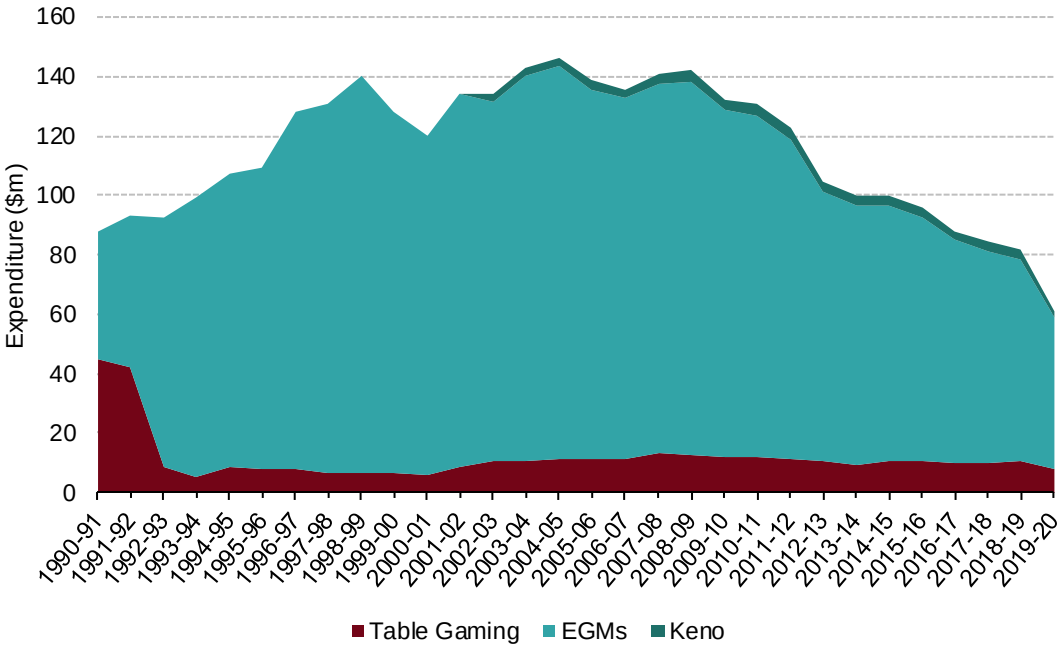
Overall spending on casino gambling in Tasmania has been in decline since 2008-09 – Figure 4.27. Over the subsequent decade total expenditure fell by 43 per cent in real terms to $81.5 million by 2018-19. This decline was largely driven by a fall in spending on EGMs (down 46 per cent), although significant falls were also seen for keno (down 27 per cent) and table gaming (down 17 per cent). A number of factors have contributed to the steady decline in casino gambling. These include the introduction of smoking bans in gaming areas from 1 January 2005, the introduction of the Mandatory Code of Practice, the statewide cap on EGM numbers in casinos being reached in 2006, impact of the GFC on household discretionary spending and confidence, maturation of the casino and EGM industries, and growing competition from other forms of gambling including sports betting and online wagering.

The temporary closure of casinos from 23 March until late June of 2020 as part of the public health effort to stop the spread of COVID-19 yielded a further large decline in casino expenditure in 2019-20. Total expenditure fell by 25 per cent to $60.8 million. Expenditure in respect of each of the three forms of casino gambling fell by around one quarter.

As a consequence of the downward shift in aggregate casino expenditure, real per adult expenditure for Tasmania has declined from $366 in 2008-09 to $194 in 2018-19. Western Australia is the only other Australian state that has seen relative expenditure erode over the past decade. In contrast, per adult spending has grown strongly in New South Wales, and remained relatively stable in South Australia, Victoria and, to a lesser degree, Queensland – Figure 4.29.

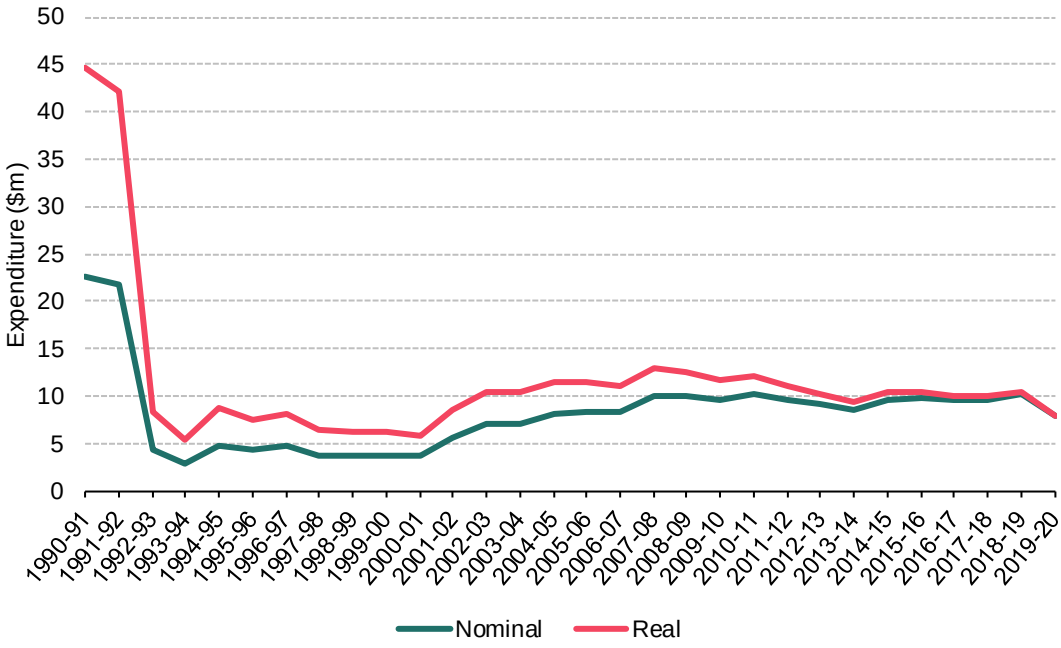
Tasmania's relative level of real casino expenditure in 2018-19 ($194 per adult) was 22 per cent below the national average of $248 per adult. Of the other states, only South Australia ($90 per adult) had a lower level of expenditure. Victoria had the highest level of relative expenditure ($328 per adult), followed by Western Australia ($266 per adult).

Figure 4.27: Real Casino Expenditure in Tasmania by Gambling Activity, 1990-91 to 2019-20[(a), (b)]



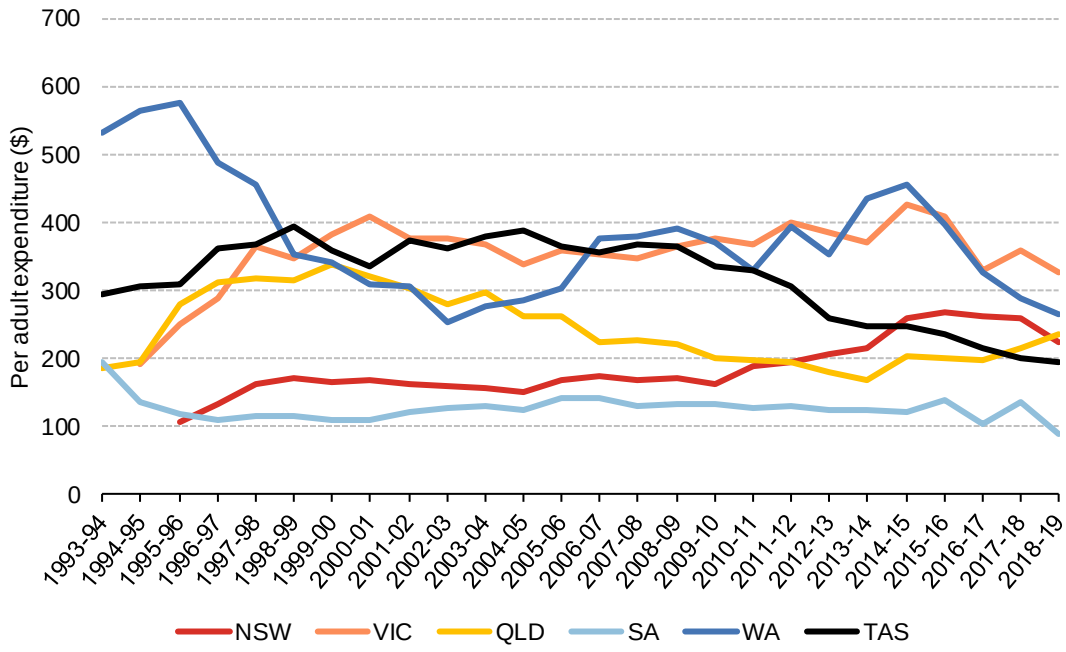
Note: (a) Real expenditure in 2019/20 prices.
(b) Expenditure data for keno not available prior to 2002-03. EGMs includes gaming machines on the two Spirit of Tasmania Vessels. Modern style EGMs were introduced to the casinos in 1993.
Source: Department of Treasury and Finance (2020), TLGC Annual Reports, and ABS (2020).

Figure 4.28: Tasmanian Table Gaming Expenditure, 1990-91 to 2019-20



Note: (a) Real expenditure in 2019/20 prices.
Source: Department of Treasury and Finance (2020), TLGC Annual Reports, and ABS (2020).

Figure 4.29: Real per Adult Casino Expenditure by State, 1993-94 to 2018-19[(a)]



Note: (a) Real expenditure in 2018/19 prices.
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 36th Edition (2021).

In terms of table gaming, a total of 36 tables games were on offer across the two Tasmanian casinos in late 2020 – see Table 4.7 – although it is important to note that all tables may not have been in operation at the time. Wrest Point Casino (24 tables) hosted twice as many tables compared to Country Club Casino (12 tables). Wrest Point Casino also offered more variety of tables, providing eight different types of games compared to five in Country Club Casino. The most common types of tables games within the two casinos were blackjack (14 tables) and roulette (8 tables), which together accounted for more than 60 per cent of all table games.

Table 4.7: Table Games in Tasmanian Casinos as at 9 November 2020[(a)]

Table game	Wrest Point	Country Club	Total
Blackjack	8	6	14
Hold 'Em Poker	2		2
Midi Baccarat	2	1	3
Mini Baccarat	2		2
Big Wheel	1		1
Pontoon	3	1	4
Rapid Roulette	1	1	2
Roulette	5	3	8
Federal Draw Poker			0
Total	24	12	36

Note: (a) All tables may not be in operation.
Source: DTF (2020a).

4.7 Sports betting

Sports betting compromises wagering on local, national and international sporting events, and specifically excludes wagering on traditional forms of racing (i.e. thoroughbred, harness and greyhounds). Sports betting may be conducted in person, by phone or via the internet, including through smartphone apps.

UBET TAS (previously TOTE Tasmania) is currently the only sports betting provider with licensed operations in Tasmania. It offers fixed odds sports betting products alongside a range of race wagering products. Betting exchange operator Betfair also previously held licensed sports betting operations in Tasmania, but surrendered its gaming licence in November 2016 after gaining a licence in the Northern Territory (ACIL Allen Consulting, 2018).[29]

[29] A betting exchange is a marketplace whereby gamblers compete against other customers rather than a bookmaker. Gamblers set their own odds and can buy or sell an outcome, effectively taking on the role of a bookmaker in the case of the latter.

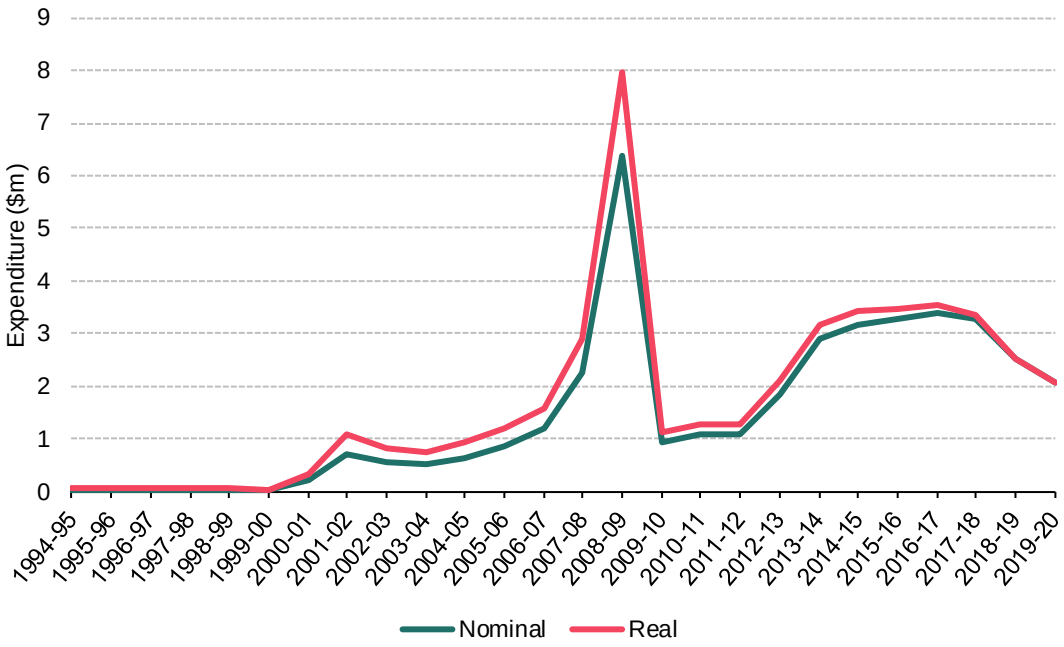
Tasmanians may also participate in sports betting with interstate-based online providers. As discussed at the start of this chapter, such expenditure is not recorded by AGS statistics. Although some expenditure information is collected through the point of consumption wagering tax, this data includes others forms of wagering such as race wagering, betting exchange and totalizator gambling.

Unlike gaming machines, spending on sports betting was slow to grow after it was introduced in the mid-1990s – Figure 4.30. Expenditure in real terms for Tasmanian licensed operators remained below $1 million for most years until is started to take off in the second half of the 2000s. Spending rose five-fold over the two years to 2008-09, reaching a record high of $8 million, but then fell back to its pre-surge level in 2009-10. This short-lived surge has been attributed to an "increase in international customers wagering on Australian pari-mutuel (pool-based) and sports betting markets" (AGS, 27th Edition), and the then TOTE Tasmania's participation in a national fixed odds wagering pool (TAB Sportsbet) operated by Tabcorp. The latter enabled TOTE Tasmania to grow its business quite quickly, but these arrangements ceased on 29 May 2009, triggering a decline in expenditure (ACIL Allen Consulting, 2018).

Expenditure on sports betting with Tasmanian licensed operators has declined over recent years, from $3.4 million in 2016-17 to $2.1 million in 2019-20[30], which represents a fall of 41 per cent. The latest figures suggest that sports betting remains a minor form of gambling in Tasmania, accounting for only 0.7 per cent of total gambling expenditure.

Real national expenditure grew at an annual average rate of 7.2 per cent over the five years to 2018-19. In 2018-19, national expenditure was equivalent to $49 per adult in 2018-19 prices (the corresponding Tasmanian figure was $5.98). While this level of per adult spending was still well behind average expenditure on gaming machines ($649) and casino gambling ($248), and short of expenditure on lotto ($117), it was well ahead of other traditional forms of gambling such as keno ($18) and instant lotteries ($9.25).

Figure 4.30: Sports Betting Expenditure, Tasmania, 1994-95 to 2019-20[(a)]



Note: (a) Real expenditure in 2019/20 prices.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

4.8 Minor gaming

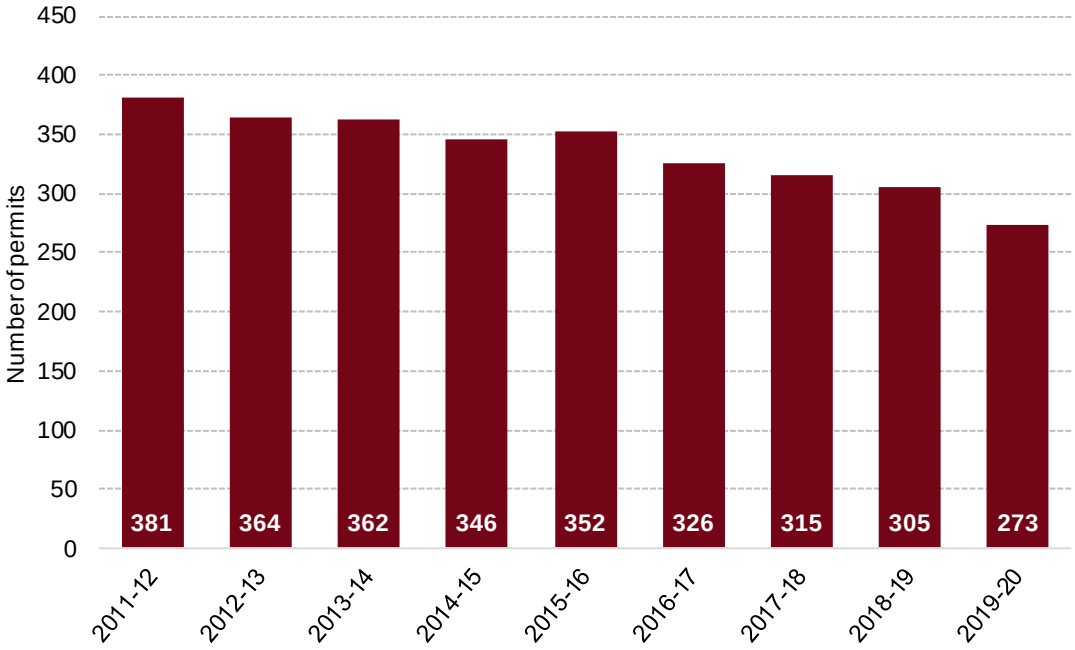
Minor gaming in Tasmania covers a variety of games including bingo, raffles and lucky envelopes (e.g. beer/cash tickets) and Tassie's best punter, which are conducted for the benefit of not-for-profit organisations for charitable reasons (AGS, 35th edition). A permit is usually required for undertaking minor gaming activity. Certain forms of gaming are exempt from requiring approvals, including small raffles, tipping competitions and sweepstakes.

[30] Department of Treasury and Finance, Tasmania

A total of 273 minor gaming permits were issued in 2019-20. As Figure 4.31 shows, the number of minor gaming permits issued in Tasmania has steadily fallen 28 per cent over the eight years to 2019-20, which is equivalent to an annual average decline of 4.1 per cent. There was a particularly large decline in 2019-20 (down 10 per cent), which would in part stem from COVID-19 related social distancing restrictions. But it also reflects an underlying trend of decline apparent in the preceding three years.

Information on expenditure on minor gaming has not been collected by the Tasmanian Government since 2003-04.

Figure 4.31: Number of Minor Gaming Permits on Issue at 30 June, Tasmania, 2011-12 to 2019-20



Source: Tasmanian Liquor and Gaming Commission, Annual Report, various.

5 Economic Impacts Assessment

Gambling gives rise to various forms of economic impact. This chapter considers the contribution of gambling to taxation revenue, employment, tourism and investment. In considering employment a distinction is made between the gross economic impact of the industry (its "economic footprint") and its overall net economic impact.

Taxation Revenue

Gambling is an important source of government revenue. Over the last decade, taxes on gambling activities paid to the Tasmanian Government have on average raised $89-$99 million each year. An average of 55 per cent has come from taxes on gaming machines, 34 per cent from lotteries, 4 per cent from casinos, and the remainder from taxes on racing and other gambling activities.

Following similar developments in other jurisdictions, a new point of consumption wagering tax was introduced from 1 January 2020. It raised $5.99 million in the first six months of 2020, eclipsing other minor revenue sources such as casino table gaming, keno gaming, hotel and club fees, and minor gaming fees.

State government revenue from gambling related taxation, fees and penalties fell by 4.2 per cent in 2019-20. Revenue was depressed by the large fall in player expenditure associated with the temporary closure of gaming venues. The largest sources of revenue were lotteries (44 per cent), EGMs in hotels and clubs (25 per cent), and EGMs in casinos (15 per cent).

The Tasmanian Government collects less by way of revenue from taxes on gambling activities – both per head of population and as a proportion of gross state product – than any other jurisdiction except Western Australia and the ACT. While this is consistent with Tasmanians spending relatively less on gambling activities than people in any other state or territory except WA and the ACT, an examination of tax rates applied across the jurisdictions suggests that casinos and EGMs in hotels and clubs are taxed at lower rates in Tasmania than in most other jurisdictions.

Employment in Gambling Activities

There is no comprehensive data source on employment in gambling. An estimate of overall employment was derived by seeking estimates directly from gambling businesses and deriving estimates of employment based on staff time allocated to gambling activities and the quantity of gambling undertaken.

It is estimated that there are approximately 1,218 full-time equivalent (FTE) jobs associated with gambling in Tasmania. This estimate is approximately 7 per cent higher than was assessed in the previous SEIS (1,135 FTEs), which can be largely attributed to the inclusion of Tasracing and Department of Primary Industries, Parks, Water and Environment employees in the current study.

Total employment in respect of casinos was estimated at 520 FTE jobs, while employment in respect of gambling activities hosted within hotels and clubs was estimated at almost 440 FTE jobs (inclusive of Network Gaming). For hotels and clubs, EGMs are the largest source of employment, followed by race wagering and keno.

Net Economic Impact of Gambling

Estimates of the existing level of employment associated with an economic activity only provides insight into the gross economic impact or size of the activity. In the event that such an activity ceased, spending and resources would flow to other activities, generating activity in other sectors of the economy. The overall net impact of gambling has been estimated by considering the hypothetical scenario of how economic outcomes would differ in Tasmania if all in-state gambling activity suddenly ceased. This scenario has been modelled using a computable general equilibrium (CGE) model of the regions of Australia which evaluates how the Tasmanian economy would adjust to the sudden cessation of gambling.

The initial impact of ceasing all in state gambling is to reduce employment, and with it, reduce statewide aggregate consumption. In the short run, this results in job losses of around 310 FTEs. However, a weaker labour market would lead to a fall in real wages, stimulating statewide investment, which pushes employment back toward base over time. Employment rises slightly above base by 2025-26, while Tasmania's GDP reaches an above base level one year earlier. Thus, in the long run, diversion of expenditure from gambling to other activities, which in turn leads to diversion of investment and labour to other sectors, results in a recovery to above base.

Net Economic Impact of Eliminating Problem Gambling

A second hypothetical scenario has been modelled using the CGE model to examine the economic impacts that would result from the cessation of problem gambling in Tasmania. This scenario provides insight into how the Tasmanian economy would be affected by measures that perfectly addressed problem gambling, resulting in a purely recreational gambling industry.

Like the cessation of all gambling scenario, the initial impact of eliminating problem gambling is to reduce employment and household consumption. However, the effects are more muted relative to the all gambling scenario as ending problem gambling diverts a small amount of expenditure. The adverse jobs impact is worse in 2021-22, when employment falls 0.035 per cent (70 FTE jobs) below base. Once again, the transfer of

household and tourist spending from gambling to other activities, along with the real wages adjustment mechanism, ensures that the impact of direct job losses on overall statewide employment diminishes over time. Employment eventually rises slightly above base by 2027-28.

Although Tasmania's employment, real GDP and aggregate consumption all end up above base by the end of the simulation period, there is a small welfare loss arising from the cessation of problem gambling due to changes in consumption, capital stock and net foreign debt. In present value terms the Tasmania welfare loss is estimated to be $260 million, which in annualised terms is equivalent to a loss of $7 million. If the social harm arising from problem gambling in Tasmania exceeds a net present value of $260 million or $7 million per annum, ongoing efforts to diminish problem gambling will be advantageous to the state.

Employment losses associated with eliminating problem gambling are small in the context of likely future gains in economy-wide employment.

Tourism

Gambling has the potential to draw visitors to a region, increasing the level of expenditure within the region and therefore overall level of economic activity. However, gambling also effectively competes with tourism for discretionary spending, while the ability of regions to provide a distinctive gambling product to attract visitors has arguably eroded over time as the gambling environment has become increasing similar across jurisdictions.

Data from Tourism Research Australia visitor surveys suggests that gambling plays only a minor role in tourism expenditure activity. Applying national relativities to Tasmania suggests that spending by tourists may account for 1.5 to 4 per cent of total gambling expenditure in Tasmania (i.e. $4.5 million to $12 million).

Investment

There is a scarcity of data on the degree of investment undertaken by the gambling industry. One of few available estimates comes from Tasracing, who had total capital expenditure of $21.7 million over the three years to 2019-20. This expenditure related to redevelopment of the Elwick thoroughbred racetrack, refurbishing venue customer facilities, and improving racing facilities including track surfaces.

In considering business investment it is important to distinguish between major new investment and purchases of second-hand assets as the latter do not provide net additions to the overall capital stock, and therefore do not enhance the productive capacity of the economy. Hence, the purchase of existing business such as hotels and fixed levels of ongoing capital spending required to maintain existing facilities at an acceptable or competitive standard will generally not provide a boost to economic production.

Gambling, like all other forms of human activity, gives rise to various forms of economic impact, which may manifest in both positive and negative terms.

It is worth clarifying what is meant by economic impact as various measures and approaches can be used to assess economic impact. Within the System of National Accounts framework used by economists to measure economic activity and performance, the economic value of an industry is measured by the gross value added generated by the industry, which itself is a measure of the value of goods and services produced by the industry. In an arithmetic sense gross value added is simply the value of output less the value of intermediate consumption (i.e. intermediate goods and services purchased from other sectors that are used in the production process).

Gross value added is ultimately distributed to primary incomes in the form of wages to employees, returns to capital in the form of profits, and taxes to government. Hence, these activities represent key metrics for measuring the economic contribution or performance of an industry. In the following chapter we consider the scale of and recent trends in relevant components of value added generated by gambling in Tasmania, including government revenue and employment.

One limitation with using value added as a measure of economic contribution is that it does not capture other non-monetary impacts that an activity may have on the welfare of the community. For instance, it does not capture any externalities that an activity may give rise to, such as the negative impact of air pollution on human health, the impact of carbon emissions in terms of exacerbating climate change, or the negative social impacts that may arise when consuming certain goods and services to a harmful level (e.g. alcohol, opioids and gambling).

In considering the economic contribution of an industry in terms of the value added or employment generated, is it important to note that such measures generally represent gross rather than net economic impacts. The net impacts comprise actual incremental changes in economic activity by taking into account any displacement effects that arise. These effects may occur either directly by consuming available resources (e.g. land, labour), or indirectly through price effects such as bidding up the prices for inputs such as skilled labour. The key point

here is that the overall net impact of an industry will generally differ from its economic footprint as indicated by the employment and value added directly generated by the industry.

The potential for substitution effects or resource reallocation is an important factor that should be kept in mind when considering the overall net impact of an economic activity. One method of assessing the net impact of an economic activity is to model a hypothetical scenario of removing the activity using a computable general equilibrium (CGE) model of the economy. A CGE model makes allowance for potential price responses, resource constraints, and resource/consumption reallocation, and therefore provides a closer approximation of how an economy might react to a policy change or some other external shock. We have adopted this approach by using a CGE model to assess the economic impact on Tasmania that would result from the hypothetical scenarios of ceasing all gambling activities and eliminating problem gambling. The former is particularly instructive as it provides a measure of the net economic contribution of gambling to the Tasmanian economy.

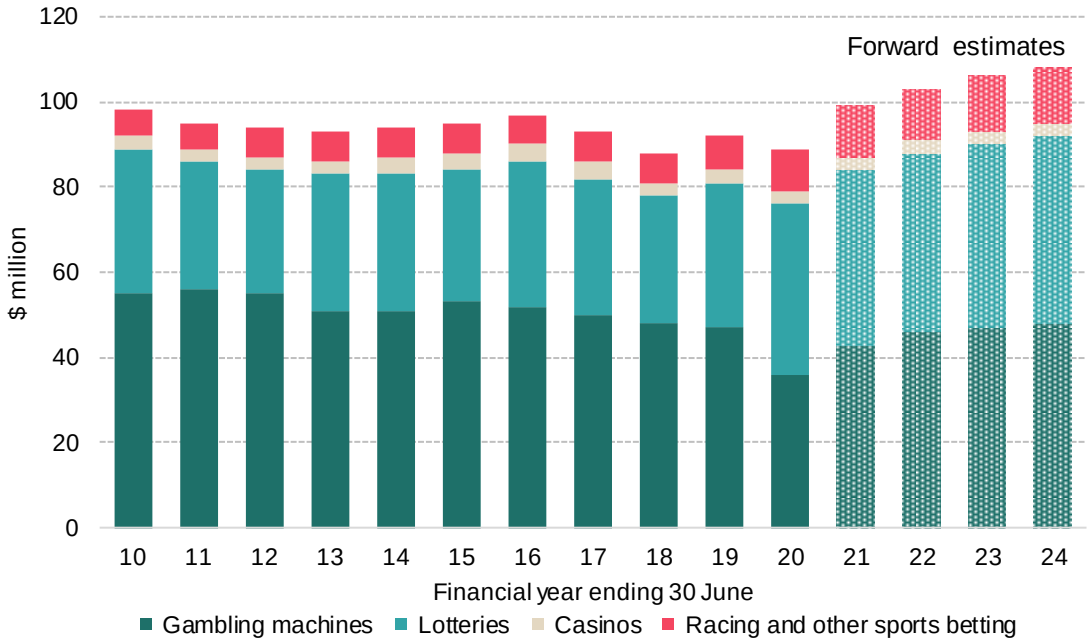
5.1 Government Revenue, Payments and Administration

5.1.1 Overall Trends in and Composition of Government Revenue from Gambling

Over the past decade, the Tasmanian Government has on average raised $89-99 million each year from taxes on gambling activities – of which an average of 55 per cent has come from taxes on gambling machines, 34 per cent from taxes on lotteries, 4 per cent from taxes on casinos and the remainder from taxes on racing and other gambling activities.[31]

The 2020-21 State Budget estimates of state government revenue derived from gambling related taxation, fees and penalties by type of gambling are summarised in Table 5.1. A total of $91.3 million was raised in 2019-20, which represents a decline of 4.2 per cent from the previous year. Gambling receipts were depressed by the decline in expenditure associated with the temporary closure of venues in the first half of 2020 due to COVID-19 public health restrictions. Total receipts would have fallen further if the point of consumption wagering tax had not been introduced from 1 January 2020 (the point of consumption tax is discussed further in section 5.1.2). This new revenue instrument replaced the existing totalizator wagering levy (worth in excess of $7 million per annum) and raised $5.99 million in the first six months of 2020.[32] From a net effect, the additional revenue from wagering taxes and levies in 2019-20 was around $3 million and is expected to be close to $5.8 million in 2020-21. Beyond 2020-21, it is forecast to grow modestly and will account for most of the projected increase in revenue from gambling taxes.

Figure 5.1: Tasmanian Government revenue from gambling, 2009-10 to 2023-24



(a) Data derived from the ABS and may differ slightly from Table 5.1 where data is derived from multiple sources and summarised in the Tasmanian Liquor and Gaming Commission Annual Report.
Source: ABS (2020a); Tasmanian Government (2020b: 87).

[31] Note that there may be slight differences in the total amounts of gambling taxation revenue reported in this section due to differences in the sources used, and therefore differences in their timeliness, methodology and scope of coverage.

[32] The Tasmanian Liquor and Gambling Commission annual report for 2019-20 identified revenue from the point of consumption tax on wagering as $4.7 million. All figures reflect tax on player expenditure for the period June to May, as tax is collected monthly in arrears. The Treasurers Annual Financial Report for 2019-20 shows the correct figure of $6 million.

Table 5.1: Tasmanian Gambling Related Taxation, Fees and Penalties, 2011-12 to 2019-20[a]

Type of Gambling	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Taxation									
Casinos									
Table gaming	86,263	79,877	75,078	84,945	86,281	83,091	82,781	93,601	75,275
EGMs[b]	23,265,263	19,394,837	20,347,579	20,510,135	19,768,938	18,486,881	17,722,797	17,398,244	14,021,095
Keno gaming	197,029	168,703	177,001	186,398	184,067	172,556	164,586	162,511	134,123
Casino unclaimed prizes[c]	5,424	1,897	4,221	6,087	5,517	3,865	43,616	38,300	36,418
Total casinos	**23,553,979**	**19,645,313**	**20,603,879**	**20,787,565**	**20,044,803**	**18,746,393**	**18,013,780**	**$17, 692,656**	**14,266,911**
Hotels and Clubs									
EGMs	28,774,429	28,902,794	28,739,564	29,466,922	29,566,357	28,552,857	27,455,073	$27,043, 814	22,382,148
Keno gaming	1,623,908	1,546,235	1,734,976	1,776,183	1,948,552	1,868,227	1,823,223	1,941,950	1,631,371
Keno unclaimed prizes	283,505	315,017	300,537	268,944	300,868	736,735	-150,832	319,244	175,338
Total hotels and clubs	**30,681,841**	**30,764,046**	**30,775,076**	**31,512,049**	**31,815,777**	**31,157,818**	**29,127,465**	**29,305,008**	**24,188,856**
Internet gaming and wagering									
Betting exchange tax[d]	2,198,492	2,537,570	2,661,203	2,860,495	2,944,504	724,064	0	0	0
Point of consumption tax on wagering[e]	0	0	0	0	0	0	0	0	5,990,000
Total internet gaming and wagering	**2,198,492**	**2,537,570**	**2,661,203**	**2,860,495**	**2,944,504**	**724,064**	**0**	**0**	**5,990,000**
Lotteries									
Lotteries	27,209,064	29,281,901	28,333,291	28,208,656	30,246,276	28,772,541	29,840,594	36,532,231	40,403,069
Soccer pools[f]	57,504	79,273	65,357	55,508	46,738	56,470	65,033	6,232	0
Total lotteries	**27,266,568**	**29,361,173**	**28,398,648**	**28,264,164**	**30,293,014**	**28,829,010**	**29,905,626**	**36,538,464**	**40,403,069**
Total taxation	**83,700,881**	**82,308,102**	**82,438,806**	**83,424,273**	**85,098,097**	**79,457,287**	**77,046,871**	**83,536,127**	**84,848,836**
Licence fees and penalties									
Casino licence fees	3,372,000	3,444,000	3,477,600	3,573,600	3,604,800	3,652,800	3,739,200	3,813,600	2,919,600
Casino penalties[g]	0	2,600	31,850	30,500	67,550	1,570	11,875	59,710	-21,190
Hotel and Club fees	304,608	302,935	312,860	301,571	318,456	322,913	292,065	319,900	244,234
Hotel and Club penalties	6,370	5,980	10,790	5,622	6,240	32,499	15,901	21,705	5,053
Minor gaming fees	17,746	39,924	19,709	39,772	20,630	38,066	22,096	30,117	18,840
Internet gaming and wagering fees[h]	127,760	514,200	438,000	584,143	182,458	164,926	0	0	0
Tasmanian gaming licence fees	0	0	0	0	0	0	0	0	806
Annual totalizator wagering levy	6,580,000	6,768,000	6,862,000	6,956,000	7,097,000	7,191,000	7,285,000	7,426,000	4,556,250
Totalizator/internet gaming and wagering penalties[i]	89,050	650	-	1,300	4,620	0	22,684	51,120	0
Total licence fees and penalties	**10,497,534**	**11,078,289**	**11,152,809**	**11,492,508**	**11,301,754**	**11,403,774**	**11,388,821**	**11,722,152**	**7,723,592**
Total	**94,198,415**	**93,386,391**	**93,591,615**	**94,916,782**	**96,399,852**	**90,861,060**	**88,435,692**	**95,258,279**	**92,572,428**

Note: (a) Based on player expenditure for the period June to May as tax is collected monthly in arrears.
(b) The figures reported for casino gaming machines includes gaming conducted on the Spirits of Tasmania ships.
(c) Casino unclaimed prizes includes EGM unclaimed prizes. Prior to 2019-20, it included gaming machine unclaimed prizes for hotels and clubs (now reported separately). All keno unclaimed prizes including for casinos are reported under hotels and clubs.
(d) The only betting exchange operating from Tasmania moved its operations interstate in September 2016.
(e) Data on revenue from the point of consumption is taken from Department of Treasury and Finance (2020) unpublished data which includes revenue for the first 6 months of 2020, whereas only 5 month's data was available when the Tasmanian Liquor and Gaming Commission annual report was published.
(f) Taking effect on 1 July 2018, the Tasmanian Liquor and Gaming Commission approved the removal of Soccer Pools from the list of authorised foreign games.
(g) Includes refund of fines of $32,600.
(h) Includes non-refundable three-year Betting Exchange endorsement fee payment.
(i) Penalties include players winnings forfeited to the Crown.
Source: Tasmanian Liquor and Gaming Commission, Annual Report, various, Department of Treasury and Finance (2020) unpublished data

The largest sources of gambling receipts in 2019-20 were lotteries (44 per cent of total receipts), EGMs in hotels and clubs (25 per cent), and EGMs in casinos (15 per cent). The net increase in revenue from introduction of the point of consumption tax share is expected to grow modestly in subsequent years given it is a tax based on activity.

With the temporary closure of gaming venues during the initial stages of the COVID-19 pandemic, receipts from virtually all gambling sources declined in 2019-20. The one notable exception was lotteries, for which taxation revenue rose by 11 per cent to $40.4 million. This might reflect an increase in people buying a ticket in uncertain financial times and/or some switch in spending from other forms of gambling to lotteries with the closure of gambling venues. Other sector specific factors may also have contributed to this outcome. In particular, taxation revenue from lotteries rose strongly in 2018-19 – i.e. prior to the pandemic – which was attributed to growth in large jackpot draws (Tasmanian Government, 2020c).

5.1.2 Interstate Comparisons of Gambling Taxation Revenue

The Tasmanian Government collects less by way of revenue from taxes on gambling activities – both per head of population and as a proportion of gross state product – than any other jurisdiction except Western Australia (which doesn't allow gaming machines outside of its only casino) and the ACT (Figures 5.2a and 5.2b).[33]

This is consistent with (as noted in Chapter 4) Tasmanians spending less per head, and as a proportion of their incomes, on gambling activities than people in any other state or territory except WA and the ACT.

An examination of the actual tax rates applied by state and territory governments to different gambling activities suggests that casinos and EGMs in hotels and clubs *are* taxed at lower rates in Tasmania than in most other jurisdictions. Tasmanian casinos pay tax of 0.88 per cent on gross profit from table gaming, 5.88 per cent on gross profit from keno, and 25.88 per cent on gross profit from gaming machines.

Taxes on table gaming range from 3.41 per cent in South Australia up to 21.25 per cent in Victoria; the two casinos in the Northern Territory pay tax on revenue from table games at the GST rate (10 per cent), while the casinos in Townsville and Cairns (with which the two Tasmanian casinos are sometimes compared) pay tax to the Queensland Government of 10 per cent on revenue from table games.[34] Tax rates on keno in other states and territories range from 8.91 per cent of 'player loss' in NSW, up to 24.2 per cent in Victoria (the ACT's rate of 2.53 per cent is a percentage of turnover, rather than player loss or gross profit). The Tasmanian casinos pay tax at 25.88 per cent on gross profit from gaming machines, which is higher than the 12.42 per cent rate payable by the casino in Western Australia, the 15 per cent rate paid by the NT casinos and the 20 per cent rate payable by the Townsville and Cairns casinos, but lower than the 30 per cent rate paid by the Brisbane and Gold Coast casinos, and the 31.57 per cent (plus variable super tax) rate paid by the casino in Melbourne and the 41 per cent rate payable by the Adelaide casino (WA Treasury 2021: 50-51; NSW Treasury 2018: 37).

