



Social
Research
Centre

An ANU Enterprise business

REPORT TO
TASMANIAN GOVERNMENT DEPARTMENT OF TREASURY AND FINANCE
17 JANUARY 2018

FOURTH SOCIAL AND ECONOMIC IMPACT STUDY OF GAMBLING IN TASMANIA (2017)



VOLUME 1: INDUSTRY TRENDS AND
IMPACTS





ACIL ALLEN CONSULTING PTY LTD
ABN 68 102 652 148

LEVEL NINE
60 COLLINS STREET
MELBOURNE VIC 3000
AUSTRALIA
T+61 3 8650 6000
F+61 3 9654 6363

LEVEL ONE
50 PITT STREET
SYDNEY NSW 2000
AUSTRALIA
T+61 2 8272 5100
F+61 2 9247 2455

LEVEL FIFTEEN
127 CREEK STREET
BRISBANE QLD 4000
AUSTRALIA
T+61 7 3009 8700
F+61 7 3009 8799

LEVEL ONE
15 LONDON CIRCUIT
CANBERRA ACT 2600
AUSTRALIA
T+61 2 6103 8200
F+61 2 6103 8233

LEVEL TWELVE, BGC CENTRE
28 THE ESPLANADE
PERTH WA 6000
AUSTRALIA
T+61 8 9449 9600
F+61 8 9322 3955

P.O. BOX 546
HOBART TAS 7001
AUSTRALIA
T+61 3 8650 6000
F+61 3 9654 6363

161 WAKEFIELD STREET
ADELAIDE SA 5000
AUSTRALIA
T +61 8 8122 4965

ACILALLEN.COM.AU

SUGGESTED CITATION FOR THIS REPORT:

ACIL ALLEN CONSULTING, DEAKIN UNIVERSITY, CENTRAL QUEENSLAND UNIVERSITY AND THE SOCIAL RESEARCH CENTRE. 2017. *FOURTH SOCIAL AND ECONOMIC IMPACT STUDY OF GAMBLING IN TASMANIA: REPORT 1*. TASMANIAN DEPARTMENT OF TREASURY AND FINANCE, HOBART.

C O N T E N T S

GLOSSARY OF TERMS	I
-------------------	---

EXECUTIVE SUMMARY	IV
-------------------	----

1

<i>Introduction</i>	1
1.1 Study overview	1
1.2 Approach to Volume 1 analysis	2
1.3 Structure of this Volume	3

2

<i>Policy and regulatory environment</i>	4
2.1 Role of government in setting policy for the gambling industry	4
2.2 Tasmanian policy context	4
2.3 Changes to state and territory gambling regulations	11
2.4 National Policy Context	12
2.5 Summary	14

3

<i>Gambling industry structure and characteristics</i>	15
3.1 Industry structure	15
3.2 Industry size and characteristics	16
3.3 Investment in the industry	22
3.4 Tourism	22
3.5 Voluntary community contributions	23
3.6 Summary	23

4

<i>Expenditure on gambling activities</i>	25
4.1 Scope of gambling in Tasmania	25
4.2 All gambling expenditure	25
4.3 Electronic gaming machines	31
4.4 Race wagering	35
4.5 Lotteries	42
4.6 Keno	43
4.7 Table gaming	45
4.8 Sports betting	46
4.9 Minor gaming	47
4.10 Summary	47

5

<i>Employment in the gambling industry</i>	49
5.1 An estimate of employment in the gambling industry	49
5.2 Comparison of employment estimate to other sources	53
5.3 Summary	56

C O N T E N T S

6

	<i>Gambling taxation and other government revenue</i>	<i>57</i>
6.1	Tasmanian Government revenue from taxes and fees	57
6.2	Taxation rates	62
6.3	Summary	62

7

	<i>Economic footprint of the Tasmanian gambling industry</i>	<i>64</i>
7.1	Introduction	64
7.2	Gambling industry definition	64
7.3	Comparing with previous approaches	67
7.4	Data used for player expenditure analysis	67
7.5	Economic contribution of gambling industry overview	69
7.6	Direct contribution	69
7.7	Indirect contribution	70
7.8	Total contribution	71
7.9	Summary	73

8

	<i>Provision of gambling support services</i>	<i>74</i>
8.1	Government funding of support services	74
8.2	Overview of Gamblers Help services	76
8.3	Delivery of Gamblers Help services	76
8.4	Gamblers Help client characteristics	80
8.5	Impacts, impact duration, and gambling activities of Gamblers Help clients	83
8.6	Summary	84

9

	<i>Overview of the 2017 prevalence survey results</i>	<i>85</i>
9.1	Gambling participation, frequency and individual expenditure	85
9.2	Problem gambling prevalence	87
9.3	Quantifying gambling harms	89
9.4	The identification of low-risk gambling limits	92
9.5	Summary	94

REFERENCES	95
-------------------	-----------

APPENDICES

A

<i>List of consultation participants</i>	<i>A-1</i>
--	------------

B

<i>Consultation discussion guides</i>	<i>B-1</i>
---------------------------------------	------------

C O N T E N T S

C

	<i>Public submission materials and list of public submissions</i>	<i>C-1</i>
C.1	Public submission process and advertisement	C-1
C.2	Issues paper—released 4 August 2017	C-2
C.3	List of public submissions received	C-7

D

	<i>Background on the Input-Output (IO) Analysis</i>	<i>D-1</i>
D.1	Overview	D-1
D.2	Multiplier types	D-1
D.3	Limitations of input-output analysis	D-3

E

	<i>Gambling taxation rates in Australia's states and territories</i>	<i>E-1</i>
E.1	Taxes	E-1

FIGURES

FIGURE 3.1	OWNERSHIP OF HOTEL GAMING VENUES BY NUMBER OWNED, 2017	22
FIGURE 4.1	GAMBLING EXPENDITURE, TASMANIA, 1990-91 TO 2015-16	26
FIGURE 4.2	REAL PER ADULT EXPENDITURE ON GAMBLING, BY JURISDICTION, 1990-91 TO 2015-16	27
FIGURE 4.3	EXPENDITURE OF GAMBLING ACTIVITIES (\$ MILLION), TASMANIA 2015-16	28
FIGURE 4.4	REAL EXPENDITURE IN THE TASMANIA GAMBLING INDUSTRY, BY GAMBLING ACTIVITY, 1990-91 TO 2015-16	29
FIGURE 4.5	REAL CASINO EXPENDITURE IN TASMANIA, TRENDS AND COMPOSITION, 1990-91 TO 2015-16	30
FIGURE 4.6	REAL PER ADULT CASINO EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16	31
FIGURE 4.7	REAL EGM EXPENDITURE IN TASMANIA, 1990-91 TO 2015-16	31
FIGURE 4.8	REAL EGM EXPENDITURE PER ADULT IN TASMANIA, 1990-91 TO 2015-16	32
FIGURE 4.9	REAL PER ADULT EGM EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16, HOTELS AND CLUBS ONLY	33
FIGURE 4.10	PROPORTION OF TOTAL JURISDICTION EGMS IN CASINOS, 2014-15	34
FIGURE 4.11	NUMBER OF RACES PER 10,000 ADULTS, BY JURISDICTION, 2003-04 TO 2015-16	36
FIGURE 4.12	REAL EXPENDITURE ON SERVICES OFFERED BY TASMANIAN RACE WAGERING OPERATORS, TREND AND COMPOSITION, 1990-91 TO 2015-16	38
FIGURE 4.13	TASMANIA THOROUGHBRED WAGERING TURNOVER, TASMANIA, 2006-07 TO 2015-16	39
FIGURE 4.14	THOROUGHBRED WAGERING TURNOVER, AUSTRALIA LESS TASMANIA, 2006-07 TO 2015-16	40
FIGURE 4.15	REAL PER ADULT RACE WAGERING EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16	40
FIGURE 4.16	DISTRIBUTION OF RACE WAGERING TURNOVER, BY JURISDICTION, 2015-16	42
FIGURE 4.17	REAL LOTTERY EXPENDITURE IN TASMANIA, 1990-91 TO 2015-16	42
FIGURE 4.18	REAL PER ADULT LOTTERY EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16	43
FIGURE 4.19	REAL EXPENDITURE ON KENO IN TASMANIA, 1994-95 TO 2015-16	44
FIGURE 4.20	REAL PER ADULT KENO EXPENDITURE, BY JURISDICTION, 1992-93 TO 2015-16	44
FIGURE 4.21	REAL TASMANIAN TABLE GAMING EXPENDITURE, 1990-91 TO 2015-16	46
FIGURE 4.22	REAL SPORTS BETTING EXPENDITURE, TASMANIA, 1994-95 TO 2015-16	47
FIGURE 6.1	TASMANIAN GOVERNMENT GAMBLING REVENUE, 1990-91 TO 2015-16	57
FIGURE 6.2	GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE TAXATION REVENUE, BY JURISDICTION, 2015-16	59

