

IT'S ABOUT THE HEALTH OF COMMUNITIES:

Phasing Out Poker Machines

From Pubs And Clubs



*Putting **people** first*

Phasing Out Poker Machines From Pubs & Clubs

Background

The monopoly agreement that allows poker machines in pubs and clubs is due to expire on June 30, 2018.

The Joint Select Committee on Future Gaming Markets handed down its final report in September.

Since then Labor has taken the time to consult widely on the issue of poker machines – including meeting with the owners and representatives of over 70 gaming venues across Tasmania.

We have also spoken to community leaders, charities, local government representatives, social workers, support services, small business operators and health professionals.

This policy is the result of extensive consultation and consideration of the weight of evidence about the negative impact poker machines have on communities.

Putting People First

A Majority Labor Government will put people first by phasing out poker machines from pubs and clubs.

Last year Tasmanians lost \$110 million on poker machines in pubs and clubs.¹

Labor will take advantage of a once in a generation opportunity to reduce the social harm of gambling addiction by ending the monopoly agreement to operate poker machines in pubs and clubs from 2023.

This will give gaming venues five years to transition to new business models and protect jobs.

Labor will support workers through the change and assist venues that volunteer to remove poker machines before 2023 through a transition package of up to \$50 million.

As a result of extensive consultation, Labor has designed the package to provide greater support to smaller, owner-operated venues and those in regional areas.

An additional \$5 million Club Sustainability Fund will also ensure that not-for-profit clubs receive extra support beyond 2023.

Why We Are Doing This?

Labor approached this challenging policy debate with two objectives: supporting vulnerable Tasmanians and looking after working people.

A range of policy options were considered, including changing the configuration of machines, reducing machine numbers and increasing funding for gambling support programs.

It would be possible to remove at least five machines out of every venue – or 500 machines statewide – without having any impact on problem gambling.

We cannot, in good conscience fail to act decisively when the evidence is in: poker machines cause more harm than good.

The only way to reduce the harm of poker machines is to take them off suburban streets and put them back in the casinos.

¹ Tasmanian Liquor and Gaming Commission, Annual Report, 2016-17

We have a once in a generation opportunity to achieve positive change for our community.

Change will be difficult but not impossible.

Labor will be there every step of the way to assist venues and their employees through the transition period.

Reducing Harm

Problem gambling impacts on the entire community.

Around half of all Tasmanians know someone with a serious gambling problem.²

Around 2000 problem gamblers lose on average \$14,000 a year.³

A further 21,000 moderate and low risk gamblers lose around \$3000 a year.⁴

That is more money than the average Tasmanian household spends on health and clothing combined.

Poker machines account for the highest proportion of gambling losses, with higher rates in pubs and clubs.⁵

Despite the introduction of player protections and harm minimisation measures, problem gambling continues to impact on the health of our community.

We know from the experts that reducing access to poker machines is by far the most effective means of reducing the social harms of gambling.

Improving the Health of Communities

Labor's number one priority is health and gambling addiction is a health issue.

The 2011 Social and Economic Impact Study found 57.8% of problem gamblers had seriously considered suicide and 13.6% had attempted it.⁶

According to the Productivity Commission: "the harms from problem gambling include suicide, depression, relationship breakdown, lowered work productivity, job loss, bankruptcy and crime."⁷

2 Australian Productivity Commission Report into Gambling, 2010

3 Third Social and Economic Impact Study of Gambling in Tasmania, 2014

4 *Ibid*

5 *Ibid*

6 Second Social and Economic Impact Study of Gambling in Tasmania, 2011

7 Australian Productivity Commission Report into Gambling, 2010

The Government's own studies estimate problem gambling costs the economy between \$50 million and \$144 million a year including healthcare and counselling costs, crime and other social impacts.⁸

Health peak bodies including the Mental Health Council of Tasmania, the Australian Nursing and Midwifery Federation and the Health and Community Services Union have backed calls for poker machines in pubs and clubs to be phased out to improve health outcomes.

