

Response to public discussion paper re the *Future of Gaming in Tasmania*

Bob Holderness-Roddam M. Ed Studies, M. Env. Mgmt. Date: 17 March 2020.

I have serious reservations regarding this discussion paper. To my mind, it is akin to placing a bandaid upon the bloody stump of an amputated limb!

The best informed study into the poker machine industry in Tasmania is that by Dr James Boyce. This has been published in the book, *Losing Streak: How Tasmania was Gamed by the Gambling Industry*. I have appended my notes on this book as Appendix A.

Whilst I am not a gambler, apart from the occasional *Tatts* ticket, I have been affected by gambling:

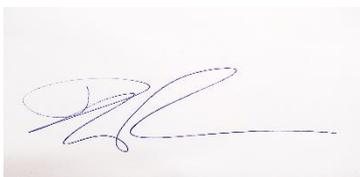
- (a) Several years ago an acquaintance borrowed money from me to fix his car, he subsequently borrowed more, as the repairs had turned out to be more than expected. When I attempted to contact him when he had not repaid me by the agreed date, his wife answered the phone and told me she had kicked him out because he was a chronic gambler. Hard lesson learned.
- (b) Gambling by ██████████ played a significant role in the breakup of ██████████ marriage.

My concerns regarding the poker machine industry in Tasmania are as follows:

1. Their deliberate, pervasive location in locations where residents can least afford to spend money on these machines, such as Glenorchy and suburbs – to the detriment of families who are deprived of adequate food, clothing and heating.
2. The psychological design of machines located in Tasmania that are on *steroids*, in order to ensure players are inveigled into staying at a machine for so long as possible.
3. The grossly exaggerated employment provided by the poker machine industry in Tasmania (ref. Fact Check, attached as Appendix B)

What should happen:

1. Remove all poker machines from pubs and clubs, limiting them to casinos, in line with the policy taken to the last state election by the Labor Party.
2. Remove modifications made to Tasmanian located poker machines which encourage players to extend their playing periods.
3. Ignore the exaggerated claims regarding employment opportunities by the poker machines industry.



Bob Holderness-Roddam

Appendix A

Boyce, James. Losing Streak: How Tasmania was Gamed by the Gambling Industry. Pub. Redback (Schwartz), Carlton, 2017. State Library of Tasmania, 306.482 BOY

Tags: gambling, politics, corruption, Tasmania

- p. 7 :... poker machine addicts are more likely to commit crime, suffer depression, anxiety and other mental-health problems, encounter relationship difficulties, become homeless, loose contact with loved ones, and endure financial hardship.”
- p. 10 Former Federal CEO John Haddad states that he met with then Premier Eric Reece, Deputy Premier Roy Fagan and Attorney-General Mervyn Everett. They told him that Federal had to ‘prepare the way’ for the proposed Wrest Point casino and take the risks.
[NOTE: added by Bob H-R: This is a fairly standard procedure for politicians being asked to take risky decisions. Ref. my notes on interview with Woolworths marketing manager for Tas. And later CEO. When Michael White approached Labor Premier Michael Field for extended shopping hours, Field told him to demonstrate public support! The result was the *Frequent Shoppers’ Club*.]
- p. 13 Conflicting opinions regarding proposed new casino. From fostering prostitution, white slavery and drug peddling (Kevin Lyons) to the area becoming the new Surfers Paradise. Tourism Minister Alec Atkins was one of few government ministers to express concern. Reece withdrew the Bill from Parliament and announced there would be a referendum.
- p. 14 Opposition leader Angus Bethune expressed concern that liberalisation of gambling would lead to wholesale gambling, including poker machines.
- p.16 Very short, three weeks, campaign period for referendum.
- p. 17 Actual question was, ‘Are you in favour of the provisions of “Wrest Point Casino Licence and Development Act, 1968”, the full text of which has been published in the newspapers?’ [Another example of dodgy government practices in setting referenda questions – ref. Howard Government’s 1988 *Republic* referendum question.]
- p. 18 Parliament voted on the casino bill **before** the referendum, with Reece taking advantage of absences of six MPs, and failure to grant a ‘pair’ to vocal Labor opponent Mac Lefevre.
- p. 25 Liberal Attorney-General Max Bingham prosecuted British Tobacco for shonky land dealings, but withdrew in the face of stiff, well paid legal defence.
- p. 43 Re Kevin Lyons resignation, resulting in fall of Bethune Liberal Government. Widely considered to have been due to corrupt payments from Federal group, e.g. \$1000 ‘loan’ for deposit on a home he bought in Victoria. Also purchased a second property in Glen Iris, Vic., even though he owned no property when deputy Premier. (He’d sold his Devonport home to move to Hobart and had a mortgage on a Sandy Bay home.)
- p. 50 John Green suspended from ALP in 1973 for criticising party’s handling of corruption issue.