In addition to these taxes, the two Tasmanian casinos pay a monthly licence fee (of $167,600 in 2020-21). This is effectively more than the quarterly licence fee (of $265,100) payable by casinos in Queensland or the annual licence fee (of $972,166 in 2020) paid by the casino in the ACT, but less than the annual fee (of $2.93m in 2019) paid by the casino in WA.

Casinos in the other states paid one-off fees when initially granted licences ($200m by Crown in Victoria in 1993, $256m by Star in NSW in 1995); for grants of 'exclusivity' ($100m by Star in 2007, $20m by the Adelaide Casino in 2012); and for an increase in the number of gaming tables or machines ($20m by Burswood in 2010, $250m in 2014 plus another $250m payable in 2033 by Crown).

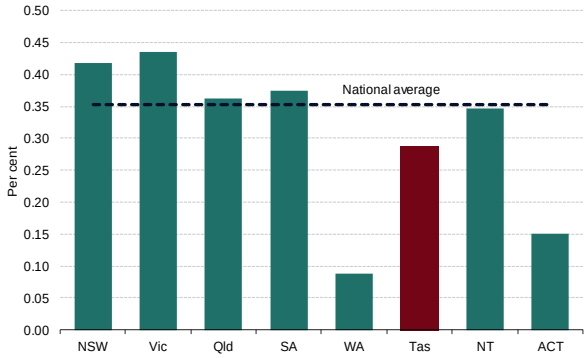
It is difficult to determine whether these 'lump sum' payments are more onerous than the regular licence fees payable in Tasmania, with any conclusion depending on assumptions about the period for which the licence relates and the discount rate applied to future periodical licence payments.

[33] Figures 5.2a and 5.2b depict revenue for the 2018-19 financial year rather than 2019-20 because revenue collections in 2019-20 were affected in different states and territories for different periods by restrictions on the opening of gambling facilities.

[34] Tax rates vary across jurisdictions, products, casinos, hotels and clubs with in most cases but not all a GST credit being applied to reduce the effective tax rate. Refer https://www.treasury.nsw.gov.au/sites/default/files/2018-04/TRP18-01%20Interstate%20Comparison%20of%20Taxes%202017-18.pdf

Figure 5.2a: Revenue from taxes on gambling per head of population, states and territories, 2018-19

Figure 5.2b: Revenue from taxes on gambling as a percentage of gross state product, states and territories, 2018-19



Source: ABS (2020a), (2020b) and (2020e).

Expressed as a percentage of total expenditure on gambling, the Tasmanian Government collects more revenue than NSW and the NT, as well as WA and the ACT, though less than SA or Victoria (Figure 5.3).

Figure 5.3: Government revenue from taxes on gambling as a percentage of total gambling expenditure, states and territories, 2017-18

Source: ABS (2020a); Queensland Treasury (2019).

Tasmanian hotels and clubs pay the same 25.88 per cent tax rate on gross profit from gaming machines as the casinos. Tax rates in other states and territories are levied according to progressive scales with rates that are typically lower for hotels or clubs with relatively low annual revenues from gaming machines, but with top rates on large venues that are generally higher than Tasmania's, including 35 per cent in Queensland, 47.5 per cent in South Australia, 50 per cent in New South Wales and 62.5 per cent in Victoria (NSW Treasury 2018: 32-34).

In addition to these taxes, Tasmanian hotels and clubs with gaming machines pay a 4 per cent community support levy on the gross profit from gaming machines.

Hotels in the Northern Territory pay a 10 per cent 'community benefit levy' on gross profits, while those in the ACT pay a 0.75 per cent Problem Gambling Assistance Fund Levy on gross revenue. The other states do not impose similar levies (although as noted earlier, their tax rates on EGMs are higher than in Tasmania). In New South Wales, a complex set of arrangements allows clubs to claim reductions of up to 1.85 percentage points on the tax rate payable on EGM profits in respect of contributions to 'eligible community projects'.

While not conclusive, the foregoing comparisons suggest that the Tasmanian Government could derive more revenue from taxes on gambling activities than it presently does.

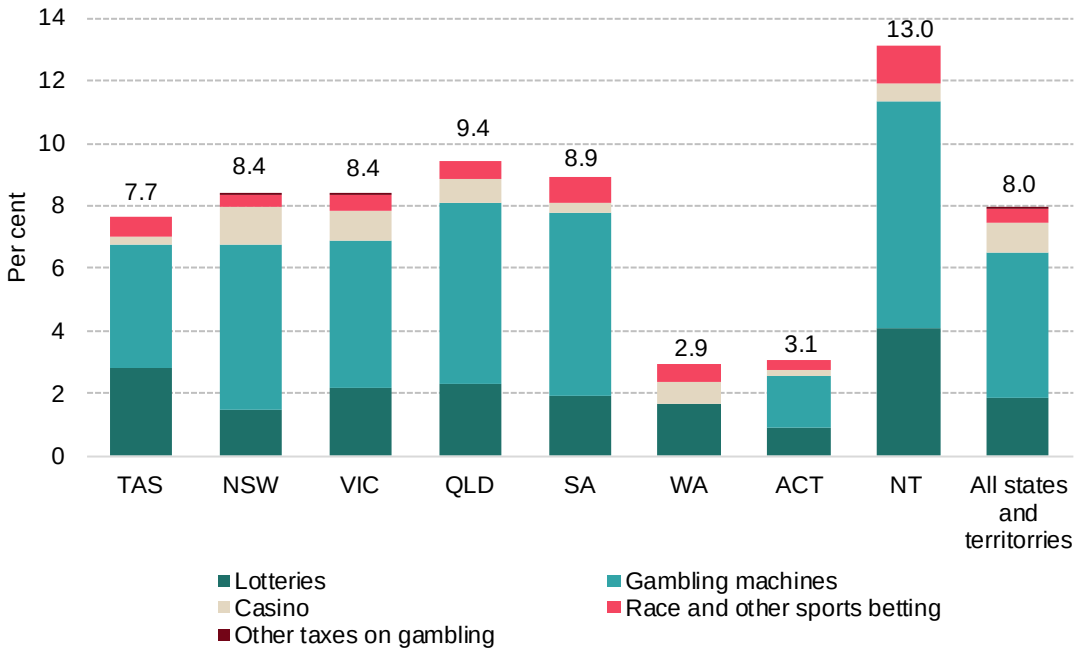
In this context it is worth noting that since 2010 the Commonwealth Grants Commission has assumed that the states and territories have an equal capacity to raise revenue from gambling taxes (CGC 2015). This means that in practice, any changes Tasmania might make to its gambling tax regime would have no impact (in either direction) on its share of GST revenues (always an important consideration for any state and territory when considering changes to the state's tax system).

Nor, for the same reason, would Tasmania's share of GST revenues be affected by any measures implemented by the Tasmanian Government with a view to reducing the losses incurred by 'problem gamblers' (such as access to counselling support services, extension of media campaigns, additional in-venue supports, pre-commitment options, lower limits on individual bets, or slower 'spin speeds' on EGMs), or any consequential adjustments to rates of taxation on various forms of gambling to 'compensate' operators of gaming venues for any reduction in their revenues as a result of such measures. While not to ignore the increase in sports betting (whether onshore or offshore) – it is associated with only a very small proportion of the total revenue on gambling in Australia – it is the case that EGMs remain the principal source of gambling revenue in all states (60 per cent or more of total revenue coming from EGMs) and they are the highest risk activity with the strongest association with problem gambling (70 per cent of all problem gambling cases, including 90 per cent of cases in women).

Given Tasmanians spend less per head on gambling compared to their interstate compatriots, the Tasmanian Government naturally derives a smaller share of its taxation revenue from gambling compared to most other states and territories (see Figure 5.4). In 2018-19, the State Government derived 7.7 per cent of its total taxation revenue from gambling revenue, slightly lower than the average of 8.0 per cent for all states and territories. The national average is suppressed by the absence of EGM gambling in hotels and clubs in Western Australia, and the generally low level gambling spend in the ACT. Compared to other mainland states and territories, Tasmania derives a much lower share of taxation revenue from gambling sources, with the Northern Territory (13 per cent) and Queensland (9.4 per cent) being most reliant on gambling sources.

In terms of specific types of gambling, Tasmania derives a relatively smaller share of state taxation revenue compared to the national average from gambling machines (3.9 cf. 4.6 per cent) and casino gambling (0.2 cf. 0.9 per cent), but a higher proportion from lotteries (2.8 cf. 1.9 per cent) and, to a lesser degree, racing and other sports betting (0.7 cf. 0.5 per cent).[35]

Figure 5.4: Gambling Revenue as a Proportion of Total State Government Taxation Revenue, by Jurisdiction, 2018-19

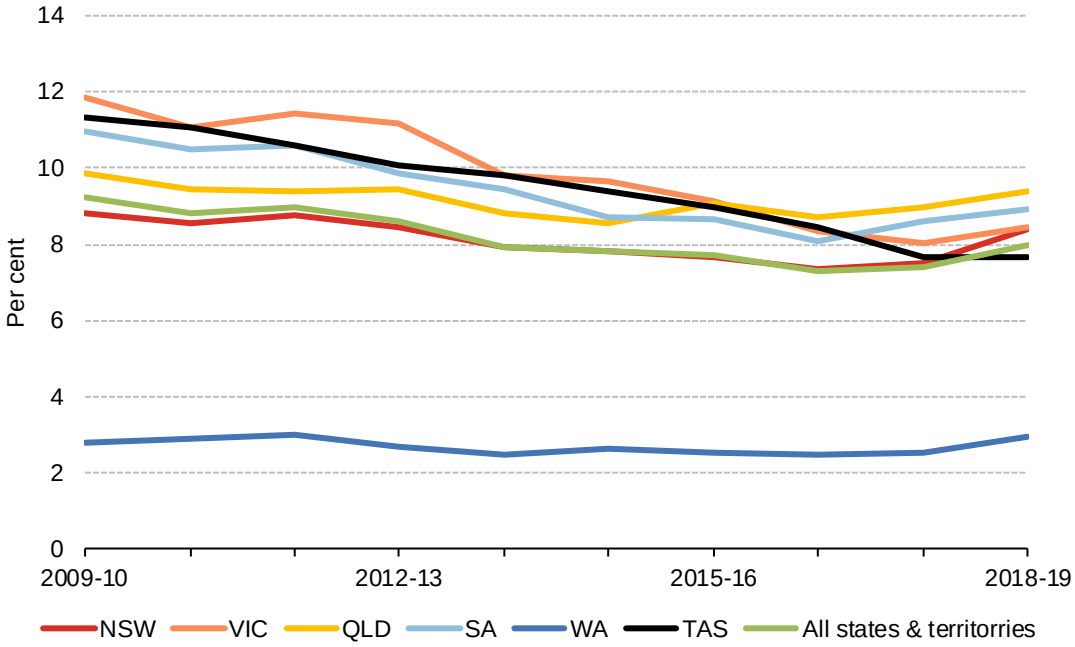


Source: ABS, Taxation Revenue, Australia, 2018-19, and Government Finance Statistics, Annual, 2018-19

[35] cf. = compared with.

As Figure 5.5 shows, Tasmania's gambling revenues as a proportion of total taxation revenue has reduced over the last decade. The relative importance of gambling as a taxation source has declined over time for Tasmania and most other states and territories, which is partly a consequence of expenditure on gambling not growing as strongly as broader household spending and partly the result of an increase in other state taxes such as conveyance duty and payroll tax. However, this downward trend in the relative importance of gambling has stabilised or reversed course in most states and territories over recent years – see Figure 5.5.

Figure 5.5: Gambling Revenue as a Proportion of Total State Taxation Revenue by State and Territories



Source: ABS, Taxation Revenue, Australia, 2018-19, and Government Finance Statistics, Annual, 2018-19.

Part of the explanation for the recent rebound in gambling taxation is the move across most jurisdictions to introduce point of consumption taxes on wagering. Historically, state gambling taxes have been levied on where operators are licensed (i.e. a point of registration basis). However, in 2017 South Australia pioneered an alternative approach when it introduced a new Betting Operations Tax. Under this model, taxes are levied on wagering providers wherever they are located in Australia, with the tax liability based on where their customers are located (in this case South Australian residents). All states and territories, with the exception of the Northern Territory, have now introduced point of consumption wagering taxes.

Table 5.2 shows the current state of play for point of consumption wagering taxes in all jurisdictions of Australia noting the different dates of commencement. Tasmania was the most recent jurisdiction to introduce a POCT, taking effect from 1 January 2020. Tasmania has adopted similar arrangements to Western Australia, Australian Capital Territory and South Australia. Wagering providers are liable for 15 per cent of net wagering revenue received from persons residing in Tasmania above a tax free freehold of $150,000. New South Wales and Victoria offer both lower tax rates and higher tax-free thresholds, while Queensland offers a moderately higher tax-free threshold.

Table 5.2: Wagering Point of Consumption Tax Structures in Australian Jurisdictions

Jurisdiction	TAS[(a)]	SA	ACT	NSW	QLD	VIC	WA	NT
Commencement	1 Jan 2020	1 July 2017	1 Jan 2019	1 Jan 2019	1 Oct 2018	1 Jan 2019	1 Jan 2019	na
Rate	15%	15%	15%	10%	15%	8%	15%	na
Tax-free threshold	$150,000	$150,000	$150,000	$1 million	$300,000	$1 million	$150,000	na

Note: (a) A threshold of $75,000 applied for the 2019-20 financial year as the tax was introduced halfway through the year.
Source: SACES (2019) and Department of Treasury and Finance (2020).

5.1.3 Regional Taxation Revenue

There is often an interest in how gambling taxes are raised or distributed across regions within Tasmania. Unfortunately, existing data sources are generally not able to provide an accurate guide to the value of gambling taxes raised from specific regions due to existing data limitations. As we have just noted, most taxes are levied on the licence holder on the basis of place of supply rather than where gamblers live. While the location of supply will generally correspond closely with where gamblers live for gambling undertaken by local residents (e.g. in hotels and clubs), this relationship will be much weaker for other forms of gambling, for example casino gambling where there is a greater propensity for people to travel further for a different experience. Furthermore, while venue level data exists for certain forms of gambling such as EGMs in hotels, clubs and casinos, similar data is not available for other forms of gambling including lotteries and sports betting, making it difficult to gain insight into regional patterns of expenditure and taxation.

In spite of the above limitations, estimates of taxation revenue by type of gambling activity have been derived for the four Tasmanian Statistical Areas – see Table 5.3. For the purpose of allocating to regions, taxation revenue for casinos and hotels and clubs was allocated based on actual expenditure by place of operation, and all other forms of gambling were allocated based on the distribution of the population aged 15 years and over.[36]

Given the concentration of population and gambling activities in the region, Hobart (46 per cent) accounted for the largest share of gambling taxes and fee revenue raised in 2019-20. It was followed by Launceston and North East (29 per cent) and the West and North West (20 per cent), while only a small proportion of gambling taxation revenue was attributed to the South East (4.8 per cent). The presence of casinos in Hobart and Launceston and North East significantly increases the gambling taxation revenue attributed to these two regions. In reality, some proportion of casino taxation revenue assigned to these two regions would be derived from people living in the West and North West and South East.

Table 5.3: Total Tasmanian Gambling Taxes and Fees across Tasmanian Statistical Areas (SA4), 2019-20[(a)]

	Hobart $ '000s	Launceston and North East $ '000s	South East $ '000s	West and North West $ '000s	Total $ '000s
Taxation and unclaimed prizes					
Casinos	8,627	5,640	0	0	14,267
Hotels and clubs	9,920	5,574	622	8,072	24,189
Point of consumption tax on wagering	2,635	1,646	446	1,263	5,990
Lotteries	17,775	11,101	3,010	8,517	40,403
Licence fees and penalties					
Casino licence fees and penalties	1,753	1,146	0	0	2,898
Hotel and clubs fees and penalties	110	68	19	53	249
Minor gaming fees	8	5	1	4	19
Tasmanian gaming licence fees	0	0	0	0	1
Annual totalizator wagering levy	2,005	1,252	339	961	4,556
All gambling taxes and fees	**42,834**	**26,432**	**4,438**	**18,869**	**92,572**

Note: (a) With the exception of hotels and clubs and casinos, taxation revenue was allocated on the basis of the population aged 15 years and over at 30 June 2019. Taxation revenue for hotels and clubs was allocated on the basis of actual gaming machine expenditure, while taxation revenue and casino license fees and penalties for casinos was allocated on the basis of actual expenditure.

Source: Department of Treasury and Finance (2020 and unpublished data). Player expenditure on EGMs in casinos, hotels and clubs for recent years is also published in Tasmanian Liquor and Gaming Commission Annual Reports. Estimates by SACES.

5.2 Employment in Gambling

While gambling, like alcohol consumption, is associated with a range of individual and social problems when taken to excess, it also, like alcohol consumption, provides a range of benefits, including individual enjoyment, profits for businesses which operate gambling facilities, jobs for people who work in them, and revenue for governments from licence fees and taxes paid by gambling businesses.

While there are a range of existing sources of employment in gambling activities in Tasmania, most, if not all, have limitations. In particular, gambling activities do not align perfectly with existing industry structures used to classify economic activity, as some organisations carry out both gambling and non-gambling activities that cannot be easily separated. For example, hotels and clubs provide a range of hospitality services in addition

[36] ABS does not publish fine level regional level data by age outside census years. They use the 15 to 19 age cohort, so a decision was taken to include some minors rather than exclude some adults.

to gambling services and consequently employ people who do not carry out gambling services (e.g. chefs, waiters and waitresses). Similarly, within the industrial classification structure used by the Australian Bureau of Statistics (ABS), regulating casino and other gambling is classified to 'regulatory services' which includes a range of non-gambling activities such as consumer protection services, licensing and permit issuance, regulating food and other agricultural standards etc. (see Box 5.1 for how gambling activities are captured by the ABS industrial classification).[37] As a consequence, there is no one data set that provides a comprehensive account of all employment directly generated by gambling. This chapter has used a variety of data sources in order to narrow down an estimate of employment for gambling activities in Tasmania, or monitor changes in gambling employment over time.

Box 5.1 – Treatment of Gambling Activities in ANZSIC

The ABS uses the Australian and New Zealand Standard Industrial Classification (ANSZIC) to compile and analyse industry statistics. Gambling activities are contained within gambling specific and general industry sectors within ANZSIC. A 'gambling activities' subdivision is contained in the 'arts and recreation services' industry division. This gambling specific subdivision is made up of several gambling industry groups including:

- casino operation;
- lottery operation; and
- other gambling activities, which includes primary gambling activities such as betting shop operation, bookmaker operation, internet gambling operation, TAB operation, and gambling activities not elsewhere classified.

The ANSZIC includes two sectors which may be considered to have a high dependence on gambling activities:

- horse and dog racing activities which are a separate group under arts and recreation services. This sector is split further into 'horse and dog racing administration and track operation' and 'other horse and dog racing activities', where the latter includes dog and racehorse training, racing kennels, and racing stables operation; and
- pubs, taverns and bars, which can be further split into 'pubs, taverns and bars' and 'clubs (hospitality)'.

There are other sectors in the ANZSIC where gaming activities would comprise only a minor or modest share of activity within the sector. One of the most relevant would be newspaper and book retailing which includes newsagencies that provide lottery and minor gaming services (note that organisations 'mainly engaged' in selling lottery products are classified to lottery operation under the gambling activities subdivision as mentioned above), and 'regulatory services' which include casino and other gambling regulatory activities. Horse farming, an industry class within the agriculture division, which includes horse breeding and stud farm operation would also have a connection to racing activities, although racing stables operation is classified separately to the horse and dog racing industry group.

5.2.1 ABS Census

The Census of Population and Housing provides a rich snapshot of the industrial structure of the entire labour force, but has some limitations. Apart from the sectoral classification challenges mentioned above, the Census only collects data at a single point in time which means any seasonal variations are not captured. It also relies on self-enumeration, which carries the risk of households misunderstanding questions and providing incorrect responses.[38] Despite these limitations, Census data is a useful starting point for gauging the size of employment generated by gambling activities.

Table 5.4 shows the total number of people employed in gambling activities and the two gambling dependent industries at the time of the 2016 Census by full-time and part-time status. 'Gambling activities' employed a total of 823 people at the time of the 2016 Census. A majority of these people were employed in casino operation (639 people), followed by other gambling activities[39] (159 people), and lottery operation (20 people). The level of employment in lotteries would be higher to the extent that some people employed in the newspaper and book retailing sector provide lottery outlet services.

In terms of gambling dependent industries, horse and dog racing activities employed 181 people in 2016, while 2,489 people were employed by hotels and clubs. A large proportion of the employment in hotels and clubs would relate to provision of non-gambling related services such as meals and drinks.

Looking at other industries with connections to gambling that are not shown in Table 5.5, horse farming employed 46 people at the time of 2016 Census. The newspaper and book retailing sector employed 589 people, although the vast majority of these jobs would not relate to the provision of gambling services.

[37] The industrial structure used by the ABS is the Australian and New Zealand Standard Industrial Classification (ANZSIC).
[38] This leads to less rigour compared to other survey sources such as the Labour Force Survey where some responses are collected by highly trained interviewers.
[39] See Box 5.1 for activities included in 'other gambling activities'.

The employment estimates mentioned so far relate to head counts. The level of employment in terms of a full-time equivalent basis would be smaller given the presence of part-time employment, and there is considerable variation in part-time employment across the sectors. A majority of persons employed in hotels and clubs at the time of the 2016 Census were employed on a part-time basis (59 per cent), whereas full-time arrangements accounted for a majority of persons working in gambling activities (54 per cent). The spilt between full and part-time employment for horse and dog racing is tilted toward full-time employment (50 to 48 per cent).

Table 5.4: Census Estimates of Persons Employment in Gambling and Related Industries, Tasmania, 2016[(a)]

	Employed, worked full-time	Employed, worked part-time	Employed, away from work and hours of work not stated	Total
Gambling Activities				
Casino operation	329	283	24	639
Lottery operation	6	13	0	20
Other gambling activities	104	43	11	159
Total gambling activities	**443**	**344**	**37**	**823**
Horse and Dog Racing Activities				
Horse and dog racing administration and track operation	9	3	0	16
Other horse and dog racing activities	78	80	9	163
Total horse and dog racing activities[(b)]	**90**	**87**	**6**	**181**
Hotels and Clubs				
Pubs, taverns and bars	780	1,212	123	2,113
Clubs (hospitality)	111	248	10	376
Total hotels and clubs	**891**	**1,460**	**133**	**2,489**
Total (gambling, horse and dog, and hotels and clubs)	**1,424**	**1,891**	**176**	**3,493**

Note: (a) Totals may differ to other tables as some cells have been randomly adjusted or suppressed by the ABS to avoid the release of confidential data and hours of work not stated is embedded in Employed and away from work. Based on Place of Work.
(b) Includes employed persons who could not be allocated to a specific horse and dog racing sub-sector. Does not include small number whose hours were not stated
Source: ABS, Census of Population and Housing, 2016, TableBuilder.

5.2.2 An Overall Estimate of Employment in Gambling Activities

Apart from those limitations identified above, the Census also has the limitation of being dated, more closely corresponding to the period of the last SEIS. In order to obtain contemporary estimates of gambling employment we must turn to alternative sources and methods.

One method of deriving gambling related employment is to pursue a bottom up approach by seeking estimates of employment directly from gambling businesses. It was not possible to canvass all businesses, nor feasible for some to identify the degree of employment associated with providing gambling services. The approach was supplemented by deriving estimates of employment based on staff time allocated to undertaking particular gambling tasks and the quantity of gambling undertaken, indicated either by expenditure or frequency of gambling. This approach was adopted in the Fourth SEIS to estimate employment, and has been used again here.

In the remainder of this section we describe the approach used to estimate employment for each mode of gambling before presenting the overall results. All estimates are presented on a full-time equivalent basis where full-time employment is defined as the average hours worked by full-time employees in the relevant industry sector.

Hotels and Clubs – EGMs

The Tasmanian Hospitality Association (THA) consulted with its members to derive representative estimates of the time spent by staff directly undertaking gambling related activities. Scenarios were developed showing weekly hours dedicated to performing EGM activities for a small, medium and large venue. The advised staff time assumptions ranged from 60 hours for a small venue, 100 hours for a medium sized venue, and 109 hours for a large venue – Table 5.5. As a general rule, small venues were also defined as those granted 0 to 14 machines, medium sized venues as those with 15 to 29 machines, and large venues as those with 30 machines.

The per venue time assumptions were then converted to a FTE basis based on the average weekly hours worked by full-time employees in the Tasmanian hotels and clubs sector in 2019 (41.7 hours) as reported by the ABS Labour Force Survey.[40] On this basis it is assumed that EGM-related employment is equivalent to 1.4 FTEs for a small venue, 2.4 FTEs for a medium venue, and 2.6 FTEs for a large venue.

Table 5.5: Assumed hours worked in respect of EGM and race wagering activities in hotels by venue size

	Small (8 employees)	Medium (21 employees)	Large (27 employees)	Total
EGM activities				
Staff time per week (hours)	60	100	109	na
Full-time equivalent jobs	1.4	2.4	2.6	na
Number of venues[(a)]	5	40	50	95
Total full-time equivalent (FTE) employment	7	96	131	234
Race wagering (TAB)				
Staff time per week (hours)	30	70	100	na
Full-time equivalent jobs	0.7	1.7	2.4	na
Number of venues[(a)]	30	29	40	na
Total full-time equivalent (FTE) employment[(a)]	22	49	96	166

Note: (a) Indicative estimates only.

(b) Converted to an FTE basis assuming 41.7 hours = 1 FTE, based on average hours worked by full-time employees in all jobs for the hotels and clubs sector in 2019

Source: Tasmanian Hospitality Association, unpublished data, DTF (2020), and SACES calculations.

The per venue employment estimates were then combined with the reported number of venues granted EGMs as indicated by the Department of Treasury's published list of gaming venues in Tasmania. As the list does not include information on venue size in terms of employment, assumptions were made with the assistance of the THA regarding venue size based on the number of machines granted to each venue.

On the above basis it is estimated that there are 234 FTE jobs associated with providing EGM services in hotels and clubs. This figure compares with an estimate of 240 FTEs from the fourth SEIS (ACIL Allen, 2018).

The time-based employment estimate compares favourably with comparisons of total employment levels in the hotels and clubs sector before and after EGMs were introduced in 1997. LFS data indicates that total employment in hotels and clubs in the decade after EGMs were introduced was on average 350 persons higher compared to the level of employment in the decade prior to the introduction of EGMs (i.e. 3,120 persons compared with 2,770 persons). Based on the ratio of full-time equivalent to total employment as indicated by hours worked from the ABS Labour Force Survey, this converts or equates to 233 FTEs.

Hotels and Clubs – Race Wagering

Employment in hotels and clubs in respect of race wagering has been estimated using a similar approach to that adopted in the fourth SEIS. In the previous study ACIL Allen Consulting (2018) assumed, on the basis of stakeholder advice, that 0.3 FTEs were required to provide race wagering services where a UBET terminal is incorporated into the front bar, and 2.5 FTEs were required for a venue with a dedicated UBET section. In the current study industry stakeholders have advised that approximately 0.7 FTEs are required to provide TAB services within a small venue, and 2.4 FTEs are required within a large venue – see Table 5.6. We have consequently assumed that the staffing requirements for small and large venues apply to the provision of a UBET terminal and dedicated UBET section respectively.

Existing licensing data does not indicate whether hotels and clubs with TAB facilities have a dedicated UBET section versus a terminal incorporated alongside other facilities. However, ACIL Allen Consulting (2018) assumed that 25 per cent of venues had a standalone UBET section based on stakeholder advice. Applying this proportion to the 99 hotels and clubs that currently provide TAB facilities implies that there are 25 venues with a dedicated UBET section and 74 with a UBET terminal. Combining these venue estimates with the staff time parameter assumptions outlined above suggests a total employment associated with providing race wagering services in hotels and clubs of 113 FTEs.

The estimate of 113 FTEs is moderately higher than the 90 FTEs derived during the fourth SEIS. Part of this difference would be explained by the separate allowance for employment related to management of gambling activities within hotels and clubs in the previous study, whereas the current study staff time estimates implicitly include management time. Furthermore, venues advised that the staff time estimates should be considered

[40] 2019 was chosen in order to avoid any significant changes in staff engagement due to COVID-19 restrictions.

indicative only given the difficulty of attributing employee time to specific activities within the dynamic environment of hospitality venues. It is possible that employment has been slightly overestimated. However, given the uncertainties involved and the lack of any clear evidence to guide alternative parameter assumptions, the current estimate has been taken as representative of the central scenario and no allowance has been made for low and high employment estimates.

Hotels and Clubs – keno

Estimates of staff time dedicated to providing keno services was initially sought from venues. However, venues advised that this was a very difficult task given the various roles performed by staff, often in rapid succession.

As an alternative, staff time was estimated by combining the assumed time required to process a keno bet with estimates of the total number of bets processed by staff per year. In the absence of data on the number of keno bets placed per year, the number of bets was estimated based on total expenditure on keno in Tasmania in 2019-20 ($25.6 million) and assumptions regarding the average keno wager. High and low wager assumptions have been adopted to reflect uncertainty regarding the average wager amount and general uncertainty with estimating employment indirectly. For the high bet scenario, an average bet of $10 was assumed based on the median Taskeno spend per session indicated in the 2020 prevalence survey. For the low bet scenario an average bet of $2 was assumed, which is double the minimum bet, but well below the median spend per session. Using these assumptions, low and high estimates of the total number of bets were derived.

The average keno bet processing time was assumed to be 15 seconds in line with the assumption adopted in the fourth SEIS. Following the previous SEIS methodology an allowance was also made for additional employee time required to perform other administrative and operational activities related to keno. This was assumed to be equal to one hour per day per venue over a seven-day week.

On the basis of the above assumptions, employment associated with keno in hotels and clubs is estimated to range from a low of 37 FTEs to a high of 61 FTEs. For the central scenario an average of these two figures (49 FTEs) has been adopted.

Hotels and Clubs – Network Gaming

Network Gaming is a business unit of the Federal Group which manages the network of gaming machines and keno (i.e. TASkeno) in hotels and clubs throughout Tasmania. It provides helpline support to venues and the general public, training to obtain a Special Employee Licence, technical assistance, and customer development support to venues. Network Gaming advised that it currently employs an equivalent of 35 FTEs in respect of its monitoring, compliance and activities to support hotels and clubs, and a further 9 FTE technicians.

Casinos

The Federal Group owns and operates the Wrest Point and Country Club Tasmania casinos. The company advised that in the first week of March 2020 a total of 853 people were employed across the two casinos, equivalent to 612 FTE positions. This estimate includes people who were not directly involved in gambling activities. Estimating the number of people not involved in gambling activities is very challenging within the casino environment, but Federal Group advised that 15 per cent would be a reasonable estimate of non-gambling related employment. Taking this advice into account, total gambling related employment in the casino is assumed to be 520 FTE positions. The submission by the Federal Group stated that employment was down relative to its pre-COVID-19 level, but growing compared to late last year as economic conditions and the broader social environment continued to normalise.

Federal Group advised that a further 112 people, equivalent to 94 FTEs, were employed in respect of corporate operations.

The above figures do not include people employed by the Federal Group's other non-casino activities, which includes tourism businesses, hotels, retail liquor stores, and freight transport services. Total employment for these other activities was advised to be over 800 in terms of headcount.

Wagering – Tabcorp

Tabcorp has several wagering and lotteries focused subsidiary operations in Tasmania including UBET TAS Pty Limited, Tattersall's Sweeps Pty Ltd, eBet Gaming Systems Pty Ltd, and Bytecraft Systems Pty Ltd. Further information on Tabcorp's existing operations is provided in chapter two.

In its submission to the fifth SEIS, Tabcorp (2020) advised that it directly employs more than 50 Tasmanians. Tabcorp was unable to provide further detail on its employment in terms of full-time equivalence and breakdown by sector within the short timeframe sought by the authors. Its advice on total employment was converted to a FTE basis based on the ratio of FTE's to total employment for the gambling activities sector in 2019 as indicated by the LFS. Total employment for Tabcorp is consequently assumed to be 40 FTEs.

Tasracing

Tasracing is a government owned business responsible for the development of a competitive and sustainable racing industry in Tasmania. Beyond the usual management and office administrative functions, the organisation employs people across a range of activities related to the three racing industries (i.e. thoroughbreds, harness and greyhounds), including grounds maintenance, race day activities, marketing, facilities management and development, and animal welfare.

Tasracing's employment levels over the past year have been lower than normal due to the temporary COVID-19 induced 10-week shut down of the racing industry from last April to June. Tasracing was able to provide several point in time estimates of its employment levels over the past year which have been used as low, central and high estimates.

Tasracing advised that in June last year FTE employment was 81.74 jobs, which is assumed to correspond to a low estimate of Tasracing's employment. Several full-time positions have been added since this time giving a current or central employment estimate of 84.74 FTEs. In February this year employment averaged 87.09 FTEs over the month. This is considered a high scenario estimate as there was an increase in overtime during this period associated with the Summer Carnival and Magic Millions sales.

Lottery tickets and instant scratchies

Employment directly related to lotteries and instant scratchies have been derived using a staff time approach in terms of processing ticket sales. The total number of ticket purchases for each form of gambling was estimated based on the frequency of participation in these forms of gambling as indicated by the 2020 prevalence survey results, which are summarised in Table 5.6. For example, 16 per cent of adult Tasmanians purchased a lottery ticket less than once per month on average in the year before the arrival of COVID-19.

These participation rates were then applied to the estimated adult resident population in Tasmania and assumed number of monthly bets for each frequency category to estimate the total number of monthly ticket purchases. As the frequency of participation categories cover a range of potential values, central, low and high monthly bet assumptions were adopted along the following basis for each frequency category:

- less than once per month: once every two months (low: one per year; high: once every 6 weeks);
- one to three times per month: twice per month (low: once per month; high: three times per month); and
- once a week or more: one and a half times per week (low: once per week; high: twice per week).

The average time to process a lottery ticket or sell a scratchie was assumed to be 15 seconds in line with the average time assumed for processing keno sales.

On the basis of the approach and assumptions outlined above, total employment dedicated to processing lottery ticket sales is estimated to be 12 FTE jobs under the central scenario, while employment for processing scratchies is estimated at 1.7 FTE jobs.

Table 5.6: Reported participation in buying lottery tickets and instant scratchies

	Frequency of ticket purchases (% of respondents)		Assumed number of bets per month (central scenario)
	Lottery ticket buying	Instant scratchie tickets	
Did not participate	63	89	0
Less than once per month	16	8	0.5
One to three times per month	10	2	2
Once a week or more	11	1	6.5
Don't know / refused	0.3	0.1	na
Total	100	100	na

Source: Fifth Social and Economic Impact Study of Gambling in Tasmania (2020), Volume 2: Prevalence Survey Report.

Regulatory services

Gambling activities are highly regulated. Several government departments have responsibility for performing regulatory functions, service delivery and policy development in respect of gambling activities. The Tasmanian Liquor and Gambling Commission regulates gambling and is supported by the Liquor and Gaming Branch in Treasury, and the Office of Racing Integrity regulates racing.

The Liquor and Gaming Branch supports both the Commissioner for Licensing and the Liquor and Gaming Commission. While the Branch employs approximately 42 FTEs across compliance, licensing and policy areas, liquor and gambling activities are fully integrated across the Branch.

According to the 2020 Annual Report for the Department of Primary Industries, Parks, Water and Environment (DPIPWE), the Department employed 25.84 FTEs at 30 June 2020 in respect of its Racing Regulation and Policy output group, which includes the Office of Racing Integrity.

Overall Employment in Gambling

Table 5.7 summarises the overall estimates of employment for gambling activities, including by broad gambling mode and venue, based on the approaches outlined above. The estimates should be considered indicative given the inherent challenges associated with estimating gambling employment, noted earlier in this chapter. Given the inherent uncertainty, estimates have also been rounded to the nearest integer. They are also mildly conservative to the extent that employment could not be ascertained for some minor gambling activities, namely some regulatory services and on course and online corporate bookmakers.

It is estimated that there are approximately 1,218 FTE equivalent jobs (see central estimate: Table 5.8) associated with gambling activities in Tasmania. This is equivalent to 0.6 per cent of total full-time equivalent employment in Tasmania in 2020 (198,500 FTE jobs).

Total employment across the gambling sectors for which estimates have been derived is estimated to range from a low of 1,197 FTE jobs to a high of 1,237 FTE jobs. While this range is relatively narrow, it is artificially so to the extent there was insufficient evidence to derive low and high estimates for certain sectors. Notable sectors in this regard include EGMs in hotels and clubs, race wagering and casino operation.

The latest measure of total gambling employment is approximately 7 per cent higher than was estimated in the previous SEIS, which pegged employment at 1,135 FTE jobs. This difference can be largely attributed to the inclusion of Tasracing and DPIPWE employees in the current study.

In terms of modes of gambling and venues, total employment in respect of casinos was estimated at 520 FTE jobs, while employment in respect of gambling activities hosted within hotels and clubs was estimated at almost 440 FTE jobs (inclusive of Network Gaming employment). For hotels and clubs, EGMs are the largest sources of employment, followed by race wagering and keno.

It is important to note that the above employment estimates represent the gross impact of gambling in terms of its economic footprint (i.e. use of labour resources). To the extent that expenditure on gambling diverts spending from other forms of consumption and investment, then the net impact of gambling will be smaller than indicated by the estimates presented here.

Furthermore, some degree of employment in gambling is supported by problem gambling, which is not necessarily desirable from a whole of community perspective. In order to address both of these issues, economic modelling has been conducted to provide insight into both the net impact of gambling on the Tasmanian economy, and how the economy would be affected by the hypothetical scenario of ending problem gambling. The results of this modelling are presented in section 5.3.

Table 5.7: Estimated employment in gambling activities, Tasmania, full-time equivalent (FTE)

	Full-time Equivalent Employment		
	Low	Central	High
Hotels and clubs			
EGMs	234	234	234
Keno	37	49	61
Race wagering	113	113	113
Network Gaming - monitoring, compliance, support etc.	35	35	35
Network Gaming – technicians	9	9	9
Total	**428**	**440**	**452**
Casino			
Casino operation	520	520	520
Federal Group corporate	94	94	94
Total	**614**	**614**	**614**
Wagering (excluding hotels and clubs)			
Tabcorp	40	40	40
Tasracing	82	85	87
Bookmakers	Unknown	Unknown	Unknown
Total	**121**	**124**	**127**
Lotteries			
Lottery tickets	7	12	16
Instant scratchies	1	2	2
Total	**8**	**14**	**19**
Gambling regulatory services			
DTF, Liquor and Gaming Branch	Unknown	Unknown	Unknown
DPIPWE, Racing Regulation and Policy Output Group	26	26	26
Total	**26**	**26**	**26**
Total gambling employment (excluding unknown)	**1,197**	**1,218**	**1,237**

Source: SACES calculations

5.2.3 Trends in Gambling Employment Over Time

Census data only provides estimates of employment at a single, distant point in time, with the latest data being somewhat dated. In order to understand how employment in gambling activities has evolved over time and more recently, we must turn to sources such as the Labour Force Survey and administrative data.