C O N T E N T S

FIGURE 6.3	GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE TAXATION REVENUE, BY SELECTED JURISDICTION OVER TIME	59
FIGURE 6.4	GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE REVENUE, BY JURISDICTION, 2015-16	60
FIGURE 6.5	GAMBLING TAXATION AS A PROPORTION OF TOTAL STATE REVENUE, BY SELECTED JURISDICTION	60
FIGURE 7.1	TOTAL ECONOMIC CONTRIBUTION, LOWER AND UPPER BOUND ESTIMATES, 2015-16	72
FIGURE 7.2	TOTAL EMPLOYMENT CONTRIBUTION (FTE), 2015-16	73
FIGURE 8.1	NUMBER OF IN-PERSON COUNSELLING SESSIONS AND ATTENDANCE, 2014-15 TO 2016-17	77
FIGURE 8.2	NUMBER OF NEW IN-PERSON SESSIONS AND NEW IN-PERSON CLIENTS FROM 2014-15 TO 2016-17	77
FIGURE 8.3	PERCENTAGE OF 'NO NOTIFICATION, NO SHOW' IN-PERSON COUNSELLING SESSIONS FROM 2014-15 TO 2016-17	78
FIGURE 8.4	NUMBER OF GAMBLERS HELPLINE TASMANIA CALLS, 2014-15 TO 2016-17	78
FIGURE 8.5	NUMBER OF GAMBLING HELP ONLINE REQUESTS	79
FIGURE 8.6	AGE DISTRIBUTION OF GAMBLING HELPLINE AND GAMBLING HELP ONLINE CLIENTS, 2014-2015 TO 2016-17	81
FIGURE 8.7	INCOME STATUS OF GSP COUNSELLING CLIENTS FROM 2014-15 TO 2016-17	82
FIGURE 8.8	LABOUR FORCE STATUS OF GSP COUNSELLING CLIENTS FROM 2014-15 TO 2016-17	83
FIGURE 8.9	IMPACTS OF GAMBLING FOR GAMBLERS HELPLINE CLIENTS, 2016-17	83
FIGURE 8.10	DURATION OF GAMBLING PROBLEMS FOR IN-PERSON CLIENTS, 2014-15 TO 2016-2017	84

TABLES

TABLE 2.1	REVIEW OF TASMANIAN GAMBLING HARM MINIMISATION MEASURES	8
TABLE 3.1	GAMBLING ACTIVITIES AND OUTLETS IN TASMANIA, 2017	17
TABLE 3.2	GAMBLING TYPES LICENSED IN AUSTRALIA STATES AND TERRITORIES (2014-15)	18
TABLE 3.3	NON-CASINO EGMS IN TASMANIA AND AUSTRALIA, 2015-16	19
TABLE 3.4	EGMS IN CASINOS, HOTELS AND CLUBS (TASMANIA AND AUSTRALIA), 2015-16	19
TABLE 3.5	AUSTRALIA'S CASINOS: OPENING YEAR AND OWNERSHIP	20
TABLE 3.6	GAMBLING VENUES BY TYPE AND OFFERINGS 2011, 2014, AND 2017	21
TABLE 4.1	GAMBLING EXPENDITURE, BY JURISDICTION, 2015-16	27
TABLE 4.2	HOTEL AND CLUB EGM EXPENDITURE AS A SHARE OF TOTAL STATE GAMBLING EXPENDITURE AND HDI, BY JURISDICTION, 2015-16	33
TABLE 4.3	EGM NUMBERS AND STATISTICS, BY STATE AND TERRITORY, 2014-15	35
TABLE 4.4	RACING STATISTICS, TASMANIA, 2014-15	35
TABLE 4.5	THOROUGHBRED GROUP AND LISTED STATISTICS, BY JURISDICTION, 2015-16	37
TABLE 4.6	TOTAL AND PER ADULT RACE WAGERING TURNOVER, BY WAGERING FORM AND JURISDICTION, 2015-16	41
TABLE 4.7	TABLE GAMES IN TASMANIAN CASINOS OCTOBER 2016	45
TABLE 5.1	SUMMARY OF GAMBLING-RELATED EMPLOYMENT IN TASMANIA	50
TABLE 5.2	NUMBER OF SPECIAL EMPLOYEES AND TECHNICIAN LICENCES IN TASMANIA, 2000-01 TO 2015-16	54
TABLE 5.3	2011 CENSUS: TASMANIAN EMPLOYMENT BY GAMBLING ACTIVITIES	55
TABLE 6.1	TASMANIAN GOVERNMENT REVENUE, NOMINAL \$, 2005-06 TO 2015-16	58
TABLE 6.2	GAMBLING RELATED TAXATION, FEES AND PENALTIES IN TASMANIA	61
TABLE 7.1	GAMBLING INDUSTRY ACTIVITIES CONCORDANCE BETWEEN IOIG AND ANZSIC	65
TABLE 7.2	PLAYER EXPENDITURE (PLAYER LOSS) BY GAMBLING FORM AND TASMANIAN STATISTICAL AREAS (SA4), 2015-16	68
TABLE 7.3	TOTAL TASMANIAN GAMBLING TAXES AND FEES ACROSS TASMANIAN STATISTICAL AREAS (SA4), 2015-16	68
TABLE 7.4	TASMANIAN GAMBLING FTE EMPLOYMENT BY TASMANIAN STATISTICAL AREAS (SA4), 2017	69

C O N T E N T S

TABLE 7.5	DIRECT ECONOMIC CONTRIBUTION	70
TABLE 7.6	INDIRECT ECONOMIC CONTRIBUTION	70
TABLE 7.7	TOTAL ECONOMIC CONTRIBUTION, 2015-16	71
TABLE 7.8	TOTAL EMPLOYMENT CONTRIBUTION (FTE), 2015-16	72
TABLE 8.1	CSL DISTRIBUTION AS REQUIRED BY THE ACT	74
TABLE 8.2	PROBLEM GAMBLING CATEGORY FUNDING ALLOCATION	75
TABLE 8.3	REFERRAL METHOD FOR COUNSELLING CLIENTS, 2014-15 TO 2015-16	80
TABLE 8.4	FORMS OF GAMBLING CAUSING MOST PROBLEMS FOR IN-PERSON AND GAMBLING HELPLINE TASMANIA CLIENTS, 2014-15 TO 2016-17	81
TABLE 9.1	PAST YEAR PARTICIPATION IN DIFFERENT GAMBLING ACTIVITIES OVER TIME - TASMANIAN ADULTS (2005, 2008, 2011, 2013 AND 2017)	86
TABLE 9.2	PROBLEM GAMBLING SEVERITY INDEX CATEGORIES	87
TABLE 9.3	GAMBLING SEVERITY AMONG TASMANIAN ADULTS (2011, 2013 AND 2017)	88
TABLE 9.4	PREVALENCE RATES BY PGSI CATEGORY: RECENT AUSTRALIAN STATE AND TERRITORY SURVEYS	89
TABLE 9.5	LOW-RISK GAMBLING LIMITS RESULTS	93
TABLE 9.6	LOW-RISK GAMBLING LIMITS COMPARED (POPULATION-REPRESENTATIVE STUDIES)	93
TABLE E.1	STATE AND TERRITORY TAXES ON CASINOS	E-2
TABLE E.2	STATE AND TERRITORY ELECTRONIC GAMING MACHINE TAXES	E-4
TABLE E.3	STATE AND TERRITORY LOTTERY TAXES	E-6
TABLE E.4	STATE AND TERRITORY KENO TAXES	E-7
TABLE E.5	STATE AND TERRITORY RACE WAGERING TAXES	E-8
TABLE E.6	STATE AND TERRITORY SPORTS BETTING TAXES	E-12

BOXES

BOX 2.1	TIMELINE OF KEY MILESTONES	5
BOX 2.2	JOINT SELECT COMMITTEE ON FUTURE GAMING MARKETS TERMS OF REFERENCE	9
BOX 3.1	FEDERAL GROUP AND TASMANIA'S TOURISM INDUSTRY	23
BOX 7.1	MEASURING ECONOMIC CONTRIBUTION THROUGH FOOTPRINT ANALYSIS	66
BOX C.1	INVITATION TO MAKE A WRITTEN SUBMISSION	C-1



GLOSSARY OF TERMS

ABS	Australian Bureau of Statistics
ACG	Allen Consulting Group
ACMA	Australian Communications and Media Authority
Affected others	The partner, relatives, friends and/or other members of a gambler's social network who are impacted by the gambler's gambling. When referring to survey results, an affected other is defined as a person who has indicated the occurrence of at least one of the items on the Gambling Harms Checklist for Affected Others
AGC	Australasian Gaming Council
ALH	Australian Leisure and Hospitality Group
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
ATG	Automated Table Games
ATM	Automatic Teller Machine
AUC	Area Under the Curve
AUSTRAC	Australian Transaction Reports and Analysis Centre
CATI	Computer Assisted Telephone Interviews
CATI	Computer Assisted Telephone Interviewing
CGE	Computable General Equilibrium
CI	Confidence Interval
CPGI	Canadian Problem Gambling Index
CSL	Community Support Levy
DHHS	Department of Health and Human Services

DTF	Department of Treasury and Finance
EBITDA	Earnings Before Taxes, Interest, Depreciation, and Amortisation
EGM	Electronic Gaming Machine
FTE	Full Time Equivalent
Gambling harms checklist	Contains a variety of financial, relationship, work or study related, emotional, and health related harms experienced by gamblers
GAP	Gambling Assistance Program
GRP	Gross Regional Product
GSP	Gross State Product
GSP	Gamblers Support Program
GST	Goods and Services Tax
HDI	Household Disposable Income
ICB	International Commission Business
IO	Input-Output
KYO	Know Your Odds
LGA	Local Government Area
Low risk gambler	Defined as those who are unlikely to have experienced any adverse consequences from gambling and will have answered 'never' to most of the indicators of behavioural problems in the PGSI. Low risk gamblers have scores of 1 or 2 on the PGSI
Moderate risk gambler	Defined as those who have responded 'never' to most of the indicators of behavioural problems in the PGSI, but who are likely to score one or more on 'most of the time' or 'always' responses. This group may or may not have experienced adverse consequences from gambling. Moderate risk gamblers have scores of 3 to 7 on the PGSI
MONA	Museum of Old and New Art
NH	Neighbourhood Houses
Non-gambler	Defined as those who have not participated in any gambling activity in the previous 12 months
Non-problem gambler	Defined as those who have responded never to all of the indicators of behavioural problems. Members of this group may still be frequent gamblers with heavy involvement in gambling in terms of time and money, but they will not have experienced any adverse consequences. Non-problem gamblers have scores of 0 on the PGSI
Non-regular gambler	Person who participated in gambling activity in the past 12 months, but less frequently than once a week
Online gambler	Person who has participated in a gambling activity online in the past 12 months
OR	Odds ratio