- p. 79 Peter McKay MLC, leader of Liberal Govt. in Legislative Council, stated that evidence re problem gambling was rubbish.
- p. 90 A 1999 study by the federal *Productivity Commission* found that 40% of poker machine revenue in Australia came from problem gamblers.
- p. 93 In 2001 poker machine turnover was \$846,000,000 in casinos alone, table gaming was only \$56,800,000. Pokies turnover in clubs and hotels was \$850,000,000. Federal Hotels had trebled revenue since 1993 and company profit risen from \$596,000 to \$29,000,000 in 2003-2004.
- p. 107 Peter Gutwein, recently elected Liberal MP, professed to be shocked by Government use of the ‘democratic system’ to force through new contract in May 2003.
- p.121 Federal’s inducements to pokies players at Wrest Point – free tea/coffee/soft drinks, valet parking and birthday vouchers. If players accumulated 42,000 gaming points in a year they received a \$100 coin voucher in their birthday card and a free night at the casino. Emerald class received \$150 voucher in birthday card, Diamond members had to accrue 250,000 gaming points to earn \$200 coin voucher and two nights’ free accommodation at Wrest Point. Gambling helpline details were not prominently displayed, as required by the guidelines.
- p. 132 Refs. *Social and Economic Impact Study into Gambling in Tasmania*, prepared by South Australian Centre for Economic Studies (2008).
- p. 133 Increased gambling expenditure resulted in decreased business investment. 65% reduction in expenditure on tourism for every dollar spent on pokies.
- p. 134 Reduced income for racing industries due to pokies expenditure.
- p. 135 Pokies reduced employment in hotels. Average 3.2 people employed for every million dollars spent on pokies, compared with 8.3 people for every million dollars spent on liquor and 20 people for every million spent on meals and food.
- p. 136 Return to Tas. govt. from pokies was only 25.88% of gross profits, compared with Vic. (32.57%) and Qld. (35.91%).
- p. 137 About half Tassie pokies losses were in casinos, thereby artificially reducing percentage lost in hotels.
- p. 138 Tas. Govt. resisted pressure from Tas. Councils (LGAT) to consider local impact of new poker machine venues.
One in ten problem gamblers reported attempted suicide.
- p. 139 Problem gamblers estimated to have lost over \$85,000,000 of total \$203,000,000 pokies losses for 2005-2006. Mostly associated with pokies, only \$13,000,000 associated with other forms of gambling.
- p. 147 Abbott removed measures put in place by Gillard under National Gambling Reform Act 2012.
- p. 171 Refs. Joint Select Committee on Ethical Conduct report, *Public Office is Public Trust*. Widened definition of corruption to include unethical behaviour – e.g. Regulatory capture, when ‘officials inappropriately identify with the interests of a client or industry’.
- p. 198 Australia, population 0.34% of global, has 21% of the world’s high-intensity poker machines. Most countries either prohibit, or confine to casinos.

- p. 199 Over 90% of Tasmanian poker machine losses after tax are transferred to a single, private company – Federal. Less than 0.5% goes to not-for-profit clubs.
- p. 200 Tas. Govt. does not benefit greatly from poker machine taxes. Costs \$5 million to collect \$55 million in taxes; compare with \$10 million cost to collect the other \$820 million in state taxes.

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Appendix B

Fact Check are ‘around 5,000 jobs’ at risk if pokies are removed from pubs and clubs in Tasmania?

February 21, 2018 6.11am AEDT

Poker machine reform is at the centre of the upcoming Tasmanian state election. Dan Peled/AAP

Author: [Fabrizio Carmignani](#), Professor, Griffith Business School, Griffith University

Reviewer: [Saul Eslake](#), Vice-Chancellor’s Fellow, University of Tasmania

The gaming industry estimates that around 5,000 jobs are at risk if electronic gaming machines are removed from pubs and clubs.

– Excerpt from the Tasmanian Liberals’ [Future of Gaming in Tasmania](#) policy document, February 2018

The future of electronic gaming machines – commonly known as poker machines or “pokies” – in Tasmanian pubs and clubs has become a key battleground in the state’s upcoming election.

The incumbent Tasmanian Liberals [have promised](#) to end the monopoly on poker machine licenses [currently held by the Federal Group](#), and put the licenses for non-casino machines to public tender in 2023.

Meanwhile, Tasmania’s opposition Labor Party [has promised](#) to remove poker machines from pubs and clubs by 2023, offering A\$50 million to assist venues make the transition.

In a document outlining its policy, the Tasmanian Liberal party cited “gaming industry” estimates that “around 5,000 jobs are at risk if electronic gaming machines are removed from pubs and clubs”.

Are those estimates correct?

Checking the source

The Conversation contacted Tasmanian Premier Will Hodgman’s office to request sources and comment to support the claim, but did not receive a response.

Nonetheless, we can test the statement against publicly available data.

Verdict

The claim promoted by the Tasmanian Liberal Party that “around 5,000 jobs are at risk if electronic gaming machines are removed from pubs and clubs” is an exaggeration – and a significant one.

Finding precise employment figures for the gambling industry is difficult.

But data recently released by the Tasmanian Government Department of Treasury and Finance estimated that in 2017, there were 370 full time equivalent jobs related to poker machines and keno in hotels and clubs in Tasmania.