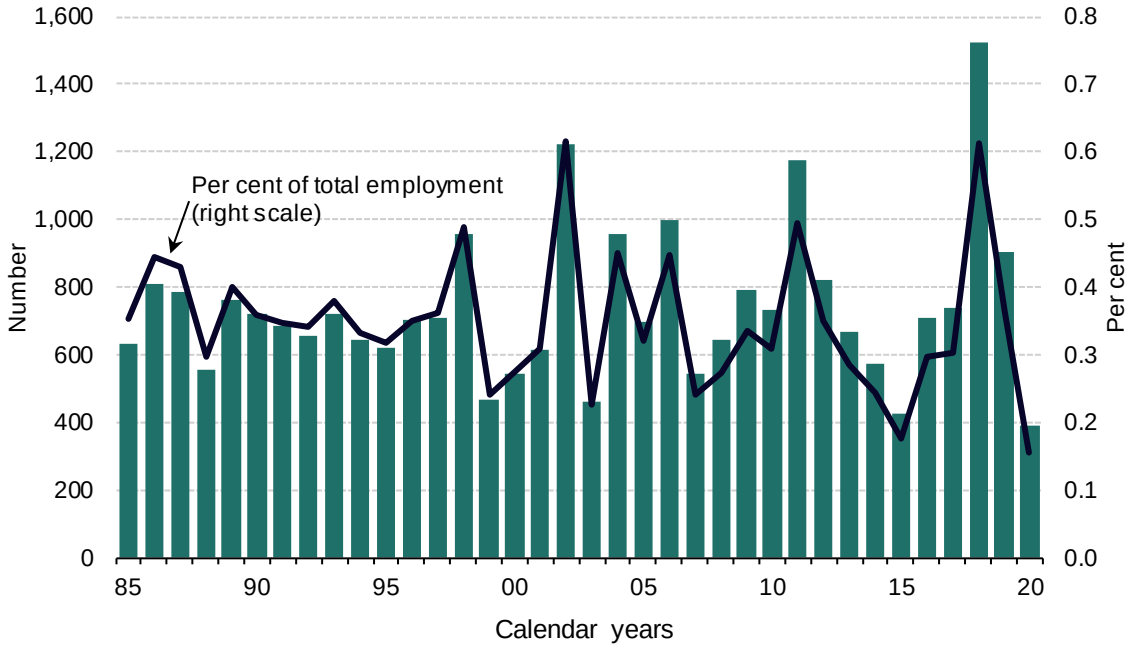
Employment in ‘gambling activities’ as measured (for the middle month of each quarter) by the ABS Labour Force Survey has traditionally been very volatile, even when expressed as annual averages in order to abstract from seasonal variations (as shown in Figure 5.6).

There are no immediately obvious economic factors which explain the ‘spikes’ in gambling employment in 1998, 2002, 2011 and 2018. Since the ABS surveys are based to a degree on ‘self-description’, at least some of the fluctuations in gambling employment may be the result of employees giving different answers to the question asking them to categorize the industry in which they are employed at different times.

In that context, it is noted that employment in gambling activities appears to have risen sharply around the time of the 2018 state election – see Figure 5.7, where the number of people employed in gambling activities – and the potential consequences for that number of the removal of EGMs from hotels and clubs as proposed by the Opposition – was a significant (and contested) issue (Carmignani, 2018).

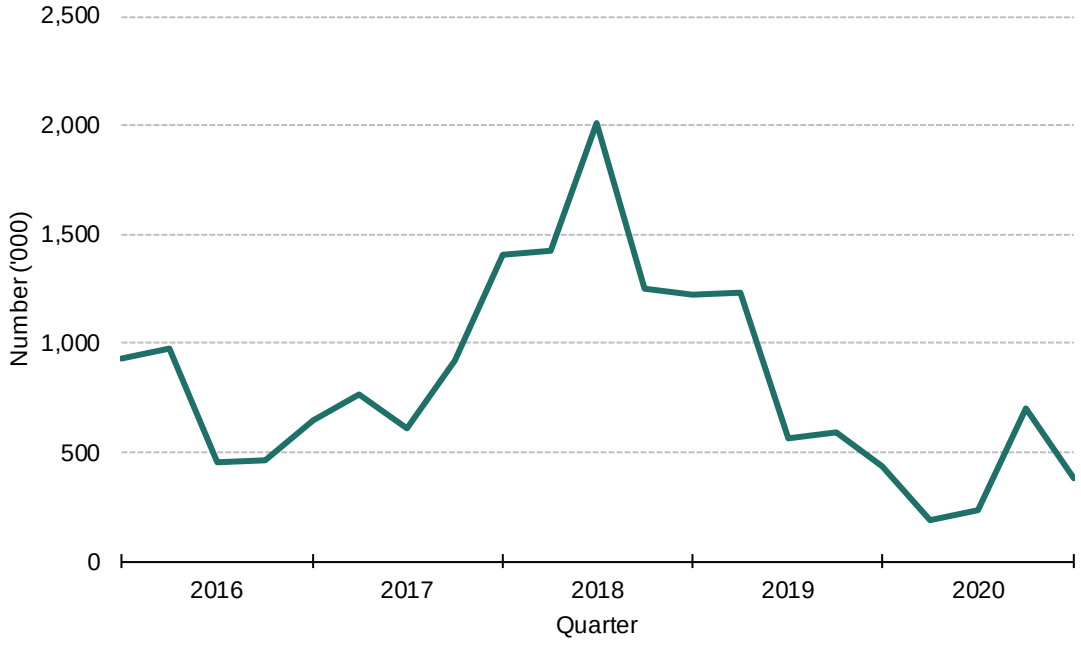
On average over the past five years (i.e. 2016-20), 'gambling activities' have accounted for 0.35 per cent of total employment in Tasmania, which is exactly in line with the average for the 30 years prior to the past five years.

Figure 5.6: Employment in 'gambling activities', Tasmania



Source: ABS (2021a), Pivot Table EQ06 Note: In 2020 staff were stood down due to venue shutdown in response to COVID-19

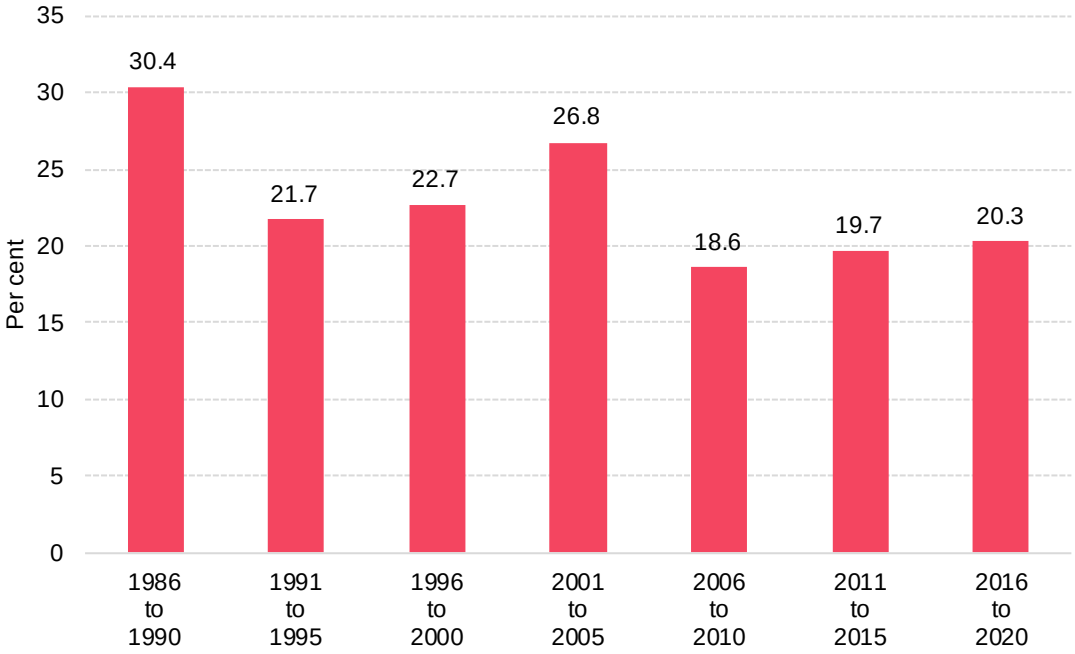
Figure 5.7: Employment in 'gambling activities', Tasmania, quarterly
Not seasonally adjusted



Source: ABS (2021a), Pivot Table EQ06.

Perhaps more significant – given the position of industry that revenue from EGMs was essential to the 'survival' of hotels and clubs (and similar assertions that gambling is essential to the continued existence of the horse racing 'industry') – is the observation that the share of employment directly attributable to 'gambling activities' has declined significantly since the turn of the century (Figure 5.8).However over the same period, employment in hotels and clubs, and in horse and dog racing, has been able to grow.

Figure 5.8: Employment in 'gambling activities' as a percentage of employment in 'gambling-dependent' industries (hotels, clubs, horse and dog racing, and gambling)



Source: ABS (2021a), Pivot Table EQ06.

Table 5.8: Number of Special Employees and Technician Licences in Tasmania, 2000-01 to 2019-20

	Special Employees				Technicians
	Casinos	Licensed Premises Gaming Operatives	Gaming Operator	Tasmanian Gaming Licence Operatives[(a)]	
2000-01	-	1,939	50	-	169
2001-02	582	2,184	56	-	181
2002-03	590	2,298	57	-	195
2003-04	554	2,581	51	-	175
2004-05	559	2,595	42	-	171
2005-06	582	2,664	43	-	189
2006-07	582	3,410	43	10	194
2007-08	590	2,844	45	100	215
2008-09	554	2,865	49	131	257
2009-10	552	2,900	46	264	312
2010-11	561	2,910	48	287	294
2011-12	534	2,810	45	686	374
2012-13	517	2,778	43	249	349
2013-14	491	2,722	41	267	324
2014-15	481	2,648	38	154	322
2015-16	477	2,588	31	145	322
2016-17	469	2,254	32	109	298
2017-18	460	2,299	32	94	282
2018-19	470	2,370	32	60	291
2019-20	439	2,280	32	71	337

Note: (a) Prior to 2009-10 figures are for betting exchange employees only. From 2009-10 figures include totalizator employees. From 2019-20, figures show totalizator employees only (due to closure of betting exchange Hobart office). Note as advised that Note as advised that Technician's Licence is not a sub-set of Special Employee's' Licences.
Source: Tasmanian Liquor and Gaming Commission, Annual report, various.

Turning to administrative data, the number of people with "special employee's" or "technician's" licences granted by the Tasmanian Liquor and Gaming Commission is considerably larger than the number of people counted as employed in 'gambling activities' by the ABS. This is because licences are issued for a five-year period and people move in and out of the industry, without necessarily relinquishing their licence when they

leave. The number of special employee's and technicians licenses fell by 18 per cent between 30 June 2014 and 30 June 2020. This includes a 16 per cent decline in the number of licences for hotel and club employees, and an 11 per cent decline in the number of licences for casino employees – see Table 5.8.

5.3 Modelling the net economic impact of gambling and the hypothetical scenario of ending problem gambling

5.3.1 The net contribution of gambling to Tasmania's economy

As we observed at the start of this chapter, estimates of the existing level of employment or gross state product associated with an economic activity (or industry) only provides insight into the gross economic impact or size of the activity. In the event that such an activity ceased, resources and spending would flow to other activities, generating activity in other sectors of the economy. A current prominent example of such behaviour is the shift from fossil fuels to renewable energy for energy generation. The net impact of an activity on the overall economy is consequently different from that suggested by its economic footprint. The overall net impact will depend on various factors, including how households and businesses change their consumption and investment patterns in the absence of the activity, their propensity for saving, and the degree of import leakages and employment intensity associated with affected activities.

The overall net impact of gambling can be estimated by considering the hypothetical scenario of how would economic outcomes differ in Tasmania if all in-state gambling activity ceased. We have modelled this hypothetical scenario using a computable general equilibrium (CGE) model of the regions of Australia, VU-TERM – see Box 5.2 and Appendix I for further information on CGE models and VU-TERM. This model assesses how the Tasmanian economy would adjust to the sudden cessation of all gambling activity.

The scenario has been modelled by assuming that all in-state gambling activity ceases from the beginning of 2020-21. The initial impact of ceasing all in-state gambling is to reduce employment (Figure 5.9), and with it, reduce statewide aggregate consumption (Figure 5.10). In the short run, this results in job losses of around 310 FTEs.

The cessation of problem gambling weakens Tasmania's labour market in the short term. VU-TERM includes a theory of sluggishly adjusting real wages in response to changes in the labour market. The adverse jobs impact is worst in 2020-21, when employment falls to 0.15 per cent below base (Figure 5.9). Real wages continue to fall in succeeding years, which pushes employment back towards base. Statewide real wages bottom out in 2022-23, which sees employment equal labour supply the following year. Thereafter, with lower than base real wages stimulating statewide investment (Figure 5.10), employment rises slightly above base by 2025-26. In VU-TERM modelling, we can think of labour supply movements as reflecting changes in population. If labour supply is above the employment level in a given year in a scenario, unemployment is above its base level.

Box 5.2 – What is a CGE model

CGE models are large scale or whole of economy models that use real economic data and economic theory to model how an economy might react to an economic shock, policy change, technology change or some other abrupt change. They use a large number of equations to capture the structure of the economy and how households, producers and governments respond to economic changes, such as shifts in demand and price fluctuations. Hence, CGE models capture both the direct and indirect effects of initial changes and how these flow through the whole economy.

CGE models may be comparative-static or dynamic. In the case of the former impacts are modelled at only one point in time in the future, whereas in a dynamic model the effects of direct impacts are modelled across time periods, providing a more realistic view of how the economy would evolve through time.

In the context of the current project, the VU-TERM model used is a dynamic, economy-wide model that also includes small-region representation. Each region in VU-TERM has its own production functions, household demands, industry structure and inter-regional trade linkages, which enables relatively local issues to be modelled.

Another sort of model that is typically used in economic impact analysis – including in the fourth SEIS – is an input-output model. The difference is that an input-output (IO) solves either for quantities or for prices, but not both at once. In comparison, a CGE model solves for both prices and quantities together. In addition to capturing such dynamics, CGE models have several other advantages over input-output models. Most significantly, they take into account both supply side constraints and budgetary constraints facing households and governments. In contrast, input output models do not assume any resource constraints unless that have been explicitly imposed. As a consequence of these differences, input output models will tend to overstate the economic impact of a policy change, shock, or industry economic contribution where they take into account downstream flow-on impacts, whereas a CGE model will more accurately approximate the actual net economic impact.

Figure 5.9: Labour market, Tasmania, removing all gambling scenario
(per cent deviation from base)

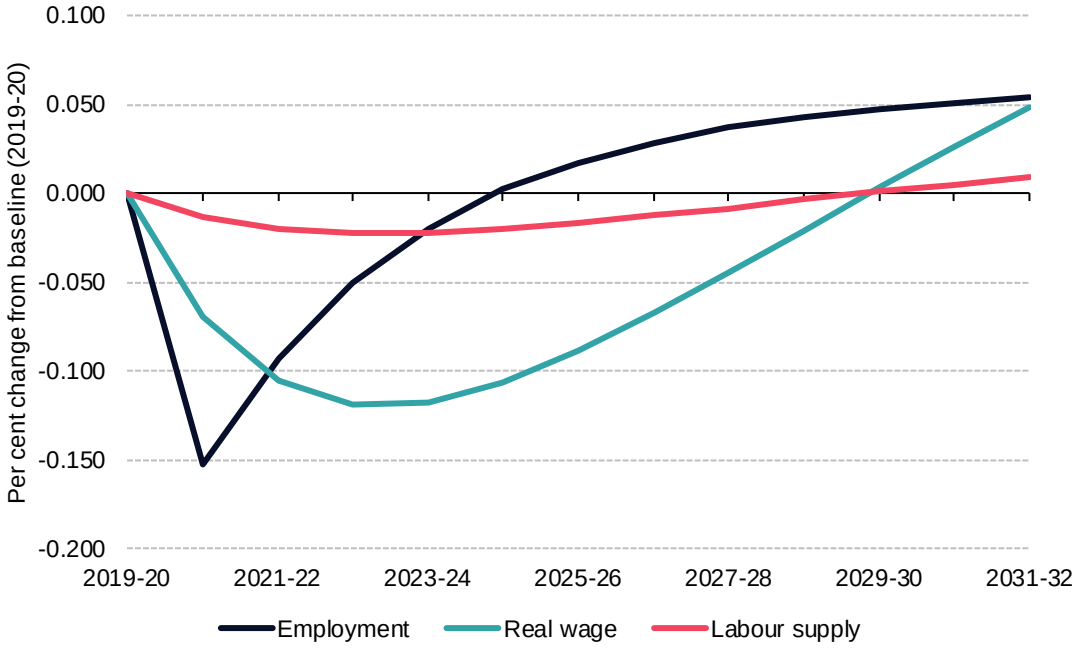
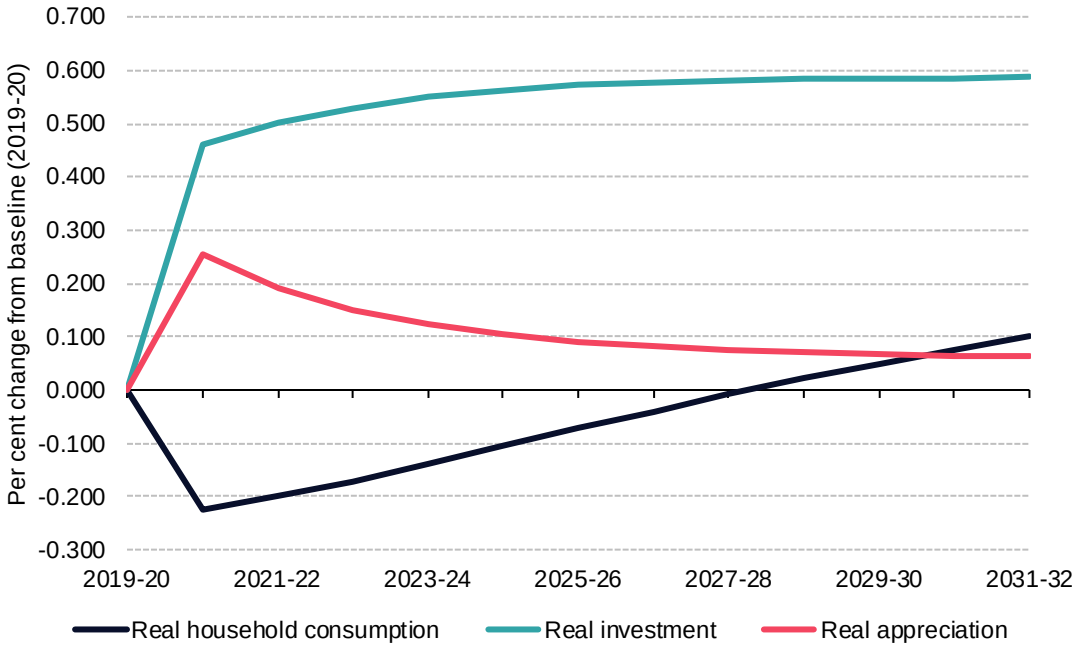


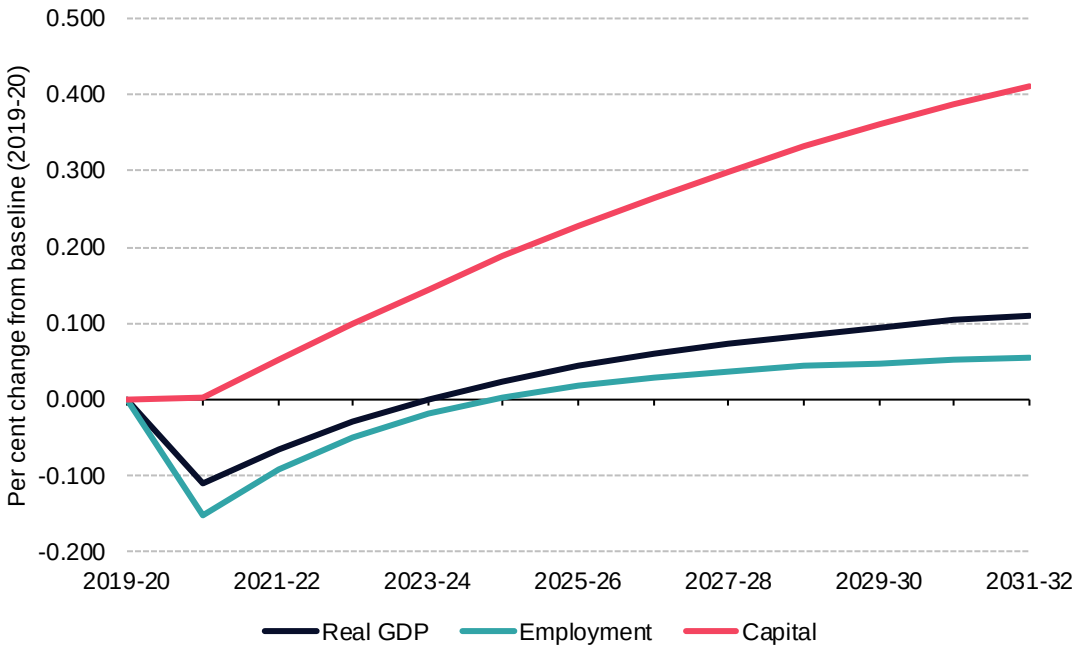
Figure 5.10: Aggregate consumption & investment, Tasmania, removing all gambling scenario
(per cent deviation from base)



An increase in real investment is associated with a real appreciation (i.e. the price of Tasmanian production rises relative to interstate and international imports) (Figure 5.10). Without in-state consumption of gambling, Tasmanian demands switch towards other goods and services, which in early years results in Tasmania's international plus interstate trade balance going into deficit. That is, foreign borrowing funds additional investment. The movement of resources away from the gambling sectors eventually results in statewide real consumption returning to and rising above base by 2028-29.

Real GDP in Tasmania falls relative to base temporarily as a consequence of the loss of gambling activity (Figure 5.11). However, the income loss is relatively small, bottoming out in 2020-21 at 0.11 per cent or $40 million below base. Increased investment relative to forecast results in capital increasing relative to base over time and by 2024-25 Tasmania's GDP is above the level it would have been with the maintenance of in-state gambling. Thus, in the long run, diversion of expenditure from gambling to other activities, which in turn leads to diversion of investment and labour to other sectors, results in a recovery to above base level.

Figure 5.11: Income-side real GDP, Tasmania, removing all gambling scenario
(per cent deviation from base)



5.3.2 The impact of eliminating problem gambling

A second scenario has been modelled using the CGE model to examine the hypothetical economic impacts that would result from the cessation of problem gambling in Tasmania. This scenario provides insight into how problem gambling impacts the overall economy, including how the Tasmanian economy would be affected by measures that perfectly addressed problem gambling, resulting in a purely recreational gambling industry.

Based on the PGSI a problem gambler is defined by a score of 5 or higher while we have split 'moderate risk' gamblers in two – those with a PGSI score of 3 or 4, and those with a score of 5 to 7. The latter category when combined with problem gamblers is equivalent to the Productivity Commission's (1999) estimate of problem gamblers (Section 7.1 for further discussion).

Diminution of problem gambling may take many years, but for illustrative purposes, we assume that this occurs over 2 years, 2020-21 and 2021-22.

The proportion of revenue lost from cessation of problem gambling and higher risk moderate risk gambling varies significantly between gambling activities. The local revenue lost if problem gambling were to cease is greatest for EGMs and casino table games[41], and lowest for lotteries and sports betting, with keno and betting on horse racing in the middle. Weighting across the types of gambling offered in venues, activity in the casino sector would reduce by the greatest amount followed by the hotels and clubs sector, with smaller losses in wagering on racing, keno, and lotteries. Figure 5.12 shows the impacts on Tasmania's labour market. The expenditure reduction is based on an estimated value of problem gambling (and higher risk moderate risk gambling) in 2018-19 of $97 million.

Like the cessation of all gambling scenario, the initial impact of eliminating problem gambling is to reduce employment (Figure 5.12) and household consumption (Figure 5.13). However, the effects are more muted compared to the all gambling cessation scenario as ending problem gambling naturally diverts a smaller amount of gambling expenditure. The associated resource reallocation task is also consequently smaller.

The adverse jobs impact is worst in 2021-22, when employment falls to 0.035 per cent (70 jobs FTE) below base (Figure 5.12). Over time, falling real wages helps to stimulate investment and labour reallocation to other sectors, bringing employment back to base. Employment eventually rises slightly above base by 2027-28.

The transfer of household and tourist spending from gambling to other activities, along with the real wages adjustment mechanism, ensures that the impact of direct job losses on overall statewide employment diminishes over time. This is evident at the bottom of Table 5.10: in early years, indirect job gains provide a partial offset to direct job losses. In later years of the simulation period, when the economy has had time to adjust, indirect job gains fully offset the direct job losses.

[41] Online casino expenditures have the highest concentration of spending by problem gamblers and higher risk moderate risk gamblers, however this is international rather than local expenditure and so is not included in the modelling.

Figure 5.12: Labour market, Tasmania, elimination of problem gambling scenario
(per cent deviation from base)

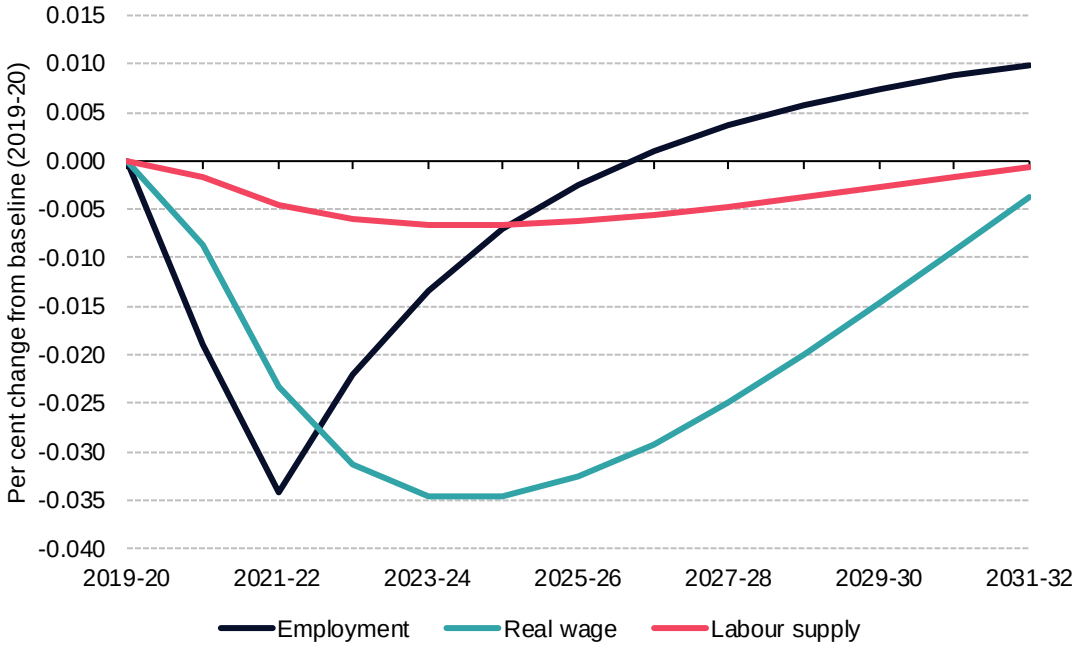


Figure 5.13: Aggregate consumption, investment & real appreciation, Tasmania, elimination of problem gambling scenario
(per cent deviation from base)

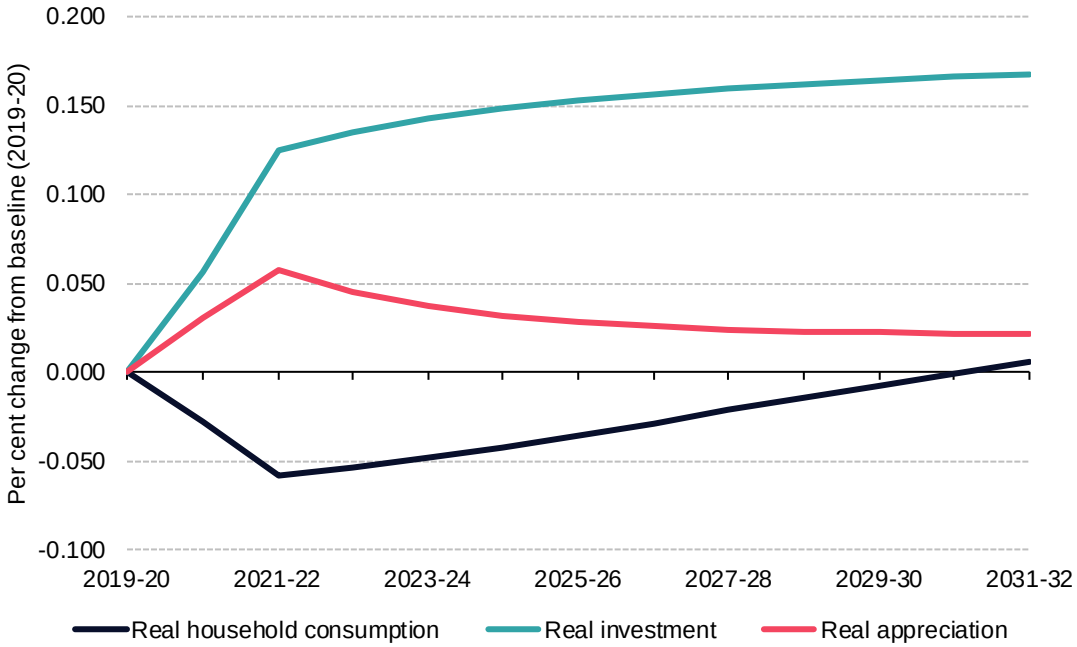
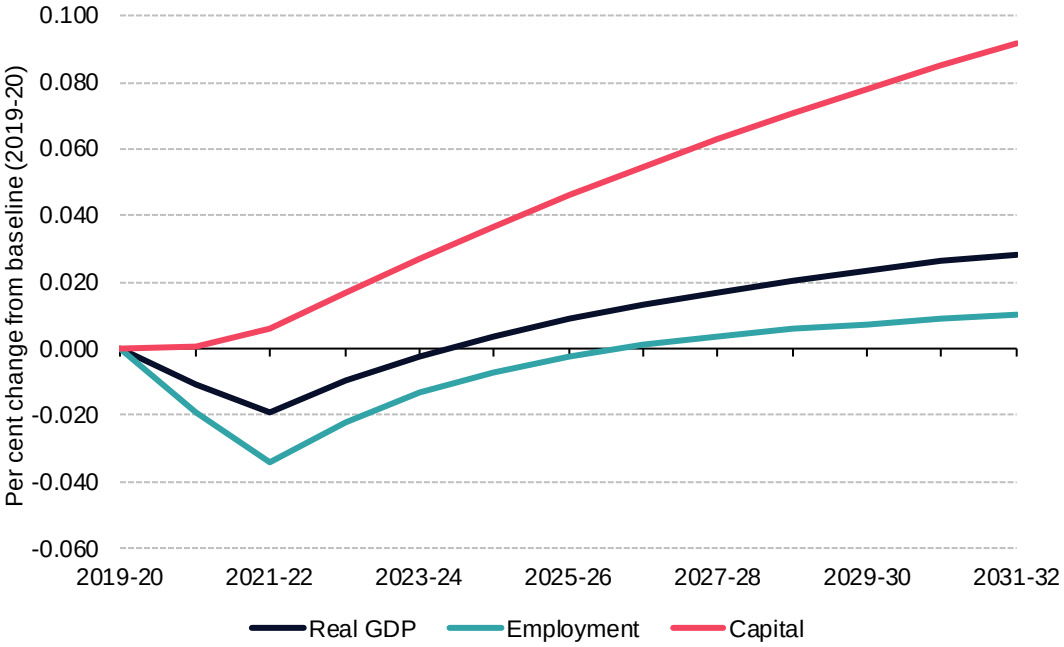


Figure 5.14: Income-side real GDP, Tasmania, elimination of problem gambling scenario
(per cent deviation from base)



There is a temporary decline in real GDP for Tasmania relative to base as a consequence of the downturn in gambling activity due to the cessation of problem gambling (Figure 5.14). But the income loss is small, reaching a maximum of 0.02 per cent or $7 million below base in 2021-22.

Table 5.9 shows the statewide industry-level impacts of the cessation of problem gambling. Direct losses in pubs and clubs, casinos, lotteries and TAB and gambling NEC are gradually compensated by increased activity in other sectors. Table 5.10 shows corresponding employment outcomes relative to base.

Although Tasmania's employment, real GDP and aggregate consumption all end up above base by the end of the simulation period, there is a small "welfare" loss arising from the cessation of problem gambling. Welfare is calculated in net present value terms as:

$$dWELF = \sum_{d}\sum_{t} \frac{dCON(d,t) + dGOV(d,t)}{(1+r)^{t}} - \frac{dNFL(z)}{(1+r)^{z}} + \frac{dKstock(z)}{(1+r)^{z}}$$

where *dCON* and *dGOV* are the deviations in real household and government spending in region *d* and year *t*;
dNFL is the deviation in real net foreign liabilities in the final year (*z*) of the simulation;
dKstock is the deviation in value of capital stock in the final year (*z*) of the simulation;
and
r is the discount rate.

In other words, the change in welfare is equal to the present value of the cumulative change in real household consumption, government spending and capital stock, less changes in net foreign liabilities, discounted over the period of the analysis.

The discounted stream of current consumption (*dCON* + *dGOV*) is slightly negative in this scenario. The change in the value of capital stocks is positive. Funding of additional investment used to build up capital, and the absence of a replacement tax for gambling tax revenue increase Tasmania's net foreign debt: we expect government debt to increase relative to base. At a 2.5 per cent discount rate, the Tasmania welfare loss is $260 million. In annualized terms, the welfare loss is only $7 million or around $13 per capita. These welfare calculations make no allowance for any reductions in the social costs associated with problem gambling.

We expect a downturn in existing gambling sectors to generate small welfare losses, although these are substantially offset over time by movements of labour and investment to other sectors. If the social harm arising from problem gambling in Tasmania exceeds a net present value of $260 million or $7 million per annum, ongoing efforts to diminish problem gambling will be advantageous to the state.

Table 5.9: Industry outputs, Tasmania, elimination of problem gambling scenario
($m deviation in value-added from base)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2031-32	2031-32
AgriForFish	0	0	-1	-1	-1	-1	0	0	0	0	0	-1	-1
Mining	0	0	0	0	0	0	0	0	0	0	0	0	0
FoodPrds	0	0	0	0	0	0	0	0	1	1	1	1	1
OthManuf	0	0	0	0	0	0	1	1	1	1	1	1	1
Utilities	0	0	0	0	0	0	1	1	1	1	1	1	1
Construction	0	1	2	2	3	3	3	3	4	4	4	4	4
Trade	0	1	3	3	3	4	4	4	4	5	5	5	5
HotelsCafes	0	1	3	3	3	3	3	4	4	4	4	5	5
PubsClubs	0	-6	-13	-13	-13	-14	-14	-15	-15	-16	-16	-17	-17
Transport	0	1	2	2	3	3	3	3	4	4	4	5	5
Communication	0	0	0	0	0	0	0	0	0	0	0	0	0
BankFinIns	0	0	1	1	1	2	2	2	3	3	3	4	4
BusSrvces	0	0	-1	0	0	0	0	0	0	0	0	0	0
OwnerDwellng	0	0	0	1	2	3	4	4	5	6	7	8	9
GovAdmDef	0	0	-1	-1	-1	0	0	0	0	0	0	0	0
Education	0	1	1	1	2	2	2	2	2	2	2	2	3
HealthComCre	0	1	3	3	3	3	4	4	4	5	5	5	5
OthService	0	1	2	2	2	3	3	3	3	3	3	3	3
Casinos	0	-2	-5	-5	-6	-6	-6	-7	-7	-8	-8	-9	-9
LotteryTAB	0	-1	-2	-3	-3	-3	-3	-4	-4	-4	-4	-4	-4
GamblingNEC	0	0	0	0	0	0	0	0	0	0	0	-1	-1
Holiday*	*0*	*4*	*8*	*8*	*8*	*8*	*8*	*8*	*9*	*9*	*9*	*9*	*10*
ExpTourism*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total (GDP at factor prices)	0	-3	-6	-3	-1	1	3	5	7	8	9	11	12

Note: * The Holiday and ExpTourism sectors show $m changes in activity, not value-added.
Source: VU-TERM model.

Table 5.10: Industry employment, Tasmania, elimination of problem gambling scenario
(FTE deviation from base)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2031-32	2031-32
AgriForFish	0	-4	-8	-6	-4	-3	-3	-2	-2	-2	-2	-2	-2
Mining	0	0	0	0	0	0	0	0	0	0	0	0	0
FoodPrds	0	-1	-1	1	2	3	3	4	4	4	4	4	4
OthManuf	0	-1	0	2	3	4	5	5	6	6	6	6	6
Utilities	0	1	2	2	3	3	3	3	3	3	3	3	3
Construction	0	10	22	24	25	25	26	27	27	28	28	28	28
Trade	0	16	32	33	33	33	33	33	33	33	33	33	33
HotelsCafes	0	15	31	32	32	33	33	34	34	34	34	35	35
PubsClubs	0	-74	-147	-147	-146	-146	-146	-146	-146	-146	-146	-146	-146
Transport	0	9	19	21	22	23	24	24	24	25	25	25	25
Communication	0	-1	-2	-1	-1	-1	-1	-1	-1	-1	0	0	0
BankFinIns	0	4	8	9	11	12	12	13	13	14	14	15	15
BusSrvces	0	-5	-9	-5	-2	-1	0	1	1	1	1	1	0
OwnerDwellng	0	0	0	0	0	0	0	0	0	0	0	0	0
GovAdmDef	0	-6	-11	-8	-6	-4	-3	-2	-1	0	1	2	2
Education	0	7	14	17	19	20	21	22	23	24	24	25	25
HealthComCre	0	18	36	37	39	40	42	43	45	46	48	49	51
OthService	0	12	24	25	26	26	26	27	27	27	27	27	27
Casinos	0	-25	-51	-51	-51	-51	-51	-51	-51	-51	-51	-51	-51
LotteryTAB	0	-14	-27	-27	-27	-27	-27	-27	-28	-28	-28	-28	-28
GamblingNEC	0	-1	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
Total	**0**	**-39**	**-70**	**-46**	**-28**	**-15**	**-5**	**3**	**8**	**13**	**17**	**20**	**23**
Direct	0	-114	-228	-227	-227	-227	-227	-227	-228	-228	-228	-229	-229
Indirect	0	75	157	182	200	213	222	230	236	241	245	248	252

Source: VU-TERM model.

Regional Outcomes

The economic impact of eliminating problem gambling would be felt unevenly across the regions due to differences in their gambling environments. For instance, the Statistical Areas Level 4 (SA4) regions of Hobart and Launceston-North East include casinos, as is reflected in ABS census data.[42] There are no casinos in the South East or West-North West SA4 regions. Hotels and club employment shares are relatively even across the SA4 regions, being slightly higher in Hobart and Launceston North-East than the other two SA4 regions. This implies that the relative impacts of ending problem gambling will be higher in Hobart and Launceston North-East than the statewide impacts. Indeed, the modelled results show that employment would fall relatively more sharply in the short term in Hobart (Figure 5.15) and the North East (5.16). In comparison, employment falls are shallower for both the South East (Figure 5.17) and West – North West (Figure 5.18), and employment levels in both regions would rise back above base at an earlier date (2024-25) compared to both Hobart and Launceston-North East (2027-28 respectively).

