



Tasmanian Council of Social Service Inc.

Submission to *Future of Gaming in Tasmania: Public Consultation Paper 2020*

March 2020



INTEGRITY
COMPASSION
INFLUENCE

About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low-income Tasmanians living in vulnerable and disadvantaged circumstances. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

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Introduction

TasCOSS appreciates the opportunity to comment on the Future Gaming Market Regulatory Model.¹

TasCOSS believes that the appropriate policy framework for gaming should support wellbeing for all Tasmanians and be informed by the strategic goal that economic growth benefits all Tasmanians in every community.² Tasmania has been experiencing unprecedented economic prosperity and many individuals, communities and sectors are thriving as a result. However, there are many thousands of Tasmanians who are missing out due to circumstances beyond their control, such as lack of access to reliable, affordable transport to bring them closer to education, work and services. Many Tasmanians experience stigma and prejudice; others face barriers such as low literacy or poor mental and physical health.

Our ongoing research shows that Tasmanians want to live in communities that are supportive of everybody's opportunity to live a good life. In the context of the proposed Gaming Market Regulatory Model this means ensuring that all possible levers within the model are geared to achieving this. The proposed Gaming Market Regulatory Model is, we believe, an important opportunity to contribute to the ongoing health and resilience of our communities, if each of its key elements are designed with this aim at its core.

TasCOSS's response to the Consultation Paper provides evidence-based recommendations for each of the following elements:

- Licensing: Regulatory activity including compliance is targeted appropriately and is adequately resourced and supported by the industry
- Community support levy and the Community Interest Test: Communities are engaged in an opportunity to shape their own futures
- Harm minimisation: Harm is minimised, particularly to vulnerable people
- Social and Economic Impact Study: The regulatory framework is informed by evidence and research, and transparent processes exist for it to adapt as new evidence becomes available.

The design of a new policy framework presents a unique opportunity for the government to introduce measures to improve the health and resilience of Tasmanians, their families and communities and to assist in delivering the government's stated vision of a compassionate state that shares the benefits of growth with all Tasmanians.³

¹ Tasmanian Department of Treasury and Finance, 'Future of gaming in Tasmania: Public Consultation Paper 2020' https://www.treasury.tas.gov.au/Documents/Future_of_Gaming_in_Tasmania_Public_Consultation_Paper_February_2020.pdf

² TasCOSS, 'TasCOSS Budget Priorities Statement 2019/2020' <https://www.tascoss.org.au/wp-content/uploads/2018/12/TasCOSS-Budget-Priorities-Submission-2019-2020-FINAL.pdf>

³ Sarah Courtney, 'Striving to improve the lives of Tasmanians,' January 2020 http://www.premier.tas.gov.au/releases/striving_to_improve_the_lives_of_tasmanians

Key Issues raised in the Consultation Paper

Individual licences

Under the proposed regulations individual hotels and clubs will be able to apply to operate Electronic Gaming Machines (EGMs) from July 2023 for a period of up to 20 years. No more than 2,350 EGMs would be permitted in clubs and hotels (currently there are 2,300 in 97 venues⁴). The Tasmanian Liquor and Gaming Commission (TLGC) has consistently argued against this specifically citing:

- the possibility that such an ownership model encourages ‘dangerous’ inter-venue competition to attract more gamblers; and
- the additional compliance costs of ensuring ‘system accountability, consistency, quality control’.⁵

TasCOSS believes the licensing and regulatory system must be robust and well-resourced, particularly given the highly addictive nature of poker machines.⁶ The risks described by the regulator must be addressed and the costs of additional compliance should licences be held by multiple venues be borne by the industry. This should be funded through a levy with the size of the levy determined by the cost of the monitoring compliance surveillance. The TLGC and other relevant regulatory bodies should be adequately resourced through this levy to undertake the increase in compliance activity. To ensure transparency in this measure, we call for the government to include requirements in the proposed regulations to publicly release data outlining gambling tax revenue collected from individual licensed venues and the corresponding expenditure on regulation, compliance and harm reduction activities in the State Budget Papers each year.

Recommendations

1. Monitoring and compliance costs to be funded through a levy borne by the industry to ensure the TLGC and other regulatory bodies are resourced appropriately.
2. The Government release with the annual State Budget Papers the gambling tax revenue collected from individual licensed venues and the corresponding expenditure on regulation, compliance and harm reduction activities.