Even when we consider that the number of people employed would be higher than an estimated 370, because some people work part time, the claim that a change in legislation would place “around 5,000 jobs” at risk is a significant overstatement.

How do we count jobs in the gambling industry?

Finding employment figures for the gambling industry is difficult, because generally the government doesn’t collect detailed employment data for this sector.

The most reliable source for jobs figures, at this stage, is the [Fourth Social and Economic Impact Study of Gambling in Tasmania](#) report, released by the Tasmanian Government Department of Treasury and Finance in December 2017.

This report provides comprehensive employment estimates using information received from stakeholders in the gambling industry, including industry associations, local governments and the Tasmanian Liquor and Gaming Commission.

The authors of this report did note that the full time employment estimates are “based on limited industry employment data and stakeholder insights”, and warned that “caution must be used when quoting these figures”.

What did the report find?

That study estimated that in 2017, the *total* gambling industry in Tasmania employed approximately 1,086 full time equivalent jobs across the state. According to the report, this was approximately 0.5% of total full time equivalent employment in Tasmania.

About one third of those jobs (370) were related to pokie machines and keno in hotels and clubs.

The Australian Bureau of Statistics [defines](#) ‘hotels’ as pubs and similar venues, so we’ll use the terms interchangeably in this FactCheck.

One “full time equivalent” job is equivalent to 38 hours of employment a week, or 1,748 hours a year. So the number of people employed in the gambling industry is likely to be higher than 1,086 – because some people will work part time.

But given that there are 370 full time equivalent jobs in hotels and clubs related to pokies and keno, saying that “around 5,000 jobs” would be at risk if pokies were removed from pubs and clubs is an overstatement – even accounting for the difference between full time equivalent roles and the number of people employed.

Even if we consider the number of 1,086 full time equivalent roles for the *entire* Tasmanian gambling industry, to say around 5,000 jobs would be at risk is a significant overestimation.

Redirecting the money spent on pokies

The Treasury report found that in May 2017, there were 3,596 poker machines in casinos, clubs and hotels in Tasmania, including 36 on board the Spirit of Tasmania ships.

TABLE 3.4 EGMs IN CASINOS, HOTELS AND CLUBS (TASMANIA AND AUSTRALIA), 2015-16

		Casinos	Hotels	Clubs	Total
Tasmania	Number of EGMs	1,185	2,183	127	3,495
	Per 1,000 adults	3.0	5.4	0.3	8.7
Australia	Number of EGMs	13,348	69,335	114,051	196,734
	Per 1,000 adults	0.73	3.8	6.2	10.7
Australia less WA*	Number of EGMs	11,096	69,335	114,051	194,482
	Per 1,000 adults	0.68	4.2	7.0	11.9

Note: Data are different to Table 3.1 as they are from a different time period and use slightly different data definitions.
* Western Australia only permits EGMs within Crown Perth casino, an arrangement unique among Australian states and territories. Consequently, Australia less WA is included.
SOURCE: AGC 2016, ABS 2014A, AGS 2016.

EGMs = Electronic gaming machines. [Economic Impact Study of Gambling in Tasmania](#)

Neither the Tasmanian Liberal or Labor parties are proposing to remove poker machines from casinos. So, excluding casinos, we can see that 89 hotels held licenses for 2,248 poker machines, while seven clubs held licences for 127 poker machines.

According to the report, in the 2015-16 financial year, A\$191 million was spent on pokies in Tasmania. That A\$191 million figures is for pokies alone, and doesn't include race wagering, gaming in casinos, keno, lotteries, sports betting and online gambling.

It's important to keep in mind that even if some jobs were lost in the gambling industry as a result of the change in legislation, other jobs would be created elsewhere in the economy.

This is because at least part of the spending on gambling in hotels and clubs could be expected to be redirected to other activities. As mentioned earlier, in the 2015-16 financial year, A\$191 million was spent on pokies in Tasmania.

If pokies were removed from pubs and clubs, some of this spending would likely go to gambling in a casino, or to online gambling. But another part would likely go to other forms of spending, which in turn could generate additional income and jobs in the rest of the economy.

A study [published in July 2017](#) by Professor John Mangan at the University of Queensland specifically examined these 'spillover' effects for the Tasmanian economy.

Mangan's analysis suggested that removing pokies from hotels and clubs would be beneficial to the Tasmanian economy, and could increase employment in Tasmania. – **Fabrizio Carmignani**

Blind review

I agree with the conclusion of this FactCheck. Based on the most authoritative available estimate of gaming-related employment in Tasmanian hotels and clubs, which this FactCheck uses, it is impossible to take seriously the assertion that the removal of poker machines from them in five years' time could cause the loss of around 5,000 jobs.

That would imply that for every job directly attributable to the presence of pokies in hotels and clubs, more than 13 jobs were created indirectly in Tasmania. And if that were really true, then the installation of poker machines would have to be the most effective form of job creation ever devised, anywhere – which is nonsensical. – **Saul Eslake**



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Date: 21 February 2018

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