Figure 5.15: Labour market, Hobart SA4, elimination of problem gambling scenario
(per cent deviation from base)

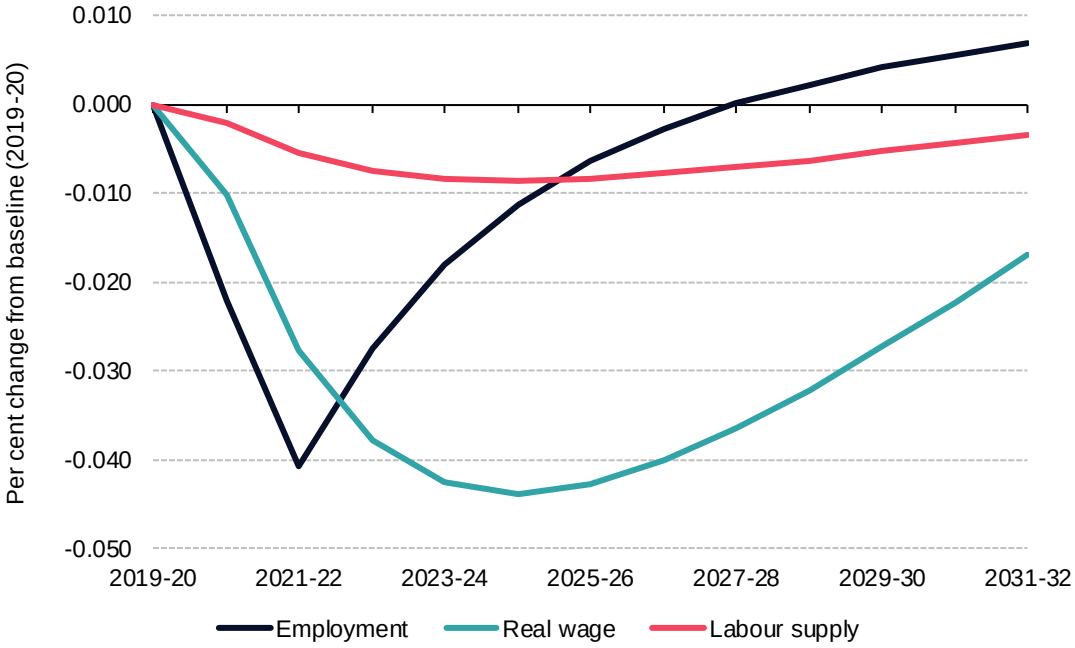
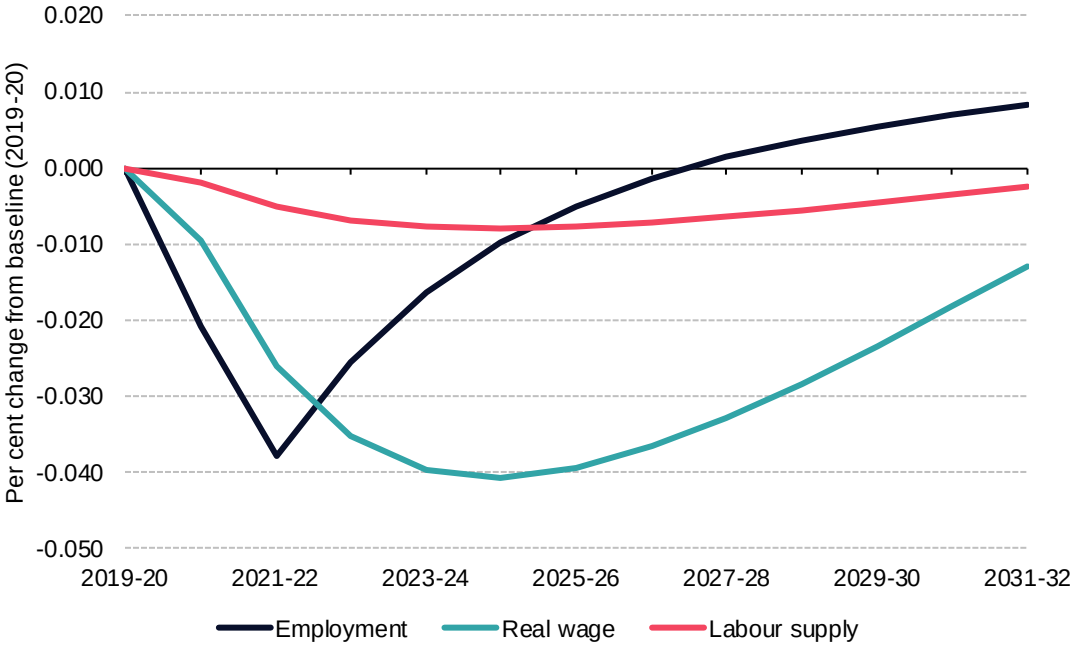


Figure 5.16: Labour market, Launceston – North East SA4, elimination of problem gambling scenario
(per cent deviation from base)



[42] SA4 regions are the largest sub-State regions used by the ABS in the main structure of its regional classification framework (Australian Statistical Geography Standard).

Figure 5.17: Labour market, South East SA4, elimination of problem gambling scenario
(per cent deviation from base)

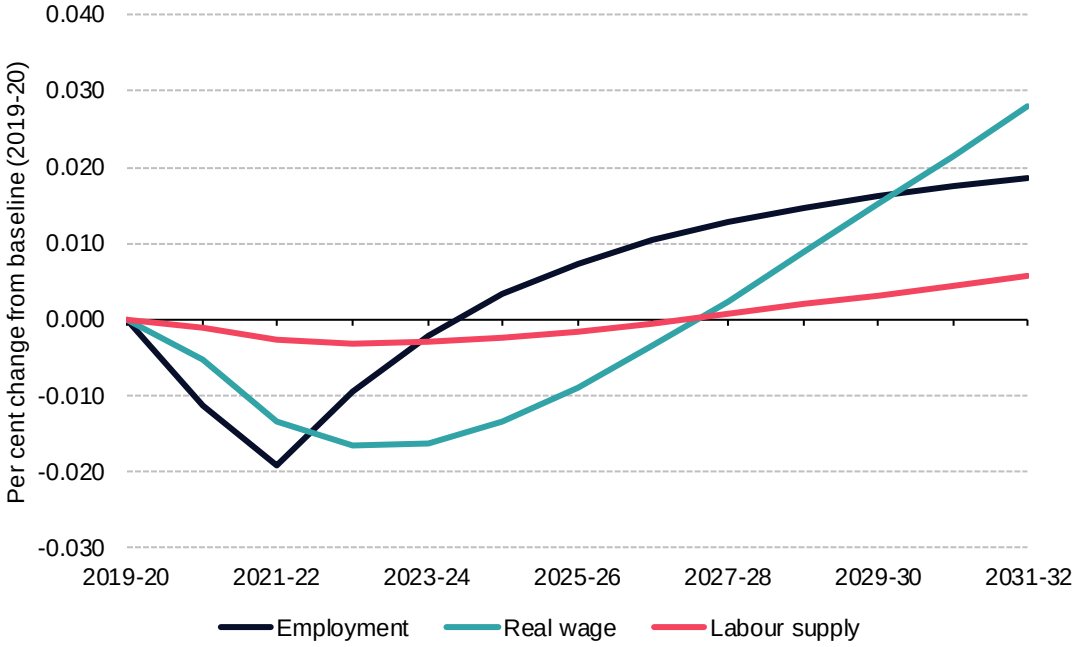
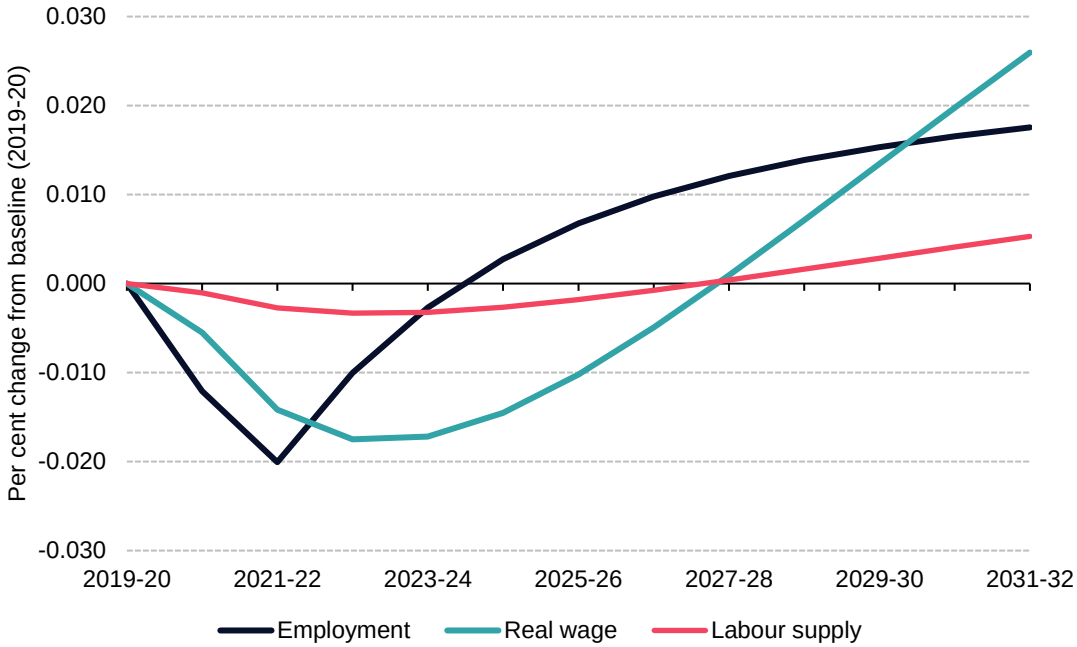


Figure 5.18: Labour market, West – North West SA4, elimination of problem gambling scenario
(per cent deviation from base)



5.3.3 Putting the problem gambling elimination scenario into context

The economic circumstance of Tasmania prior to COVID-19 indicated a relative boom. The state's population growth exceeded 1 per cent per annum from 2016 until the end of 2019. This contrasts with much slower growth prior to 2016.[43] Established house prices grew by an average of 9 per cent per annum between the end of 2016 and the end of 2019.[44] Tasmania has become an increasingly attractive place for people from mainland eastern states to live, particularly with the growing pains of Melbourne, Sydney and Brisbane. The lockdowns and restrictions of 2020 have led to increased remote working. If remote working continues to some extent when normality resumes, locations away from the major cities, including Tasmania, may become relatively more attractive. This may contribute to growth in the state when some form of normality resumes.

A simple context for the marginal impacts of the eliminate problem gambling scenario is that in the worst year, the removal of problem gambling leads to Tasmania's employment falling 0.03 per cent below base, whereas between 2016 and the end of 2019, Tasmania's level of employment grew by more than 6 per cent.[45] Employment losses associated with eliminating problem gambling are small in the context of likely future gains in economy-wide employment.

The business-as-usual baseline in this scenario does not assume rapid growth in tourism in Tasmania. However, there are clues from modelled impacts about the structural changes that might occur with the cessation of problem gambling. The domestic holiday sector may be a beneficiary. Gambling includes inputs into holidays via default pub and clubs, casino and lottery and TAB inputs. By assumption, tourists do not change their total holiday expenditures in Tasmania with the removal of problem gambling. Rather, they switch expenditures to all other tourism inputs, notably food products, hotels and cafes and transport. The latter includes sight-seeing. Any structural changes arising from the cessation of problem gambling may play to Tasmania's comparative advantages in food, dining and sight-seeing.

Both interstate and international tourism in Tasmania are driven by the state's endowments and comparative advantage, with the inducement from opportunities to gamble no longer as significant as once may have been the case.

Although employment trends are weak temporarily due to COVID-19, there are good prospects for a return to growth in 2021-22 and beyond. Tasmania is now Australia's best performing economy for the first time since 2009. Tasmania is rated first on relative population growth, relative unemployment, equipment and investment and retail trade. Tasmania rank's second on two other indicators.[46]

5.4 Tourism

As a form of recreation, the provision of gambling has the potential to draw visitors to a region, increasing the level of expenditure within the region and therefore the overall level of economic activity.

This view of the relationship between gambling and tourism is not universal. For instance, Beeton and Pinge (2003) argue that gambling effectively competes with tourism for discretionary spending, and put forward a case that 'demarketing' activities designed to discourage gambling could provide a boost to local tourism, particularly in regional areas where there are leakages out of the region through central government taxation of gambling.

The extent to which gambling competes with travel for discretionary spending will vary by market segment and form of gambling. For instance, gambling by casino high rollers is intrinsically linked with travel given the niche form of this segment and cross border efforts to attract these individuals. Whereas spending by local resident gamblers may divert expenditure from tourism, particularly in those rare cases where local residents gamble excessively due to compulsive behaviour. Moreover, restrictions on gambling may simply divert tourism expenditures to other regions or countries to the extent it discourages international gamblers from visiting the region (Collins and Lapsley, 2003), or encourages local resident gamblers to visit other regions.

The ability of jurisdictions to derive any tourism benefits through gambling will depend on their ability to provide a compelling or distinctive gambling product. Such capacity has been eroded over time with the gambling environment becoming more homogenous across jurisdictions. That is to say, most states and territories now offer similar gambling activities and services (i.e. casinos, EGMs in hotels and clubs with the notable exception of Western Australia), which means gambling activities alone are probably not a major factor in driving visitation.

[43] See https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2020#states-and-territories
[44] ABS (2021), *Residential Property Price Indexes: Eight Capital Cities, Jun 2020.* Cat. No. 6416.0.
[45] https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release
[46] CommSec, 2020 State of States, States and Territories Economic Performance Report (July 2020)

Another factor that has further reduced the strength of the relationship between gambling and tourism is the emergence of online gambling such as online race wagering and sports betting which have effectively broken the link between the physical location of supply and consumption of gambling services.

Regardless of the evolving nature of gambling and tourism, it is interesting to consider the relative size of gambling related tourism. State and regional accounts produced by Tourism Research Australia (2020) provide some insight into the relative size of gambling related tourism and its contribution to the broader state economy. The latest published data show that 'casinos and other gambling services' in Tasmania generated $24 million in direct gross value added (GVA) in 2018-19, equivalent to 1.5 per cent of total tourism GVA (estimated at $1.6 billion), and approximately 0.08 per cent of GVA for all industries in Tasmania.[47]

These estimates understate the economic contribution of gambling to tourism to the extent that some activity is generated within non-gambling exclusive industries, most notably hotels and clubs. By their nature the tourism accounts are unable to identify the gambling-related component of tourism activity within the hotels and clubs sector. Nonetheless, is it instructive to consider the total contribution of the sector in terms of tourism activity. Total clubs, pubs, taverns and bars tourism related GVA for 2018-19 was $119 million, equal to 7.5 per cent of total tourism GVA, and 0.4 per cent of GVA for all industries in the state.

Table 5.11: Gambling related trip expenditure for domestic overnight and international visitors, Australia

	2017-18	2018-19
Gambling expenditure ($m)		
Domestic overnight	187	243
International	182	182
Total	370	425
Gambling expenditure as proportion of customer segment total trip expenditure (%)		
Domestic overnight	0.3	0.3
International	0.4	0.4
Total	0.3	0.3

Source: Tourism Research Australia, National Visitor Survey and International Visitor Survey.

National data from the international and national visitor surveys conducted by Tourism Research Australia provide further insight into the relative significance of gambling related tourism activity. Data from the National Visitor Survey indicates that Australian domestic overnight visitors spent a total of $243 million on gambling in the year ending June 2019, which was equivalent to just 0.3 per cent of their total overnight trip expenditure – Table 5.11. In comparison, international visitors had gambling expenditure of $182 million for the same period, equivalent to 0.4 per cent of their total trip expenditure. These results suggest that gambling plays only a minor role in tourism expenditure activity.

The national gambling shares of tourism expenditure can be used to derive indicative estimates of gambling expenditure by tourists for Tasmania. Applying the national shares to estimates of regional tourism expenditure for the state suggests that domestic overnight visitors spent $9 million on gambling in 2018-19, while international visitors spent $3 million.[48] Hence, total gambling expenditure by tourists is estimated at $12 million in 2018-19, which is equivalent to about 4 per cent of total gambling expenditure in the state.

An alternative approach for deriving state level estimates is to relate gambling by tourists to total gambling expenditure as reported by administrative sources. The visitor surveys indicate that total gambling expenditure by domestic overnight and international visitors was $370 million in 2017-18, equivalent to 1.5 per cent of total gambling expenditure for Australia.[49] Applying this relativity to total reported gambling expenditure for Tasmania in 2017-18 ($304.1 million) suggests that tourists spent $4.5 million on gambling.

Together the two approaches above suggest that spending by tourists may account for 1.5 to 4 per cent of total gambling expenditure in Tasmania.

[47] Gross value added is equivalent to gross domestic or state product less taxes paid net of subsidies.
[48] In applying the expenditure shares for international tourists modifications were made to ensure that the expenditure shares based on national data matched the composition of regional expenditure. This involved excluding items such as pre-paid international airfares, international airfares bought in Australia, 70 per cent of expenditure on package tours, and motor vehicles.
[49] We must turn to tourism data for 2017-18 in the absence of any more recent national gambling statistics.

These estimates need to be treated with caution given that they assume that national relativities will apply equally to Tasmania. This will not be the case to the extent there are differences in the tourism and gambling environments. For example, Tasmania may underperform relative to other mainland states in terms of attracting high rollers, which would imply that the synthetic estimates derived above overstate the level of gambling undertaken by tourists in Tasmania. A further reason for exercising caution when interpreting the results is the potential for misreporting of gambling expenditures by respondents to the visitor surveys. For instance, people have a tendency to under report their gambling expenditure, either because they have trouble recalling their losses, or would prefer to conceal their level of spending.

5.5 Investment

Business investment, or the purchase of capitalised assets such as non-residential buildings and machinery and equipment, generally improves the productive capacity of the economy. In the context of gambling, installation of gaming facilities and income streams from gambling facilitate investment in buildings and services, improving the amenity of facilities and services to the community. On this point Federal Group Tasmania (2020) observes that gaming activity "has enabled the company to invest heavily in other Tasmanian tourism and hospitality businesses".

At a macro level, the impact of gambling on investment is not always considered a net positive. Community feedback during the current and other studies has sometimes raised concerns about the impact of gambling on 'productive investment' or capital spending by non-gambling businesses (Webb, 2020, and SACES, 2005). Some forms of investment may constitute purchases of second-hand assets rather than net additions to the overall capital stock and therefore do not enhance the productive capacity of the economy. For example, a number of major tourism and hospitality investments by Federal Group Tasmania have involved the purchase of existing businesses, such as the Henry Jones Art Hotel in 2008 and Freycinet Lodge in 2004 (subsequently sold to RACT in 2013).

The role of gambling in stimulating investment may also now be somewhat diminished. The maturity of the industry and, to a lesser degree, controls such as the cap on gaming machine numbers limits the development of new facilities. Recent levels of investment may consequently reflect fixed levels of spending required to maintain existing facilities at an acceptable or competitive standard.

In terms of the actual degree of investment undertaken, there is even less information available compared to other aspects of the economic impact of gambling industries. In general, there was little evidence provided through the community consultation process of investments being undertaken recently in terms of major facility developments or refurbishments. This is partly a consequence of the COVID-19 pandemic which has reduced activity and cash flows, and created a more uncertain environment for investors, particularly in light of ongoing international travel restrictions and potential lasting changes in consumer behaviour. Recent investments have focused on improving hygiene and cleaning in venues (Federal Group Tasmania, 2020), or modifying and/or diversifying businesses in response to the pandemic.

In terms of investments not related to the pandemic, Federal Group Tasmania (2020) observes that it has invested in technology, specifically a new casino management system that has provided "better customer experience as well as the opportunity to provide more rigorous and timely data to support harm minimisation initiatives".

Tasracing is responsible for the development of a competitive and sustainable racing industry in Tasmania and publishes estimates of its capital spending as part of its annual reporting. Over the three years to 2019-20 Tasracing had total capital expenditure of $21.7 million (Tasracing, 2018-2020) with $10.4 million coming in the most recent year. The most substantial investment has been a $12.5 million redevelopment of the Elwick thoroughbred racetrack, completed in 2019-20. Other smaller investments have focused on refurbishing venue customer facilities (e.g. upgrade of grandstand interior at Mowbray) and improving racing facilities including renovation of track surfaces (e.g. Mowbray, Spreyton, and Devonport Showgrounds) (Tasracing, 2020).

5.6 Conclusion

In this chapter, we have considered the economic impact of gambling in Tasmania in terms of the taxation revenue, employment and investment generated by the industry. However, such value added measures of economic contribution do not capture the benefits or utility that households derive from their consumption of goods or services produced by an industry. Such benefits would include the enjoyment that a person derives from streaming music, or that a non-problem gambler gains from participating in gambling activities. These consumer benefits, which are measured by the economic concept of consumer surplus, can be quite substantial but are often overlooked when considering the economic contribution of an industry or business. They are particularly relevant for industries such as gambling which are primarily driven by personal consumption decisions rather than demand from other industries for goods and services.

In order to provide a more holistic assessment of the economic impact of gambling in Tasmania, estimates of the consumer surplus associated with gambling in Tasmania have been derived and are presented in Chapter 7, which weighs up the overall benefits and costs of gambling.

6 Gambling Support and Harm Minimisation

The Communities Tasmania community education and gambling awareness programs are considered to be exceptionally high quality by stakeholders interviewed as part of this study. It was also reported that they are well targeted in support of help seeking.

In 2019-20, 216 new clients accessed Gamblers Help counselling services, and 374 existing clients continued to receive support

Self-referral was an increasingly important method of referral accounting for 90 per cent of referrals for in-person counselling clients in 2019-20, well above the average of 62 per cent over the last six years.

168 'gambling related' calls were received by the Gamblers Helpline Tasmania phone service, and 144 support requests made to Gambling Help Online.

Of those individuals who accessed in-person or helpline services over the six years to 2019-20, 70 per cent identified gaming machines as their primary gambling issue. There has been an increase over time in clients reporting gambling problems from sports betting.

6.1 Overview of existing support services and funding

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 (Communities Tasmania) and is funded by the Community Support Levy (CSL).

The CSL is funded as a rate of four per cent of the gross profit derived from EGMs in hotels and clubs. Section 151 of the *Gaming Control Act 1993* (Tas) requires that the Minister must distribute the Community Support Levy in the following manner:

(a) 25 per cent for the benefit of sport and recreation clubs;
(b) 25 per cent for the benefit of charitable organizations; and
(c) 50 per cent for the provision of
    (i) research into gambling;
    (ii) services for the prevention of compulsive gambling;
    (iii) treatment or rehabilitation of compulsive gamblers;
    (iv) community education concerning gambling; and
    (v) other health services.

The Department of Treasury retains a portion of the 50 per cent component to fund the Social and Economic Impact Study (SEIS), the Tasmanian Gambling Exclusion Scheme (TGES: see below) and research via Gambling Research Australia (GRA).

The Gambling Support Program (GSP) within Communities Tasmania is responsible for the expenditure of the majority of the 50 per cent component to fund specialist gambling support services, gambling-focussed community education programs, bespoke Tasmanian research and GSP operational costs, as well as contribute to the funding of the Neighbourhood House Program. The GSP is also responsible for the expenditure of the 25 per cent component for charitable organisations which funds the Charitable Organisations Grants Program[50] and also contributes to the funding of the Neighbourhood House Program. Meanwhile, Communities, Sport and Recreation (CSR), also within Communities Tasmania, is responsible for the expenditure of the 25 per cent component for sport and recreation clubs.

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.

[50] Further information on the Charitable Organisations Grant Program including previous recipients is available at https://www.communities.tas.gov.au/disability/gambling/grants. Information in respect of sport and recreation grants is available at https://www.communities.tas.gov.au/communities-sport-recreation/Grants

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

- **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. Anglicare Tasmania subcontracts part of the in-person services to Relationships Australia, who provides individual counselling at sites in Hobart, Launceston and outreach in the north and south of Tasmania.[51] Anglicare operates delivery sites in Hobart, Burnie, Devonport, Glenorchy and Sorell.
- **Gamblers Helpline** – telephone based support services offered 24 hours per day, 7 days a week. Turning Point, Eastern Health is funded to provide these services until 30 June 2023.
- **Gambling Help Online** – online support services offered 24 hours per day, 7 days a week. Turning Point, 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.

Table 6.1 shows how the 50 per cent of the CSL dedicated to gamblers help counselling services, research, community education and other health services has been allocated over the seven years to 2019-20. A total of $12.7 million was made available for allocation over this period. Almost one third (32 per cent) or $3.9 million of the funds were allocated to Gamblers Help support services. The next largest allocation was to the Neighbourhood House Program (28 per cent), which funds local not-for-profit organisations (Neighbourhood Houses) who provide various community development programs in disadvantaged or socially isolated communities across Tasmania.[52] Approximately 15 per cent of the available funds were allocated to research activities which includes the preparation of the triennial SEIS, while 12 per cent was distributed for gambling community education activities. Finally, operational costs, which are drawn from the 50 per cent funding allocation, accounted for almost 15 per cent of funds distributed between 2013-14 and 2019-20.

Table 6.1: Allocation of 50% Community Service Levy for Support, Education, Health and Research Services, 2013-14 to 2019-20

Component	Key activities	Allocated funds		Implementing and delivery organisations
		$	Per cent	
Gambling support services	• Gamblers Help • Gamblers Helpline • Gambling Help Online	3,897,119	31.5	Communities Tas, Anglicare, Relationships Australia, and Eastern Health
Gambling community education	• Know Your Odds education campaign (TV and online) • Family and Friends campaign • ODDSR in gaming venue campaign (brochures and posters) • Gamblers help advertising in newspapers, online, TV, radio and outdoors	1,472,980	11.9	Communities Tas
Neighbourhood House Program	• Neighbourhood houses located around Tasmania that provide community development programs based on identified community needs and resources	3,407,729	27.5	Communities Tas, Neighbourhood Houses Tasmania Inc., Neighbourhood houses
Research	• Triennial SEIS of gambling in Tasmania and other research	1,779,870	14.4	DTF
Operations	• Managing service provider funding agreements • Designing community education programs • Commissioning research • Education and training • Administering Tasmania Gambling Exclusion Scheme	1,812,454	14.7	Communities Tas, DTF
Total		12,370,152	100.0	

Source: Department of Communities (2020), unpublished data, and Tasmanian Liquor and Gaming Commission, Annual Report 2019-20.

Community Education Campaigns

Communities Tasmania is the principal agency responsible for community education campaigns. The primary site for community education materials is knowyourodds.net.au.

[51] Relationship Australia also provides support through the Gambler's Help Wellbeing Groups and counselling and education for clients at the Tasmanian Prison Service (Relationships Australia Tasmania, 2020).
[52] The Neighbourhood House Program also receives funding through the 25 per cent component of the Community Service Levy dedicated to charitable organisations.

The Know Your Odds campaign has been a multi-phase public information program that informs Tasmanians about how commercial gambling works. The Department has run Know Your Odds multimedia campaigns focussing on the House Edge, Myths and Beliefs, and Rates of Loss (with calculators on the KYO home page).

In 2020-21, the Department ran an Online Gambling campaign that was delivered completely online with video information on YouTube: Know Your Odds | Online Gambling, Give Change A Chance: Tasmanian Government Online Gambling Community Education Campaign Playlist (YouTube)

The Department has conducted other campaigns using specific sites focussing on:

- The Tasmanian Gambling Exclusion Scheme: Site, Ad 1, Ad 2
- Family and Friends: site, ad
- Sports Betting: site, football ad, cricket ad

A campaign for migrants and international students included videos and related resources that explain gambling issues and show where migrants and international students living in Tasmania can find help and support for gambling problems. The department developed the videos in cooperation with the Migrant Resource Centre Tasmania, TasTAFE, Gamblers Help and the University of Tasmania. The Gambling Support Program extends teaching and learning resources for high schools with the support of Gamblers Help counsellors and community educators. The school's resources include information about current gambling products young people may be using, statistics about youth gambling, and the potential harms to young people of excessive gambling in the household.

Information material has also been produced in a range of languages for people for whom English is not their primary language.

The researchers have been able to compare, relative to other states, the online information campaigns and other materials, and consider the information, presentation, coverage and focus of the material is exceptionally high quality. The material in other languages and specifically addressing international students is unique. The community education program advising of the concerns with excessive gambling and help-seeking are important as respondents to the 2020 prevalence survey inform that it is often family, friends and work colleagues who are first sought out for support, often before accessing professional services.

Tasmanian Gambling Exclusion Scheme (TGES)
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. The TGES:

> *"is supported by the Gaming Control Act 1993 and is managed by the Tasmanian Liquor and Gaming Commission. Access to exclusion information for venue operators and the Gamblers Help Program is through the TGES online database." (TLGC, 2020, p.22)*

Information is also available online provided by the Department of Communities supported by YouTube videos.

A total of 389 people were excluded from gambling under the scheme as at 30 June 2020 noting that venues had been closed from 23 March through to 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).

6.2 Demand for Gamblers Help, Gamblers Helpline and Gambling Help Online services

In this section we review how the demand for gamblers help services has evolved since the Fourth SEIS.

Anglicare and its sub-contractor Relationships Australia provide in-person support services as part of the Gamblers Help service. These in-person services typically comprise counselling sessions and the provision of information and referral services, but include other activities such as initial intake assessments, breach follow-up sessions, arranging self-exclusions via the TGES, and provision of general advocacy and support services.

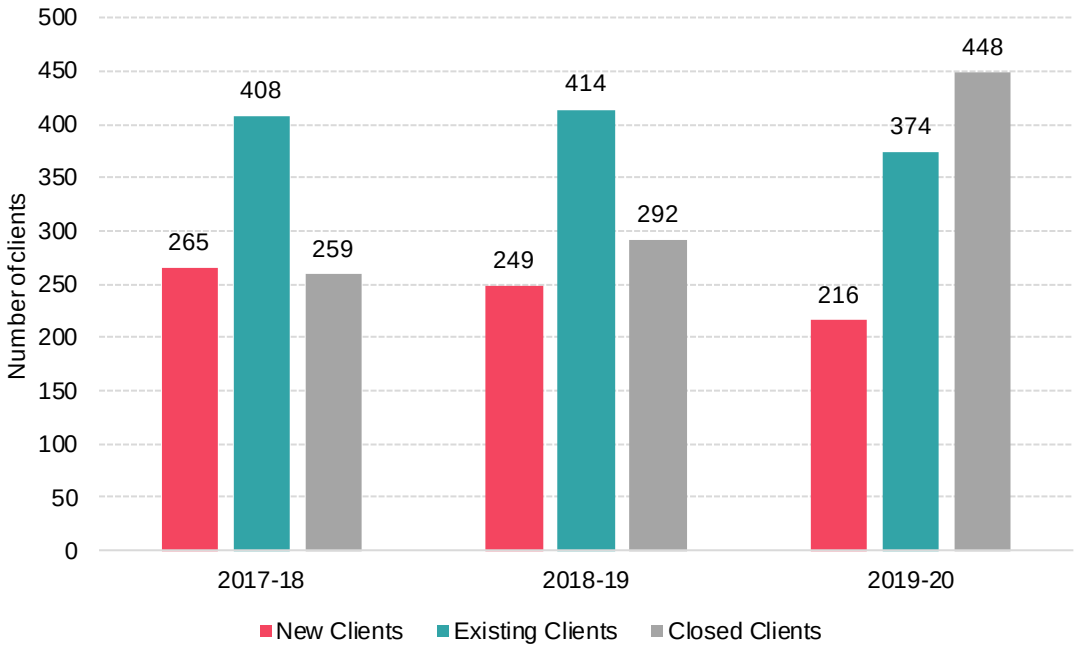
The following analysis of in-person administrative data has been restricted to the last three financial years as Anglicare Tasmania has made a number of changes to improve the quality and scope of the data collected by its administrative systems. For example, from 2017-18 onwards workers have been given a broader range of standard activity types from which to allocate in-person sessions in order to better capture the range of activities that are being delivered. At the same time, there has been a directive to ensure that all service

activities are being recorded, leading to an increase in the number of sessions which may not be reflective of underlying changes in demand for in-person services compared to earlier years. Another notable change is that a more proactive approach toward recording existing clients as closed clients was adopted from around 2017 onwards. For example, Anglicare moved to a data recording model whereby an existing client is now classified as closed once self-exclusion has been arranged. Previously, service files remained open for a long period of time.

Figure 6.1 shows how the number of new, existing and closed in-person clients has changed over the three years to 2019-20. The data needs to be interpreted with caution as individuals may be double counted since they can shift from one category to another within the reporting period (e.g. from a new client to a closed client). Some of the variations can also be attributed to administrative changes. For example, the large increase in closed clients for 2019-20 is largely explained by efforts to ensure that the new, more proactive approach to classifying existing client files as closed was being adopted by both providers of in-person counselling services.

The number of new clients receiving in-person counselling services has fallen steadily over recent years such that the number of new clients in 2019-20 was 18 per cent lower than in 2017-18. The number of existing clients also fell over this period, by 8.3 per cent, although all of this decline came in 2019-20. While part of this latest fall may be explained by the more proactive approach taken toward closing existing client files, it may also be partly due to the temporary closure of gambling venues during the initial COVID-19 outbreak. Not being able to participate in in-venue gambling activities would naturally reduce the generation of new problem gamblers or relapses, and provide existing problem gamblers with a circuit breaker, reducing their need for help services.[53]

Figure 6.1: Number of New, Existing and Closed In-person Gamblers Help Clients, 2017-18 to 2019-20[(a)]



Note: (a) The client categories are not additive as clients may shift from one category to another during the course of the year. Existing clients refer to those clients who were on record at the start of the financial year.
Source: Department of Communities Tasmania (2020), unpublished data.

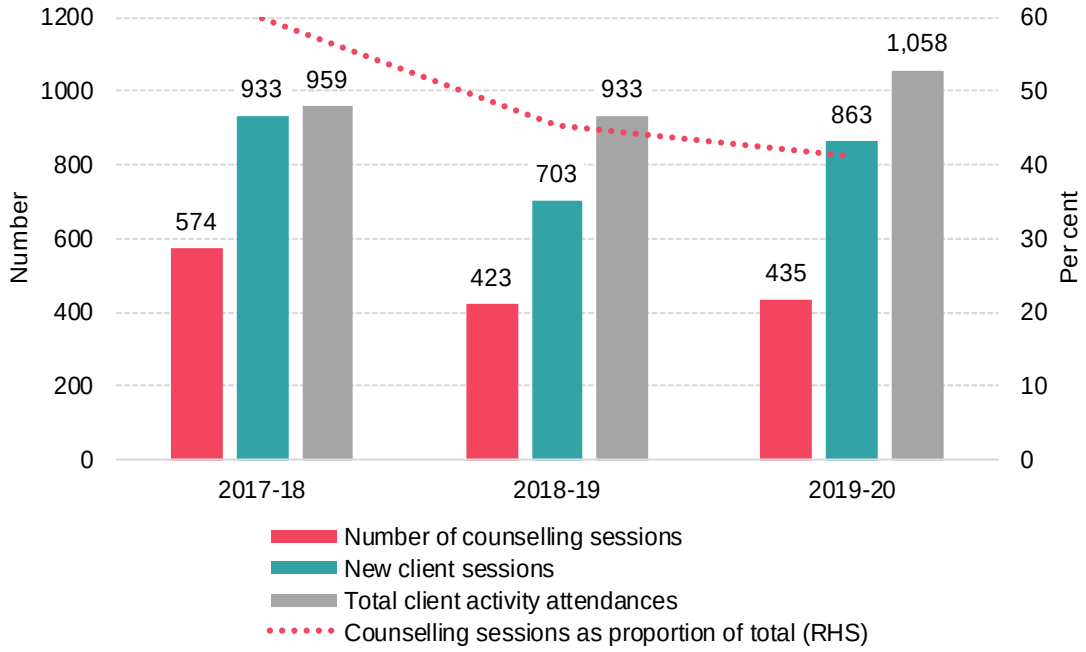
Although the number of new and existing clients fell in 2019-20, the number of in-person counselling sessions rose moderately (by 2.8 per cent) – see Figure 6.2. However, this rise follows a large decline in 2018-19 such that the total number of counselling sessions held in 2019-20 was still well down (by 24 per cent) compared to two years earlier.

As Figure 6.2 shows, counselling sessions' share of total client activity – i.e. the total number of activities with direct participant involvement – has fallen over recent years, from 60 per cent in 2017-18 to 41 per cent in 2019-20. This decline may in part be explained by the previously mentioned administrative changes in respect of statistical reporting, namely the adoption of a broader range of activity types for reporting client interactions and ensuring that all client sessions are recorded.

[53] Anglicare Tasmania advised that their offices remained open during the lockdown period with staff remotely contacting clients in order to check on their welfare and maintain some form of service delivery.

Total session activity with new clients rose by 23 per cent in 2019-20, despite access to gaming venues being curtailed toward the end of the financial year. It is possible that a small number of gamblers shifted to remote forms of gambling such as sports betting and internet gambling in the absence of access to physical venues. Regardless of any recent shift in gambling patterns, the recent rise follows a significant fall in 2018-19 (down 25 per cent), such that total sessions with new clients were 7.5 per cent lower in 2019-20 than two years earlier.

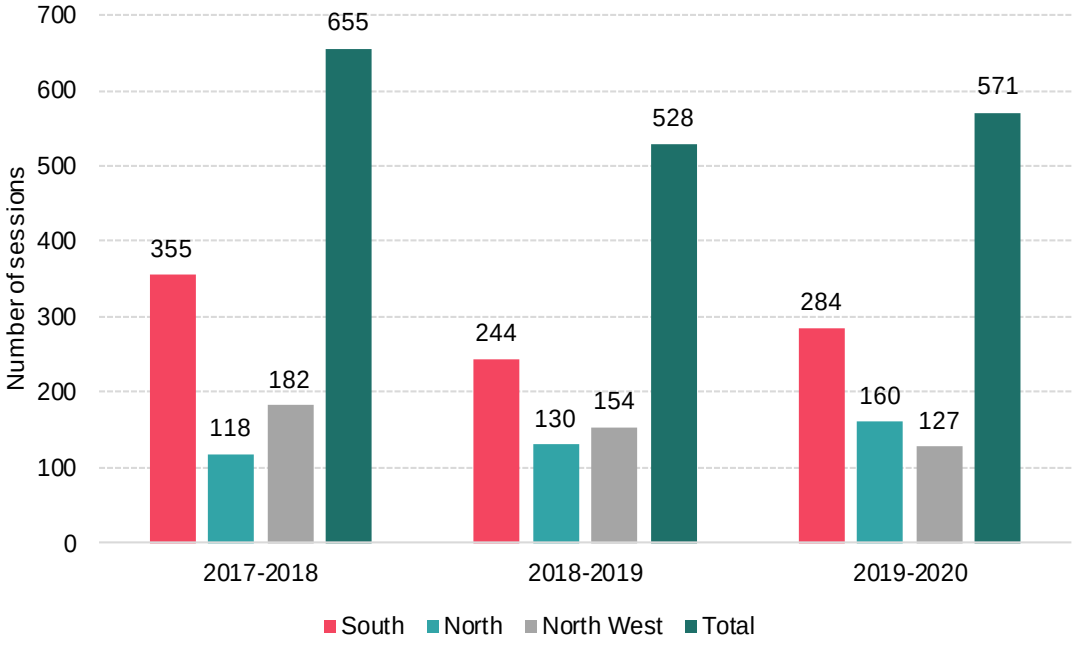
Figure 6.2: Number of In-Person Counselling Sessions, New Client Sessions and Total Client Activity Attendances, 2017-18 to 2019-20[(a)]



Note: (a) Total client activity attendances comprise total attendees directly participating in activities within the reporting period.
Source: Department of Communities Tasmania (2020), unpublished data.

Figure 6.3 shows how the number of in-person Gamblers Help individual sessions has fluctuated across the three regions of Tasmania over recent years. There have been some disparate trends across the regions with the number of individual in-person sessions rising steadily in the north (up 36 per cent over the two years to 2019-20), while sessions in the north-west have trended downward (down 30 per cent). Although in-person session activity in the south has been more variable over recent years, the number of sessions in 2019-20 was well down (by 20 per cent) compared to the level in 2017-18.