⁴ 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>

⁵ Peter Hoult, Submission for Tasmanian Parliament Future Gaming Markets Inquiry, p.6

<http://www.parliament.tas.gov.au/Ctee/Joint/Submissions/JSC%20FGM/JSC%20FGM%2088%20Peter%20Hoult%20a.pdf>;

Tasmanian Liquor and Gaming Commission, Submission to the Joint Select Committee on Future Gaming Markets, 2016, pp.5-6.

<http://www.parliament.tas.gov.au/ctee/Joint/Submissions/JSC%20FGM/JSC%20FGM%20144%20Tasmanian%20Liquor%20and%20Gaming%20Commission.pdf>

⁶ Livingston, C 2015, ‘Bright lights, big losses: how poker machines create addicts and rob them blind’, *The Conversation*, October 20, 2015 <http://theconversation.com/bright-lights-big-losses-how-poker-machines-create-addicts-and-rob-them-blind-49143>

Community Support Levy (CSL)

The Community Support Levy is paid by venues to the Tasmanian Government out of profits they make from EGMs. The CSL funds activities aimed at reducing the risk of harm from gambling. TasCOSS welcomes the proposal to extend the CSL requirement to casino EGMs and to increase the rate paid by hotels. At present the effectiveness of activities undertaken through CSL funding is inconclusive. According to the Auditor-General:

No conclusion can be made as to whether activities funded by the CSL to reduce the risk of harm from gambling are achieving the intended outcomes as the evidence is insufficient for us to form an opinion.⁷

To ensure the CSL funds gathered from venues with EGMs are effectively meeting the levy's aim to reduce the risk of harm from gambling, TasCOSS recommends a baseline (and then annual) review of the programs and activities it is used to support. The review should be made public to ensure transparency.

Under the proposed regulatory model, the CSL paid by casinos will be 3%, compared to the 4% paid by clubs and 5% by hotels. Reasons for the different rates are unclear and no evidence-base provided. In the interests of compliance and effective regulation, TasCOSS recommends that all venues with poker machines pay 5% CSL and be required to implement the same harm minimisation measures (refer to 'Harm Minimisation' section below).

Recommendations

3. Review the effectiveness of the CSL Program, making improvements to ensure it funds evidence-based and effective harm reduction measures
4. All venues with poker machines pay 5% CSL
5. All venues, regardless of location, be required to implement the same evidence based harm minimisation measures.

Harm minimisation

The harms caused by poker machine use have been well documented in numerous submissions to Tasmanian inquiries and reviews as well as in national and international research.⁸ These harms are magnified in Tasmanian communities of socio-economic disadvantage, where there are high concentrations of poker machines.⁹ As is the case with similarly highly addictive products/activities the key aim of the government's EGM regulatory system should be to minimise negative outcomes to the community.

⁷ Tasmanian Audit Office, *Report of the Auditor-General No.13 of 2016-17*, p.3 <https://www.audit.tas.gov.au/wp-content/uploads/Report-Gambling-revenue-and-managing-harm-from-gambling.pdf>

⁸ See for example Productivity Commission *Gambling*, 2010, Chapters 4 & 5; Parliament of Tasmania, *Joint select Committee on Future Gaming Markets Final Report 2017*, pp.41-117; The Allen Consulting Group, *Fourth Social and Economic Impact Study of Gambling in Tasmania 2017*, p.viii <https://www.treasury.tas.gov.au/Documents/Volume%201%20-%20Industry%20Trends%20and%20Impacts.PDF>

⁹ The Allen Consulting Group, *Social and Economic Impact Study of Gambling in Tasmania*, 2011, p 7 <https://www.austgamingcouncil.org.au/sites/default/files/secondgamblingSEISummary.pdf>

A 2017 independent report commissioned by the government found that: ‘Analysis of the key differences between Tasmania’s measures and other jurisdictions showed that in some areas Tasmania’s measures are more stringent, while in others they are less robust.’¹⁰

The TLGC, the independent body responsible for regulating gaming in Tasmania, also has concerns about whether Tasmania’s current harm minimisation measures are adequate given the harms caused by gambling. It told the Parliamentary Joint Select Committee on Future Gaming Markets in 2017: ‘problem gambling remains a significant social and economic issue for Tasmania and the impacts are felt not just on the health and well-being of individuals but on their families and the broader community.’¹¹

TasCOSS members that provide gambling support services tell us that aspects of the regulatory environment need strengthening to improve consumer protection.¹² In particular, the Responsible Gambling Mandatory Code of Practice, under the *Gaming Control Act 1993*, does not give staff sufficient authority to intervene where they see possible harm occurring. We believe the Code should be reviewed with the aim of mandating intervention where staff see harm occurring.

