



The Secretary
Department of Treasury and Finance
GPO Box 147
HOBART TAS 7001
E-mail: future.gaming@treasury.tas.gov.au

Submission of the Alliance for Gambling Reform and the Uniting Church in Australia, Synod of Victoria and Tasmania to the ‘Future of Gaming in Tasmania. Public Consultation Paper 2020’

18 March 2020

The Alliance for Gambling Reform and the Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes this opportunity to make the following submission in response to the *Future of Gaming in Tasmania. Public Consultation Paper 2020*. The submitting bodies are disappointed that the policy positions that the Tasmanian Government is willing to undertake with regards to electronic gaming machines (EGMs) are limited. The submitting organisations continue to support the view that EGMs should not be permitted in hotels and clubs after 2023, and should only be allowed in the two existing casinos, making them a form of gambling that is destination gambling. That would significantly reduce gambling-related harm in Tasmania.

However, the submitting bodies note that the consultation is limited to commenting on the implementation of the policy proposals that the Tasmanian Government has indicated that it is willing to consider. The following submission addresses that context.

The submitting bodies support the increases in the Community Support Levy (CSL) and would favour a higher increase in the CSL levy on hotels to 8.33% in line with Victoria. The submitting bodies note that other states across Australia tax EGM revenue from hotels at a higher rate in recognition that these are for-profit businesses where any benefits from EGM revenue to the community are lower than in the case of not-for-profit clubs. Therefore, the submitting bodies urge that the Tasmanian Government place a higher CSL on hotels than 5%, given the CSL for clubs will remain at 4%. However, the submitting bodies are unclear why the differential rates of the CSL are needed, given the government’s intention to retain 48% of EGM profits from hotels and clubs, inclusive of the CSL.

The submitting bodies support an increase in the allocation from the CSL to address the harm gambling is causing. However, the CSL cannot be seen as a solution to the harms caused by gambling in the community, particularly when comorbidities are factored in.

Given the recent revelations concerning Crown Casino, the submitting bodies urge that the Tasmanian Government, through its regulator, operate the EGM monitoring system at the casinos rather than leaving it to the Federal Group to do so. Casinos pose a high risk of being attractive to



organised crime, particularly for money laundering activities. Casinos are attractive for money laundering for several characteristics they possess, including:¹

- The normality of huge daily cash flows with fixed prices/fees;
- The anonymous nature of services;
- The fact that wealthy clients are especially welcome and treated well; and
- The fact that it is a relatively quick way of concealing the source of illegal money.

Aub Chapman is a founding member and Co-Chair of the Association of Certified Anti-Money Laundering Specialists (ACAMS) Australasian Chapter. Last month he told the public inquiry by the NSW Independent Liquor and Gaming Authority that cash-intensive casinos and gambling businesses were especially attractive to criminals. Even with a strong compliance culture and relentless vetting of their customers, casinos were easy targets for people expert in flying under the radar, he said.²

Mr Chapman said “cleaning” dirty money through casinos involved three stages: laying down the bets, moving the winnings to different accounts and finally “integrating” the money into other mainstream investments where there were weak protections, such as the property market.³

He said “structuring” was critical to the process because all transactions above \$10,000 trigger an automatic report to AUSTRAC. Mr Chapman said gamblers could muddy the waters on the size of their bets in a range of ways that could be almost impossible for front-of-house -casino staff to pick up on.⁴

One common practice among drug traffickers was to use armies of so-called “smurfs”, low-level operators who clean money from their drug deals by betting on EGMs. Baccarat tended to be the game of choice for VIP high rollers, who would have others help them place multiple bets in a game to avoid triggering the \$10,000 threshold alarm.⁵

The submitting bodies urge that any mechanism that will allow the casinos to introduce new forms of gambling and new gambling products need to be subject to vigorous assessment on the likely harm that will result. The introduction of products that are likely to cause moderate levels of harm or higher should not be permitted. The submitting bodies acknowledge that all forms of gambling will cause some degree of harm.