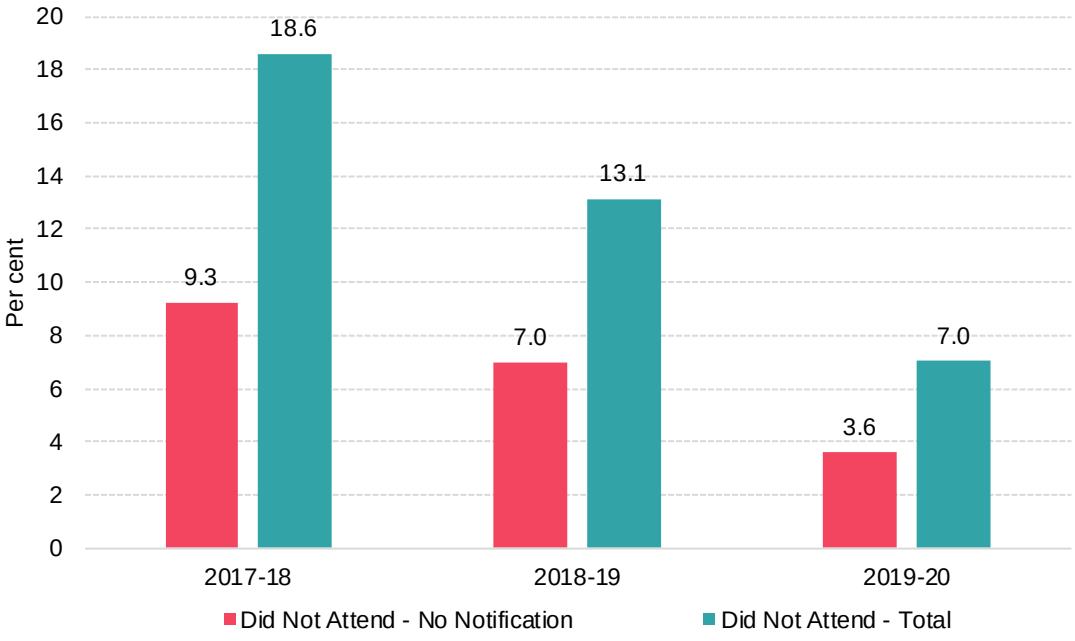
Figure 6.3: Number of In-Person Individual Sessions by Region, 2017-18 to 2019-20



Source: Department of Communities Tasmania (2020), unpublished data.

There has been a steady improvement in attendance at Gamblers Help in-person counselling services – see Figure 6.4. The proportion of non-attendance at in-person sessions has fallen from 19 per cent in 2017-18 to 7.0 per cent in 2019-20. There has been a corresponding decline in the share of non-attendance with no notification (from 9.3 per cent to 3.6 per cent).

Figure 6.4: Percentage of Non-Attendance at In-Person Counselling Sessions from 2017-18 to 2019-20[(a)]



Note: (a) 'No notification, no show' expressed as a proportion of total client activity attendances plus total 'did not attend'.
Source: Department of Communities Tasmania (2020), unpublished data.

Table 6.2: Referral Method for In-Person Counselling Clients, 2014-15 to 2019-20

Referral Source	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Self	85	122	156	179	132	132
Gamblers Helpline - direct and client initiated	6	23	21	5	1	0
Family	16	22	14	16	18	4
Anglicare (including financial counsellors)	14	20	3	1	65	3
Gaming venue	5	10	6	3	5	0
Other agency	10	10	11	33	14	1
Community services agency	9	9	4	0	3	5
Relationships Australia	3	7	5	5	1	0
Friend	10	6	4	3	1	1
Media	9	4	0	0	0	0
GP	2	2	5	2	0	0
Legal agency/practitioner	0	1	0	0	1	0
Employer	1	0	1	0	0	0
Other	6	10	7	5	0	0

Source: Department of Communities Tasmania (2020), unpublished data.

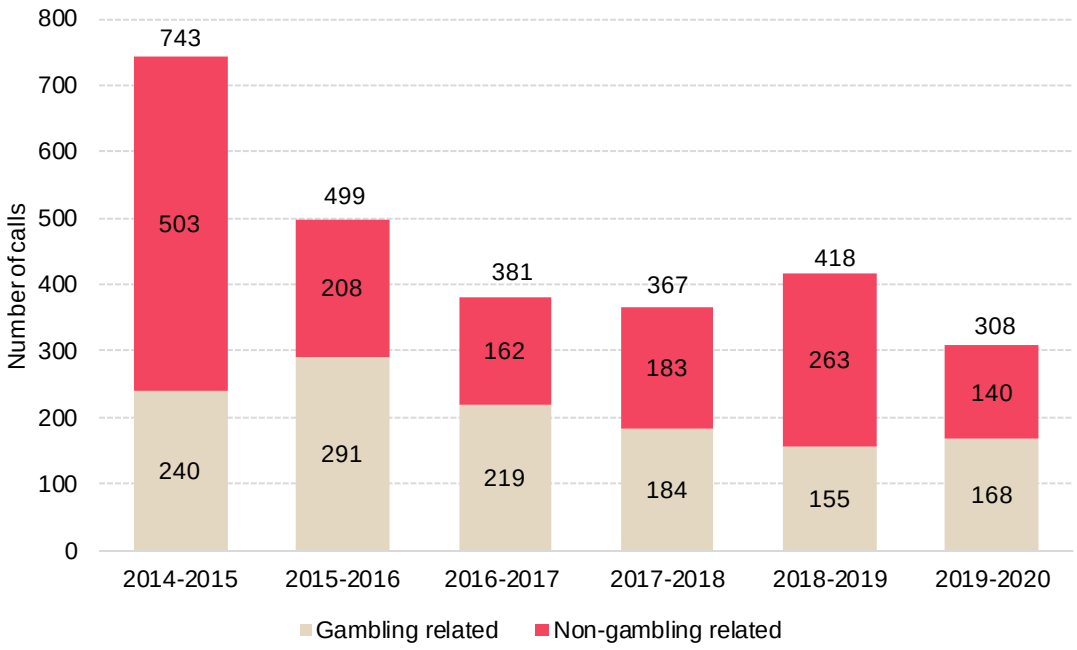
One of the most notable changes in respect of in-person counselling services is that self-referral has become an increasingly important method of referral – see Table 6.2. Self-referral accounted for 90 per cent of referrals for in-person counselling clients in 2019-20, which is well above the average of 62 per cent over the last six years. The degree of self-referral was particularly high in 2019-20 – it is possible that the temporary closure of gambling venues due to COVID-19 restrictions and greater social isolation together reduced the propensity for referrals by third parties such as other family members and venues (there were no gaming venue referrals in 2019-20). A contributing factor may also be that venues have been proactive in exclusion of people exhibiting problem gambling behaviour through venue operator exclusions.[54]

Turning to other Gamblers Help services, Figure 6.5 shows how the number of gambling and non-gambling related calls to Gamblers Tasmania Helpline has evolved since 2014-15. Gambling related calls comprise 'clinical' calls made by gamblers, their partners, family, health professionals, venue staff etc., whereas non-gambling related calls comprised administrative calls, wrong numbers, prank calls etc. In the remainder of this section we focus on gambling-related calls.

The number of gambling-related calls to Gamblers Helpline Tasmania has been relatively stable over recent years after falling sharply between 2014-15 and 2016-17. The annual average number of calls in the three years to 2019-20 (169) was almost one-third lower than the average number over the preceding three year period (250).

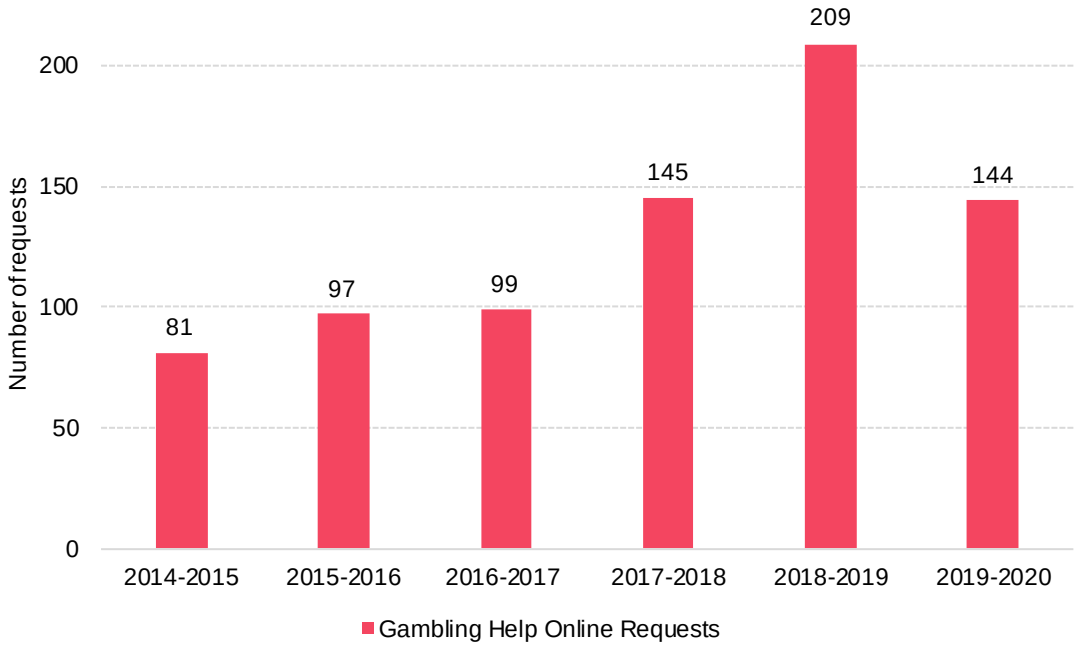
[54] Venue operator exclusions were 80 (April 2017) rising to 124 (April 2021)

Figure 6.5: Number of Gamblers Helpline Tasmania Calls, 2014-15 to 2019-20



Source: Department of Communities Tasmania (2020), unpublished data.

Figure 6.6: Number of Gambling Help Online Requests, 2014-15 to 2019-20



Source: Department of Communities Tasmania (2020), unpublished data.

The relative stability in gambling-related call volumes to Gamblers Helpline may in part reflect that people with concerns around problem gambling are increasingly choosing to access online help services – see Figure 6.6. The number of Gambling Help Online requests rose sharply between 2016-17 and 2018-19, before falling back in 2019-20. The average number of Gambling Help Online requests in the three years to 2019-20 were 80 per cent higher than in the previous three year period.

6.3 Demographic and behavioural characteristics of gambling help clients

Administrative data on people accessing gambling help services is an important source of information regarding the nature of gambling behaviour and the harms experienced by people seeking support in respect of gambling, including the demographic characteristics of these individuals. Such information provides insight into how gambling problems are manifesting in the community and can help inform the design of gambling help services and preventative strategies (e.g. whether specific demographic groups or forms of gambling should be given preference in terms of targeting).

Table 6.3 provides a breakdown of the forms of gambling that were causing most problems for people accessing in-person and telephone Gamblers Help services. EGMs remain the most common vector for gambling problems with 70 per cent of those individuals who accessed in-person or helpline services over the six years to 2019-20 identifying gaming machines as their primary gambling issue.[55] Online gambling including sports betting was the next most common mode for gambling issues (14 per cent), followed by race wagering (9.2 per cent), and casino table gaming (2.2 per cent). Very few individuals identified gambling problems related to lotteries (0.7 per cent) or keno (0.4 per cent).

Restricted access to gaming venues during 2019-20 may have changed the types of gambling that were causing most harm for help service clients during the period. Interestingly, the two administrative data sources paint different pictures regarding outcomes for the year. In-person service data indicates that there was no real change in the pattern of gambling types that were causing greatest concern. On the other hand, Gamblers Helpline data suggests there was a shift toward remote forms of gambling. Of those Gamblers Helpline clients who identified the main type of gambling causing concerns, 31 per cent indicated that internet gambling or sports betting was the main form, up from 17 per cent in 2018-19, and a record high over the last six years.

There has been an increase over time in clients reporting sports betting as causing the most problems. In the three years to 2019-20 sports betting accounted for 9.2 per cent of people that identified the specific form of gambling that caused the most problems, up from 7.9 per cent in the three years 2016-17. The proportion of clients that attributed their problems to EGMs was relatively stable over these periods (71 per cent in the most recent 3 years compared to 70 per cent in the previous period). The proportion of clients reporting primary issues with race wagering, lotteries and cards were lower for the most recent three year period.

Table 6.3: Forms of Gambling Causing Most Problems for In-Person and Gamblers Helpline Tasmania Clients, 2014-15 to 2019-20

	In-person		Gamblers Helpline[(c)]		Total	
Gambling activity	No. of clients	Proportion	No. of clients	Proportion	No. of clients	Proportion
EGMs	399	77.6	330	62.9	729	70.2
Online including sports betting	52	10.1	96	18.3	148	14.2
Race wagering[(a)]	26	5.1	70	13.3	96	9.2
Card Games	7	1.4	13	2.5	20	1.9
Casino table gaming	23	4.5	na	na	23	2.2
Lotteries	0	0.0	7	1.3	7	0.7
Keno	4	0.8	na	na	4	0.4
Other[(b)]	3	0.6	9	1.7	12	1.2
Total	514	100.0	525	100.0	1,039	100.0

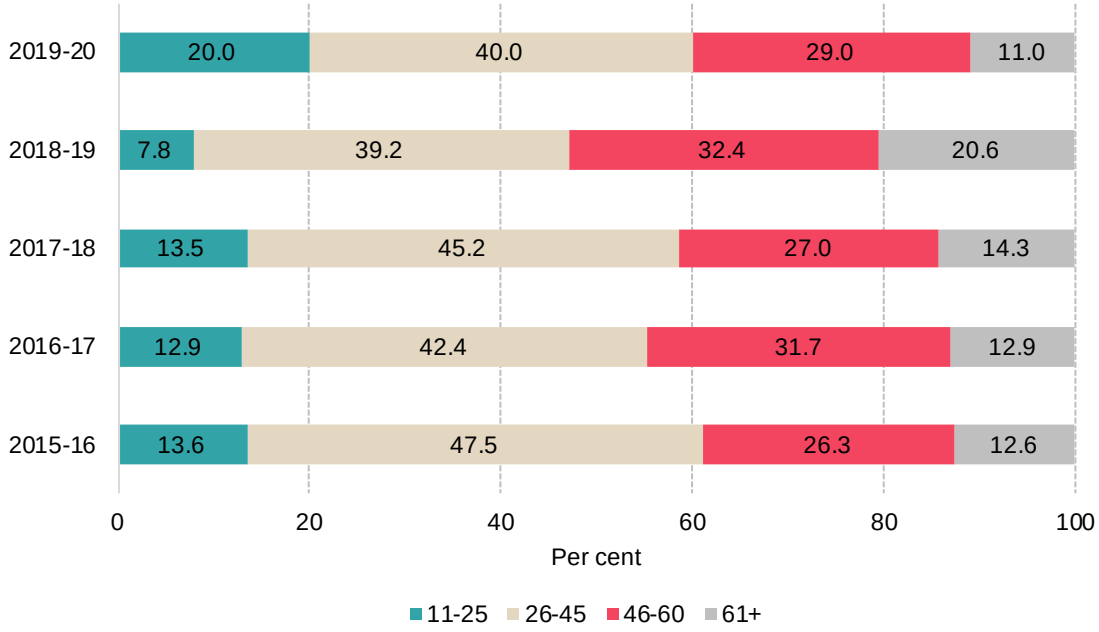
Note: (a) Off course and on-course.
(b) Includes numbers and bingo.
(c) Excludes unknown.
Source: Department of Communities Tasmania (2020), unpublished data.

People accessing Gamblers Helpline were more likely to report issues with online gambling and race wagering compared to people accessing in-person services, whereas the latter were more likely to report issues with EGMs than people utilising telephone help services. These differences may in part reflect differences in the demographic characteristics of the two client groups. Unfortunately, directly comparable demographic data for the two client groups is not available in order to identify the extent and nature of any such differences.

However, administrative data for the Gamblers Helpline and online services do provide insight into the age characteristics of the respective client groups, although the data is not perfectly comparable. The data show that online clients tend to be much younger than users of the telephone service – see Figures 6.7 and 6.8. In spite of comprising a narrower age band, people aged 15 to 44 years accounted for a greater share of persons accessing Gambling Help Online in 2019-20 (84 per cent) than did the broader age group of 11 to 45 years in respect of Gamblers Helpline (60 per cent). These results are consistent with younger cohorts being more comfortable with digital technologies, and suggests that online and digital technologies are an important vector for assisting younger people who are experiencing gambling problems.

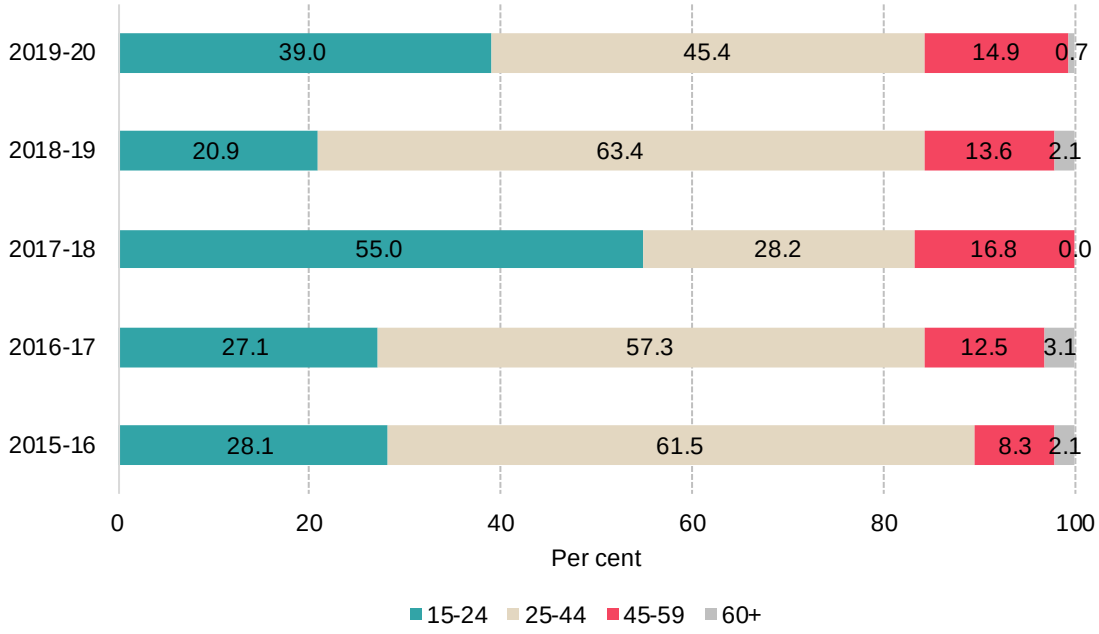
[55] Expressed as a proportion of those people who reported a primary form of gambling.

Figure 6.7: Age Distribution of Gamblers Helpline Clients, 2015-16 to 2019-20[(a)]



Note: (a) Age ranges are not directly comparable with Gambling Help Online data.
Source: Department of Communities Tasmania (2020), unpublished data.

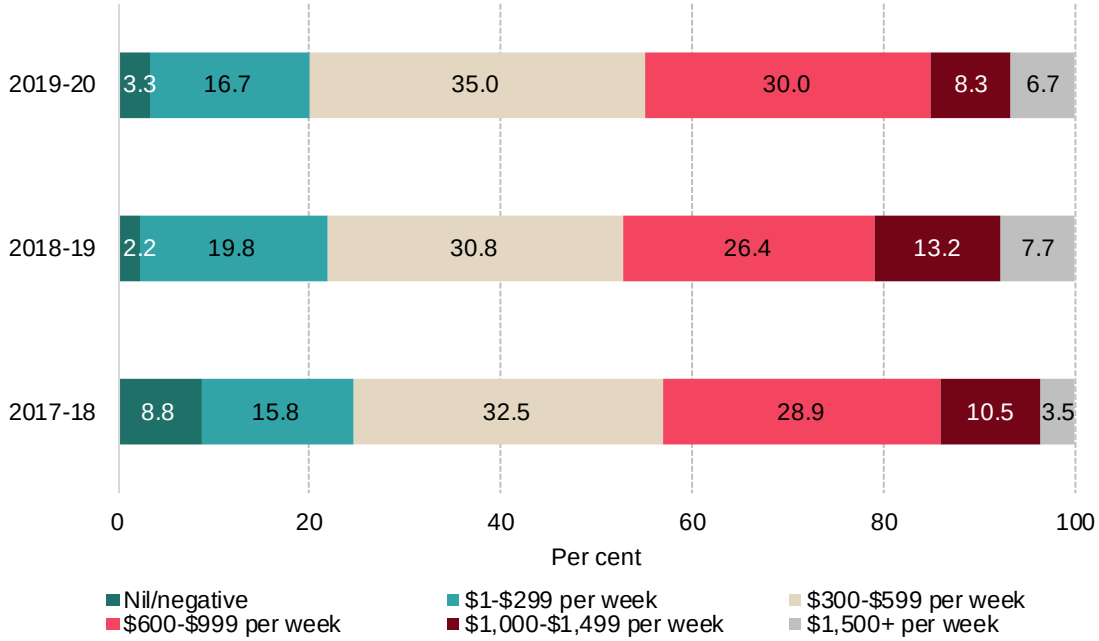
Figure 6.8: Age Distribution of Gambling Help Online Clients, 2015-16 to 2019-20[(a)]



Note: (a) Age ranges are not directly comparable with Gamblers Helpline data.
Source: Department of Communities Tasmania (2020), unpublished data.

Figure 6.9 illustrates a breakdown of the income profile of in-person counselling clients for the last three financial years. The results need to be interpreted with caution given there are a large number of not stated responses which are excluded from the estimates in Figure 6.9. Nonetheless, when compared with the broader Tasmanian population, the results suggest that clients of in-person Gamblers Help services are more likely to be in middle income rather than high income brackets. Of those in-person clients who stated an income range in 2019-20, 65 per cent indicated that they had a weekly income ranging from $300 to $999, which is well above the share of people in Tasmania at the time of the 2016 Census (52 per cent) who indicated that they had a total personal weekly income of $300 to $999. A smaller share of in-person clients reported a weekly income above $999 (15 per cent) relative to the broader Tasmanian population as indicated by the Census (26 per cent). Finally, a similar share of in-persons client reported a weekly income of below $300 compared to the broader Tasmanian population (20 per cent and 22 per cent respectively).

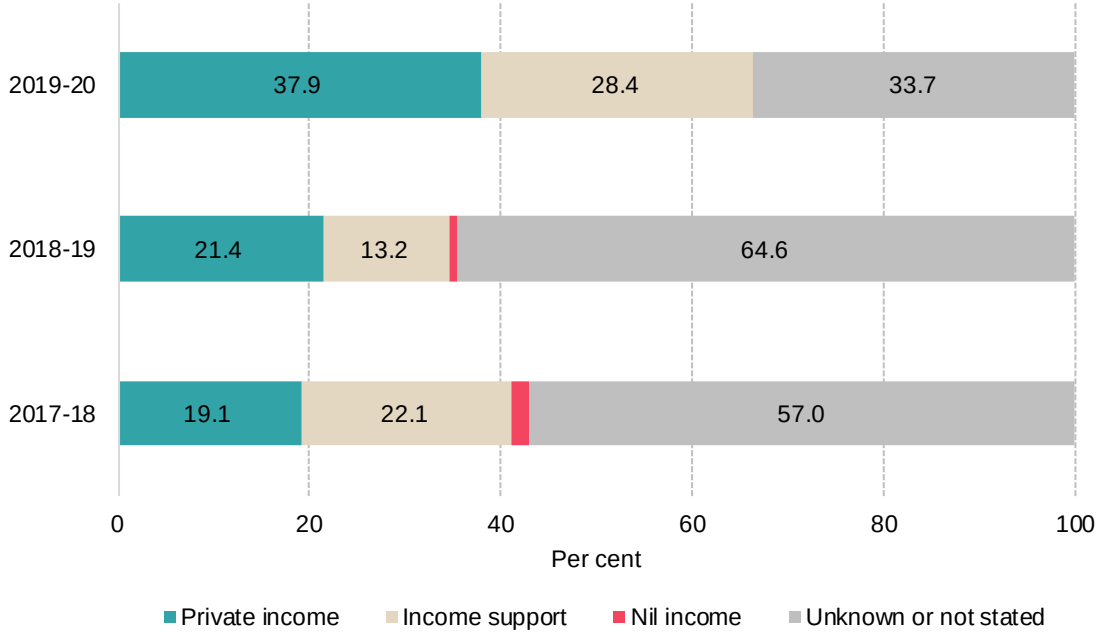
Figure 6.9: Income Status of Gamblers Help In-Person Counselling Clients from 2017-18 to 2019-20[(a)]



Note: (a) Results exclude not recorded or not stated.
Source: Department of Communities Tasmania (2020), unpublished data.

The main source of income for a large proportion of in-person clients in 2019-20 (34 per cent) was either unknown or not stated – see Figure 6.10. Approximately 38 per cent of in-person clients indicated that they obtained their income from a private source which would predominantly comprise employee income. A significant proportion of in-persons client in 2019-20 (28 per cent) derived their income from support payments such as the Disability Support Pension, Newstart Allowance and Age Pension, among other social assistance payments.

Figure 6.10: Income Source for In-Person Clients from 2017-18 to 2019-20

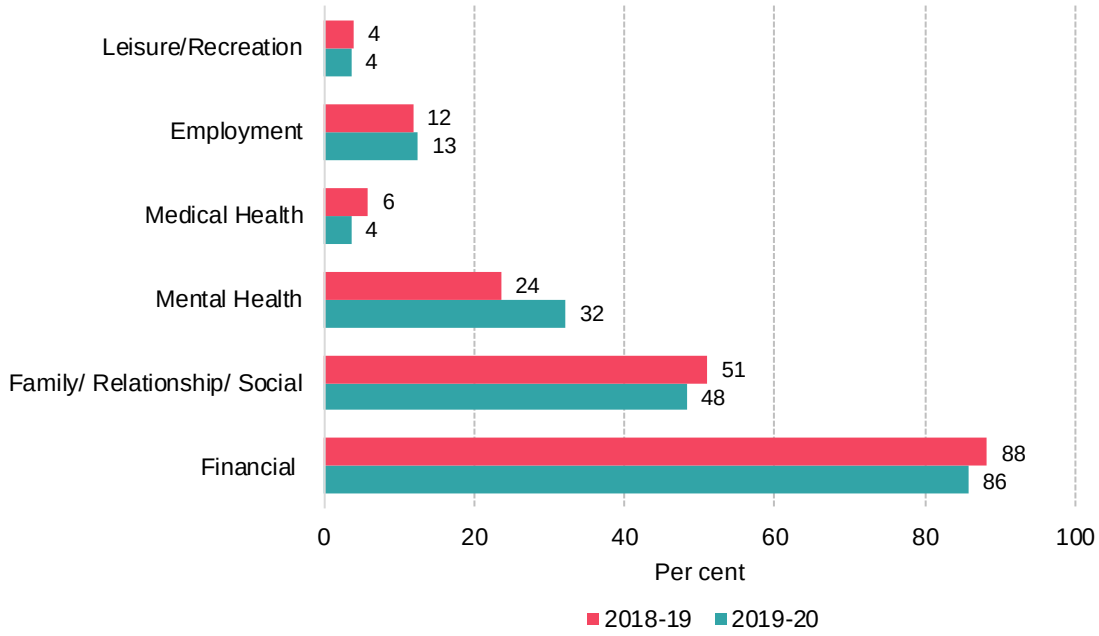


Note: Private income includes employee cash income, unincorporated business cash income, interest and superannuation. Social support includes Disability Support Pension, Newstart Allowance, Youth Allowance, Age Pension, Parenting Payment, Carer Allowance, Disability/Service Pension, etc. Unknown includes not stated and not recorded.
Source: Department of Communities Tasmania (2020), unpublished data.

Reflecting the nature of problem gambling whereby people gamble and lose excessive amounts, financial impacts are by far the most commonly reported harm identified by Gamblers Help clients – see Figure 6.11. Approximately 86 per cent of Gamblers Helpline clients in 2019-20 identified financial impacts as one of the consequences resulting from their gambling. The next most common consequences identified include impacts

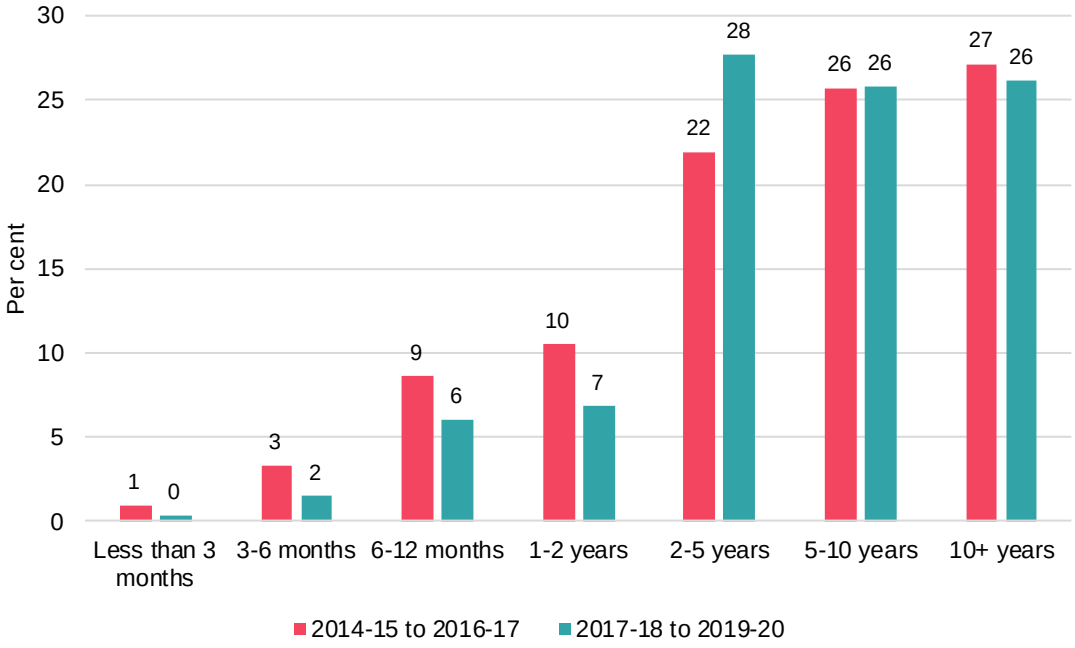
on family, relationships and/or social interactions (48 per cent), mental health (32 per cent), and employment (13 per cent). A small proportion of clients identified negative impacts in respect of leisure or recreation (4 per cent) and employment (4 per cent).

Figure 6.11: Impact of Gambling for Gamblers Helpline Clients, 2018-19 and 2019-20



Source: Department of Communities Tasmania (2020), unpublished data.

Figure 6.12: Duration of Gambling Problems for In-Person Clients, 2014-15 to 2016-17 and 2017-18 to 2019-20(a)



Note: (a) Category percentages may not add up to 100 due to the presence of unknown responses (not shown).
Source: Department of Communities Tasmania (2020), unpublished data.

People engaging in-person gambling help services have typically endured gambling problems for lengthy periods of time– see Figure 6.12. In the three years to 2019-20, approximately 80 per cent of in-person clients had experienced gambling problems for two years or more. The duration of problems are quite extensive, with just over 50 per cent of in-person clients having endured problems for five years or longer, while one-quarter had endured problems for at least a decade. It is unknown whether people accessing Gamblers Helpline or Gambling Help Online services have a similar profile in terms of duration of existing gambling problems.

7 Quantifying the Social and Economic Impacts of Gambling in Tasmania

Gambling provides a source of recreation and entertainment for players. For consumption goods such as gambling, the increase in satisfaction is likely to be more valuable than the net impact on jobs and GDP, as much of the latter would occur through other industries if gambling did not exist. Taxes raised on gambling activity, to the extent that they are higher than on a typical consumption good, are also a form of social benefit from gambling.

Gambling can also cause harms. The costs of gambling primarily arise from social costs largely related to individuals who have problems controlling their gambling, including the impact that the gambling behaviour can have on others, and on the broader community.

The current estimate is that as at 2020, 0.4 per cent of Tasmania adults were classified as problem gamblers, 1.7 per cent as moderate risk gamblers, and 4.3 per cent as low risk gamblers.

Recent prevalence studies in other Australian states (refer to Table 7.2) suggest that Tasmania has a relatively low rate of problem gambling although comparisons do need to be treated with caution given differences in survey design, sample sizes, and timing of studies, which is especially relevant given complications associated with the pandemic.

The harms from gambling can be grouped into six categories, financial; social; psychological; physical health; work/ occupational; and other, which included illegal activities, cultural impacts and other behaviours such as neglecting child-minding duties.

Severe harms were almost non-existent in the low-risk groups. Severe harm in at least one category was reported by 24 per cent of moderate-risk gamblers and by 63 per cent of problem gamblers.

Benefits of Gambling
Quantification of the benefits of consuming a preferred goods and services usually follows an approach known as consumer surplus.

In the case of problem gambling this is more complicated as the spending of problem gamblers is in most cases higher than it would be if their gambling were fully rational. We have followed the approach taken by the Productivity Commission and have not ascribed consumer surplus to that proportion of gambling spending caused by problem gambling.

Overall gambling delivers benefits of between $123.3 million and $207.8 million after allowing for the positive impact of taxation revenue and reducing the estimated benefits to reflect the impact of excess spending by problem gamblers.

Social Costs of Gambling
Where possible the harms arising from gambling in Tasmania were quantified, and expressed in monetary values. The most significant quantifiable cost of gambling is the estimated cost of relationship breakdown followed by psychological distress of problem gamblers and their immediate family.

Total social costs of gambling in Tasmania in 2020 are estimated to be between $48.9 million and $159.6 million.

Summary of Costs and Benefits of gambling
Drawing together the estimated benefits from gambling of between $123.3 million and $207.8 million (after adjusting for excess expenditure) and the estimated social costs of $48.9 million to $159.6 million, suggests that a plausible range for the quantifiable net benefits of gambling in Tasmania is between -$36.2 million and +$158.9 million.

Given that most of the plausible range is positive it is likely that gambling delivers a net benefit for the Tasmanian community.

The range of net benefit in this study indicates the benefits have increased in weight when compared to the first SEIS, largely reflecting a reduction in the prevalence of problem gambling since the 2008 study. Converting to 2020/21 values using the change in the CPI since 2007/08 the estimates from the first SEIS were of net benefits ranging from minus $80 million to plus $97 million.

7.1 Framework for analysis

Although gambling entails an element of problem gambling, with attendant social costs, it is not problematic for a majority of those participating in it. In the words of the Productivity Commission (Vol1 2010):

> *"gambling per se should not be seen as uniformly problematic for consumers … The key policy challenge is to avoid inadvertently lowering that enjoyment when trying to reduce the harms associated with gambling. (For instance, it would be possible to reduce problem gambling by abolishing gaming machines, but that would entirely negate the entertainment value of playing gaming machines and would probably reduce overall community wellbeing.)" [p. 3.5]*

However, there are also costs arising from problem gambling. In assessments of the costs of gambling we are concerned with "externalities"—costs that problem gamblers impose on third parties — and "internalities" which are costs that are irrationally incurred such as those arising from lack of control and faulty cognition. These costs are generally related to the harms that are linked with problem gambling, such as depression, suicides and relationship breakdown. It is important to note that controlled or rational spending on gambling where it reflects the gambler's considered choice is not considered a net cost, as it delivers satisfaction to the consumer that is greater than the money spent - otherwise the consumer would spend their money on something else. The prevalence of problem gambling in Tasmania is discussed in Section 7.2.

The first stage in assessing the net social and economic impacts of Tasmania's gambling industries is to quantify the scale of the benefits and harms arising from gambling to individuals and to the broader community. This is set out in Section 7.3 for positive social impacts and Section 7.5 for harms.

Comparing the positive and negative impacts of gambling can be difficult as it requires the comparison of very different things. For example, weighing up a small increase in the prevalence of anxiety and depression against the satisfaction experienced by those for whom gambling is a preferred type of entertainment.

Economists seek to resolve the comparison problem by expressing intangible benefits and costs in monetary terms. This approach was pioneered for gambling in Australia in the Productivity Commission's Australia's Gambling Industries 1999 study, which estimated that gambling produced benefits for consumer welfare (after adjusting for excess spending by problem gamblers) of between $4.4 billion and $6.1 billion in 1997/98 dollars. The costs of problem gambling were estimated at between $1.2 billion and $4.3 billion.

Valuation of those positive impacts that can be quantified is undertaken in Section 7.4, with the social costs of gambling undertaken in Section 7.6. Section 7.7 then draws the positive and negative impacts together to assess the net social and economic impacts.

7.2 Problem gambling prevalence rate

The 2020 prevalence survey enables comparisons of gambling behaviour and harm with previous prevalence studies. Several innovative elements were incorporated into the 2020 prevalence study in order to capture the latest developments in the academic literature and changes in the general landscape since the Fourth SEIS. These elements include a more extensive analysis of gambling-related harm, insights into positive play and protective behaviours, an analysis of the effects of COVID-19 on gambling behaviour, investigation of the relationship between video gaming and gambling, and behaviour regarding online gambling and advertising in sporting events. The full results of the prevalence study are presented in the SEIS Volume 2 report. In this section we briefly summarise the results in terms of problem gambling.

In order to estimate the prevalence and risk of problem gambling, respondents to the latest prevalence survey who participated in at least one gambling activity in the 12 months prior to COVID-19 were asked the nine-item Problem Gambling Severity Index (PGSI) questions. The results of the latest survey found that:

- 0.4 per cent of Tasmania adults were classified as problem gamblers, 1.7 per cent as moderate risk gamblers, 4.3 per cent as low risk gamblers, 40.7 per cent as non-problem gamblers, and 52.9 per cent as non-gamblers; and
- compared with the 2017 prevalence study, there has been a large increase in non-gamblers (from 41.5 per cent to 52.9 per cent), accompanied by a comparable decline in non-problem gamblers (from 51.8 per cent to 40.7 per cent). The combined proportion of adults who are at risk or problem gamblers remained broadly comparable with 2017. The proportion of adults classified as being moderate-risk gamblers rose (from 1.4 per cent to 1.7 per cent), while the share of low-risk gamblers fell (from 4.8 per cent to 4.3 per cent). The degree of problem gambling fell slightly (from 0.6 per cent to 0.4 per cent), although this change was not statistically significant.

The large drop off in gambling participation since the previous SEIS has resulted in moderate risk and problem gamblers combined now accounting for a slightly larger proportion of gamblers. Moderate-risk and problem gamblers comprised 4.5 per cent of gamblers in 2020, up from 3.4 per cent in 2017.

In terms of the longer term trend for problem gambling there has been a gradual decline in the prevalence of problem gambling – see Table 7.1. The proportion of Tasmanian adults classified as a problem gamblers has trended downward, from 0.7 per cent in 2011 to 0.5–0.6 per cent in the mid-2010s, and then to 0.4 per cent in 2020. In contrast, the prevalence of moderate risk gamblers has remained relatively stable (1.7 per cent in 2020 compared with 1.6 per cent in 2011). The share of the adult population classified as low risk gamblers has fluctuated over time, but was considerably lower in 2020 than in 2011 (4.3 per cent compared with 5.2 per cent).