PC	Productivity Commission
PGRTC	Problem Gambling Research and Treatment Centre
PGSI	Problem Gambling Severity Index. The nine-item Problem Gambling Severity Index (PGSI) of the Canadian Problem Gambling Index (CPGI) evaluates problem gambling severity. Scores on the PGSI can be used to classify individuals as non-problem gamblers (score of 0), low risk gamblers (scores of 1 or 2), moderate risk gamblers (scores between 3 and 7), or problem gamblers (scores of 8 or higher)
Problem gambler	Defined as those who have experienced adverse consequences as a result of their gambling and who may have lost control of their gambling behaviour. Involvement in gambling may be at any level, but is likely to be heavy. Problem gamblers have scores of 8 or more on the PGSI
Regular gambler	Those who have reported gambling at least once a week on any activity except for lotteries, scratch tickets or bingo
RSE	Relative standard error
SA	Statistical Area
SE	Standard error
SEIS	Social and Economic Impact Study
SES	Socioeconomic Status
SGHS	Short Gambling Harms Scale
SRC	Social Research Centre
Tasmanian Gambling Exclusion Scheme	Provides a means for patrons to exclude themselves from gambling. People can be excluded from gambling in a number of different ways: self-exclusion, venue operator exclusion, third party exclusion and self-exclusion from internet-based gambling
TGC	Tasmanian Gaming Commission
TLGC	Tasmanian Liquor and Gaming Commission
TTO	Time Trade Off
WHO	World Health Organisation
YLL	Years of Life Lost



EXECUTIVE SUMMARY

Introduction

A consortium comprising ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research Centre has been engaged by the Tasmanian Department of Treasury and Finance ('the Department') to carry out the 2017 Social and Economic Impact Study of gambling (SEIS) in Tasmania.

The 2017 Tasmanian SEIS is comprised of two Volumes:

- Volume 1 (this report) focuses 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.
- Volume 2 details the 2017 SEIS prevalence survey results, and reports on interviews with gamblers and affected others.

Approach to Volume 1 analysis

The method for Volume 1 comprises five components.

Analysis of key trends in the Tasmanian gambling industry

Relevant gambling industry data from the following sources were analysed and are presented in this Volume: Non-public data on gambling expenditure, taxation and other statistics from the Tasmanian Government Department of Treasury and Finance; industry data provided by gambling operators; and interstate and national data from the Australian Gambling Statistics prepared by the Queensland Government Statistician's Office.

Consultation with industry and other stakeholders

Consultations were undertaken with industry, industry associations, organisations providing services to people affected by gambling, and related peak bodies, local governments and the Tasmanian Liquor and Gaming Commission. A total of 23 organisations participated in the consultations.

A public submission process

Public submissions were invited to the fourth SEIS; eight were received, including from industry, support services, and local government.

Modelling of the economic footprint of the Tasmanian gambling industry

The economic footprint of the Tasmanian gambling industry was quantified using a regional Input-Output (IO) model developed by ACIL Allen for this project. The use of an IO model (or

input-output multipliers) generated an estimate of the contribution that player expenditure makes to the Tasmanian economy and Tasmanian regional economies.

Summarising the 2017 prevalence survey results

The 2017 Tasmanian Gambling Prevalence Survey data was collected through 5,000 telephone interviews with persons aged 18 years and over across Tasmania. The survey took place over the period 13 June to 7 August 2017. The average duration of the interviews was 15 minutes. Volume 1 provides a summary of the survey data and analysis in Chapter 9; full analysis is in Volume 2.

Policy and regulatory environment

Within Tasmania, the most significant developments in the policy environment since the third SEIS have been the release of the 2016 Ministerial Statement outlining the Government's policy position on the future of gaming markets post 2023, the introduction of a community interest test for gaming machines, the in-progress review of the Responsible Gambling Mandatory Code of Practice for Tasmania, and the establishment of a Joint Select Committee on Future Gaming Markets (now finalised).

The most significant policy changes in other jurisdictions have occurred in Victoria and South Australia. Victoria implemented an electronic voluntary pre-commitment scheme in 2015, and in 2017, the South Australian government introduced a 'place of consumption' tax of 15% on the net wagering revenue of all betting companies offering services in South Australia.

Nationally, the O'Farrell review and the *Interactive Gambling Amendment Bill 2016* have changed online gambling policy by further restricting offshore providers, as well as prohibiting 'click to call' in play wagering services.

Gambling industry structure and characteristics

The major suppliers in Tasmania's gambling industry continue to be Federal Group (casinos and EGMs, including ownership and management) and UBET (wagering), which are licensed under the *Gaming Control Act 1993*. There has been little change in the composition of clubs and pubs providing gambling. The major change in the industry since the third SEIS was Betfair surrendering its Tasmanian Gaming Licence and moving to the Northern Territory.

Overview of gambling venues

As at May 2017, a total of 3,596 Electronic Gaming Machines EGMs were located in Tasmanian casinos, clubs and hotels, including 36 located on board the Spirit of Tasmania ships. In non-casino premises, 89 hotels and seven clubs held licences for 2,248 and 127 EGMs, respectively. The Wrest Point Hotel Casino had 650 EGMs, while the Country Club Casino had 535 EGMs. The two casinos also operated a total of 40 table games such as Blackjack, Roulette, Poker and Baccarat.

Keno is offered at 25 clubs and 140 hotels as well as at the Wrest Point and Country Club casinos. Each club and hotel with EGMs also offers keno, while an additional 18 clubs and 51 hotels offer keno only.

In 2017, UBET supplied wagering products through 126 outlets across the state. Minor gaming¹ is offered across Tasmania; there were 352 minor gaming permits issued in 2015-16.

Retailers, such as newsagents, apply to providers to serve as licensed outlets for lottery products. In 2017, there were 92 outlets offering Tattersall's and/or Golden Casket lottery products in Tasmania.

¹Minor gaming covers a variety of games including bingo, raffles, lucky envelopes, Calcutta sweepstakes, dancing dollars and Tassie's best punter.

Potential changes to and contribution of the industry

While the industry structure for casinos, hotels and clubs has remained fairly constant, the proposal of David Walsh for a MONA casino, and the conclusion of the Federal Group's exclusivity deed in 2023, means the industry could see significant change over the coming years.

During the consultations undertaken for this study, industry stakeholders argued that Tasmania's gambling industry contributes to the economy in a number of ways, including through investment, tourism and community contributions (such as sponsorships). Other stakeholders, however, argued that gambling venues give very little back to the community and, in some cases, do not provide sufficient support to gamblers.

Expenditure on gambling activities

Over the period 1990-91 to 2015-16, real² expenditure³ on gambling in Tasmania grew from \$188 million to \$326 million. Between 2008-09 and 2012-13, total real gambling expenditure fell 23% from \$463 million to \$336 million, since which time it has been relatively stable.

The fall in expenditure in the years up to 2012-13 is likely due to TOTE Tasmania's strategy until 2012 to attract high-spending gamblers from outside Tasmania, which ceased following the sale of TOTE Tasmania to Tatts Group in 2012. The lack of growth in expenditure since 2012-13 is likely due to a number of factors including the introduction of harm minimisation measures, some gambling activity moving online (and as such not being captured in these expenditure data) and changing consumer preferences.

Expenditure by gambling activity

Real EGM expenditure⁴ has recently trended steadily downwards, falling from \$263 million in 2008-09 to \$191 million in 2015-16.

Real expenditure on race wagering has followed an expansion and contraction cycle moving from a low point of \$34 million in 2003-04 to a peak of \$111 million in 2010-11, and back to \$42 million in 2012-13. Race wagering has since steadily increased to \$45 million in 2015-16.

Real gaming expenditure on casinos in Tasmania (including casino EGMs) peaked in 2008-09 and has trended downwards since. Between 2008-09 and 2015-16, real casino gaming expenditure has declined at an average of 5% per annum.

Since the mid to late 1990s, real expenditure on keno has grown at a fairly steady rate from \$4 million in 1994-95 to \$36 million in 2015-16. Real per adult expenditure on keno in Tasmania was \$83 in 2015-16. This was significantly higher than all other jurisdictions.

Real expenditure on lotteries decreased significantly in the mid-1990s when EGMs, keno and sports betting were introduced. There has been little change in lottery spending from 2005-06 to 2015-16, only increasing from \$37 million to \$40 million, apart from a temporary spike up to \$47 million in 2012-13.

Real expenditure on sports betting remained flat through to 2000-01, but increased in 2007-08 and peaked at \$7 million in 2008-09 due to TOTE Tasmania growing its sports betting business. Real sports betting expenditure fell to \$1 million in 2009-10 and has gradually risen since then to \$3.3 million in 2015-16, about half of its previous peak.

² All real figures (expenditure, government revenue) are in 2015-16 dollars, adjusted for inflation using 'All groups' Australian CPI, ABS (2017a).

³ Expenditure is equivalent to player expenditure in Tasmania on gambling activities; that is, the amount wagered less the amount won by people who gamble.

⁴ All real figures (expenditure, government revenue) are in 2015-16 dollars, adjusted for inflation using ABS (2017a).

Employment in the gambling industry

Reliable data on employment in the gambling industry are not collected by governments or industry. This Volume develops employment estimates using stakeholder feedback received as part of the SEIS. It compares these estimates to other estimates from the literature.

The FTE estimates are based on limited industry employment data and stakeholder insights, as such caution must be used when quoting these figures and it is important to note these accuracy limitations.

Overall employment estimate

The gambling industry in Tasmania employed approximately 1,135 full-time equivalents (FTE) across the state in the delivery of gambling services in 2017. This is approximately 0.57% of total Tasmanian FTE employment.