¹ Engage in Learning, ‘How is Money Laundered in Casinos?’, <https://www.engageinlearning.com/faq/compliance/anti-money-laundering/how-is-money-laundered-in-casinos/>

² Deborah Cornwall, ‘Casinos ‘easy prey’ for drug kingpins and money launderers, inquiry told’, *The Australian*, 27 February 2020, <https://www.theaustralian.com.au/nation/politics/casinos-easy-prey-for-drug-kingpins-and-money-launderers-inquiry-told/news-story/87565fe334b29734e639777e3>

³ Deborah Cornwall, ‘Casinos ‘easy prey’ for drug kingpins and money launderers, inquiry told’, *The Australian*, 27 February 2020, <https://www.theaustralian.com.au/nation/politics/casinos-easy-prey-for-drug-kingpins-and-money-launderers-inquiry-told/news-story/87565fe334b29734e639777e3>

⁴ Deborah Cornwall, ‘Casinos ‘easy prey’ for drug kingpins and money launderers, inquiry told’, *The Australian*, 27 February 2020, <https://www.theaustralian.com.au/nation/politics/casinos-easy-prey-for-drug-kingpins-and-money-launderers-inquiry-told/news-story/87565fe334b29734e639777e3>

⁵ Deborah Cornwall, ‘Casinos ‘easy prey’ for drug kingpins and money launderers, inquiry told’, *The Australian*, 27 February 2020, <https://www.theaustralian.com.au/nation/politics/casinos-easy-prey-for-drug-kingpins-and-money-launderers-inquiry-told/news-story/87565fe334b29734e639777e3>

The submitting bodies do not support the issuing of the two 'high roller, non-resident' casino licences, as there will be a significant risk that these new operations will not attract enough revenue from wealthy non-residents and a future Tasmanian Government will give in to lobbying and allow the new casinos to target local people to make up profit shortfalls.

The submitting bodies welcome that the cap on EGMs on hotels and clubs will be reduced from 2,500 to 2,350 in 2023. However, we note that as of 3 February 2020, the number of EGMs in hotels and clubs in Tasmania was only 2,300.⁶ The submitting bodies would prefer a further lowering of the cap to have an actual impact on machine numbers in areas of the state suffering the more significant harm from EGMs.

The submitting bodies welcome that the caps of 30 machines in hotels and 40 in clubs will remain in place.

While the submitting bodies support the move to licence individual venues but would prefer to see licences only issued for ten years. The ten year licence period gives a more significant opportunity for the Tasmanian Government to reassess the current regulatory regime that will apply to EGMs after monitoring the on-going levels of harm the EGMs will cause in the community. Ten years is a long time to give a small business certainty. Most community service agencies that also have substantial capital investments get nothing like ten years of certainty from government contracts. Often such contracts are as short as one year.

The submitting bodies welcome that EGM authorities will not be tradeable. Creating a market for EGM authorities would be likely to see a concentration of EGM authorities with the venues taking the highest profit, which is expected to correspond to the most significant levels of harm.

The submitting bodies oppose the Social and Economic Impact Study to be conducted only every five years instead of every three years. As new gambling products are being introduced regularly, limiting the study to every five years means it can be a long time before the government will have data about increased harm from new gambling products. For example, the recent introduction in Australia of 'Lightning Link' and 'Dragon Link' EGMs has seen a significant increase in losses on these machines without an evaluation of the harm they may be causing.

The submitting bodies support the increase if the Community Interest Test objection period from 14 days to 28 days, to allow community members to have a greater say concerning the placement of new EGMs in their area.

Dr Mark Zirnsak
Senior Social Justice Advocate
Synod of Victoria and Tasmania
Uniting Church in Australia
29 College Crescent
Parkville, Victoria, 3052
Phone: +61-3-9340 8807
E-mail: [REDACTED]

Tony Mohr
Executive Director
Alliance for Gambling Reform
Suite G06, 60 Leicester St
Carlton Victoria 3053
Phone: [REDACTED]
E-mail: [REDACTED]

⁶ <https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/gaming-and-wagering-industry-data>