Table 7.1 Problem Gambling Severity Index Categories Over Time, Tasmania 2011-2020 (95 Per Cent Confidence Intervals Shown in Brackets Where Available)

	Proportion of respondents (per cent)			
	2nd SEIS 2011 (n=4,303)	3rd SEIS 2013 (n=5,000)	4th SEIS 2017 (n=5,000)	5th SEIS 2020 (n=5,009)
Non-gamblers	35.2 (32.6-37.0)	38.8	41.5	52.9 (51.3-55.7)
Non-problem gamblers	56.7 (55.0-59.7)	54.9	51.8	40.7 (38.2-42.6)
Low-risk gamblers	5.2 (4.2-6.7)	3.9	4.8	4.3 (3.2-5.0)
Moderate-risk gamblers	1.6 (1.2-2.7)	1.8	1.4	1.7 (1.1-2.2)
Problem gamblers	0.7 (0.4-1.3)	0.5	0.6	0.4 (0.01-0.06)

Note: Confidence intervals for gambling risk prevalence were not published in either the 3rd SEIS or the 4th SEIS
Source: Fifth Social and Economic Impact Study of Gambling in Tasmania (2020), Volume 2: Prevalence Survey Report.

Recent prevalence studies in other Australian states suggest that Tasmania has a relatively low rate of problem gambling – see Table 7.2. Such comparisons need to be treated with caution given differences in survey design, sample sizes, and timing of studies, which is especially relevant given complications associated with the pandemic.[56] Nonetheless, recent surveys indicate that problem gamblers comprise 0.7 per cent of the adult population in South Australia and Victoria respectively – almost double the rate of 0.4 per cent for Tasmania.

A 2020 study found that New South Wales has an even higher problem gambling prevalence rate (1.0 per cent). Tasmania's relatively lower risk profile extends to at-risk categories with the state recording lower prevalence rates for both low-risk and moderate-risk gamblers compared to the other three states considered here. These differences were statistically significant in all cases except for low risk gamblers in South Australia.

Table 7.2 Problem Gambling Severity Index Categories, Tasmania and Other Recent Australian Studies

	Sample size	Proportion of respondents (per cent)				
	(n=)	Non-gamblers	Non-problem gamblers	Low-risk gamblers	Moderate-risk gamblers	Problem gamblers
South Australia, 2018 (ENGINE and SA Centre for Economic Studies)	20,017	35.3	57.2	4.6	2.2	0.7
Victoria, 2018-19, (ENGINE and Central Queensland University)	10,638	31.0	59.2	6.7	2.4	0.7
New South Wales, 2019 (ENGINE and Central Queensland University)	10,012	46.7	42.9	6.6	2.8	1.0
Tasmania, 2020 (ENGINE and SA Centre for Economic Studies)	5,009	52.9	40.7	4.3	1.7	0.4

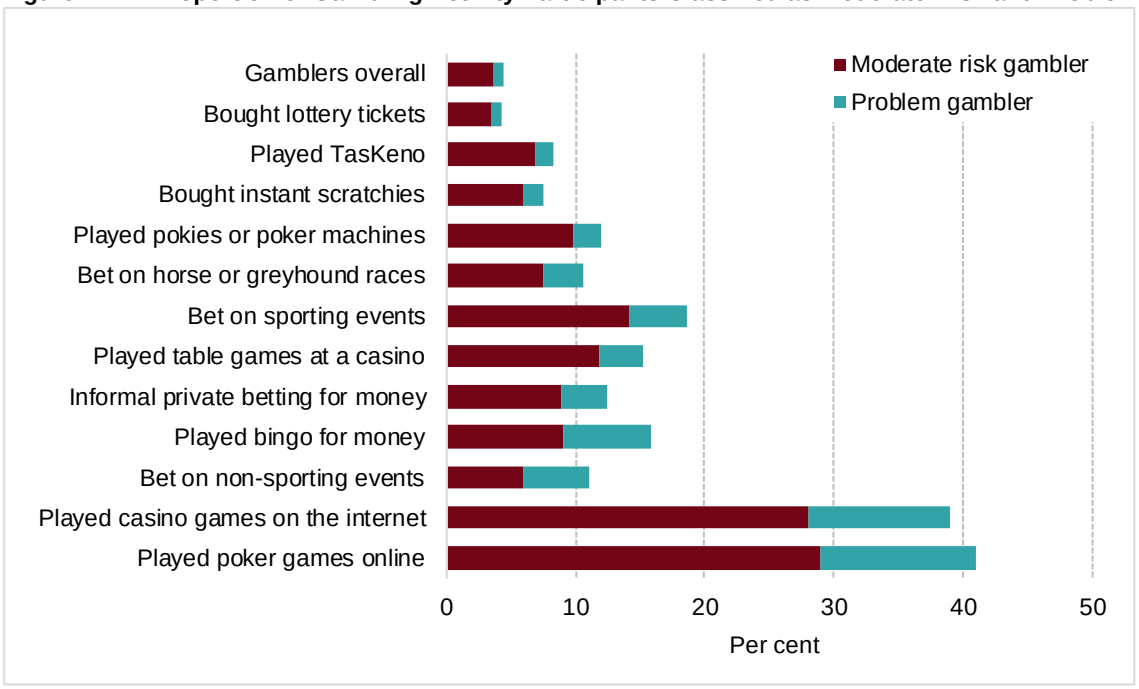
Source: Fifth Social and Economic Impact Study of Gambling in Tasmania (2020), Volume 2: Prevalence Survey Report.

In terms of differences in problem gambling across modes of gambling, the prevalence of moderate-risk and problem gambling was highest among less commonly played forms of gambling, including online poker games (41 per cent of participants classified as moderate risk or problem gamblers) and casino games played on the internet (38 per cent) – see Figure 7.1. Representation of moderate-risk and problem gamblers was also relatively high for those gamblers that bet on sporting events (18 per cent), played bingo for money (17 per cent), played pokies or poker machines (EGMs) (12 per cent), and engaged in informal private betting for money (12 per cent). On the other hand, moderate-risk and problem gambling prevalence was lowest for lottery ticket buying (4 per cent), which is the most popular form of gambling in terms of participation by the adult population.

In terms or demographic characteristics, males (0.6 per cent) were more likely to be characterised as problem gamblers than females (0.2 per cent). Men were also more likely to be classified as both low-risk gamblers (5.2 per cent compared with 3.4 per cent) and moderate risk gamblers (2.4 per cent compared with 1.1 per cent) under the PGSI. Problem gambling prevalence was also found to be higher among younger adults, those who were single rather than married or in a de facto relationship, and living in a one parent family with children.

[56] The prevalence study for Tasmania has sought to account for the impact of the pandemic by seeking respondent's participation in gambling for the 12 month period prior to COVID-19. However, it is possible that respondents' experience under the pandemic has impacted their responses.

Figure 7.1 Proportion of Gambling Activity Participants Classified as Moderate-Risk and Problem Gamblers



Source: Fifth Social and Economic Impact Study of Gambling in Tasmania (2020), Volume 2: Prevalence Survey Report.

7.3 Positive social impacts from 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.

As the economy is dynamic, with the exception of very export intensive goods and services, benefits arising from the economic activity caused by a consumption good such as gambling are likely to net out (i.e. the jobs and investment from gambling industries would be generated by spending in other industries if gambling were to cease to be available). Instead assessments of the positive social impacts of a good or service focus on the increase of welfare of those consumers for whom it is a preferred consumption choice.

In theory, it is possible for industries to have net benefits from their impact on economic activity (for example the tourism sector brings in consumption expenditure from the rest of the world that would not otherwise have been spent in Tasmania). However, typically this is not the case for industries that provide goods and services to locals as any money consumers spend would be reallocated to spending on other goods and services. Over the medium term, this is true for gambling (see Section 5.3 for an analysis of the ***net*** impact of economic activity associated with gambling) and, therefore, whilst Tasmania's gambling industries generate jobs and investment, impacts on economic activity have not been included as net benefits as these jobs and investment would be generated elsewhere in the economy if gambling did not exist.

7.4 Valuing the positive social impacts of gambling

Consumers freely choosing to spend their money on gambling experience an increase in welfare as a result of their preferred consumption. This increase in welfare cannot be observed directly, and instead it is imputed from observed spending behaviour.

Economists quantify the welfare accrued from being able to consume consumer's preferred goods and services through what is known as 'Consumer Surplus'. This identifies the benefits to individual welfare from consuming a good or service in terms of the difference between what a consumer ***would have been willing to pay for the good***, and what they were actually charged. For example, imagine a Tasmanian paid $1.00 for an apple. If she really likes apples she might have been willing to pay $1.50 for the apple, which is a monetary expression of how much welfare she derived from eating the apple. In this case her net increase in welfare (i.e. consumer surplus) is the benefit she gets minus the cost, or $0.50.

Whilst actual prices paid, and the quantities bought at the prevailing price can be directly observed, the prices consumers would have been willing to pay (and hence the actual value they place on the good or service) cannot be directly observed. Instead they are calculated by looking at how much the quantity demanded of a good or service changes in response to a change in price. This is expressed as a price elasticity of demand,

and together with data on the current quantity consumed and current price allows the calculation of consumer surplus, as the sum of the additional amount consumers would have been willing to pay for each unit of the good or service consumed.

Consumer surplus makes assessing the economic benefits of consumption of a typical 'good' straightforward as consumer surplus is calculated from total spending on the goods, which can be reduced by any externalities arising from the good's consumption if relevant. However, the optimal approach is less clear where the consumption does not necessarily arise from fully informed voluntary choices, as is the case with problem gambling. Spending which is not fully rational (or indeed in the case of addiction or 'spree' type spending) will not necessarily deliver welfare gains to the affected consumers.

The best approach to addressing consumer surplus given the existence of problem gambling was subject to significant debate during the Productivity Commission's 1999 enquiry into Australia's gambling industries (1999). Some submissions to the enquiry followed Becker and Murphy (1988) in arguing that addiction does not reduce the extent of welfare that a consumer derives from the product they are addicted to and therefore all gambling expenditure should be included in the consumer surplus calculations (see the discussion at pp. 5.12 to 5.16 of Productivity Commission (1999) and submissions by ACIL (submission number 155) and the CIE (submission number 111) to the 1999 Inquiry). Others have argued that because of the design of gambling products, a substantial proportion of the expenditure made by consumers should be excluded from welfare calculations as it is inherently irrational or the product of addiction (see, for example, Young and Markham 2017).

The Productivity Commission (1999) developed an innovative solution to this problem. It allocated the consumer surplus arising from the total spending for consumers who were not problem gamblers, but only allocated that portion of consumer surplus expenditure for problem gamblers that would have occurred if their problem gambling mirrored that of a non-problem gambler. As the typical trajectory into problem gambling involves a period as a regular non-problem gambler, this was used by the Productivity Commission as the reference expenditure level for allocating consumer surplus to problem gamblers (PC 1999, Vol. 3, p. C.8 to C.24).

In using the PC approach for this chapter, the mean expenditure of regular non-problem gamblers was used to calculate an alternative 'no gambling problems' spending level for problem gamblers and moderate risk gamblers who scored 5 to 7 on the PGSI. As there is considerable uncertainty regarding the appropriate price elasticity of demand to use for gambling, the Productivity Commission used both a low bound and a high bound set of estimates. Price elasticity refers to the responsiveness of demand for a product as the price of the product changes. Because gambling has both a rational and addictive component, if the price were to rise (e.g. the return to player fell) a rational gambler will most likely reduce their gambling consumption whereas a problem gambler is less likely to reduce their consumption. This uncertainty as to responsiveness give rise to the necessity of low and high estimates.

Taxes raised from gambling also form a social benefit. Gambling is quite heavily taxed and this creates a gap between the resource costs incurred by the industry when providing the gambling service and the price that is paid by consumers. The amount paid in taxes is a social benefit that accrues to government.[57]

The results of this calculation per annum (without the offsetting impact of excess spending) are shown in Table 7.3. The net impacts, after subtracting 'excess' expenditure by problem gamblers and adding taxation revenue, are shown in Table 7.4. (e.g.: high price elasticity of $94.8 million minus excess spend of $59.4 million plus taxation revenue of $87.9 million equals total benefit of $123.3 million).

Overall gambling delivers social and individual benefits of between $123 million and $208 million after allowing for the partially offsetting impact of excess spending by problem gamblers (refer to Table 7.3).

[57] The net tax benefits to government from gambling spending depend on what the alternatives are to gambling. This means that we are fundamentally concerned with differences in taxes applied to spending on gambling and spending on other activities, and the main point of difference is gambling taxes. Differences in effective rates of taxation arising from broad-based taxes such as GST, personal income tax, company tax, etc. are expected to be small and can be ignored in the current context.

Table 7.3 Consumer Surplus by Gambling Activity

		Expenditure by		High Price elasticity		Low price elasticity	
		NPG/low risk/ medium risk	PG/'higher risk' MRG	NPG (price elasticity =1.3)	PG (price elasticity =1)	NPG (price elasticity = 0.8)	PG (price elasticity = 0.3)
Category		**$'million**	**$'million**	**$'million**	**$'million**	**$'million**	**$'million**
Casinos	Table Gaming	5.4	2.5	2.1	0.6	3.4	1.9
	EGMs	27.5	23.3	10.6	2.5	17.2	8.3
	Keno	1.8	0.3	0.7	0.1	1.1	0.4
Hotels & Clubs	EGMs	43.0	36.4	16.6	3.9	26.9	13.1
	Keno	22.0	3.7	8.4	1.5	13.7	5.0
Lotteries	Lotteries & scratchies	50.8	2.2	19.5	1.1	31.7	3.7
Racing & Wagering (Tas providers)	Total racing & wagering	29.2	5.8	11.2	1.6	18.2	5.4
	Sports betting	1.6	0.4	0.6	0.1	1.0	0.3
Online gambling	Online wagering	26.9	14.3	10.3	3.3	16.8	11.0
Total		208.2	89.0	80.1	14.8	130.1	49.2

Source: SEIS prevalence survey 2020, SACES, final totals are subject to rounding. Non-problem gamblers (NPG), moderate risk gamblers (MRG)

Table 7.4 Benefits of Gambling Expenditure by Gambling Activity

		Total gross consumer surplus ($'million)		Excess Spend	Taxation Revenue	Total Benefit	
Category		**High elasticity**	**Low elasticity**	**$'million**	**$'million**	**Low $'million**	**High $'million**
Casinos	Table Gaming	2.7	5.3	-1.3	0.1	1.4	4.1
	EGMs	13.1	25.5	-18.3	14.0	8.8	21.3
	Keno	0.8	1.5	-0.1	0.1	0.9	1.6
Hotels & Clubs	EGMs	20.5	40.0	-28.6	22.4	14.2	33.7
	Keno	9.9	18.7	-0.7	1.6	10.9	19.7
Lotteries	Lotteries and scratchies	20.6	35.4	0.0	40.4	61.0	75.8
Racing & Wagering (Tas providers)	Total racing and wagering	12.9	23.7	-2.6	4.6	14.9	25.7
Sports betting (Tas providers)	Sports betting (Tas providers)	0.7	1.4	-0.2	0.0	0.5	1.1
Online	Online wagering	13.6	27.8	-7.7	4.7	10.7	24.9
TOTAL		**94.8**	**179.3**	**-59.4**	**87.9**	**123.3**	**207.8**

Source: SEIS prevalence survey 2020, SACES calculations, final totals are subject to rounding

7.5 Quantifying the harms from gambling

The harms from gambling arise from the extent to which some people become excessively focussed on gambling resulting in:

- excess expenditure on gambling (where excess is spending more than the gambler planned to spend in a particular session or is more than the gambler can afford);
- excess time spent gambling; and
- excess mental focus on gambling.

These initial impacts have both direct and secondary impacts. For example, excess spending on gambling can cause a range of subsequent harms including inability to pay bills, rental or mortgage default, and in the extreme, bankruptcy or committing property crime to fund gambling. These harms can also affect people other than the gambler, such as financial impacts on other members of the gambler's household, disruptions to family relationships and at the extreme intimate partner violence and/or child abuse and neglect, costs to the

workplaces of gamblers from reduced focus, loss of employment, and embezzlement, and impacts on the victims of gambling related crime. This analysis follows the structure for harms outlined by Langham and colleagues (2016), which divides harm into six major categories:

- financial;
- social;
- psychological;
- physical health;
- work/ occupational; and
- other, which included illegal activities, cultural impacts and other behaviours such as neglecting child-minding duties.

Table 7.5 summarises the primary and secondary forms of harm that are commonly attributed to gambling, drawing on Langham and colleagues (2016); Productivity Commission (1999, 2010); Browne et al. (2016); Browne et al. (2017); Browne and Rockloff (2018); Li et al. (2017); and Delfabbro et al. (2020a, 2020b).

7.5.1 Approaches to measurement of harm

Unlike the harms arising from substance use such as tobacco consumption or excess alcohol consumption, the harms from gambling are very contextual. This means that they cannot be assessed against a pre-determined threshold[58], but rather data collections need to ask those participating in gambling about how it has affected them, and how they and others experience their gambling. These measures are being constantly refined and the following sections review some of the recent developments in the measurement of risk and harm arising from gambling.

In this study, we have applied a new approach, the Gambling Harm Measure (GHM), to measuring harm which we believe is more informative for addressing the combined need to assess broader community level harm as well as the likely demand for services. It avoids items that measure substitution effects between consumption goods where such substitution occurs as a result of choice by the gambler (rather than due to problem gambling) and captures variations in the severity of gambling harm (e.g. mild versus moderate versus severe harm).

The prevalence of harms by category is summarised here and the costs arising from these harms are quantified and discussed in Section 7.6.

Financial harm

It was found that 1.41 per cent of people who gambled reported over-prioritising gambling ahead of other things. 1.10 per cent experienced pressures or strains and 0.34 per cent experienced severe impacts or harms associated with gambling (which could include a loss of essential services, bankruptcy or selling assets).

Psychological harm

Psychological harms were present in just under two per cent of Tasmanian gamblers. 1.49 per cent of the sample reported putting gambling ahead of their psychological health, 1.74 per cent experienced psychological strain or distress due to gambling and 0.47 per cent experienced severe psychological consequences.

Relationship harm

Relationship harms were somewhat less common than psychological harms, with 0.64 per cent of adults reporting that they were prioritising gambling ahead of important relationships. 1.15 per cent had experienced pressures or strains on their relationship and 0.47 per cent had experienced significant relationship harms (e.g. loss of relationships) due to gambling.

Physical health harm

A total of 1.19 per cent of people who gambled reported putting gambling ahead of their physical health, 0.81 per cent reported impacts on their physical health due to gambling, but only 0.04 per cent (only one person) reported that gambling had led to severe physical harm.

Work/study harm

As indicated in the prevalence survey, 0.81 per cent of people who gambled reported prioritising gambling over work or study; 0.31 per cent reported that gambling was leading to reduced performance; and 0.08 per cent (2 people) reported severe work/study consequences because of gambling (e.g. loss of job).

[58] I.e. the current NHMRC guidelines have identified consumption of more than 10 standard drinks in a week or more than 4 standard drinks in a single day as the point at which drinking is risky. https://www.nhmrc.gov.au/health-advice/alcohol

Table 7.5 Forms of Harm from Gambling

Primary impacts	Secondary impacts on gambler	Secondary impacts on others
Financial impacts	Reduced savings/assets	Reduced household savings/assets
	Reduced spending on other goods and services	Reduced household spending on other goods and services
	Increased debt	Increased household debt
	Bankruptcy	Bankruptcy of family members; potential implications for joint assets
Social and psychological impacts	Obsessive thoughts/feelings	
	Lack of engagement with others	Lack of engagement from significant other/parent/child
	Lost time to spend with significant other/family members/ friends/community	Lost time to spend with significant other/family member/friends/community
		Impacts on dependent children from lack of parental engagement
		Neglect/abuse of dependent children
	Divorce (financial and emotional costs)	Divorce (financial and emotional costs)
	Stress/anxiety/depression	Treatment costs
	Suicidal ideation	Impacts of suicidal ideation on family and friends
	Suicide/self-harm	Emotional impacts of suicide/self-harm of family and friends
		Financial impacts of suicide self-harm on household
		Financial impacts of suicide/self-harm on community
Impacts on physical health	Increase in sedentary behaviour due to time spend gambling	Increase in current health system costs
	Reduced level of self care	Long-term increase in health system costs
	Increased health risks from co-morbid behaviours such as smoking and drinking	
	Increased physical health risks from poor mental health	
	Physical impacts of self-harm	
	Physical impacts of intimate partner violence	Physical impacts of intimate partner violence
	Premature impairment and mortality due to reduced health	Societal costs of premature impairment and mortality due to reduced health
Reduced productivity at work or study	Lost time spent at work	Extra work to cover absences by work colleagues
	Lost productivity at work	Reduced productivity of work colleagues
	Lost employment/employment opportunities	Transaction costs of dismissal and finding new employee
	Financial impacts of unemployment	Financial impacts of unemployment on household
		Increased social security costs
	Reduction in lifetime earnings	Reduction in overall economic activity
	Impacts of unemployment on mental and physical wellbeing	Impacts of family member's unemployment on mental and physical wellbeing
		Increased healthcare costs due to reduction in wellbeing caused by unemployment
Cultural harm	Reduced engagement in cultural rituals	Reduced contribution to community
	Culturally based shame in relation to inability to meet cultural roles and expectations	
	Reduced connection to community	
Crime and justice system costs	Financial crime	Financial cost to business owner
		Impact on workplace colleagues
		Cost of police investigation
	Legal defence costs	Prosecution costs
		Court costs
	Imprisonment	Lost access to significant other/family member/friend due to incarceration
	Reduced lifetime income due to imprisonment	Cost to community of detention
Treatment and community support costs		Cost of gamblers help services
		Cost of self-exclusion services

Source: Langham, E., et al (2016), Productivity Commission (1999, 2010); Browne et al. (2016); Browne et al. (2017); Browne and Rockloff (2018); Li et al. (2017); and Delfabbro et al. (2020a, 2020b).

Illegal acts

Only five people or 0.21 per cent of the sample reported having committed illegal acts to gamble. A potential issue with this question is that it may have included gambling on activities that might not be formally accessible to respondents, so endorsement of this item might not constitute criminal activity in the sense intended. In other words, although the examples should make it clear what was intended, it is not clear whether respondents answered the question in that way. Three of the endorsements were by non-problem gamblers; the other two by problem gamblers.

7.5.2 Prevalence of harm by PGSI categories

The scale of harms is categorised by the GHM based in its relative severity into 'over prioritisation', 'pressures and strains' and 'severe harms'.

Harms categorised as 'over prioritisation' were very rare in non-problem gamblers, reported by just over one in 20 low-risk gamblers, by 27.9 per cent of moderate-risk gamblers and more than 9 in 10 problem gamblers. Inspection of the data showed that 57.0 per cent of problem gamblers and 5.9 per cent of moderate-risk gamblers over-prioritised gambling in three of the five areas investigated.

Similarly, almost no non-problem and low-risk gamblers reported any of the 'pressures and strains', but this level of harm was reported by 29.1 per cent of moderate-risk gamblers and 90.0 per cent of problem gamblers for at least one of the harm categories.

Severe harms were almost non-existent in the low-risk groups, but a severe harm in at least one category was reported by 24.0 per cent of moderate-risk gamblers and by 63.2 per cent of problem gamblers.

A complete summary of comparisons of endorsement across all items in the GHM is provided in Table 7.6. This table shows the level of endorsement increases as the level of gambling risk increases. Genuine harm (strains/ pressures) and severe harm is very rare in lower risk gamblers, but moderately common in moderate-risk gamblers (psychological, financial and health related harms) and most common in problem gamblers. Severe harm of varying kinds is present in 30-50 per cent of problem gamblers for several individual domains: financial, psychological and physical health and for relationships. Severe work/study related impacts or illegal acts tend to be less common.

Table 7.6 Endorsement on Individual Harm Items in GHM

	Percentage (%)			
	Non-problem	Low-risk	Moderate-risk	Problem Gambler
Financial				
Over-prioritisation	0.4	2.3	14.7	60.0
Pressure/strains	0.1	0.5	9.2	75.0
Severe	<0.1	0	1.1	30.0
Psychological				
Over-prioritisation	0.1	1.9	15.9	80.0
Pressure/strains	0.2	1.9	18.6	80.0
Severe	0	0	5.7	30.0
Relationship				
Over-prioritisation	0	0	10.3	55.0
Pressure/strains	0.1	0.9	2.3	70.0
Severe	0	0	11.5	40.0
Physical health				
Over-prioritisation	0	0	2.3	70.0
Pressure/strains	0.1	3.3	11.5	40.0
Severe	0	0.5	7.0	50.0
Work /Study				
Over-prioritisation	0.1	1.4	5.7	40.0
Pressure/strains	0	0	1.1	30.0
Severe	0	0	1.1	5.0
Illegal acts	0.1	0	0	10

Source: Prevalence Survey 2020

Younger people were more likely to report over-prioritising gambling than the other groups, and older people were significantly less likely to report over-prioritising and experiencing strains and pressures due to gambling.

7.5.3 Comparability to measurement of harm in the Productivity Commission's studies

The Productivity Commission's estimates of problem gambling were undertaken using an older screening tool called the South Oaks Gambling Screen (SOGS). Estimates from SOGS are not directly comparable with identification of problem gamblers using the PGSI (as in the 2020 Tasmanian Survey). However, analysis of a large multi-study dataset by Williams and Volberg (2010) identified a PGSI score of 5 or higher as roughly equivalent to the problem gambler category of the SOGS. In order to draw on the Productivity Commission's studies (1999 and 2010), the responses to the PGSI were re-coded to split 'moderate risk' gamblers in two - those with a PGSI score of 3 or 4, and those with a score of 5 to 7. The latter category when combined with problem gamblers is equivalent to the Productivity Commission's estimate of problem gamblers. From the 2020 Tasmanian Survey 0.4 per cent of the adult population was categorised as being a problem gambler. A further 0.48 per cent of the adult population were classified as a moderate risk gambler and had as score on the PGSI of 5 to 7.

Using the above methodology, a prevalence of 0.88 per cent of the adult population has been derived and applied to the costing of a number of the social harms below where the Productivity Commission approach has been used.

This higher risk sub-category of moderate risk gamblers has characteristics that make it more similar to problem gambling, including higher average spending. By way of example Table 7.7 sets out average annual spending by gambler risk category from the 2020 Survey, with a split into two of the moderate risk gambler category / categories.

Table 7.7 Mean Annual Spend on EGM Gambling, by Gambling Risk Category with Moderate Risk Gambling Split into Two Sub-Categories: Tasmania (A)

	Mean Annual Spending ($)
Non-problem gamblers	416.34
Low risk gamblers	605.75
Moderate risk gamblers, PGSI 3-4	3,601.18
Moderate risk gamblers, PGSI 5-7	9,939.87
Problem gamblers	10,524.26

Note: **(a)** EGMs are used as they are a relatively high prevalence gambling activity (and also high prevalence across all risk categories) and as such the mean expenditures have reasonable sample sizes behind them
Source: Tasmanian prevalence survey 2020, SACES estimates

7.6 Social costs of gambling

Each of the forms of harm identified in Section 7.5 was quantified in terms of the number of people affected, and the average cost of the harm per person, where possible.

Not all forms of harm could be readily expressed as a specific cost. For example, whilst there is good evidence linking problem gambling to reduced physical health (through decreased physical activity, exacerbation of co-morbid behaviours such as smoking and drinking, and the physical impacts of psychological distress) none of the individual links were sufficiently well identified to be included in the cost calculations.

Cultural harms do not have an obvious approach to converting them to financial estimates and so these costs have not been included.

The various types of harm identified have been sourced from the prevalence estimates for severe harms from the 2020 Tasmanian Survey. However, where necessary, prevalence estimates for less frequent forms of harm have been taken from the Productivity Commission's national survey (2010) and adjusted down reflecting a lower prevalence of problem gambling in Tasmania in 2020.

The prevalence estimate used in quantifying the number of persons affected by each of the included forms of harm (or its absolute frequency for those where the number of people affected is not clearly identifiable), and the source of the unit cost estimates for that form of harm are set out in Table 7.8.

Table 7.8 Unit Costs Estimates Used to Derive Social Costs Of Excess Gambling

Type of harm	Source of estimate of scale of harm	Approach to cost calculation
Financial		
Severe financial distress including bankruptcy	2020 Tasmanian Gambling Prevalence Survey, 'Severe financial impacts or harms'	Productivity Commission 1999, updated to 2019/20 values by the authors
Social		
Relationship breakdown - gambler	2020 Tasmanian Gambling Prevalence Survey, 'significant relationship harms'	Productivity Commission 1999, updated to 2019/20 values by the authors
Relationship breakdown - partner	2020 Tasmanian Gambling Prevalence Survey, 'significant relationship harms'	Productivity Commission 1999, updated to 2019/20 values by the authors
Psychological		
Psychological strain or distress - gamblers	2020 Tasmanian Gambling Prevalence Survey, 'psychological strain or distress	DALY for psychological strain or distress amongst gamblers taken from Global Burden of Disease Collaborative Network (2017) estimate of DALY for 'Mild Anxiety Disorder' reduced to half its published level on the assumption that it will be asymptomatic half of the time Cost for a year of life lost to disability taken from Community Affairs Reference Committee (2015), low bound and Abelson (2008), high bound, both updated to 2019/20 values by the authors
Severe psychological harms - gambler	2020 Tasmanian Gambling Prevalence Survey, 'severe psychological consequences'	DALY[(a)] for severe psychological harm taken from Global Burden of Disease Collaborative Network (2017) estimate of DALY for 'Moderate Anxiety Disorder' reduced to half its published level on the assumption that it will be asymptomatic half of the time Cost for a year of life lost to disability taken from Community Affairs Reference Committee (2015), low bound and Abelson (2008), high bound, both updated to 2019/20 values by the authors
Emotional distress - immediate family of problem gambler	SoGS equivalent problem gambling prevalence rate (see Section 7.4.3) calculated from results of the 2020 Tasmanian Gambling Prevalence Survey; estimate of the number of family members of SoGS problem gamblers experiencing emotional distress taken from Productivity Commission (1999).	DALY for emotional distress of immediate family members taken from Global Burden of Disease Collaborative Network (2017) estimate of DALY for 'Mild Anxiety Disorder' reduced to half its published level on the assumption that it will be asymptomatic half of the time Cost for a year of life lost to disability taken from Community Affairs Reference Committee (2015), low bound and Abelson (2008), high bound, both updated to 2019/20 values by the authors
Severe depression including thoughts of suicide	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	DALY for severe depression taken from Global Burden of Disease Collaborative Network (2017) estimate of DALY for 'Severe Anxiety Disorder' reduced to half its published level on the assumption that it will be asymptomatic half of the time Cost for a year of life lost to disability taken from Community Affairs Reference Committee (2015), low bound and Abelson (2008), high bound, both updated to 2019/20 values by the authors
Suicide	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Cost not estimated
Work/occupational		
Reduced performance at work	2020 Tasmanian Gambling Prevalence Survey	Productivity Commission 1999, updated to 2019/20 values by the authors
Lost employment - lost income	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Productivity Commission 1999, updated to 2019/20 values by the authors
Lost employment - employee jobsearch costs	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Productivity Commission 1999, updated to 2019/20 values by the authors
Lost employment - employer staff recruitment and training costs	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Average unit cost of recruitment and training of new staff employee from BITRE 1996, updated to 2019/20 values by the authors

Table 7.8 Unit Costs Estimates used to Derive Social Costs Of Excess Gambling (Cont…)

Type of harm	Source of estimate of scale of harm	Approach to cost calculation
Other, including legal		
Property crime - police costs	2020 Tasmanian Gambling Prevalence Survey	Unit cost of police time by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors
Property crime - court and correction system costs	2020 Tasmanian Gambling Prevalence Survey	Unit cost of court system by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors Unit cost of imprisonment by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors Expected duration of imprisonment from ABS 2017a,b
Property crime - victim of crime costs	2020 Tasmanian Gambling Prevalence Survey	Victim of crime costs from Smith et al. 2014, updated to 2019/20 values by the authors
Violent crime - police costs	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Unit cost of police time by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors
Violent crime - court and correction system costs	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Unit cost of court system by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors Unit cost of imprisonment by type of offence from Whetton et al. 2020, updated to 2019/20 values by the authors Expected duration of imprisonment from ABS 2017a,b
Violent crime - victim of crime costs	Productivity Commission (1999) Weighted to reflect the current Tasmanian prevalence of problem gambling compared to the 1999 national prevalence	Victim of crime costs from Smith et al. 2014, updated to 2020 values by the authors
Harm minimisation costs		
Funding of community services related to gambling (incl. Gambler's Help)	n/a	Administrative data provided by Tasmanian Gambler's Support Program
Administration of self-exclusion scheme	n/a	Administrative data provided by Tasmanian Gambler's Support Program

(a) Disability Adjusted Life Years (DALY) is the sum of years of potential life lost due to premature mortality and the years of productive life lost due to disability.

In total, the social costs of gambling that could be both quantified and expressed in monetary values, are estimated to be between $49 million and $160 million per annum – see Table 7.9.

The most significant quantifiable cost of gambling in Tasmania is the estimated cost of relationship breakdown at almost $57 million, followed by psychological distress of problem gamblers and their immediate family.

Some of the social cost estimates are likely to be conservative. For example, the costs of violent crime (essentially intimate partner violence) in this analysis are based on the prevalence estimated by the Productivity Commission, and represent only a small share of costs. These estimates of gambling related violence may be substantially understated. A meta-analysis undertaken by Dowling and colleagues (2014) found a very strong relationship between problem gambling and intimate partner violence, with 38 per cent of problem gamblers reporting that they had been victims of intimate partner violence and 37 per cent reporting that they had been perpetrators of intimate partner violence. At present the direction of causation cannot be established so it is not clear the extent to which problem gambling is causing intimate partner violence, or is a consequence of intimate partner violence, or indeed both could be caused by some other factor. However, the scale of the relationship is large. Given current Tasmanian problem gambling prevalence and the average correlation identified from the meta-analysis (Dowling et al. 2014) this would imply 652 persons who were problem gamblers and also victims of intimate partner violence, and 624 persons who were problem gamblers and perpetrators of intimate partner violence.

Table 7.9 Social costs of Gambling

.	People impacted	Per person assumed cost ($)		Total cost ($'million)	
.		Low	high	Low	High
Financial					
Severe financial distress including bankruptcy	696	7,864	7,864	5.5	5.5
Social					
Relationship breakdown - gambler	962	9,830	29,491	9.5	28.4
Relationship breakdown - partner	962	9,830	29,491	9.5	28.4
Psychological					
Psychological strain or distress - gamblers	3,560	1,476	9,398	5.3	33.5
Severe psychological harms - gambler	962	3,271	20,832	3.1	20.0
Emotional distress - immediate family of problem gambler[a]	2,006	1,476	9,398	3.0	18.8
Severe depression including thoughts of suicide[a]	172	12,864	81,917	2.2	14.1
Suicide[a]	0.6	ne	ne	ne	ne
Work/occupational					
Reduced performance at work	634	5,898	5,898	3.7	3.7
Lost employment - lost income	164	8,454	8,454	1.4	1.4
Lost employment - employee jobsearch costs	164	4,719	4,719	0.8	0.8
Lost employment - employer staff recruitment and training costs	164	8,553	8,553	1.4	1.4
Other, including legal					
Property crime - police costs		10,798	10,798	0.7	0.7
Property crime - court and correction system costs		105,111	105,111	0.9	0.9
Property crime - victim of crime costs	81	2,089	2,089	0.2	0.2
Violent crime - police costs[a]		23,711	23,711	0.1	0.1
Violent crime - court and correction system costs[a]		150,451	150,451	0.3	0.3
Violent crime - victim of crime costs[a]	7	5,770	5,770	0.0	0.0
Harm minimisation costs					
Funding of community services related to gambling (incl. Gambler's Help)				1.3	1.3
Administration of self-exclusion scheme				0.1	0.1
TOTAL COSTS				**48.9**	**159.6**

Notes: n.e. = not estimated
final totals are subject to rounding
[a] source of prevalence estimate is the Productivity Commission (1999)
Source: Productivity Commission 1999, Smith et al. 2014, IHME 2018, Whetton et al. 2020, BITRE 1996, Steering Committee for the Review of Government Service Provision 2017, ABS 2017a, b, ABS 2020a, b, Abelson 2008, Community Affairs References Committee 2015 and SACES calculations.

7.7 Net social and economic impacts of gambling

Drawing together the estimated benefits of between $123.3 million and $207.8 million (Table 7.4) after adjusting for excess expenditure and the estimated social costs of $48.9 million to $159.6 million (Table 7.9), suggests that a plausible range for the net benefits of gambling in Tasmania is between minus $36 million and $159 million as summarised in Table 7.10. Given that most of the plausible range is positive it is likely that gambling delivers a net benefit for the Tasmanian community.

Table 7.10 Summary table: Net Benefit Derived from Total Benefits minus Total Costs

Benefits	Low estimate ($'million)	High estimate ($'million)
Consumer surplus	94.8	179.3
Taxation revenue	87.9	87.9
minus excess spending by problem gamblers	-59.4	-59.4
Total benefits	123.3	207.8
Costs		
Total social costs	159.6	48.9
NET BENEFIT (COST)	**-36.3**	**158.9**

The range of net benefit in this study indicates the benefits have increased in weight when compared to the first SEIS, largely reflecting a reduction in the prevalence of problem gambling since the 2008 study. Converting to 2020/21 values using the change in the CPI since 2007/08 the estimates from the first SEIS were of benefits minus excess spending of problem gamblers of between $88.8 million and $151.5 million, and social costs of between minus $169.6 million and minus $54.3 million. Net social and economic benefits back at the time of the 2008 study were estimate to range from minus $80 million to plus $97 million (in 2019/20 values).

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Appendix A

Joint Parliamentary Select Committee on Future Gaming Markets

The Joint Parliamentary Select Committee on Future Gaming Markets was established in August 2016 and reported to the Tasmanian Parliament in 2017. The Inquiry was primarily focused on electronic gaming machines (EGMs) and the future of gaming markets in Tasmania, post 2023. In a broad ranging inquiry, the Committee received 148 public submissions and held public hearings in Tasmania and discussions in other States. The terms of reference provided to the Parliamentary Select Committee were:

(a) consideration of community attitudes and aspirations relating to the gambling industry in Tasmania with particular focus on the location, number and type of poker machines in the State;

(b) review of the findings of the Social and Economic Impact Studies conducted in Tasmania;

(c) consideration of the document entitled “Hodgman Liberal Government post-2023 Gaming Structural Framework” (Hodgman refers to the then Premier the Hon. Will Hodgman);

(d) an assessment of options on how market-based mechanisms, such as a tender, to operate EGMs in hotels and clubs could be framed;

(e) consideration of future taxation and licensing arrangements, informed by those in other jurisdictions;

(f) a review of harm minimisation measures and their effectiveness, including the Community Support Levy;

(g) consideration of the duration and term of licences for the various gaming activities post 2023; and

(h) any other matters incidental thereto.