The majority of FTEs are related to EGMs and keno in hotels and clubs (33%), and casinos (48%). The remainder are employed to undertake wagering and sports betting activities (18%) or employed by businesses selling lottery products (1%).

Comparison of employment estimate to other sources

The estimate developed as part of this Volume is larger than the number of recorded gambling workers in the 2016 Census, which is expected as the census categorises workers based on their major role and as such does not include the contribution of people for whom gambling is not their primary role. The EGM component of the 1,135 FTE employment estimate is similar to that derived by Mangan (2017).

Gambling taxation and other government revenue

In 2015-16, real gambling revenue to the Tasmanian Government was \$96.4 million. In 2015-16, Tasmanian Government revenue from gaming activities was approximately \$86.2 million (89.4% of the total), while race wagering accounted for \$9.9 million (10.3%), and sports betting \$0.3 million (0.3%).

Gambling revenue forms a significant share of total taxation revenue to the Tasmanian Government. In 2015-16, gambling revenue was 9.0% of yearly taxation revenue. If government revenue from other sources are included, most notably Federal Government grants, gambling revenue accounted for around 1.8% of total yearly revenue. Tasmania's share of total state taxation revenue generated from gambling is higher than the average for other jurisdictions.

Since the third SEIS there have been no changes to Tasmanian gambling tax policy.

The Tasmanian economic footprint of the Tasmanian gambling industry

An economic footprint of the Tasmanian gambling industry was estimated for the 2015-16 financial year using an IO model. This model estimated the direct and indirect contribution of the industry to GSP and employment.

The direct economic contribution of the Tasmanian gambling industry from the operational expenditure of gambling service providers is estimated to have been \$151.6 million, or 0.57 % of Tasmania's GSP. Note that the value-add is lower than the total industry revenue as value-add accounts for the value of inputs purchased from other sectors. For comparison, in 2016-17 the total accommodation and food services industry gross value add accounted for 2.4 per cent of Tasmanian GSP, and similarly the arts and recreation services industry accounted for 0.9 per cent (ABS 2017).

The additional indirect impact was estimated between \$82.5 million and \$115.4 million. Therefore, the total economic contribution of the industry to Tasmanian GSP is between \$234 million (0.89% of GSP) and \$267 million (1.01% of GSP).

It is estimated that 1,135 FTE jobs were directly supported by gambling activities in the Tasmanian economy. The additional indirect employment was estimated between 676 and 916 FTEs. Therefore,

the total employment contribution of the Tasmania gambling industry is between 1,811 and 2,051 FTEs.

Provision of gambling support services

A key feature of the Tasmanian Government's response to community members experiencing problems with their gambling is the funding of gambling support services provided by external agencies. These services are provided via face-to-face gambling support services (delivered by Anglicare Tasmania and Relationships Australia), and online and telephone Gambling Help services (delivered by Turning Point). Funding for these services is sourced from the Community Support Levy (CSL).

The overall use of gambling social services has declined from 2014-15 to 2016-17. Over this period, the number of counselling sessions fell from 727 to 707. There has been an increase in the number of new clients and new client sessions over the same period.

The demographics of clients accessing gambling support services have not changed significantly over the last three years. Those accessing gambling support services are: likely to have experienced harms associated with gambling for two years or more, and are likely to have gambling issues that stem from the use of EGMs, particularly within in a hotel/club.

In addition to funding services, the Department of Health and Human Services also engages in a range of community education activities in order to both help prevent gambling addiction and to encourage more problem gamblers to seek help.

Overview of the 2017 prevalence survey results

Full 2017 prevalence survey results are contained in Volume 2.

Gambling participation and problem gambling prevalence

There has been a significant decline in the proportion of Tasmanian adults who participated in any gambling activity from 61.2% in 2013, to 58.5% in 2017. The number of adults participating in online gambling has increased however, from 7.0% in the 2013 to 10.8% in 2017.

The average annual spend among gamblers in Tasmania in 2017 was \$950; this figure was not statistically significantly different to figures from the 2011 (\$1,054) and 2013 (\$927) surveys.

The 2017 survey found that 0.6% of Tasmanian adults were classified as problem gamblers, 1.4% were considered to gamble at a moderate level of risk and 4.8% were low risk gamblers. These estimates are comparable to those seen in 2011 and 2013; the slight decrease in the proportion of low risk gamblers noted in the 2013 survey has not been sustained.

Quantifying gambling harms

Analysis of harms from gambling using 2017 survey data show either a slightly positive or negative net effect to gamblers with regard to how gambling affects their quality of life, with most people indicating neither an increase nor decrease. However, net harms nominated by 'affected others'⁵ are large. It should be noted that assessment of population-level gambling harm is an area of active research, and there remain unanswered questions regarding the most reliable and unbiased methodology to apply.

The identification of low-risk gambling limits

The availability of data on gambling harms allows for the development of low-risk gambling limits for use in prevention and intervention policies and programs.

Using endorsement of two or more items on the SGHS as the definition of harm, the proposed gambling limits for the Tasmanian population are:

- 30 times per year for gambling frequency

⁵ The partner, relatives, friends and/or other members of a gambler's social network who are impacted by the gambler's gambling.

- \$510 per year for gambling expenditure
- 10% for gambling expenditure as a proportion of gross personal income
- 400 minutes (6.67 hours) per year for gambling duration
- 2 gambling activities for number of gambling activities.

These are broadly consistent with limits based on the PGSI using the 2011 and 2013 SEIS surveys (Dowling et al., 2017).



This chapter details the content and scope of Volume 1, alongside information on the data collection and analysis method.

1.1 Study overview

A consortium comprising ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research Centre has been engaged by the Tasmanian Department of Treasury and Finance ('the Department') to carry out the 2017 Social and Economic Impact Study of gambling (SEIS) in Tasmania.

Under Section 151(5) of the *Gaming Control Act 1993* (the Act), '[t]he Treasurer must:

- cause an independent review of the social and economic impact of gambling in Tasmania to be carried out every three years.
- cause the findings of each such 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 the review'.⁶

1.1.1 Previous studies

The first SEIS was completed in 2008 by the South Australian Centre for Economic Studies (SACES, 2008). The study included a general overview of gambling in Tasmania and an assessment of the broad economic, financial and social impacts. It also reported the findings of a prevalence survey of gambling and problem gambling in Tasmania. This study was the fifth gambling prevalence study conducted in the state since 1994. The first study identified that any future research should 'be on those regions that are more disadvantaged yet exhibit high participation rates particularly in regard to electronic gaming machine gambling' (SACES, 2008).

The second SEIS was undertaken and completed in 2011 by the then Allen Consulting Group (now ACIL Allen Consulting), PGRTC and SRC (The Allen Consulting Group et al, 2011). Based on the findings in the first SEIS, the second study focused on the social and economic impacts of gambling in four low socio-economic LGAs with reference to four comparison LGAs.

The second study also developed a framework for assessing the effectiveness of harm minimisation measures—particularly the measures introduced in response to the first study. The study established a baseline methodology for monitoring and evaluation to assist in developing policy responses targeting problem gambling.

The third SEIS was completed in 2014 by ACIL Allen, the PGRTC and SRC. This study included a gambling prevalence study, an assessment of gambling harm minimisation measures, and included a

⁶ 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 Service Agency) who, in the Treasurer's opinion, possess appropriate expertise or qualifications to carry out the review'.

comparative study between four low SES LGAs and four comparison LGAs. This study found that residents of the four low SES LGAs had a higher rate of participation in gambling than the Tasmanian adult population, including higher rates of participation in gambling on electronic gaming machines and keno.

1.1.2 Structure of the 2017 Tasmanian SEIS

The 2017 Tasmanian SEIS is comprised of two Volumes:

- Volume 1 (this report) focuses on the policy context and structure the gambling industry, trends in gambling expenditure and government revenue, and the economic footprint of the gambling industry.
- Volume 2 details the 2017 SEIS prevalence survey results, and reports on interviews with gamblers and affected others.

1.2 Approach to Volume 1 analysis

The method for Volume 1 comprises:

1. Analysis of key trends in the Tasmanian gambling industry.
2. Consultation with industry and other stakeholders.
3. A public submission process.
4. Modelling of the economic footprint of the Tasmanian gambling industry.
5. Summarising the 2017 prevalence survey results.

1.2.1 Analysis of key trends in the Tasmanian gambling industry

Relevant gambling industry data from the following sources were analysed and are presented in this Volume:

- Non-public data on gambling expenditure, taxation and other statistics from the Tasmanian Government Department of Treasury and Finance.
- Industry data provided by gambling operators.
- Interstate and national data from the Australian Gambling Statistics prepared by the Queensland Government Statistician's Office.

1.2.2 Consultation with industry and other stakeholders

Consultations were undertaken with:

- Businesses in the gambling industry
- Relevant industry associations
- Organisations which provide services to people affected by gambling, and related peak bodies
- Local governments and the Tasmanian local government association
- The industry regulator, the Tasmanian Liquor and Gaming Commission.

A total of 23 organisations participated in the consultations (see Appendix A), which focused on trends and employment in the industry (further detailed in Chapter 5), and the impact of gambling on Tasmanians. Discussion guides were developed for the consultations (see Appendix B). Employment information provided by stakeholders included a mix of employment data for their organisations and qualitative employment insights to help estimate employment in the industry.

1.2.3 Public submission process

Public submissions were invited to the fourth SEIS, through a newspaper advertisement, a dedicated website and social media. An Issues Paper was published which provided respondents with context on the gambling industry in Tasmania and a list of questions of interest (see Appendix C).

A total of eight public submissions were received, including from industry, support services, and local government (see Appendix C). The public submissions are available on the Tasmanian Government Department of Treasury and Finance website.