Supporting Jobs

Economic modelling shows that redirecting losses from poker machines back into the community will actually create at least 183 new full time jobs.⁹

Labor has consulted with the owners and representatives of over 70 gaming venues around the state and we understand that they will face challenges transitioning to new business models.

Labor will not require pubs with poker machines to make any changes to their operation for five years, unless the pub voluntarily chooses to remove their poker machines earlier.

An Expert Reference Group will be established to administer a package of up to \$50 million for venues who want to voluntarily remove their poker machines before July 2023.

The Expert Reference Group will make a determination about the level of funding provided based on criteria including;

- whether the venue is in a rural or regional area
- the density of poker machines in the local government area the venue operates in
- the turnover of the venue
- whether the venue is a Club
- whether the venue is a small, owner-operated business
- the date of application, with a higher weighting provided for venues that choose to remove poker machines early.

8 Second Social and Economic Impact Study of Gambling in Tasmania, 2011

9 John Mangan, Removing poker machines from hotels and clubs in Tasmania: Economic considerations, 2017

The transition fund will assist venues make decisions about changes to their business model that may need to be made including; energy efficiency measures (eg. solar panels, lighting, heating/cooling) venue alterations (eg. dining, live music) website development and marketing.

Support will be provided for staff retraining and professional development in recognition of the fact that people's roles and responsibilities may change as businesses transition to new models.

Venues that choose not to remove poker machines from their venue prior to July 2023 will be ineligible for direct assistance, although staff in all venues will be entitled to retraining and professional development.

Labor will apply the new Community Interest Test to surrendered machines before they are reallocated. Labor expects that no poker machines that are removed from the community will be installed in new venues under this test.

Poker machines that are surrendered prior to 2023 can be rolled back to the casinos, with a new cap on machine numbers beyond 2023 to be advised by Treasury as part of a new deed.

Transition package of up to \$50 million:

- \$20 million transitional support for venues that choose to surrender their poker machines prior to 2023.
- \$25 million loan pool to provide long-term, low-interest loans to businesses transitioning to new business models.
- \$500,000 grants to sporting clubs.
- \$500,000 business development advice.
- \$4 million staff retraining and professional development.

Club Sustainability Fund

Beyond 2023 clubs that previously had poker machines will have access to a \$5 million Club Sustainability Fund.

This safety net will ensure clubs can continue to provide important services to the community once poker machines are phased out.

Labor recognises the important role that clubs play in communities. Clubs are different from pubs because they are not-for-profit organisations that rely

on volunteer boards to manage their operations and they provide important services to their communities.

Labor will not require clubs with poker machines to make any changes to their operation before July 2023, unless the club voluntarily chooses to remove their poker machines earlier.

This allows time to work intensively with clubs that have poker machines to ensure they remain viable.

Labor will ensure that each of the seven clubs with poker machines will have access to a small business expert who can work with the club manager and board to help the business prepare for a change in their business model.

Review of Harm Minimisation

The Tasmanian Liquor and Gaming Commission have responsibility for drafting and regulating the Responsible Gambling Mandatory Code of Practice for Tasmania in accordance with the Gaming Control Act 1993.

A Labor Government will require the Commission to examine how this Code of Practice will be updated to reflect the new operating environment post-2023 and give consideration to initiatives to improve harm minimisation practices in Tasmania's casinos.

The Commission will also be tasked with the requirement to undertake a review of casino based gaming products in Tasmania compared to the product range permissible in other jurisdictions in Australia.

Social and Economic Impact Studies into gambling will be conducted every five years, in accordance with the recommendations of the Joint Select Committee Inquiry into Future Gaming Markets.

Review of Taxation and Licensing

Labor will require the Department of Treasury and Finance to model and provide advice to Government on possible changes to licensing and taxation on gaming products beyond 2023.

Treasury will be tasked with reviewing the following:

- Casino licensing; duration of license, value of license and the most appropriate method of issuing a license ensuring openness and transparency

- A cap on poker machine numbers in casinos
- Community Service levy; extension to poker machines in casinos
- Keno; licensing, taxation, commission payable to venues
- Table gaming; taxation rates compared with like casinos in other jurisdictions

Labor will support the issuing of two new high roller casino licenses in the North and South from 2023.