TasCOSS recommends the government develop an evidence-based best practice regulatory framework for EGMs that includes a commitment to adopt the measures outlined below, which are supported by evidence and have been recommended by entities including the TLGC and the Productivity Commission.¹³

Recommendations

6. TasCOSS recommends the government develop an evidence-based best practice regulatory framework for EGMs including:
 - Mandatory pre-commitment
 - Maximum \$1 bets
 - Slowing the spin rate of machines
 - Review the Responsible Gambling Mandatory Code of Practice to mandate staff to intervene where they see gambling harm occurring.

¹⁰ Stenning and Associates, Contemporary gambling harm minimisation policies and initiatives: a desktop review, March 2017, p.v; 107 <https://www.treasury.tas.gov.au/Documents/Desktop%20review%20report%20-%20Stenning%20-%20Gambling%20Mandatory%20Code%20Review.pdf>

¹¹ Tasmanian Liquor and Gaming Commission, *Annual Report 2016-17*, p 2 <https://www.treasury.tas.gov.au/Documents/TLGC%20Annual%20Report%202016-17%20-%20FINAL.PDF>. The Productivity Commission Report is [here](#).

¹² See Community Voice on Pokies Reform, ‘Submission to the Joint Select Committee on Future Gaming Markets,’ 2016 <http://www.parliament.tas.gov.au/ctee/Joint/Submissions/JSC%20FGM/JSC%20FGM%20140%20Community%20Voice%20on%20Pokies%20Reform.pdf>

¹³ Productivity Commission *Gambling*, 2010 <https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume1.pdf>

Social and Economic Impact Studies (SEIS)

Ongoing monitoring and study of the social and economic impact of gambling on the Tasmanian population is a key to ensuring that policy, regulatory and legislative settings are achieving their aims. While the reports from each SEIS are valuable, there is no requirement that the Government act on their findings. This makes them less effective than they should be at prompting policy change.¹⁴

We therefore call for the implementation of transparent and effective mechanisms to ensure the SEIS process supports the development of evidence-based policy.

Recommendations:

7. The TLGC, in consultation with stakeholders, is tasked to provide recommendations to government on each SEIS.
8. The State Government is required to respond to the TLGC recommendations in Parliament.

Community Interest Test

The design of any new policy framework presents a unique opportunity for the government to introduce measures to improve the health and resilience of Tasmanians, their families and communities and to assist in delivering the government's stated vision of a compassionate state that shares the benefits of growth with all Tasmanians.¹⁵ To support this vision, Tasmanians must participate in decisions that impact their communities - they know what their communities need and often have the solutions to local challenges. Evidence can be seen in initiatives such as the successful South East Employment Hub and the co-design process behind the early years Working Together initiative, which has seen families drive policy solutions on barriers to education.¹⁶

Tasmanians should also have the opportunity to participate in decisions about if and where poker machines are located in their communities. We therefore propose that the community interest test apply to all existing or continuing licences, as well as venues applying for a licence for the first time.

Recommendation

9. People in communities are invited to participate in the Community Interest Test process.
10. The Community Interest Test is applied to all existing or continuing licences, as well as venues applying for a licence for the first time.
11. The Community Interest Test process must be clear and transparent, including the process of how, when and by whom decisions are made. For more detail see TasCOSS 'Response to the Gaming Control Act Community Interest Test Discussion Paper,' 2017.¹⁷

¹⁴ Shortcomings of the SEIS process were identified in the Tasmanian Parliament's *Future Gaming Market* inquiry. See *Joint select Committee on Future Gaming Markets Final Report* 2017, pp.67-75.

¹⁵ Sarah Courtney, 'Striving to improve the lives of Tasmanians,' January 2020

http://www.premier.tas.gov.au/releases/striving_to_improve_the_lives_of_tasmanians

¹⁶ <https://www.tascoss.org.au/community-innovation-investment-project/>; <https://www.tascoss.org.au/working-together-for-3-year-olds-wt3/>

¹⁷ TasCOSS, 'Response to the Gaming Control Act Community Interest Test Discussion Paper,' 2017

<https://www.treasury.tas.gov.au/Documents/Submission%2027%20-%20Tasmanian%20Council%20of%20Social%20Services.pdf>