1.2.4 Modelling of the economic footprint of the Tasmanian gambling industry

The economic footprint of the Tasmanian gambling industry was quantified using a regional Input-Output (IO) model developed by ACIL Allen for this project. The use of an IO model (or input-output multipliers) generates an estimate of the contribution that player expenditure makes to the Tasmanian economy and Tasmanian regional economies.

The total economic contribution of an industry such as the gambling industry is measured by its direct economic contribution and its indirect contribution. The direct contribution of the industry to the Tasmanian economy was estimated by determining its payments to the factors of production plus the taxes (less subsidies) payable on production and imports. The indirect contribution was estimated using the most recent Australian national input-output table which is based on the 2014-15 financial year, updated to represent the Tasmanian and Tasmanian regional economies in the 2015-16 year using data available from the Australian Bureau of Statistics (ABS).

Further information on the economic modelling method is in Chapter 9 and Appendix D.

1.2.5 Summarising the 2017 prevalence survey results

The 2017 Tasmanian Gambling Prevalence Survey data was collected through 5,000 telephone interviews with persons aged 18 years and over across Tasmania. The survey took place over the period 13 June to 7 August 2017. The average duration of the interviews was 15.0 minutes.

Further information on the survey method is available in Volume 2, Chapter 2.

Volume 1 provides a summary of the survey data and analysis in Chapter 9.

1.3 Structure of this Volume

This Volume 1 report is structured as follows:

- Chapter 1: Introduction
- Chapter 2: Policy and regulatory environment
- Chapter 3: Gambling industry structure and characteristics
- Chapter 4: Expenditure on gambling activities
- Chapter 5: Employment in the gambling industry
- Chapter 6: Gambling taxation and other government revenue
- Chapter 7: The Tasmanian economic footprint of the Tasmanian gambling industry
- Chapter 8: Provision of gambling support services
- Chapter 9: Overview of the 2017 prevalence survey results

Volume 1 also includes six appendices:

- Appendix A: List of consultation participants
- Appendix B: Consultation discussion guides
- Appendix C: Public submission materials and list of public submissions
- Appendix D: Background on the Input-Output (IO) Analysis
- Appendix E: Gambling taxation rates in Australia's states and territories

Volume 2 (in a separate document) of this study contains the full findings and analysis of the gambling prevalence study, and interviews with gamblers and affected others.



This chapter provides an overview of the current Tasmanian gambling policy environment, covering both regulation and broader policy issues. It explores the roles, responsibilities and current trends in gambling policy, both nationally and in Tasmania, emphasising changes since the third SEIS.

2.1 Role of government in setting policy for the gambling industry

Governments at all levels have policy responsibilities for gambling. State and territory governments regulate most of the gambling industry within their borders, levy gambling-specific taxes and fund the majority of services for people negatively affected by gambling (PC 2010).

The Australian Government determines national laws on internet gambling and, through the broader health and community services system, is a funder of some gambling services. In some jurisdictions, local government has planning responsibilities relating to gambling, although this is not the case in Tasmania.

There are several objectives that government gambling policy can seek to achieve:

- obtaining the benefits of gambling for consumers and others through legalised supply
- raising tax revenue
- ensuring economic/industry sustainability
- meeting community norms and expectations
- ensuring the probity of suppliers
- dealing with the vulnerability of consumers and communities arising from legalised gambling, and problem gambling specifically.

2.2 Tasmanian policy context

In 1973, Tasmania became the first Australian state to allow a casino to be established (AGC, 2008). A second casino was opened in 1982, and electronic gaming machines (EGMs) were introduced in the casinos in 1986.

In 1994, Tasmania introduced keno into hotels and clubs, and EGMs were progressively introduced from 1 January 1997 (AGC, 2008). Tasmania was the last state, outside of Western Australia, to allow EGMs. This significantly changed the gambling environment in Tasmania—for the first time, wagering and gaming facilities could be co-located, particularly in hotels.

In the 2000s the introduction of enabling technology platforms such as the internet and mobile telephones have facilitated cashless, credit-based transactions. Betfair Pty Ltd (Betfair), a betting exchange, was established in Hobart in 2006 and held a Tasmanian gaming licence until it relocated

to the Northern Territory in late 2016, likely due to lower tax and licence fees. (See Box 2.1 for a timeline of the industry in Tasmania.)

BOX 2.1 TIMELINE OF KEY MILESTONES

- 1973:** Tasmania became the first Australian state to have a casino
- 1986:** Electronic gaming machines were introduced to Wrest Point and Launceston Country Club Casinos
- 1990:** Keno introduced to Wrest Point and Launceston Country Club casinos
- 1993:** Framework for the licensing and regulation of EGMs is provided under *Gaming Control Act 1993*
- 1994:** Tasmania introduced keno into hotels and clubs
- 1997:** EGMs were progressively introduced to hotels and clubs
- 2001:** Tasmanian Gambling Exclusion Scheme was introduced
- 2006:** Betfair Pty Ltd, a betting exchange, was established in Hobart in 2006
- 2009:** Amendments to the *Gaming Control Act 1993* required the Tasmanian Gaming Commission to establish a mandatory code of practice to foster responsible gambling.
- 2012:** The Responsible Gambling Mandatory Code of Practice for Tasmania introduced
- 2016:** Ministerial Statement released and Tasmanian Parliament established a Joint Select Committee on The Future of Gaming Markets
- 2017:** Community Interest Test regulations commenced 1 September 2017

2.2.1 Current regulatory regime

The following section provides an overview of the key elements of Tasmania's current gambling regulatory regime. It covers:

- The *Gaming Control Act 1993* and other applicable legislation
- Tasmanian Gambling Exclusion Scheme
- Responsible Gambling Mandatory Code of Practice for Tasmania
- Tasmanian Liquor and Gaming Commission.

The *Gaming Control Act 1993* and other applicable legislation

The *Gaming Control Act 1993* (the Act) provides the legislative framework for the licensing and regulation of gambling in Tasmania. One of the key objectives of the Act is to maintain the integrity of gambling in Tasmania. Gambling activities regulated by the Act are:

- EGMs and keno
- casino gaming
- totalizator wagering
- fixed odds sports betting and race wagering
- betting exchange wagering
- foreign games permits
- minor gaming.

Casino and EGM regulation

Schedule 1 of the Act sets out a Deed of Agreement between the Crown and Federal Group. It grants Federal Group exclusive rights to conduct casino operations and operate EGMs in casinos, clubs and hotels, and keno in Tasmania until 30 June 2018, after which the licence converts to a rolling five-year licence giving Federal Group rights through to 2023 (TGC 2010). The conclusion of the Federal Group's exclusivity deed in 2023, means the industry could see significant change over the coming years (further outlined in Section 2.2.2). The Deed also sets out a commitment from Federal Group to

invest in developing Tasmania's tourism industry, such as constructing the multimillion dollar resort Saffire Freycinet in Coles Bay (DTF 2011).

Federal Group currently operates the two casinos in Tasmania as well as 12 hotels offering gambling through its subsidiary Vantage Group (Federal Group submission 2017).

The EGM operator, Network Gaming (part of Federal Group), monitors and leases EGMs and keno equipment to hotels and clubs. Network Gaming makes the ultimate commercial decision as to whether a licensed venue operator is provided with EGMs, and provides training and marketing services to venues (TGC 2010).

Individual clubs are permitted to operate a maximum of 40 machines while individual hotels are limited to 30 machines. EGMs are required to return a minimum of 85% of turnover to players. The machines are monitored by a centralised monitoring system operated by Network Gaming (DTF 2011).

As part of a 2003 Deed of Agreement between the Crown and Federal Group, a state-wide cap of 3,680 EGMs covering hotels, licensed clubs and the state's two casinos was established. A state-wide cap on hotels and clubs of 2,500 was also adopted.

The two Spirit of Tasmania ships also operate EGMs, the licence for which is currently held by TT-Line Company Pty Ltd (TT-Line). Gaming regulation on board the ships is governed by the *Gaming Control Act 1993*, the *TT-Line Gaming Act 1993* (and subsequent amendments), and TT-Line Gaming Regulations 2014.⁷

Totalizator wagering regulation

TOTE Tasmania is also licensed under the Act. TOTE Tasmania was previously a state-owned company whose shares were held in trust by the Tasmanian Treasurer and Minister for Racing on behalf of the Crown. In December 2011, TOTE Tasmania was sold to Tatts Group, with the transaction completed on 26 March 2012.

Under the Tatt's group internal consolidation in 2015, TOTE Tasmania, TattsBet, and the entire Tatts Group Wagering portfolio combined to become one service known as UBET.

As a result of purchasing TOTE Tasmania, UBET has an exclusive terrestrial right to conduct pari-mutuel, or pool-based, (totalizator) wagering in Tasmania. UBET offers wagering products on thoroughbred, harness and greyhound racing, including fixed odds wagering products for sports betting and race wagering. UBET's products are accessed via a variety of channels, including the telephone, internet, application programming interfaces, on-course, and through a network of outlets (Australian Financial Review, 2017).

On 1 July 2009, the Act was amended to allow for the wagering activities of a totalizator operator and corporate bookmakers in Tasmania. This made the Tasmanian Gaming Commission (TGC) (now the Tasmanian Liquor and Gaming Commission) responsible for regulating the wagering activities of TOTE Tasmania, alongside other wagering operators in Tasmania.

Other applicable legislation

Other applicable legislation includes:

- the Gaming Control Regulations 2014—sets the cost of licence applications and renewals
- the Gaming Control (Infringement Notices) Regulations 2011—allows Tasmania Police to issue infringement notices under the Act and to prescribe penalties that correspond to the level of infringement under the notice.

Tasmanian Gambling Exclusion Scheme

In 2001, the Tasmanian Gambling Exclusion Scheme was introduced which allowed patrons to nominate to be excluded from gambling venues or from participating in gambling.

⁷ The TT-Line Gaming Regulations 2014 set the cost of the license to operate gaming on Spirit of Tasmania ferries.