Recommendations of the Joint Parliamentary Select Committee on Future Gaming Markets

1. The Government revisit the number of EGMs (150) which are to be removed from circulation as stated in the Hodgman Liberal Government post-2023 Gaming Structural Framework.
2. The Government adopt strategies to facilitate the reduction of a significant number of EGMs from Tasmanian Hotels and Clubs by the 1st of July 2023.
3. The Government devise a mechanism to facilitate a reduction of the number of EGMs in Tasmania post 1 July 2023 as required.
4. The Government work actively with communities that are concerned with the density of EGMs in their local area to enable voluntary mechanisms to reduce the number of EGMs.
5. EGM licences are not issued in perpetuity.
6. Further investigation is needed by the Government to ascertain an appropriate duration of EGM licence that is of sufficient length to create investment certainty for industry.
7. The Government support the Tasmanian Liquor and Gaming Commission initiatives to control gaming supply and demand under the mandatory code.
8. The reporting period between the Social and Economic Impact Studies be increased from the current 3 yearly requirement.
9. The Community Support Levy (CSL) be extended to apply to EGMs in casinos.
10. Funding for targeted CSL programs should be regularly reviewed, including an evaluation of their effectiveness. There is merit in seeking input from service providers operating in the sector to contribute to decisions about the allocation of funds whilst protecting the funding of important existing services such as the Neighbourhood House program.
11. The Federal Group retain licenses to operate their two existing casinos.
12. If the casino licence is to be exclusive it should not be in perpetuity. The annual licence fee should be reassessed and should reflect the value/worth of the licence if it was to be put on the open market.
13. Any future casino licences will be limited to high roller non-resident casinos through a market based process.
14. A cost/benefit analysis for casinos should be undertaken by Government before any additional license(s) in the North and the South of the State be approved.
15. The casino based gaming products in Tasmania be reviewed against the product range permissible in other States.

16. If a tender process is not followed, then the Federal Group, as the sole licensed operator of Keno in the State, should incur an increase in the tax rates payable.
17. A progressive (sliding scale) tax be introduced for EGMs in hotels and clubs.
18. The Government identify options that maintain the profitability of Hotels, Clubs and Casinos (in aggregate) if a progressive (sliding scale) tax is introduced.
19. In the implementation of recommendation 17, the Government identify options that achieve this outcome whilst leaving hotels and clubs and casinos (in aggregate) no worse off from the change.
20. A venue operator model is desirable for EGMs and appropriate transitional arrangements put in place to accommodate industry participants.
21. During a transition period, Network Gaming would be able to continue its existing EGM lease arrangements with venues.
22. If the LMO owns EGMs, an appropriate ring-fencing arrangement is required between its EGM gaming business operators and its monitoring role.
23. The taxation rates on table games in casinos to be comparable with regional casinos in other jurisdictions.

Appendix B

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

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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.

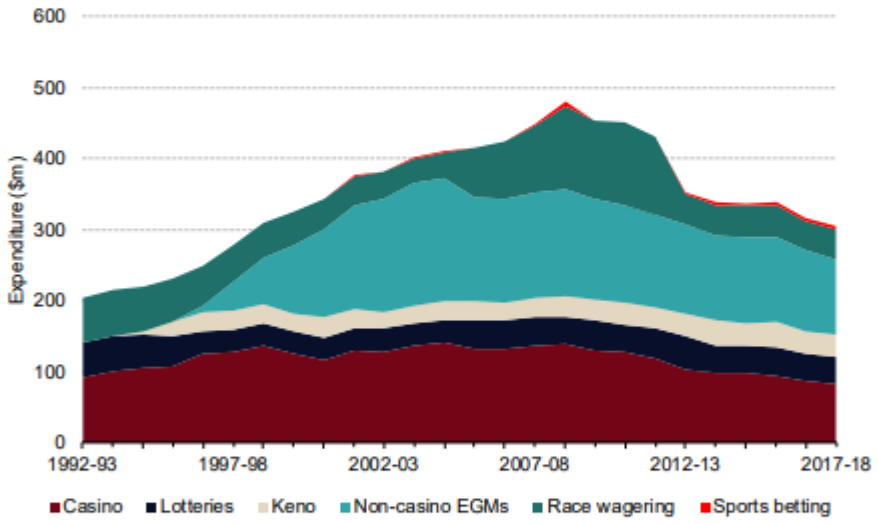
UBET TAS offers pari mutuel (pool-based) and fixed odds wagering on racing products including thoroughbred, harness and greyhound racing, and fixed odds wagering for sports betting. Its products are delivered through a state-wide network of retail outlets (including hotels and clubs), the internet, telephone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

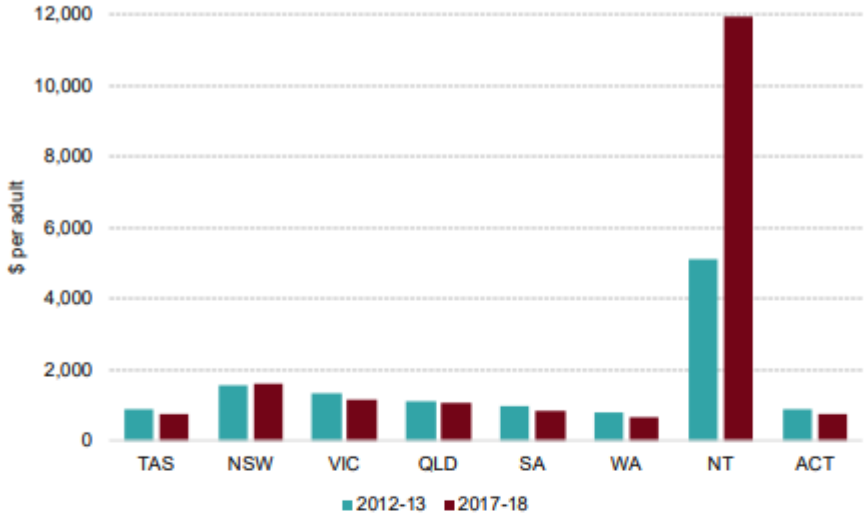


Note: (a) Expenditure in 2017-18 prices.
(b) Excludes minor gaming expenditure, which has not been collected since 2003-04 (earlier data is excluded). Lotto includes lotto, keno, lotteries and pools.
Source: Queensland Government Statisticians Office, *Australian Gambling Statistics, 35th Edition*.

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.

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Appendix C

Additional Questions for Public Guidance: Submission to the 2021 Social and Economic Impact Study into Gambling in Tasmania

1. All submissions will be treated as public unless you wish it to be treated as confidential. Please indicate your preference:

2. What impact do you think gambling has on the Tasmanian community - the benefits and the costs?

3. What impact do you think gambling has on other Tasmanian industries and the economy?

4. What's your view on Tasmania's current gambling harm minimisation measures? What further measures do you think should be considered?

5. What's your view on whether gambling venues adhere to responsible gambling practices?

6. What impact did the COVID-19 lockdown have on the gambling participation of either yourself or friends/family/work colleagues?

7. What impact did the lifting of COVID-19 restrictions on gaming venues have on the gambling participation of either yourself or friends/family/work colleagues?

8. Any other matters you wish to raise or general comments you wish to make?

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CRICOS provider number 00123M

Appendix D

Interview Schedules for the Fifth Social and Economic Impact Study (SEIS) in Gambling, Tasmania 2021

All interviewees have previously been provided with a copy of the discussion paper prepared by the SA Centre for Economic Studies (SACES) of the University of Adelaide and distributed by the Tasmanian Department of Treasury and Finance and SACES. The personal interview format followed that, and is drawn from, the SEIS Fourth Report for purposes of comparison, but included additional questions to elaborate on matters raised in the respective submissions.

October 2020

Interviews

Interviews for the Fifth Social and Economic Impact Study (SEIS) will be carried out with government agencies, industry, service providers, peak bodies, and other stakeholders.

The interviews will focus on trends in the gambling industry since 2017, and the impact of the industry, including on gamblers and other parts of the economy.

Questions to guide the interviews with stakeholders are provided here.

If you have any questions about the SEIS please contact the SEIS project manager, Michael O'Neil, on michael.oneil@adelaide.edu.au or 08 8313 4545 / 0408 812 032.

Thank you for your participation in the SEIS.

Areas for discussion—Industry

Company background

1. What forms of gambling does your company offer?
2. What is the geographical footprint of your company?
3. What are the demographic characteristics of your customers?

Tasmanian gambling industry

4. How has the Tasmanian gambling industry changed over the last three years?
5. What are the recent patterns of consumer spending in the gambling sector?
6. What are the trends in employment in the industry (for example, male/female ratios, full time / part time / casual splits)?
7. What are the key recent investment decisions in the industry, and what is driving these decisions?
8. Has the development of new gambling technologies (for example internet-based gambling, interactive or phone sports betting) had an impact on the gambling industry?
9. Is there a geographic element to recent trends in the industry? For example, is a particular trend more pronounced in any particular region of Tasmania?
10. What is the outlook for the industry over coming years?

Impacts of gambling

11. What do you consider to be the benefits of gambling in Tasmania? These could include financial, employment, social, or to the community.
12. What do you consider to be negative impacts of gambling in Tasmania?
13. How does the gambling industry impact other sectors of the economy?

Support services

14. What strategies (required by regulation and others) does your organisation have in place to minimise gambling harm?
15. Are support and other services meeting the needs of consumers experiencing difficulties with gambling?
16. Do you have any suggestions as to how to reduce problem gambling but without affecting your business and the enjoyment of others?

Other comments

17. Are there any other comments you would like to add on the social and economic impact of gambling in Tasmania?

Areas for discussion—Industry associations

Organisation background

1. What is the membership composition of your organisation?
2. What is the geographical footprint of your members?
3. What are the demographic characteristics of your members' customers?

Tasmanian gambling industry

4. How has the Tasmanian gambling industry changed over the last three years?
5. What are the recent patterns of consumer spending in the gambling sector?
6. What are the trends in employment in the industry (for example, male/female ratios, full time / part time / casual splits)?
7. What are the key recent investment decisions in the industry, and what is driving these decisions?
8. Has the development of new gambling technologies (for example internet-based gambling, interactive or phone sports betting) had an impact on the gambling industry?
9. Is there a geographic element to recent trends in the industry? For example, is a particular trend more pronounced in any particular region of Tasmania?
10. What is the outlook for the industry over coming years?

Impacts of gambling

11. What do you consider to be the benefits of gambling in Tasmania? These could include financial, employment, social, or to the community.
12. What do you consider to be negative impacts of gambling in Tasmania?
13. How does the gambling industry impact other sectors of the economy?

Support services

14. What strategies (required by regulation and others) do your members have in place to minimise gambling harm?
15. Are support and other services meeting the needs of consumers experiencing difficulties with gambling?
16. Do you have any suggestions as to how to reduce problem gambling but without affecting your members' businesses and the enjoyment of others?

Other comments

17. Are there any other comments you would like to add on the social and economic impact of gambling in Tasmania?

Areas for discussion—State government agencies and local government

Organisational background

1. What is your agency's role in relation to gambling in Tasmania?
2. How does this role interface with the gambling-related work of other state government agencies and local governments?

Tasmanian gambling industry

3. How has the Tasmanian gambling industry changed over the last three years?
4. What are the recent patterns of consumer spending in the gambling sector?
5. What are the trends in employment in the industry?
6. What are the key recent investment decisions in the industry, and what is driving these decisions?
7. Is there a geographic element to recent trends in the industry? For example, is a particular trend more pronounced in any particular region of Tasmania?
8. Has the development of new gambling technologies (for example internet-based gambling, interactive or phone sports betting) had an impact on the gambling industry?
9. What is the outlook for the industry over coming years?

Impacts of gambling

10. What kind of impacts does gambling have—such as intrapersonal, interpersonal, family, community, financial and employment impacts? Are there any benefits associated with gambling?
11. How prevalent is problem gambling? What are the pathways in and out of problem gambling?
12. What type of venues and styles of play are most attractive to problem gamblers?
13. Has the development of new gambling technologies had any impact on the prevalence of problem gambling or changes in the style of play problem and moderate risk gamblers prefer? For example, internet-based gambling, and interactive or phone sports betting.
14. Are the impacts of gambling concentrated in any geographic regions across Tasmania?
15. How does the gambling industry impact other sectors of the economy?

Support services

16. Are support and other services meeting the needs of consumers experiencing difficulties with gambling?
17. Are there examples of new successful initiatives to reduce problem gambling?
18. Is the community educated about the dangers of problem gambling?
19. What strategies (required by regulation and others) do gambling businesses have in place to minimise gambling harm?

Other comments

20. Are there any other comments you would like to add on the social and economic impact of gambling in Tasmania?

Areas for discussion—Service providers

Organisation background

1. What are the gambling-related services your organisation provides?
2. What is the geographical footprint of your organisation?
3. How many clients access your organisation's services over a year? What are the demographic characteristics of your organisation's clients?

Tasmanian gambling industry

4. How has the Tasmanian gambling industry changed over the last three years?
5. What are the recent patterns of consumer spending in the gambling sector?
6. Is there a geographic element to recent trends in the industry? For example, is a particular trend more pronounced in any particular region of Tasmania?

Impacts of gambling

7. What kind of impacts does gambling have—such as intrapersonal, interpersonal, family, community, financial and employment impacts? Are there any benefits associated with gambling?
8. How prevalent is problem gambling? What are the pathways in and out of problem gambling for your organisation's clients?
9. What type of venues and styles of play are most attractive to problem gamblers?
10. Has the development of new gambling technologies had any impact on the prevalence of problem gambling or changes in the style of play problem and moderate risk gamblers prefer? For example, internet-based gambling, and interactive or phone sports betting.
11. Are the impacts of gambling concentrated in any geographic regions across Tasmania?
12. How does the gambling industry impact other sectors of the economy?

Support services

13. Are support and other services meeting the needs of consumers experiencing difficulties with gambling?
14. Are there examples of new successful initiatives to reduce problem gambling?
15. Do you think the community is educated about the dangers of problem gambling?
16. What strategies (required by regulation and others) do gambling businesses have in place to minimise gambling harm?

Other comments

17. Are there any other comments you would like to add on the social and economic impact of gambling in Tasmania?

Areas for discussion—Peak bodies for service providers

Organisation background

1. What are the gambling-related services your members provide?
2. What is the geographical footprint of your member organisations?
3. How many clients access your member organisations' services over a year? What are the demographic characteristics of these clients?

Tasmanian gambling industry

4. How has the Tasmanian gambling industry changed over the last three years?
5. What are the recent patterns of consumer spending in the gambling sector?
6. Is there a geographic element to recent trends in the industry? For example, is a particular trend more pronounced in any particular region of Tasmania?

Impacts of gambling

7. What kind of impacts does gambling have—such as intrapersonal, interpersonal, family, community, financial and employment impacts? Are there any benefits associated with gambling?
8. How prevalent is problem gambling? What are the pathways in and out of problem gambling for your member organisations' clients?
9. What type of venues and styles of play are most attractive to problem gamblers?
10. Has the development of new gambling technologies had any impact on the prevalence of problem gambling or changes in the style of play problem and moderate risk gamblers prefer? For example, internet-based gambling, and interactive or phone sports betting.
11. Are the impacts of gambling concentrated in any geographic regions across Tasmania?
12. How does the gambling industry impact other sectors of the economy?

Support services

13. Are support and other services meeting the needs of consumers experiencing difficulties with gambling?
14. Are there examples of new successful initiatives to reduce problem gambling?
15. Do you think the community is educated about the dangers of problem gambling?
16. What strategies (required by regulation and others) do gambling businesses have in place to minimise gambling harm?

Other comments

17. Are there any other comments you would like to add on the social and economic impact of gambling in Tasmania?

Appendix E

Stakeholder List for the Fifth Social and Economic Impact Study:

Personal interviews were conducted with:

- Tasmanian Liquor and Gaming Commission
- Federal Group Tasmania
- Tabcorp Holdings Ltd
- Tasmanian Hospitality Association (THA) (also promoted discussion paper to members)
- TasCOSS
- Gambling Support Program, Department of Communities Tasmania
- Local Government Association Tasmania (also promoted discussion paper to members)
- Hobart City Council
- Anglicare Tasmania
- Relationships Australia Tasmania

In addition to the above organisations a discussion paper was made publicly available which resulted in 18 public submissions which are available on the Liquor and Gaming Branch website.

There were also 49 individual community submissions which were provided to the researchers.

Appendix F

Tasmania's economy: an overview

The economy
- Tasmania's economy is more narrowly-based than those of other states. Five sectors – agriculture, forestry and fishing; retail trade; accommodation and food services; public administration and defence; and health care and social assistance – accounted for 38 per cent of Tasmania's gross product (22 per cent nationally) and 48 per cent of Tasmania's employment (26 per cent nationally) in 2019-20.
- Tasmania's economic performance improved significantly in the five years immediately prior to the onset of the COVID-19 pandemic in March 2020.
- Over the seven years to 2019-20, Tasmania's economy grew at an average annual rate of 1.8 per cent, marginally below the national average of 2.1 per cent, while the trend unemployment rate declined from 7.9 per cent to 5.1 per cent - marginally below the national average.

Population
- Since 2014-15 over 8,000 more people have moved to Tasmania from the mainland since 2014-15 than have left Tasmania – including over 4,000 people in their 20s and 30s.
- The share of the national net overseas immigration intake increased significantly after 2016-17, reaching 1.9 per cent of the national total in 2019-20.
- The good performance in managing the COVID-19 pandemic may enhance Tasmania's appeal as a desirable destination for overseas and interstate migrants in a 'post-COVID-19' world.

Household income and economic resources
- Per capita gross state product in 2019-20 was 21.2 per cent below the national average while household disposable incomes were 5 per cent below the national average. It is the only state or territory where the population in aggregate receives more from the Commonwealth Government by way of social security transfers than it pays by way of personal income tax.
- Some 32 per cent of Tasmanians were in the lowest socio-economic status (SES) quintile as at December 2018,56 per cent were in the two lowest SES quintiles, while only 8.5 per cent of Tasmanians were in the highest SES quintile.

Employment
- A smaller proportion of people (47 per cent) than in any other state or territory are in paid employment, 3 percentage points below the national average.
- Employed people work approximately two hours per week less than the national average (which over a 12 month period is equivalent to 3.75 weeks).
- By way of value of goods and services for each hour that they do work, employed Tasmanians produce $9.30 less than the national average.
- Of Tasmanian employees, 61.5 per cent worked full-time in 2019-20 some 7 percentage points below the national average of 68.6 per cent.

Education, health and longevity
- 23.5 per cent of Tasmanians aged 15-74 (as at May 2020) had a university degree or diploma, or some equivalent or higher qualification, some 6.5 per cent percentage points below the national average.
- 25.7 per cent of Tasmanians aged 15-74 had no educational qualifications beyond Year 10 of high school, the highest proportion of any state or territory and 8.7 percentage points above the national average of 17 per cent.
- 27 per cent of Tasmanians live with disability, a higher proportion than in any other state or territory.
- Tasmanians live shorter lives by an average of 1.4 years than other Australians.

Tasmania's economic performance improved significantly during the five years immediately prior to the onset of the COVID-19 pandemic in March 2020 (Figure F1).

Over a slightly longer period, the seven years to 2019-20, Tasmania's economy grew at an average annual rate of 1.8 per cent, marginally below the national average of 2.1 per cent – including two years, 2017-18 and 2018-19, in which Tasmania's real gross state product grew by more than 3 per cent, the first time this had occurred in consecutive years since the late 1980s (ABS 2020d).

During that seven years to 2019-20 Tasmania's population grew at less than half the national average rate: adjusting for this difference, Tasmania's *per capita* GSP grew at an average annual rate of 1.1 per cent over this period, more than double the national average of 0.5 per cent (see Figure F.3).

And reflecting this improved economic performance, between October 2013 and March 2020 (on the eve of the onset of the pandemic) Tasmania's trend unemployment rate declined from 7.9 per cent to 5.1 per cent - marginally below the national average (Figure F.2).

During the second half of the past decade some important shifts in population flows to and from Tasmania were observed, which had (and may still have) the potential to set up a 'virtuous circle' of economic and demographic dynamics for Tasmania.

Between 1971-72 and 2013-14 Tasmania was a 'net exporter' of people to the mainland (ABS 2019a) accelerating the ageing of Tasmania's population relative to that of the rest of Australia. However, since 2014-15, over 8,000 more people have moved to Tasmania from the mainland than have left Tasmania including over 4,000 people in their 20s and 30s (Figure F.4). In addition, Tasmania's share of the national net overseas immigration intake – which hadn't exceeded 1 per cent since 1984, and averaged less than 0.3 per cent between 1992 and 2002 – increased significantly after 2016-17, reaching 1.9 per cent of the national total in 2019-20.

As a result, the margin between the median age of Tasmania's population and that of Australia's as a whole – which had widened from zero in June 1991 to five years by June 2017 – declined to 4.5 years by June 2020 (ABS 2020a).

Tasmania's comparatively good performance in managing the COVID-19 pandemic (lowest number of confirmed cases per 100,000 population in Australia) is likely to enhance its appeal as a desirable destination for overseas and interstate migrants in the 'post-COVID-19' world (Eslake 2020). If so, then population flows which have been a 'headwind' for the Tasmanian economy for most of the past fifty years could become a sustained 'tailwind'.

But despite these favourable developments Tasmania still faces formidable economic and social challenges. Tasmania remains Australia's poorest state, on multiple dimensions. Its per capita gross state product in 2019-20 was 21.2 per cent below the national average, a margin which has not changed significantly since the late 1990s (Figures F.5a and F.5b).

Tasmanian household disposable incomes were 5 per cent below the national average in 2019-20 – a margin which is no longer the largest in Australia (per capita household disposable incomes in South Australia, Queensland and – perhaps surprisingly – Victoria, are now lower than in Tasmania). But that is largely because Tasmanians in 2019-20 paid 27 per cent less per head of population by way of income tax than the national average, whilst receiving 30 per cent more per head in social security payments than the national average (Figures F.6a and F.6b). Tasmania is the only state or territory whose population in aggregate receives more from the Commonwealth Government by way of social security transfers than it pays by way of personal income tax (ABS 2020d).

Tasmanians are also generally in poorer health than other Australians. Data compiled by the Australian Institute of Health and Welfare (2019: 99) shows that Tasmanians experience a higher burden of diseases (as measured by disability-adjusted life years) than the people of any other state or territory except the Northern Territory (the figures for which are inflated by the very high burden of diseases among the proportionately much larger Indigenous population).

A higher proportion of Tasmanians than of any other state or territory population are obese or overweight; a higher proportion of Tasmanian men than of men in any other part of Australia smoke; a significantly higher proportion of Tasmanians than of other Australians have high blood pressure; and a larger proportion of Tasmanian children consume sugar-sweetened drinks at least once a week than in any other state or territory (ABS 2018b).

Almost 27 per cent of Tasmanians live with disability, a much higher proportion than in any other state or territory, and more than nine percentage points above the national average of 17.7 per cent (ABS 2019b).

Reflecting these and other influences, according to estimates compiled by ABS for the Commonwealth Grants Commission (2020), 32 per cent of Tasmanians were in the lowest socio-economic status (SES) quintile as at December 2018 – by a wide margin the highest proportion of any state or territory – and fully 56 per cent are in the two lowest SES quintiles (Figure F.7a): while only 8.5 per cent of Tasmanians are in the highest SES quintile (Figure F.7b). If Indigenous populations are excluded, then 34 per cent of Tasmanians were in the lowest SES quintile and 59 per cent in the bottom two quintiles.

Tasmania's persistently below-average per capita gross product – which is in many respects a 'root cause' of the relatively greater incidence of social and economic disadvantage in Tasmania relative to the rest of Australia – is, mathematically, the product of three key shortcomings relative to the national average:

- only 47 per cent of Tasmanians are in paid employment – a smaller proportion than in any other state or territory, and 3 percentage points below the national average;
- those Tasmanians who do have jobs work fewer hours per week than employed people in any other state or territory, and approximately 2 hours per week less than the national average (which over the course of an entire year is equivalent to 3.7 fewer weeks of work); and
- for each hour that they do work, employed Tasmanians produce $9.30 less than the national average by way of value of goods and services – that is, Tasmanian labour productivity is almost 10 per cent below the national average.

Tasmanians' below-average rates of *participation* in employment are partly an inevitable result of its demographic profile: 20.5 per cent of Tasmania's population (as at 30 June 2020) and 24.8 per cent of its working-age (15 and over) population are aged 65 or over, 4.2 and 4.8 percentage points respectively below the corresponding national averages (ABS 2020a). But a smaller proportion of the Tasmanian population who have a job is less than the national average in *every* age group *except* for 15-19 and 20-24 year-olds where in most other states and territories a higher proportion of those age groups are in education or training.

Tasmanian employees' relatively shorter working weeks largely reflects the fact that only 61.5 per cent of them worked full-time in 2019-20, a substantially smaller proportion than in any other state or territory, and more than 7 percentage points below the national average of 68.6 per cent.

The overall productivity performance of Tasmanian workers is also dragged down by the fact that only 7 per cent of Tasmanian jobs are in the five industries where labour productivity is higher in Tasmania than it is nationally (of which the most important are health care and social assistance, and agriculture, forestry and fishing). Conversely, 93 per cent of employed Tasmanians work in industries where labour productivity is lower than the corresponding national averages for those industries.

More generally, Tasmania's economy remains much more narrowly-based than those of other states. Five sectors – agriculture, forestry and fishing; retail trade; accommodation and food services; public administration and defence; and health care and social assistance – accounted for 38 per cent of Tasmania's gross product and 48 per cent of Tasmania's employment in 2019-20, as against 22 per cent of gross product and 36 per cent of employment for Australia as a whole.

Indeed, Tasmania's dependence on these five sectors as generators of 'value added' and creators of jobs has increased over the past three decades – whereas at the national level these five sectors are no larger (in aggregate) as a share of economic activity or employment than they were 30 years ago.

Tourism is not separately identified as a 'sector' or 'industry' in ABS statistics for gross product or employment: rather, tourism-related activities are spread across sectors such as accommodation and food services, retail trade, transport, and arts and recreation services.

The 'tourism satellite accounts' compiled by the ABS and Tourism Research Australia, which bring the contributions of tourism-related activities under one heading, suggest that tourism directly and indirectly accounts for 11 per cent of Tasmanian's gross product and 17.5 per cent of total employment in Tasmania – in each case higher than for any other state or territory and well above the corresponding national averages of 6.5 per cent and 8 per cent, respectively. They also suggest that tourism has accounted for 21 per cent of the *growth* in Tasmania's GSP and more than 70 per cent of the *increase* in total employment in Tasmania between 2013-14 and 2018-19 (Tourism Research Australia (2020). Yet the same satellite accounts also imply that tourism is a *low-productivity* industry – with gross product per person employed 36 per cent below the average for all industries (although that margin is probably exaggerated by the relatively high proportion of tourism employees who work part-time) and 30 per cent below the Australia-wide tourism industry average.

Underlying many if not all of these contributors to Tasmania's low per capita gross product relative to the rest of Australia is Tasmania's low levels of educational attainment. As at May 2020, only 23.5 per cent of Tasmanians aged 15-74 had a university degree or diploma, or some equivalent or higher qualification, some 6.5 percentage points below the national average of 30 per cent. Conversely, 25.7 per cent of Tasmanians aged 15-74 had no educational qualifications beyond Year 10 of high school, by far the highest proportion of any state or territory and 8.7 percentage points above the national average of 17 per cent (ABS 2020c).

This is a legacy of Tasmanians' traditionally low levels of participation in upper-secondary and tertiary education. Tasmania's retention rate from Year 10 to Year 12 has risen from 64.1 per cent to 74.3 per cent over the past decade – aided by the present Government's policy of offering Year 11 and 12 courses at all high schools – but remains below the national average, which has also continued to rise.

While more Tasmanian students are attending Years 11 and 12 of high school, Tasmania's Year 12 attainment rate (the proportion of potential Year 12 population who meet the requirements of a Year 12 certificate) has stalled since 2016 at around 60 per cent, well below the national average (Productivity Commission 2021).

It has been long argued (see. Eslake (2017a: 18-23) and Eslake (2017b: 60-70)) that Tasmania's ongoing relatively low levels of participation and attainment at the senior secondary level are in large part the outcome of the separation between Years 7-10 and Years 11-12 in the public school system (which serves a larger proportion of Tasmanian students than students in any other states).

Tasmania's poor long-term economic performance, its demographic profile, its small and dispersed population, and the results of policy choices by successive governments over a long period of time, have also left Tasmania facing greater difficulties in providing public services to its citizens than most other states and territories.

As the Commonwealth Grants Commission has observed, Tasmania's *fiscal capacity* – its ability to raise revenue from its own resources, and the costs it incurs in providing public services – is weaker than that of any jurisdiction except the Northern Territory (2020: 36). This shortfall in Tasmania's fiscal capacity is largely offset by the distribution of revenue from the GST. But that leaves Tasmania's public finances disproportionately vulnerable to fluctuations in the size of the total GST 'pool', and to changes in the methods used to determine the distribution of that revenue among the states and territories.

In Summary: Future Outlook

The most recent independent and authoritative economic assessment of Hobart and Tasmania as at June 2020 stated that:

> *"Tasmania is now Australia's best performing economy for the first time since 2009. Tasmania is rated first on relative population growth, relative unemployment, equipment and investment and retail trade. Tasmania rank's second on two other indicators."*[59]

As noted Tasmania is well positioned to strongly recover from the impact of COVID-19, perhaps initially through an increase in domestic and interstate tourism and at some point, a partial return of international student numbers.

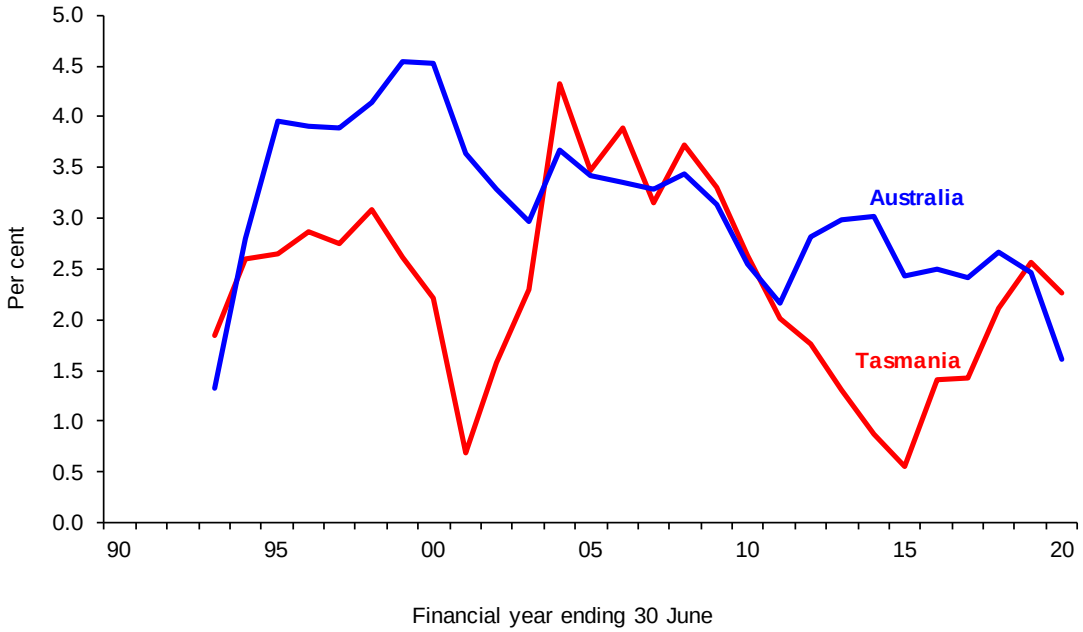
In a forthcoming report[60] examining regional labour markets the authors have identified some key factors in the recent and strong growth of the Tasmanian economy, the labour market and population. One of the intangible factors commented upon by community members interviewed in the course of that recent study was the sense of pride in being a Tasmanian.

> *"Tasmania has evolved, it is a destination place, Hobart is a vibrant city that is open all year round, 'culturally, artistically and creatively alive' with a diversity of places to go and improved liveability. "There is pride in being a Tasmanian, confidence in what we have, what have achieved and what we offer the rest of Australia and the world."*

Strong economic growth has opened up employment opportunities with the result that Tasmania has 'turned around the brain drain'. Other States have not been able to achieve this. With respect to the labour market not only has the 'brain drain been reversed' the demand for skilled employees in professional and scientific occupations, the construction and agricultural sectors, tourism, R&D, civic and commercial engineering, export services and occupations across the health and aged care sector remains very strong.

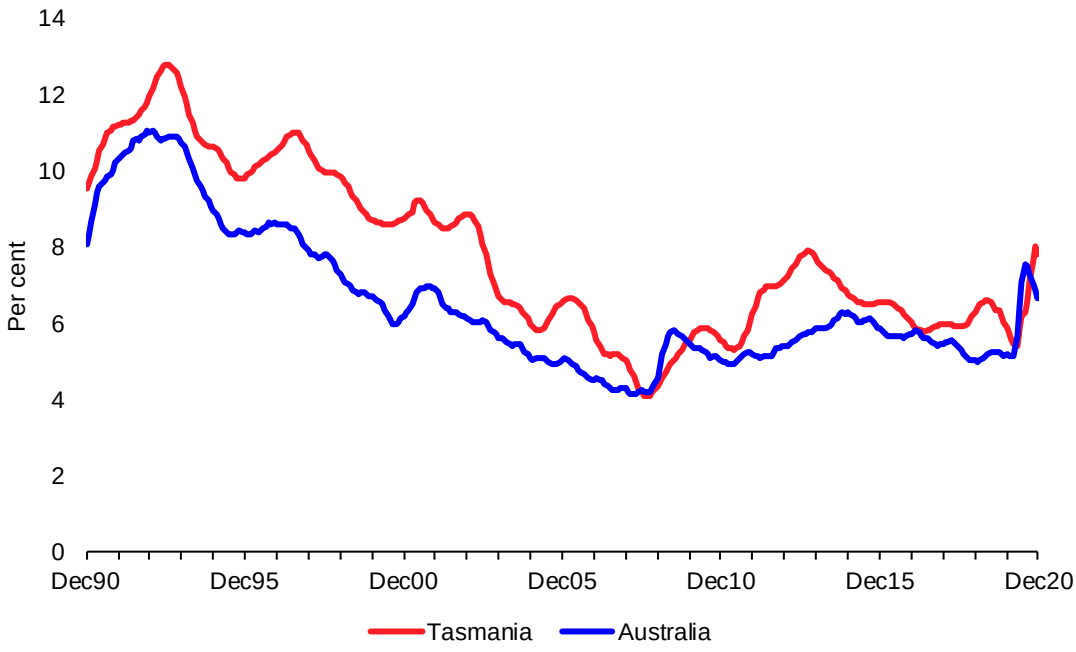
[59] CommSec, 2020 State of States, States and Territories Economic Performance Report (July 2020).
[60] SACES (2021) Identifying foundations for strong labour markets in regional Australia – success lessons, prepared for Commonwealth Department of Education, Science and Employment

Figure F.1: Real GSP growth, Tasmania and Australia
Per cent per annum (rolling three-year averages)



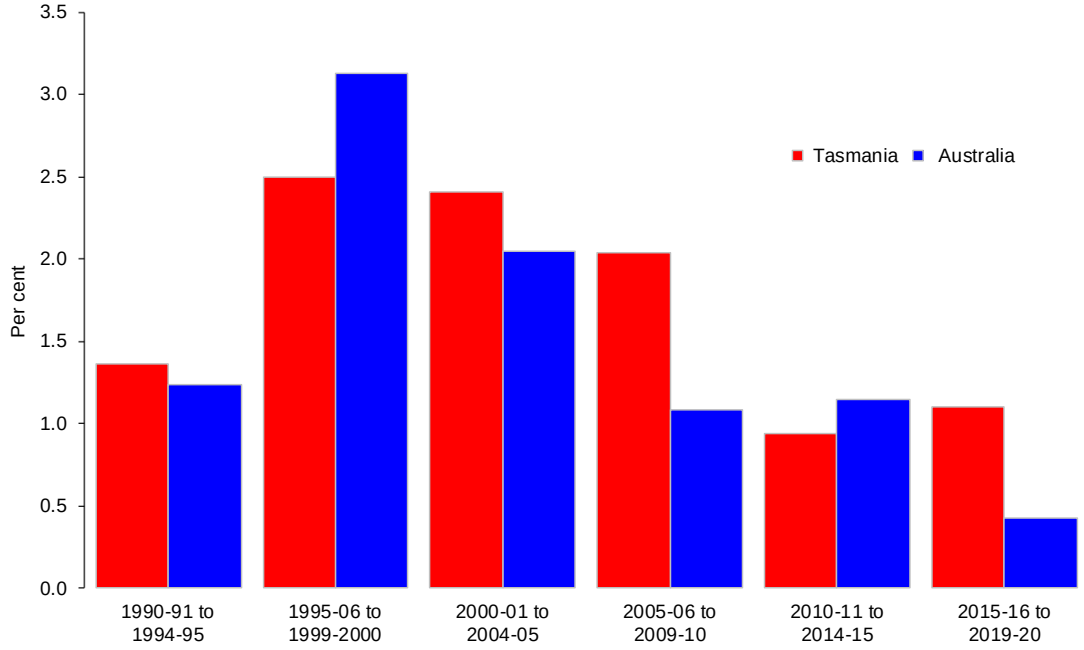
Source: ABS (2020e).

Figure F.2: Unemployment rates, Tasmania and Australia
Percentage of the labour force, trend services



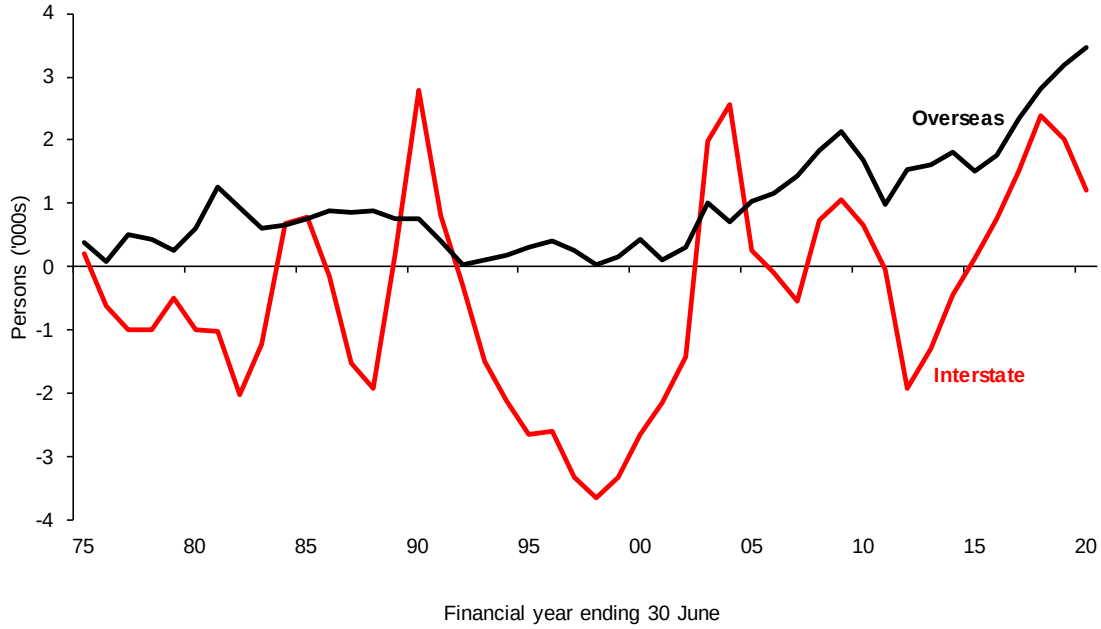
Source: ABS (2021a).

Figure F.3: Annual average real per capita GSP growth, Tasmania and Australia



Source: ABS (2020e).

Figure F.4: Net migration to Tasmania



Source: ABS (2019a and 2020a).