Community Support Levy

Labor will ensure the Community Support Levy continues.

The community support levy is raised from a 4% tax on the gross profit from Electronic Gaming Machines (EGM) operating in pubs and clubs and in 2016-17 was \$4,420,808.

In accordance with the Gaming Control Act the levy is distributed in the following manner:

- 25% for the benefit of sport and recreation clubs.
- 25% for the benefit of charitable organisations.
- 50% for the provision of;
 - ◇ research into gambling
 - ◇ services for the prevention of compulsive gambling
 - ◇ treatment for the rehabilitation of compulsive gamblers
 - ◇ community education concerning gambling
 - ◇ other health services

Labor will ask Treasury to model an effective tax rate that could be applied to EGMs in casinos to ensure the Community Support Levy continues.

Online Gambling

There is a lack of evidence to suggest the people who are playing poker machines will move directly to other forms of gambling.

The 2014 Social and Economic Impact Study into Gambling found 85.7 per cent of respondents with a gambling problem reported as having used poker machines.¹⁰

The same study found just 7 per cent of all Tasmanians participated in online gambling, with just 3.9 per cent using their mobile phones.¹¹

However, we recognise that online gambling presents a growing risk, which is why we will introduce a Point of Consumption Tax for online betting providers.

Labor's proposal will follow the South Australian model which came into effect on July 1, 2017.

A Point of Consumption Tax closes a loophole which means all revenue from online betting by Tasmanians currently flows to tax havens in the Northern Territory and Norfolk Island.

The 15 per cent tax would apply to all wagering on horse, harness and greyhound racing, sports (AFL, cricket and soccer), events and novelty betting.

It is estimated the measure will result in additional revenue to Tasmania in excess of \$3 million a year.

A portion of revenue will also be quarantined to fund new support programs for people experiencing problems with online betting.

Labor will also take a lead role in advocating for nationally consistent regulations for online gambling and sports betting. This should include restrictions on television advertising and at venues.

Budget Impact

Removing poker machines from pubs and clubs will have widespread benefits for the health of communities, which far outweigh the relatively minor impact on the state budget.

10 Third Social and Economic Impact Study of Gambling in Tasmania, 2014

11 *Ibid*

Labor will quarantine \$5 million a year from gaming tax revenue between 2018-19 and 2023-24 to fund the transition package. This represents only around 0.08 per cent of the annual State Budget.

The balance of \$25 million will be drawn from the existing Tasmania Development and Resources loan fund.

A further \$5 million will be allocated to the Club Sustainability Fund after 2023.

The Department of Treasury and Finance has modelled the impact on the state's taxation revenue of phasing out poker machines from pubs and clubs, assuming some people will transfer their gambling to the casinos.¹²

Under the median impact model Tasmanians would reduce their losses on poker machines by \$62.1 million a year.

That would see a reduction in the state's taxation revenue of approximately \$14 million in the first year that the policy takes full effect.

Even the Premier, Will Hodgman, has rejected the notion that poker machine revenues are essential to the state budget.¹³

"That is not to demean or diminish the size of the returns, but in the scheme of things, about 1 per cent of the state budget could not seriously be described as a government being dependent upon gaming returns."

The Alternative

The Liberal Government's commitment to reduce the poker machine cap by 150 will achieve nothing because 135 of those machines are not even in circulation.¹⁴

Despite establishing the Joint Select Committee on Future Gaming Markets, the Liberals have not even responded to the committee's findings.

They are yet to even say whether they stand by their promise to put the right to operate poker machines in pubs in clubs to an open tender.

The Liberal Government's position on poker machines simply entrenches the status quo.

12 Briefing Note to the Joint Select Committee on Future Gaming Markets, 2017

13 Hansard, Joint Select Committee on Future Gaming Markets, 2017

14 <http://www.treasury.tas.gov.au/liquor-and-gaming>

For more information go to

taslabor.com

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