Responsible Gambling Mandatory Code of Practice for Tasmania

In 2012, the Tasmanian Gaming Commission (TGC) introduced a wide range of harm minimisation measures to address problem gambling in Tasmania. These measures have been implemented in a step-by-step manner, culminating in the Responsible Gambling Mandatory Code of Practice for Tasmania. The Code was phased in from 1 March 2012 with all provisions applying by 1 September 2012 (TGC 2012).

The measures within the Code apply to all prescribed licence holders⁸ and impact 10 areas of gambling operations, including: inducements, player loyalty programs, information to players, advertising, service of food and alcohol, access to cash, payment of winnings and enhanced staff training. The Code is currently being reviewed (see Section 2.2.2).

The Tasmanian Liquor and Gaming Commission

The *Gaming Control Act 1993 (the Act)* established the Tasmanian Gaming Commission (TGC) and provides for the taxation of regulated gambling activities.

In 2015, the Tasmanian Liquor and Gaming Commission (TLGC) was established, combining the TGC with the Liquor Licensing Board. This decision was made in order to improve the efficiency and the cost-effectiveness of government regulations.

The TLGC is responsible for the regulation of all forms of gambling in Tasmania as well as any appeals for liquor licences and permits. It is independent of the Tasmanian Government and the gaming and wagering industry. The TLGC is supported in its role by the Liquor and Gaming Branch, Revenue, Gaming and Licensing Division, in the Tasmanian Government Department of Treasury and Finance.

The TLGC regulates EGMs, keno, casinos, wagering terrestrially or conducted by way of a telecommunication device, the sale of lottery tickets by interstate operators, and minor gaming. Applications for gaming licences must be submitted through the TLGC. It is also responsible for licensing and regulating gaming on board the Spirit of Tasmania ships, and any other ship operated by a state shipping company.

The functions of the TLGC are specified under section 125 of the Act. As part of its integrity functions, the TLGC approves internal controls, administrative and accounting procedures, rules and conditions that apply in relation to gaming activities, and determines disciplinary matters.

The TLGC also has an oversight role in relation to the Community Support Levy (CSL). The CSL is discussed further in section 6.2.

The Act allows the TLGC to make rules for the conduct of all forms of gambling in Tasmania. The rules impose specific requirements on gambling operators and venue employees, covering issues such as provision of cash to patrons and dispute resolution (DTF 2011).

2.2.2 Changes since 2014

Responsible Gambling Mandatory Code of Practice Review

In 2017, the TLGC carried out the first review of the Responsible Gambling Mandatory Code of Practice for Tasmania. This identified a range of initiatives which could potentially improve the effectiveness of the Code with regard to minimising gambling harm, creating safer gambling environments, and educating consumers about gambling practices. The additional recommendations for each area of harm minimisation are set out in Table 2.1 (Tasmanian Liquor and Gaming Commission, 2017).

The TLGC released an Options Paper as part of the review. The Options Paper drew on a range of inputs, including desktop research conducted by an independent consultancy firm, stakeholder opinions gained both through regular face-to-face meetings and from views expressed through the

⁸ This excludes minor gaming permit holders, technicians and persons listed on the role of recognised manufacturers, suppliers and testers of gaming equipment.

written (and oral) submissions to the Parliamentary Joint Select Committee on Future Gaming Markets, and existing studies.

Following the release of the Options Paper, public submissions were invited. The public submission process closed on 15 September 2017 and received 38 submissions. At the time of writing, the TLGC is currently developing a second paper which will outline proposed changes based on work to date.

TABLE 2.1 REVIEW OF TASMANIAN GAMBLING HARM MINIMISATION MEASURES

Area of harm minimisation	Initiative for harm minimisation
Inducements	<ul style="list-style-type: none"> Prohibit gambling operators and Licensed Premises Gaming Licence holders from providing incentives/benefits to licence holders, including staff, to encourage patrons to gamble/re-play winnings Limit the amount that can be won on jackpots Ensure that sounds associated with gambling are not audible outside gambling areas
Player loyalty programs	<ul style="list-style-type: none"> Activity statements must provide players with full information about their gambling history Activity statements must be delivered to players' home postal addresses Activity statements must not be distributed to people who have not gambled within the statement period Activity statements must not contain gambling advertising and other information irrelevant to the player's gambling record
Information to Players	<ul style="list-style-type: none"> Require 'emotional response' messages to be displayed prominently next to EGMs Require signs to be displayed next to EGMs that clearly inform the player of the cost of play, and the house edge for each machine
Advertising	<ul style="list-style-type: none"> Limit or ban EGM advertising on the premises except for directional signage Prohibit advertising of jackpots on all signage external to EGMs
Service of food and alcohol	<ul style="list-style-type: none"> Prohibit the serving of alcohol to patrons seated or standing at EGMs at any time Prohibit alcohol being served at fully automated table gaming equipment, unless conducted by a dealer
Access to cash	<ul style="list-style-type: none"> Require staff to check the patron's identity against the Tasmanian Gambling Exclusion Scheme for EFTPOS withdrawals, and also require staff to maintain a register of cash withdrawals to identify multiple withdrawals Prohibit cashing of cheques on licensed premises For casinos only, relocate ATMs so that staff are in a position to observe usage For casinos only, regardless of whether cash is accessed from ATM or EFTPOS, withdrawal limit is \$200 per person per day for any purpose For hotels/clubs only, require coin change machines to be located behind the bar forcing patrons to interact with staff to exchange money and require an identification check against the Tasmanian Gambling Exclusion Scheme before providing the exchange For hotels/clubs only, permit one EFTPOS withdrawal at a maximum \$200 or \$100 per patron per day for any purpose
Payment of winnings	<ul style="list-style-type: none"> Reduce the maximum cash limit for keno and EGM payouts to \$500 Require winnings above \$500 to be transmitted electronically to the player's bank account If bank details are unavailable, by exception, allow a cheque for winnings to be drawn but crossed 'Account payee only, not negotiable'

SOURCE: TASMANIAN LIQUOR AND GAMING COMMISSION, 2017.

Ministerial Statement on gaming

In March 2017, the Treasurer released a Ministerial Statement on gaming in Tasmania. The Ministerial Statement outlined the principles for the Tasmanian Government's gaming industry policy, and the Government's policy positions on key elements of the gaming sector post 2023. The Statement also

announced a 150 reduction in state-wide cap for EGMs, the introduction of new public interest test for EGMs, and the Joint Select Committee on Future Gaming Markets (Premier of Tasmania 2016).

The principles set out in the Ministerial Statement included:

- Gambling is a lawful form of entertainment for many Tasmanians, and a wide range of gaming products should be available to consumers that are fair, and which provide an acceptable average return to players.
- The regulation of the gaming industry should be designed to create a sustainable industry with the highest standards of probity whilst minimising harm caused by problem gambling.
- The financial rewards from the gaming industry should be shared appropriately among the industry, players and the Government representing the community.
- The placement or relocation of EGM's into new venues outside of the casino environment should not be solely determined by the industry and the public interest should be taken into account.
- The duration of a gaming licence should be commensurate with, among other things, the level of investment necessary to underpin the delivery of the gaming operation.

The proposed policy positions related to the structural arrangements for casino gaming operations and hotel and club EGM gaming post 2023 included the following:

- In relation to Casino and keno operations, the rights to conduct gaming in the existing casinos including EGMs and table gaming and the operation of keno are to remain with the Federal Group.
- The tax rates and license fees for casino gaming and keno are to be reviewed against the broader Australian market with a view to ensuring that returns to players, the licensed entity and the community via the Government are appropriate.
- Limited new 'high roller, non-residential' casino licenses should be available in Tasmania in addition to the Federal Group's two casinos.

Establishment of a Joint Select Committee on Future Gaming Markets

In 2016, the Parliament of Tasmania established a Joint Select Committee to examine community attitudes to gambling, and how gaming markets will operate post 2023 (when the exclusivity deed with Federal Group concludes). This also coincided with a proposal from David Walsh for a new 'high roller, non-residential' casino at the Museum of Old and New Art (MONA) site—and how this might fit into the regulatory landscape. (The Committee's terms of reference are in Box 2.2.)

BOX 2.2 JOINT SELECT COMMITTEE ON FUTURE GAMING MARKETS TERMS OF REFERENCE

1. 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
2. Review of the findings of the Social and Economic Impact Studies conducted for Tasmania
3. Consideration of the document entitled 'Hodgman Liberal Government post-2023 Gaming Structural Framework'
4. An assessment of options on how market-based mechanisms, such as a tender, to operate EGMs in hotels and clubs could be framed
5. Consideration of future taxation and licensing arrangements, informed by those in other jurisdictions
6. A review of harm minimisation measures and their effectiveness, including the Community Support Levy
7. Consideration of the duration and term of licences for the various gaming activities post 2023
8. Any other matters incidental thereto.

SOURCE: PARLIAMENT OF TASMANIA 2016.

In September 2017, the Committee released '*Joint Select Committee on Future Gaming Markets: Final report*'. This report follows a series of reports, public hearings and the review of 148 public submissions. The final report notes that the Committee was unable to reach a majority decision on the question of whether EGMs should be removed from hotels and clubs in Tasmania; however, the report details 73 findings and 23 recommendations relating to the future of gaming in Tasmania.

Introduction of a community interest test for gaming machines

In 2016, the Tasmanian Government introduced a community interest amendment to the *Gaming Control Act 1993*, these provisions were incorporated into the Act on 1 September 2017. The provisions require that any application for a Licensed Premises Gaming Licence to operate EGMs at a hotel or club premises that have not previously operated EGMs, or after a six-month break in EGM operation, must include a community interest submission (as such, existing licence holders are not required to undertake a retrospective community interest test). This allows the Commission to take into account a range of community interest matters. The community will also have a chance to express their views on applications for new gaming machines in venues (Treasurer of Tasmania, 2016).