Figure F.5a: Gross state product per capita, states and territories, 2019-20

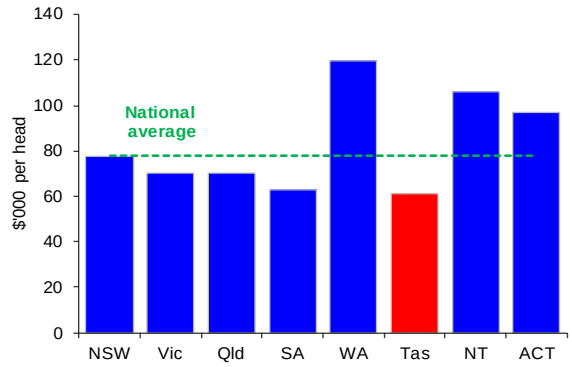


Figure F.5b: Tasmania's GSP per capita as a share of the Australian average, 1989-20 – 2019-20

Source: ABS (2020e).

Figure F.6a: Household disposable income per capita, states and territories, 2019-20

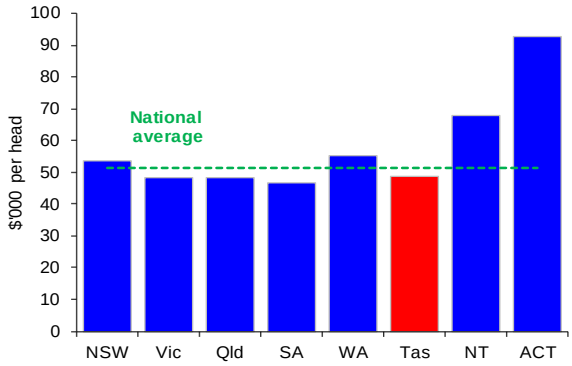
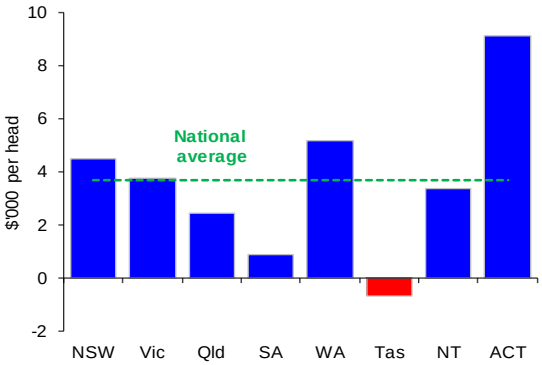


Figure F.6b: Net tax-transfers to individuals per capita, states and territories, 2019-20



Source: ABS (2020e).

Figure F.7a: Proportion of non-Indigenous populations in two lowest SES quintiles, states and territories, December 2018

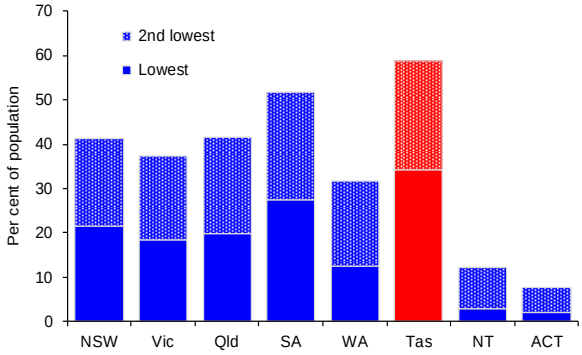
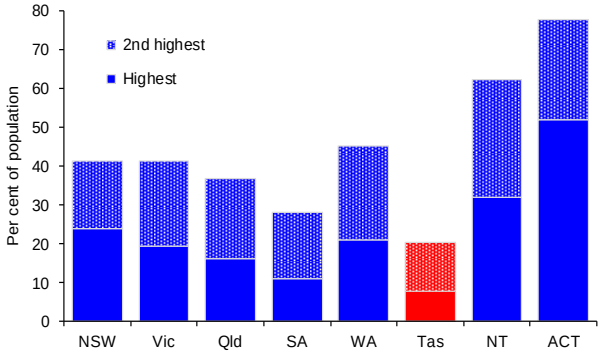


Figure F.7b: Proportion of non-Indigenous populations in two highest SES quintiles, states and territories, December 2018



Note: by definition, 20 per cent of the national non-Indigenous population are in each of the SES quintiles.
Source: Commonwealth Grants Commission (2020 – Supporting Data).

APPENDIX G

Characteristics of Casino Gambling in Tasmania – A Brief Recap

Further to Chapter 2 Volume 1, the following appendix provides additional information on the two casinos operating in Tasmania – Wrest Point Casino and Country Club Casino – including comparative information within the context of the broader Australian casino environment.

A notable feature of the two Tasmanian casinos is that they are more highly oriented toward gaming machines than table games. As Figure G.1 shows, Wrest Point Casino and Country Club Casino have the highest ratios of EGMs to tables of any casino in Australia. The Country Club Casino's ratio of EGMs to table games is 45 to one while Wrest Point Casino's is 27 to one. These ratios compare with a national average of 7.8 to one. In a sense the two Tasmanian casinos more closely approximate hotels in terms of their gambling offering, which would tend to cater more toward local residents rather than interstate and international tourists.

Table G.1: Characteristics of the two Tasmanian Casinos

Venue	Country Club Casino	Wrest Point Casino
Opened	1982	1973
Gaming machines operating (as at 30 June 2020)	535	650
Gaming tables operating (as at 9 November 2020)	12	24
Number of EGMs per table game	45:1	27:1
Share of total EGMs in state (as at 30 June 2020)	15.2	18.5
Other Facilities	Accommodation, entertainment, restaurants, bars, conference and event facilities, golf course	Accommodation, entertainment, restaurants, bars, conference and event facilities, waterfront gardens.

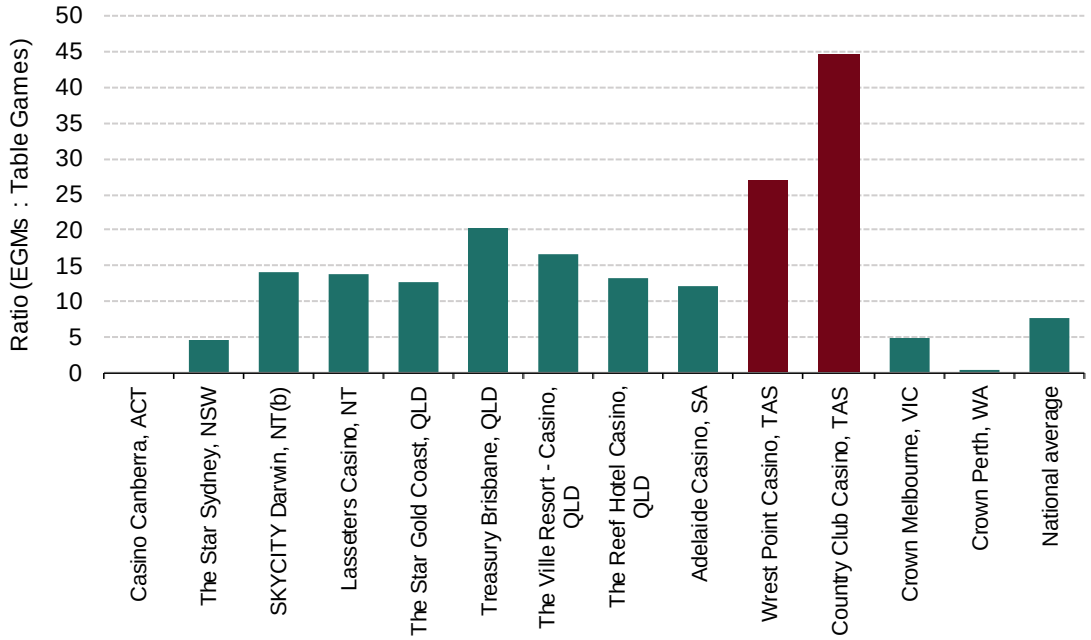
Note: (a) Includes unclaimed prizes.
Source: Department of Treasury and Finance (2020), unpublished data, Department of Treasury and Finance (2020a, 2020b).

Looking at the historical development of casino gambling in Tasmania, expenditure on casino gambling grew strongly through the 1980s and 1990s – Figure G.2. At the national level expenditure grew even more strongly from the mid-1980s as casinos were introduced in other states and territories with full coverage being achieved in 1995 with the opening of the Star casino in Sydney. The introduction of casinos in other states would have dampened growth in casino expenditure in Tasmania to the extent that it provided residents in other states with a local casino gambling option.

However, the most palpable impact on gambling at casinos came with the introduction of EGMs into hotels and clubs in Tasmania in 1997 – Figure G.2. Casino expenditure flattened and in 2008-09 (i.e. the peak in real casino expenditure before the full impact of the global financial crisis) was only 1.5 per cent higher in real terms compared to its level a decade earlier. Nationally, gambling expenditure at casinos also flattened around the turn of the century as new casinos were no longer being established and EGMs spread across hotels and clubs in all other states and territories except Western Australia. But growth in Australian casino expenditure would resume in 2005-06 and generally be maintained at a moderate pace over subsequent years. In contrast, real spending at Tasmanian casinos would fall away after the global financial crisis such that by 2017-18 casino expenditure was down 41 per cent from its peak of $142 million in 2008-09.[61]

[61] Measured in 2019-20 prices.

Figure G.1: Ratio of EGMs to Table Games in Australian Casinos



Note: (a) Reference period for all states and territories excluding Tasmania is 2017-18, with EGMs based on those operating at 20 June 2018. Tasmanian data refers to gaming machines operating at 30 June 2020 and table games at 9 November 2020 (all tables may not be in operation). Table games for Crown Melbourne and Crown Perth based on those approved rather than operational.
(b) Renamed to Mindil Beach Casino Resort in April 2019 after sale.

Source: Australasian Gaming Council (AGC) (2020), A Guide to Australia's Gambling Industries, Facts, Figures and Statistics, Chapter One, The Australian Gambling Environment, 2017/18, and Department of Treasury and Finance (2020), unpublished data, Department of Treasury and Finance (2020a, 2020b).

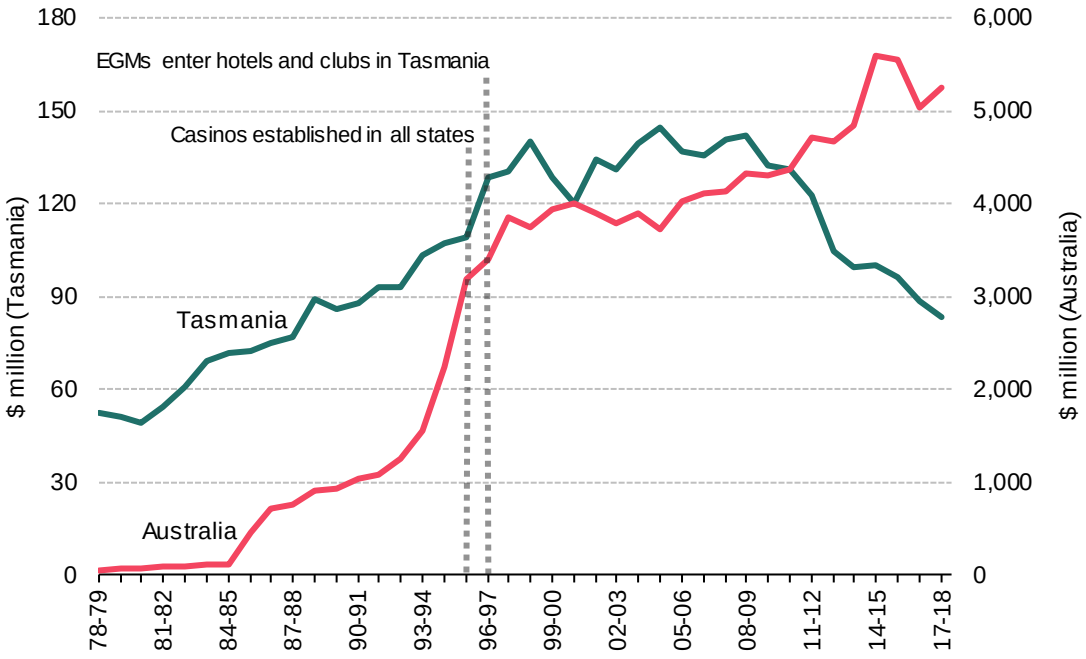
As a consequence of these divergent growth trends Tasmania's share of national casino gambling expenditure has steadily eroded: from 100 per cent in 1978-79 to 9.8 per cent in 1988-89, 3.7 per cent in 1998-99, 3.3 per cent in 2008-09, and 1.6 per cent in 2017-18.

The decline in casino expenditure for Tasmania over recent years largely mirrors trends for EGMs in hotels and clubs. Real spending on EGMs in hotels and clubs fell by 31 per cent between 2008-09 and 2017-18. As noted in the main report, the recent decline in spending at casinos and hotels and clubs would reflect various factors, including the impact of smoking bans, cap on gaming machine numbers, the TLGC Mandatory Code of Practice for Tasmania (introduced in 2012), negative economic shocks such as the global financial crisis, general weakness of economic conditions, maturation of the casino and EGM industries, and enhanced competition from other forms of gambling and entertainment.

The similar expenditure trends for casinos and hotels and clubs in Tasmania, and the high reliance of the casinos on EGMs relative to other states, reinforces the view that Tasmania's casinos more closely resemble large EGM establishments that are more akin to hotels rather than conventional casinos that offer a more distinct or traditional casino gambling product.

The relative importance of casino gambling within Tasmania has also declined over time. Tasmanian casinos' share of state gambling expenditure has fallen from 48 per cent in 1994-95 to 24 per cent in 2019-20 – Table G.2. While expenditure on all forms of casino gambling has decreased over the last decade, the decline has been particularly acute for EGMs. As Figure G.3 shows, real expenditure on EGMs in casinos has fallen each year since 2008-09. This pattern broadly mirrors the trend for EGMs in hotels and clubs, although the downward trend for casinos has been more acute overall.

Figure G.2: Characteristics of the two Tasmanian Casinos[(a)]



Note: (a) Note that expenditure for Tasmania and Australia was identical in 1978-79. The difference in the graph is due to the different scales used.
Source: Queensland Government Statistician's Office, Australian Gambling Statistics, 35th Edition and 1978-79 to 2003-04, and ABS (2020).

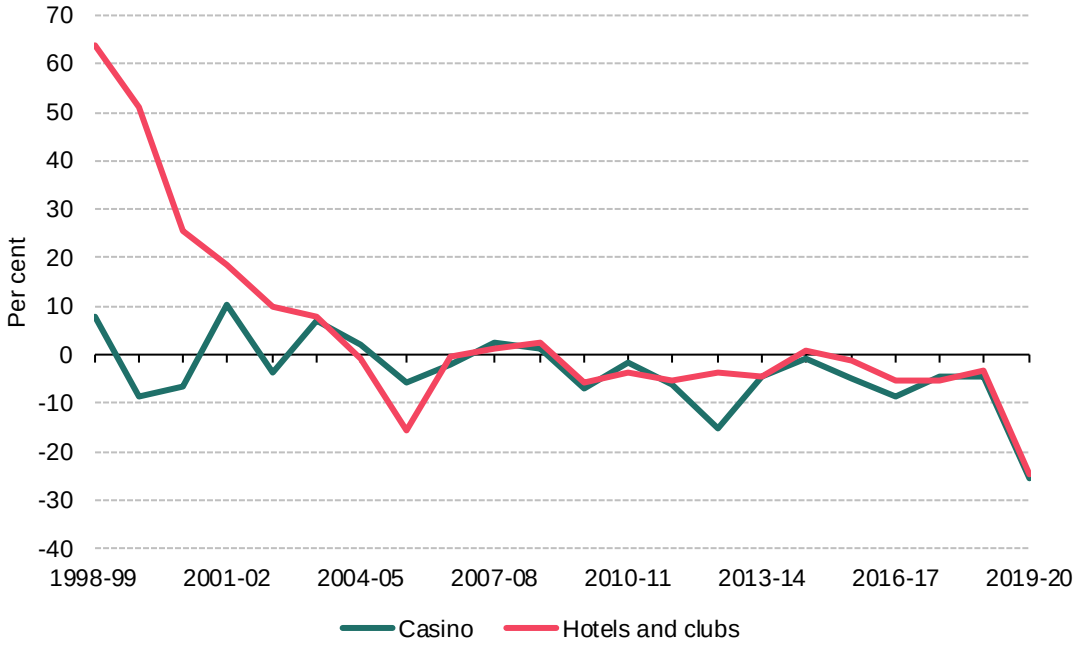
With expenditure on EGMs in both casinos and hotels and clubs falling over recent years, its share of total gambling expenditure in Tasmania has receded, from a recent peak of 61 per cent in 2012-13 to a low of 51 per cent in 2019-20. The only form of gambling that substantially increased its share of expenditure over this period was lotteries (from 14 per cent to 21 per cent). Some recovery in EGM expenditure can be expected in 2020-21 with the resumption of normal operations following the temporary closure of venues in the first half of 2020. However, it is too early to determine whether any bounce back will be sufficient to break the pattern of relative decline that has been observed over recent years.

Table G.2: Gambling expenditure by mode as a share of total gambling expenditure, select years, Tasmania

	Casino	EGMs (hotels and clubs)	Other Gaming[(a)]	Racing	Sports betting
1994-95	47.5	0.0	23.7	28.8	0.0
1999-00	38.5	30.3	17.1	14.1	0.0
2004-05	34.5	41.9	14.3	9.0	0.2
2009-10	28.3	31.2	15.9	24.4	0.2
2014-15	28.9	35.5	21.1	13.5	1.0
2019-20	23.8	31.0	30.7	13.7	0.8

Note: (a) Other gaming defined as keno, instant lotteries (scratch tickets), lotteries, lotto and pools.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

Figure G.3: Tasmania: Annual Percentage Change in Real Expenditure on EGMs in Casinos and Hotels and Clubs[(a)]



Note: (a) Real expenditure in 2019/20 prices.
Source: Department of Treasury and Finance (2020), unpublished data, and ABS (2020).

APPENDIX H

Issues in the conceptualisation and measurement of harm

Improving the measurement of harm from gambling

Although gambling-related harm has been recognised as central to public health approaches as well as the clinical diagnosis of gambling disorder, the construct has generally not been well captured by existing measures. For example, the widely used Problem Gambling Severity Index (PGSI) (Ferris & Wynne, 2001) is not a measure of harm. Only three to four of the total nine items are arguably harm items. For example, there are items that ask whether gambling has caused 'health problems, including stress and anxiety", criticism from others or whether gambling has 'caused financial problems' for the person or their household. Similar limitations apply to the South Oaks Gambling Screen (Lesieur & Blume, 1987) and other DSM derived measures. Possible exceptions include the Victorian Gambling Screen (VGS) (Ben-Tovim et al., 2001); the PPGM measure developed by Volberg and Williams (2012) which contains a dedicated set of harm questions; and the national survey conducted by the Productivity Commission (1999) that included a set of dedicated harm measures.

A limitation of many of these measures (e.g. PPGM), however, was that questions tended to focus on only the most severe harms. For example, people might be asked whether they had lost jobs, relationships, become bankrupt or suffered legal problems because of gambling and such experiences were rarely reported. Such experiences would only be reported by a small percentage of problem gamblers and be rarely (if ever endorsed by lower risk gamblers). As a result, it was not possible to capture the sort of 'continuum of harm' that might be useful for informing public health approaches to gambling (Abbott et al., 2013; Korn & Shaffer, 1999; Shaffer & Korn, 2002; Wardle et al., 2018). The Victorian Gambling Screen (VGS), on the whole, contained similar items to what can be observed in the PGSI.

Commissioned research to develop improved measurement of harm

In response to these limitations, the Victorian Responsible Gambling Foundation funded research into the nature of gambling harm to identify a wider range of harm that might usefully inform a public health approach. This work was undertaken by Browne et al. (2016) and has been published in a number of papers, including: Browne et al. (2017); Browne and Rockloff (2018); Langham et al. (2016) and Li et al. (2017). The principal conceptual work was set out in the Langham et al. paper and the Browne et al. (2016) report describes the findings from a large survey conducted to measure the endorsement of harm items across the different PGSI levels. According to Langham et al., harm could be divided into six major categories:

- financial;
- social;
- psychological;
- physical health;
- work/ occupational; and
- other, which included illegal activities, cultural impacts and other behaviours such as neglecting child-minding duties.

A total of 72 harm items were developed across these categories and these captured a range of harms, from the more minor to the most severe. For example, financial harm could range from 'reduced savings' and leisure expenditure to bankruptcy; work-related harm could vary from being late to work to losing a job; and, relationship or social harm could vary from spending less time with friends and family to serious conflicts and the loss of relationships.

Browne et al. (2016) showed that the endorsement of harm items was positively related to PGSI scores. They showed that more severe harms were generally only endorsed by the highest risk gamblers, e.g. 7 per cent had bankruptcies; 11 per cent had lost jobs; 7.5 per cent had suicide attempts; 32 per cent had feelings of worthlessness; and 20 per cent had experienced the threat of a relationship ending.

Low risk gamblers rarely endorsed items relating to serious harms: Bankruptcy/ Going on welfare: 0.0 per cent; Loss of assets/ Utilities: 0.6 per cent; Lost job/ work conflict: 0.0 per cent; Suicide attempt/ Decline in living: 0.6 per cent; Self-harm: 1.3 per cent; Feeling worthless: 3.4 per cent; or threat of ended relationship: 2.5 per cent. The forms of 'harm' most commonly endorsed by low risk gamblers tended to be financial and included such items as: Reduced other recreational expenditure: 19.7 per cent; Reduced savings: 21 per cent; or reduced spending on other things: 30.6 per cent. Moderate risk gamblers generally tended to endorse items

relating to 'pressures' associated with gambling, including being late on bills, neglecting other family or work responsibilities, but they were less likely than problem gamblers to endorse serious consequences arising from gambling.

Many of these findings were intuitively logical and uncontroversial. One of the important insights from this work was that harm was not solely confined to the most severe cases. Instead, the results showed that lower risk, including some recreational gamblers, reported some harms associated with gambling. Such harm had been previously overlooked by studies because the harm items had generally been directed towards measuring the sorts of serious harm reported by clinical cases. In this sense, the findings provided a useful and important contribution to the literature and have strengthened the focus on public health approaches to gambling that:

a) direct attention away from gambling pathological to capture the broader spectrum of gambling behaviour;
b) try to capture the broader burden of harm associated with gambling; and
c) focus on prevention of problem gambling rather than just the treatment of the disorder once it has developed.

The possibility that one could capture a broader construct such as harm rather than the rare quality of disordered or pathological gambling provided an opportunity for population studies to capture a construct (harm) that might more meaningfully indicate changes in the impacts of gambling at a community level.

The surprising, and perhaps most controversial, element of this research arose from supplementary analyses that attempted to calculate the burden of harm associated with different levels of gambling risk, as classified by the PGSI. The researchers compiled each person's harm responses into vignettes and then asked them to rate them against the severity of other conditions or diseases (e.g. diabetes, schizophrenia, major depressive disorder) (the 'visual analogue method') or to rate how many years of life in a 10-year period that they would be willing to give up to be free of the problems (the "Time-trade off method"). Using these methodologies and other previous work they calculated Disability Weights to estimate the burden of disease associated with low, moderate and problem gambling.

Browne et al. (2016) reported that 85 per cent of the total harms associated with gambling were associated with low and moderate risk gambling. Further analysis by Browne and Rockloff (2018) showed that the greatest burden of harm was in recreational and low risk gambling. This effect occurred because recreational and low risk gamblers were much more numerous. Thus, even if each gambler only reported a modest level of harm, this equated to a larger total burden or harm than reported by problem gamblers, who were generally less numerous in the population. These observations were relevant to other literature that has reported a so-called 'prevention paradox' associated with gambling; or a greater burden or risk arising from the larger population of lower risk gamblers (Canale, Vieno & Griffiths, 2016; Raisamo, Makela, Salonen, & Lintonen, 2014).

In critiques of this work, Delfabbro and King (2017) as well as Delfabbro, King, and Georgiou (2020a, b) raised concerns about a number of elements of the methodology that had been applied in the Browne et al. (2016) report and which was also applied in New Zealand by Rawat et al. (2018). The first concern relates to the issue of harm. Some of the harm items included in the research and which feature very prominently in list of harms most endorsed by low risk gamblers are items relating to the redirection of expenditure or time: reduced savings; increased credit card debt; less time doing X; reduced spending money; reduced engagement in other leisure activities. Although such items are not invalid and many indeed refer to genuine impacts associated with gambling, they could also (in their milder manifestations) be considered forms of simple opportunity cost or substitution effects (Delfabbro et al., 2020a). That is, when people make leisure choices, they have to choose between gambling or something else. This means that directing time and money towards gambling does not make it harmful; instead, it could be a legitimate leisure choice. Some sense that this may have been a problem is evident, for example, in qualitative work undertaken as part of the previous Tasmanian prevalence survey which features the results of interviews with lower risk gamblers (ACIL Allen 2017). A number of the responses appeared to indicate that items relating to 'reduced savings or 'spending money' were interpreted as substitution effects rather than harms by some gamblers (e.g. some reported that if they were spending it on gambling rather than other things, then they endorsed the item). The fact that these substitution effects were by far the most strongly (and often the predominant form of harm) endorsed by lower risk gamblers raised the concern that the high estimates of harm associated with lower risk gambler could have been strongly influenced by the nature of the items in the survey.

A second problem was that the items were scored using a binary method and did not ask the extent to which the problems were due to gambling as opposed to other factors. This is likely to have increased the possibility that some forms of harm were easy to endorse. To investigate the extent to which this might have been the case, Delfabbro et al. (2020b) conducted a study of over 500 gamblers who were administered the majority of the Browne et al. (2016) harm items and scored using a method developed by Blaszczynski et al. (2015). For each harm item, respondents were asked to complete two questions. The first question asked them how severe the problem had been in the previous 12 months: Not at all, slightly, moderately, up to a very severe problem. A second question then asked to what extent this was due to gambling: slightly through to entirely due to gambling. This method made it possible to score harm based on any endorsement of the items vs. at least moderate endorsement (moderate problem + at least moderately due to gambling). The results showed that the pattern of endorsement observed by Browne et al. could largely be replicated when the harm items were scored using the more lenient methodology, but that the distribution of harms reversed (85 per cent were due to moderate risk and problem gamblers) when the more stringent scoring method was applied. Delfabbro et al. (2020b) also observed that care needs to be taken in ensuring adequate data quality. A number of recreational gamblers were found to endorse harm in an illogical way in that harm items would be endorsed in one part of the survey even though almost the identical item was not endorsed on the PGSI. Inspection of the tables presented by Browne et al. (2016) indicate that this problem may have also arisen in that study in that recreational gamblers (PGSI scores = 0) are: (a) shown to endorse a higher percentage of harms on many items than low risk gamblers on a range of items; and (b) endorse harm items that should have led to at least a score of 1 (i.e. low risk gambling) on the PGSI.

A third issue with the Browne et al. (2016) study was the burden of harm methodology. The visual analogue scale requires that people rate bundles of gambling harm against disorders (e.g. diabetes) that they have not even experienced. Delfabbro and King (2017) also questioned whether it made sense to add up minor harms and compare them with less common serious harms. As they point out: this almost seemed equivalent to arguing that 50 x 1/10 ratings = 50 units represents more harm than 3 x 9/ 10 = 27 units of harm; the former may have been a reduction in spending money whereas the latter may have been 3 bankruptcies. Although it is acknowledged (Browne & Rockloff, 2017) that the aim of the Browne et al. (2016) work was to move away from a sole focus on clinically significant harm or cases, there still remains some issues of validity. Such a methodology also does not capture the fact that true harm (as reported by problem gamblers) may affect up to 7 other people. Low levels of harm are also unlikely to have very much practical significance in that those whose only problem might be spending more on gambling than other leisure activities may be difficult to engage in responsible gambling messages ('I don't have a problem') and will certainly have little need to seek assistance from help services.

Recent developments in measuring harm: The Short Gambling Harms Scale

The Browne et al. (2016) work led to the development of the Short Gambling Harms Scale (SGHS) which has been employed in some of the recent prevalence studies: South Australia in 2018; Tasmania in 2018; Victoria in 2019 are some examples. This measure, developed by Browne, Goodwin and Rockloff (2018) has 9 items with binary scoring. As indicated in Table H.1, it can be observed that the first 3 items are arguably substitution effects rather than true harm items (30 per cent of items). Even 'increased credit card debt' or 'spent less time with people you care about' come close to being forms of substitution. The SGHS does not feature any of the serious harm items (e.g. losing significant assets, bankruptcy, loss of employment or relationships) that are likely to be indicative of problem gambling and the potential need for services. Instead, most items fall into the category of what might be termed pressures rather than harmful impacts with likely ongoing consequences (What Langham et al., 2016 referred to as 'legacy harms').

Table H.1 Short Gambling Harms Scale (SGHS)

Response	Yes	No
reduction of your available spending money	1	2
reduction of your savings	1	2
less spending on recreational expenses such as eating out, going to movies or other entertainment	1	2
had regrets that made you feel sorry about your gambling	1	2
felt ashamed of your gambling	1	2
sold personal items	1	2
increased credit card debt	1	2
spent less time with people you care about	1	2
felt distressed about your gambling	1	2
felt like a failure	1	2

The Gambling Harm Measure (GHM)

In this study, we have applied a new approach to measuring harm which we believe is more informative for addressing the combined need to assess broader community level harm as well as the likely demand for services. An attempt to address the public health imperative to identify and prevent the emergence of harm while also capturing the presence of severe harm led to the development of the GHM. The GHM was developed to address the short-comings of existing harm measures such as the Short Gambling Harm Screen (SGHS). The GHM was designed to address the limitations of the SGHS. **First,** it avoids items that measure substitution effects rather than harm (e.g. savings reduced, spending money reduced, reduction in other leisure activities) (Delfabbro et al., 2020b). **Second,** it captures variations in the severity of gambling harm (e.g. mild vs. moderate vs. severe harm). Such information is important for informing public health approaches to gambling as well as being able to identify serious harm that might be of clinical significance. In a recent analysis of South Australian prevalence data and help-seeking data, it was found that the SGHS was not clinically useful because it contains very few, if any, items that help to describe the types of serious harm experienced by gamblers in treatment. This makes it difficult for Tasmanian policy-makers being able to estimate how well the prevalence data captured the sorts of harms identified in service populations (a potential future strategic area for informing service design). The GHM also captures all relevant forms of harm, e.g. legal issues, physical health, work/ study related issues.

The GHM measure was developed by Professor Delfabbro in collaboration with Professor Robert Williams in Canada and Dr Jonathan Parke in the UK. The measure is currently being used in a major international study of online gambling. The measure captures all relevant measures of gambling-harm using a standard set of questions: financial, psychological, social, physical health, work/occupational and legal. It uses a stepped Q approach that commences with mild harm, proceeds to moderate harm and then asks about severe harm. It draws a distinction between over-prioritization; pressures caused by gambling; and, direct harms associated with gambling and this provides an over-arching conceptual framework that enhances the construct and face validity of the measure. Lower risk gamblers will not need to be asked the more severe harm questions if they do not endorse the earlier ones and so the questions are appropriately calibrated to target the different populations: low, moderate and problem gamblers.

The measure provides Tasmania with a profile of overall severity, but also of the type of harm experienced by different gamblers. Importantly, the questions are worded in a way that enables comparisons to be drawn between the 2020 questions and the SGHS scale items from the previous survey (e.g. the Q about psychological harms refers to shame, failure, etc. and so this can be compared with the previous survey). The inclusion of the measure positions the 2020 Tasmanian prevalence survey as the one with the most comprehensive coverage of harm and enable comparisons with future studies and also internationally. The results of the latest prevalence survey are presented in Volume 2 of the fifth SEIS.

Table H.2 Gambling Harm Measure (GHM): Captures the following areas

	Mild	Moderate	Severe
Financial	X	X	X
Psychological	X	X	X
Physical health	X	X	X
Social harm	X	X	X
Work/Occupational	X	X	X
Legal			X

Source: Delfabbro, Williams, & Parke (2020).

Exploring the contextual nature of harms – The Positive Play Scale

As noted earlier, the risks and harms arising from gambling are very contextual. High gambling expenditure or significantly above average time spent gambling are not harmful in and of themselves if they represent the well thought out preferences and financial means of the gambler. Instead, they only become harmful where the amount spent gambling, or the time spent gambling, does not reflect the preferences of the gambler. Or where the gambling behaviours are driven by incorrect information or cognitive errors on the part of the gambler (for example, believing that a string of losses on a machine means that it is “due” to pay out).

The Positive Play Scale is a recently developed tool designed to identify the extent to which gamblers' expenditures and time spent gambling reflect their underlying preferences and an understanding of the gambling process.[62] It also allows the identification of areas where specific elements of responsible gambling in the community are strong and where some areas need strengthening, and to track changes in responsible gambling over time (for example to test the effectiveness of an intervention).

The positive play scale is delivered by asking the following questions.[63]

Thinking about your gambling over the last month, please respond to the following statements from never to always (7 point Likert scale)[64]

(Behaviour 1: Honesty and Control)
In the last month…
I felt in control of my gambling behaviour.
I was honest with my family and/or friends about the amount of MONEY I spent gambling.
I was honest with my family and/or friends about the amount of TIME I spent gambling.

(Behaviour 2: Pre-commitment)
In the last month…
I only gambled with MONEY that I could afford to lose.
I only spent TIME gambling that I could afford to spend.
I considered the amount of MONEY I was willing to lose BEFORE I gambled.
I considered the amount of TIME I was willing to spend BEFORE I gambled.

How much do you agree with the following statements? strongly disagree - strongly agree (7 point Likert scale)

(Beliefs 1: Personal Responsibility)
I believe that…
I should be able to walk away from gambling at any time.
I should be aware of how much MONEY I spend when I gamble.
It's my responsibility to spend only money that I can afford to lose.
I should only gamble when I have enough money to cover all my bills first.

Beliefs 2: Gambling Literacy
I believe that…
Gambling is not a good way to make money.
My chances of winning get better after I have lost. (should be reverse coded)
If I gamble more often, it will help me to win more than I lose. (should be reverse coded)

[62] Wood, R. T., Wohl, M. J., Tabri, N., & Philander, K. (2017). Measuring responsible gambling amongst players: Development of the Positive Play Scale. *Frontiers in Psychology*, *8*, 227

[63] The four sub-scales are scored and reported separately: a High PPS scores 6 out of 7, (clearly a positive player); Medium PPS scores 4 or more (a positive player with room for improvement); Low PPS at least one item has a score of 3 or less (not an overall positive player, but may have positive play tendencies and/or beliefs).

[64] A Likert scale is a summary method used to represent people's attitudes to a topic

Appendix I

Dynamic VU-TERM: depicting small regions in computable general equilibrium framework

What is a computable general equilibrium (CGE) model?

A CGE model can be an economy-wide model. In the context of the current project, it is an economy-wide model that also includes small-region representation. Another sort of model is an input-output model. The difference is that an input-output (IO) solves either for quantities or for prices, but not both at once. A CGE model solves for both prices and quantities together.

Dynamic CGE modelling

Dynamic models trace the effects of ascribed direct impacts across time periods. The theoretical basis of dynamics is in linkages between investment and capital across time, and the balance of trade and net foreign liabilities. Investment and balance of trade outcomes are flows that a comparative static model includes. Capital and net foreign liabilities are stocks that require a dynamic model.

Dynamic VU-TERM combines much of the theory of dynamic national models (see Dixon and Rimmer, 2002) with bottom-up, regional representation. That is, each region in VU-TERM has its own production functions, household demands, input-output database and inter-regional trade matrices. This enables us to model relatively local issues.

Dynamic VU-TERM

TERM was originally developed by Mark Horridge at the Centre of Policy Studies (see http://www.monash.edu.au/policy/term.htm). Since then, Glyn Wittwer has developed a dynamic version of the model, an early application of which Wittwer *et al*. (2005) is an example. This study uses dynamic VU-TERM.

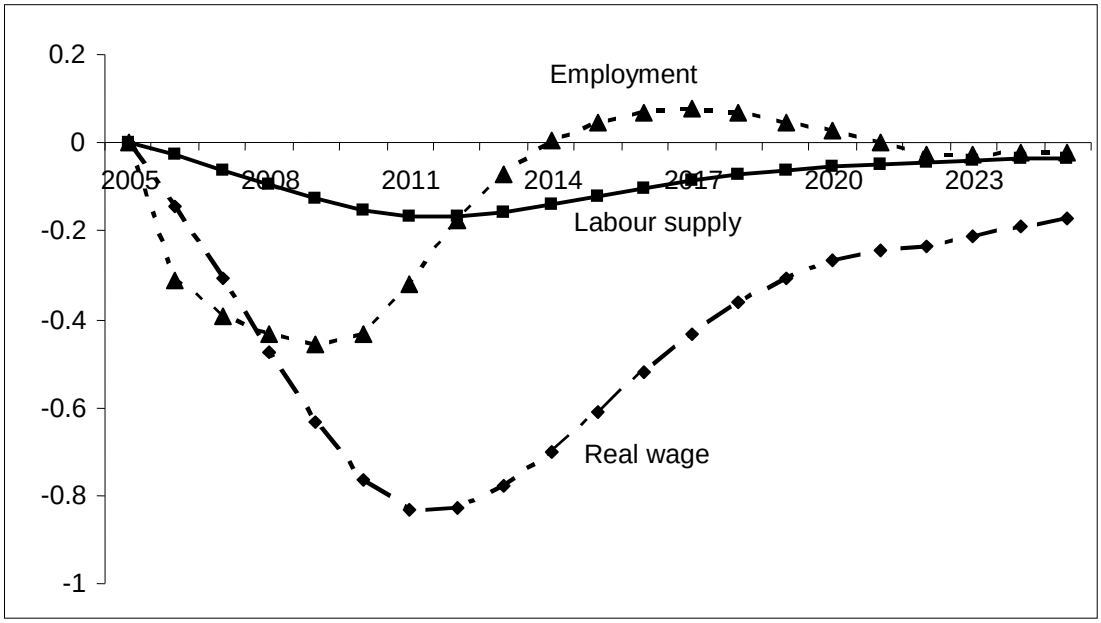
Dynamic VU-TERM uses an underlying forecast. This may be based on the macro forecasts of other agencies. The underlying forecast or baseline gives a year-by-year “business as usual” case.

Typical variables to be reported in the policy scenario relative to a baseline forecast are regional real GDP, employment and aggregate consumption. Industry level results are also available.

Labour market – forecast versus policy scenario

In the theory of regional labour market adjustment, if regional labour market conditions improve or deteriorate relative to forecast, adjustment occurs in the short term mainly via changes in employment. Regional wages adjust sluggishly, with gradual adjustment in regional labour market supply (i.e. through migration between regions). Real wages will fall or rise to close the gap between employment and slowly adjusting labour supply. Once the deviation in employment is equal to the deviation in labour supply, real wages reach a turning point (either they bottom out, in the case of a weakening labour market, or peak, in the case of strengthened labour market conditions). Within this theory, adjustment in the longer term occurs via a combination of altered regional labour supply and real wages that deviate relative to those in other regions. Figure I.1 shows an example, in which weakened labour market conditions in a region lead to unemployment in the short run and a lower real wage in the region in the long run.

Figure I.1: An example of a weakened regional labour market with eventual recovery (per cent change from forecast)



Production technologies

VU-TERM contains variables describing: primary-factor and intermediate-input-saving technical change in current production; input-saving technical change in capital creation; and input-saving technical change in the provision of margin services (e.g. transport and retail trade).

VU-TERM's unique treatment of transport to assess the regional benefits of the project

The supply of margins originating in one region can lower the costs of moving goods between regions further afield. Previous multi-regional models (for example, Naqvi and Peter, 1996) assign the margins supply of a sale either to the origin or destination of the sale.

GEMPACK software

Dynamic VU-TERM uses GEMPACK software for implementation (Harrison, *et al*. 2013; Harrison and Pearson, 1996; Horridge *et al*. 2018).