The TLGC conducted a public consultation process on the community interest test provisions in 2017. As part of this process the TLGC produced a Discussion Paper which provided information in relation to the types of community interest matters developed in other Australian jurisdictions, and potential community interest tests for Tasmania.

The *Gaming Control Regulations 2014* contains the details of the community interest matters which are effective from 1 Sept 2017. The community interest matters outlined in the regulations comprise:

- ‘the number of electronic gaming machines proposed for the premises
- the internal floor plan of the premises
- the relevant areas in which the premises are located
- the location and name of any gaming-sensitive sites that are within a 2-kilometre radius of the premises
- a description of the facilities provided and the activities conducted at the premises
- the harm minimisation and responsible gambling measures that will be in place at the premises in addition to those required by any other legislation
- data relating to electronic gaming machines in the relevant areas in which the premises are located
- demographic and other social and economic information relating to the relevant areas in which the premises are located
- the potential social and economic benefits, for the local community, of any proposed electronic gaming machines
- the negative social and economic impacts, and the potential negative social and economic impacts, on the local community, of any proposed electronic gaming machines and how those impacts will be managed.’

Applicants for a Licensed Premises Gaming Licence are required to submit a community interest submission which addresses the community interest matters set out in Regulation, as noted above. The submission forms part of what Commission assesses in determining whether to issue a licence or not.

2.2.3 Tasmanian government racing industry bodies

Tasmania has a gambling regulator for the racing industry—the Director of Racing—who is appointed under provisions in the *Racing Regulation Act 2004*. The Director of Racing also holds the post of the General Manager of Racing Services Tasmania.

The legislative responsibilities of the Director of Racing include:

- regulating and controlling racing to ensure that it is conducted with integrity
- monitoring the administration of racing
- researching and investigating racing
- advising the Minister on issues related to racing
- liaising with stakeholders and representing the state on national bodies (Department of State Growth 2017).

The commercial aspects of racing are the responsibility of the Tasmanian Racing Board (Tasracing Pty Ltd—a state-owned company since 1 July 2009). Tasracing is responsible for the development of

racing and breeding, the funding of clubs as well as providing stakes, media rights and managing racing venues (Tasracing, 2014).

2.2.4 Legislative role of local government in relation to gambling

In Tasmania there are 29 Local Government Areas (LGAs). The principal legislation establishing the powers and functions of councils is the *Local Government Act 1993*, which describes the role of councils:

- to provide for the health, safety and welfare of the community
- to represent the interests of the community
- to provide for the peace, order and good government of the municipal area.

Local government in Tasmania has no legislative role with respect to gambling. In comparison to other states around Australia, there is no requirement in Tasmanian legislation, such as the *Land Use Planning and Approvals Act 1993*, for social impact assessments to be undertaken in relation to specified types of developments.

However, as noted above, 2016 saw the introduction of a community interest test which requires any application for a Licensed Premises Gaming Licence to operate EGMs at a hotel or club premises that have not previously operated EGMs, or after a six-month break in EGM operation, to pass a community interest test. In other state jurisdictions, community impact assessments are undertaken in relation to EGMs, as part of local government planning permit approvals processes (PC 2010).

2.2.5 Government funding of support service providers

Finally, the Tasmanian Government also has another significant role in gambling policy through its provision and funding of gambling support services. This role is examined in detail in Chapter 8.

2.3 Changes to state and territory gambling regulations

This section provides a brief overview of significant changes in gambling policy in other jurisdictions in Australia.

2.3.1 South Australia: Betting Operations Tax

In 2017, the South Australia Government introduced a consumption tax of 15% on the 'Net Wagering Revenue' in excess of \$150,000 of all bookmakers and betting companies offering services in South Australia. The tax will equally apply to both internet and non-internet based providers, and is expected to raise \$9.2 million each year in new revenue for the state ('Betting Operations Tax', 2017).

2.3.2 Western Australia: gambling tax rates

In late 2014, the Western Australian Government announced their plans to reduce Crown Perth's International Commission Business (ICB) tax rate from 11% to 8% (GWCWA, 2014).

When the GST was introduced in 2000, states were required to either reduce gambling tax rates to offset the GST (as occurred in Tasmania) or reimburse GST payments to gambling operators to avoid an increase in taxation on gambling. Western Australia chose the latter scheme, deciding to reimburse gambling operators. In late 2014, the Western Australian government announced that it would replace the GST reimbursement scheme with a net of GST tax scheme.

Following these changes the net of GST tax rates reduced from 20.95% to 12.27% for EGMs, from 18% to 9.37% for table games, and from 22% to 12.92% for fully automated table games (GWCWA, 2014).

2.3.3 Victoria: introduction of voluntary pre-commitment

As a first for Australian jurisdictions, Victoria implemented an electronic voluntary pre-commitment scheme, YourPlay, on 1 December 2015. The Victorian electronic pre-commitment scheme allows

users to track and limit their betting on any electronic gaming machine in the state and is designed to offer consumer protection and provide a harm minimisation tool (Premier of Victoria, 2015).

2.3.4 Victoria: cap on EGM figures

In July 2017, the Victorian government revised the cap on the number of EGMs across the state which will apply until 2042. Excluding those at Crown Casino, the number of EGMs available to be operated in the state will be limited to 26,300. However, to give operators greater certainty, the next round of EGM licences will have a duration of 20 years—double the current length of 10 years. While the number of machines at a single venue will still be limited to 105 machines, clubs will be able to double the total number of EGMs in their group from 420 to 840, allowing them to increase their market share (Minister for Corporate Affairs, Gaming, and Liquor Regulation, 2017).

2.4 National Policy Context

Since the third SEIS, a focus of national gambling policy has been the development of a response to the 2015 O'Farrell review into Illegal Offshore Wagering. The O'Farrell Review provided recommendations on how to improve the efficiency of the *Interactive Gambling Act*, and how to update gambling regulations given new technology and access to gambling services. This resulted in the Australian Government introducing the *Interactive Gambling Amendment Bill 2016*.

2.4.1 O'Farrell Review into Illegal Offshore Wagering Market

In September 2015, the Australian Government announced a review into the illegal offshore wagering market in Australia. Illegal offshore wagering refers to the provision of illegal gambling services to Australian consumers by operators based overseas, and who lack a licence from an Australian state/territory gambling regulator. The *Interactive Gambling Act 2001* already prohibited the provision of these offshore wagering services, however, these provisions are considered inadequate as they were introduced at a time when both mobile technology and the online environment were less sophisticated. The review was carried out by the Hon. Barry O'Farrell and delivered in December 2015.

The review found the main economic impacts of illegal offshore wagering to be the substitution of gambling demand away from the domestic sector, and the lost revenue associated with forgone gambling taxes and licensing fees. According to the review, estimates of illegal offshore wagering in Australia range from \$64 million to \$400 million. While there is a large variation between these figures, reflecting the uncertainty associated with quantifying this market, consultations with stakeholders for the review found a general consensus that the issues associated with illegal offshore wagering were significant enough to require an updated policy framework (O'Farrell, 2015).

Ultimately the review made 19 recommendations, most of which focused on regulatory controls and measures to protect Australian consumers.

2.4.2 Australian Government Response to the O'Farrell review

In April 2016, the Australian Government gave its response to the O'Farrell Review. The response accepted in full or in principle, 18 out of the 19 recommendations (Ministers for the Department of Communications and the Arts, 2016).

In November 2016, the Government introduced the *Interactive Gambling Amendment Bill 2016*, which amended the original *Interactive Gambling Act 2001*.

The three broad goals of the bill are to:

1. Tighten control on illegal offshore gambling providers
2. Clarify the law by prohibiting 'click to call' in-play wagering services, to respect the original intent of the *Interactive Gambling Act*
3. Establish a strong national Consumer Protection Framework.

These goals will be pursued through three main methods:

- Amending the *Interactive Gambling Act 2001* to make it clear that it is illegal for overseas gambling companies to offer gambling products to Australians unless the person or company holds a licence under the law of an Australian state or territory.
- Empower the Australian Communications and Media Authority (ACMA) with new civil penalties, complementing the existing criminal penalties powers held by the Australian Federal Police, and allow ACMA to be responsible for the entire complaint handling process from receipt to enforcement.
- Introduce other disruption measures to curb illegal offshore gambling activity, such as placing company directors or principals of offending gambling companies on the Movement Alert List so any travel to Australia can be disrupted.

Currently the government is in the process of creating the national Consumer Protection Framework, and is seeking input from the states and territories, as well as stakeholders, to determine the best way to implement the bill's goals (Minister for Human Services, 2016).

Gambling money laundering regulations and \$90 million fine of Tabcorp

In 2011, the Australian Transaction Reports and Analysis Centre (AUSTRAC) published a report on money laundering in Australia. This identified the gaming sector as a significant money laundering channel, since the high turnover of cash helps to provide camouflage (Australian Transaction Reports and Analysis Centre, 2011).

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF) gaming facilities are generally obligated to:

1. Develop and maintain an AML/CTF program
2. Identify and verify customer identify where the services involve \$10,000 or more
3. Report to AUSTRAC regarding suspicious matters, cash transactions of \$10,000 or more, and international funds transfer instructions.

In March 2017, Tabcorp was fined \$45 million for failing to comply with these rules. Tabcorp failed to:

- Have an AML/CTF compliant program for over 3 years to manage the risks of money laundering and terrorism financing
- Give AUSTRAC reports about suspicious matters on time, or at all, on 105 occasions. Tabcorp has admitted that these suspicions related to unlawful activity including money laundering and credit card fraud
- Identify a customer who collected \$100,000 in winnings
- Enrol with AUSTRAC on time.

This was the highest civil penalty in corporate Australian history, and highlighted AUSTRAC's commitment to eradicate the link between money laundering and gambling in Australia. After the court case Tabcorp admitted that it had insufficient processes for consistent management oversight, assurance, and operational execution of its AML/CTF program (Australian Transaction Reports and Analysis Centre, 2017).

2.4.3 Introduction of a cashless welfare card

In early 2016, the Commonwealth Government introduced trials of a cashless welfare debit card in two pilot locations. This card restricts an individual's consumption behaviour in order to reduce gambling, alcohol and drug use.

The two pilot locations were Ceduna and surrounds in South Australia, and the East Kimberley region in Western Australia. All recipients of working age income support payments in these areas received the cashless debit card, replacing their previous Centrelink payments. While recipients are paid the same amount of welfare under this scheme, 80% is paid onto the cashless debit card with the remaining 20% paid into their regular bank account. The debit card can be used like a regular bank card except that it cannot be used for alcohol or gambling consumption or to directly withdraw cash.

After an independent evaluation report from Orima Research indicated that the trial had been effective in reducing alcohol and gambling consumption in both trial sites, the government announced in 2017

that the cashless debit card program would be expanded to two new locations (Orima Research, 2017). The first of these will be the Goldfields region in Western Australia. The second site remains to be determined, and will be chosen on a basis of community willingness, welfare dependence, and levels of social harm caused by alcohol, gambling, and drug consumption ('Cashless Debit Card: Overview', 2017).

2.5 Summary

Within Tasmania the most significant developments in the policy environment since the third SEIS have been the release of the 2016 Ministerial Statement outlining the Government's policy position on the future of gaming markets post 2023, the introduction of a community interest test for gaming machines, the in-progress review of the Responsible Gambling Mandatory Code of Practice, and the establishment of a Joint Select Committee on Future Gaming Markets.

The most significant policy changes in other jurisdictions have occurred in Victoria and South Australia. As a first for Australian jurisdictions, Victoria implemented an electronic voluntary pre-commitment scheme, YourPlay, on 1 December 2015. The Victorian electronic pre-commitment scheme allows users to track and limit their betting on any electronic gaming machine in the state and is designed to offer consumer protection and provide a harm minimisation tool.

In 2017, the South Australian government introduced a 'place of consumption' tax of 15% on the net wagering revenue of all betting companies offering services in SA. South Australia is the first state to impose such a system, and is a means of capturing tax revenue from providers with their headquarters located in other states.

Nationally, the O'Farrell review and the *Interactive Gambling Amendment Bill 2016* have changed online gambling policy by further restricting offshore providers, as well as prohibiting 'click to call' in play wagering services.



3

GAMBLING INDUSTRY STRUCTURE AND CHARACTERISTICS

This chapter provides an overview of the size, characteristics and structure of Tasmania's gambling industry.

3.1 Industry structure

The major suppliers in Tasmania's gambling industry are Federal Group and UBET which are licensed under the *Gaming Control Act 1993 (the Act)* and regulated by the TLGC. The Act also sets out a Deed of Agreement between the Crown and Federal Group granting exclusive rights to Federal Group to conduct casino operations and operate keno, table gaming and EGMs in Tasmania. UBET has exclusive access to the Tasmanian racing and sports wagering market through standalone agencies and outlets hosted in hotels and clubs. UBET has a Tasmanian Gaming Licence, whereas Federal Group has a Casino Licence and a Gaming Operators Licence.

Federal Group

Federal Group is a wholly owned subsidiary of Mulawa Holdings Pty Ltd, a private company. The Group's portfolio includes a number of gaming businesses—Wrest Point Hotel Casino, Country Club Casino, Network Gaming and Vantage Hotel Group—as well as a number of hospitality, tourism and liquor businesses: 9/11 bottle shops, Country Club Villas and five businesses under the Pure Tasmania Accommodation brand (Federal Group, 2014; Federal Group, 2017).

Network Gaming manages the network of EGMs and keno equipment in hotels and clubs throughout Tasmania. In particular, it leases EGMs and keno equipment to hotels and clubs and provides oversight and monitoring of EGMs. Network Gaming makes the ultimate commercial decision as to whether a licensed venue operator is provided with EGMs.

The Vantage Hotel Group was established to operate freehold hotels purchased by Federal Group. Federal Group currently has 12 hotels throughout Tasmania. There are no restrictions on the number of hotels the Group can purchase.

Federal Group has agreed to acquire Odyssey Gaming Services, a Queensland EGM management company. Odyssey Gaming Services was previously under the ownership of Tabcorp, who were required to divest in order to proceed with their 2017 merger with Tatts Group (Tabcorp, 2017).

TOTE Tasmania and UBET

TOTE Tasmania was previously a state-owned company whose shares were held in trust by the Tasmanian Treasurer and Minister for Racing on behalf of the Crown. In May 2009, the Tasmanian Government expressed its intent to sell TOTE Tasmania—the government-owned betting agency. This was later formalised in the *TOTE Tasmania (Sale) Act 2009*, which authorised the Treasurer to sell shares in TOTE Tasmania and its subsidiaries, or the business of TOTE Tasmania and its

subsidiaries (TGC 2012). In December 2011, TOTE Tasmania was sold to Tatts Group for approximately \$103 million. The acquisition of TOTE Tasmania has provided TattsBet (a wholly owned subsidiary of Tatts Group) with exclusive access for 15 years to the Tasmanian racing and sports wagering market through standalone agencies and outlets hosted in hotels and clubs. The wagering licence will run for 50 years with an option for an additional 49 years (TGC, 2012; Tatts Group, 2011). By June 2012, the integration of TOTE Tasmania into TattsBet was completed at a cost of \$12.2 million (Tatts Group, 2012).

Under the Tatts Group internal integration strategy, TOTE Tasmania was combined with the rest of the Tatts portfolio and rebranded as UBET TAS. UBET currently provides services in 20 standalone agencies, 93 hotels, 11 clubs and the two casinos in Tasmania.

In 2017, Tabcorp was given approval by the Australian Competition Tribunal to merge with Tatts Group. This was unsuccessfully appealed by the Australian Competition and Consumer Commission (ACCC) in 2017 (ABC 2017b). The approval of the merger is conditional on Tabcorp selling its Odyssey Gaming business in Queensland. Once the merger goes ahead, UBET will be under the ownership of Tabcorp.

UBET markets to its customers pari-mutuel, or pool-based, products on thoroughbred, harness and greyhound racing, as well as fixed odds products (including sports betting). This is done via a variety of channels, including the telephone, internet, on-course, and through a network of hotel and retail outlets throughout the state.

Betfair

Betfair offers fixed odds wagering products via a betting exchange platform, where customers can wager against one another on a fixed odds basis. Betfair also provides race wagering and sports betting fixed odds products on Australian sporting and racing events. In 2016, Betfair surrendered its Tasmanian Gaming Licence and shifted its regulated functions to the Northern Territory. It is estimated this will cost the Tasmanian Government approximately \$3 million a year in licencing revenue (Perth Now, 2016).

Other industry players

There are a number of smaller players in the industry, such as bookmakers and those providing minor gaming activities such as bingo. There are no major lottery businesses located in Tasmania. However, companies located in other jurisdictions (such as the Queensland based Tatts Group) sell lottery products in Tasmania under a Foreign Games permit granted by the TLGC.

With regard to lotteries, in February 2015, Intralot Australia withdrew from Tasmania and is no longer providing lotteries in Tasmania. This leaves Tatts Group (including Golden Casket, one of its subsidiaries) the sole provider of lotteries in Tasmania.

A number of other businesses in the hotel and racing sectors earn revenue from gambling activities in Tasmania. In particular, a number of operator groups (including ALH Group, Kalis Hospitality and the Goodstone Group) operate hotels offering EGMs. The remainder are operated by smaller businesses. Tasmanian clubs also earn revenue from gambling (mostly keno), but to a lesser degree than in most other states.

3.2 Industry size and characteristics

Gambling in Tasmania comprises gaming and wagering in various forms, outlets and venues across the state. Table 3.1 provides a broad overview of the industry.

TABLE 3.1 GAMBLING ACTIVITIES AND OUTLETS IN TASMANIA, 2017

Activity	Venue type	Venue/Outlets	Number
EGMs	Casinos	2	1,185
	Clubs	7	127
	Hotels	89	2,248
	Spirit of Tasmania ships	2	36
	Total	100	3,596
Casino: table games	Wrest Point Hotel Casino	-	24
	Country Club Casino	-	16
	Total	-	40
Lottery outlets	Golden Casket and Tattersalls	83	-
	Golden Casket only	9	-
	Total	92	-
Keno	Casinos	2	-
	Clubs	25	-
	Hotels	140	-
	Total	167	-
Race wagering (2015-16)	UBET retail outlets	126	-
	Bookmakers	8	-
	Total	134	-
Minor gaming (2015-16)	Permits issued as at June 2016	-	352
	Total	-	352

SOURCE: DTF UNPUBLISHED DATA, AGC 2016, TGC 2016, DTF 2017.

The *Gaming Control Act 1993* caps the total number of EGMs permitted in casinos, clubs and hotels in Tasmania at 3,680. This excludes EGMs on the Spirit of Tasmania ships. Within this cap, a total of 2,500 EGMs are permitted within clubs and hotels. Within these venues, EGM numbers are capped at 40 in clubs and 30 in hotels. The casino licences do not limit the number of EGMs at either casino; the only limit is the state-wide cap of 3,680.

As of 2017, a total of 3,596 EGMs were located in Tasmanian casinos, clubs and hotels, including 36 located on board the Spirit of Tasmania ships. In non-casino premises, 89 hotels and seven clubs held licences for 2,248 and 127 EGMs, respectively. The Wrest Point Hotel Casino had 650 EGMs, while the Country Club Casino had 535 EGMs. The two casinos also operated a total of 40 table games such as Blackjack, Roulette, Poker and Baccarat.

Retailers, such as newsagents, apply to providers to serve as accredited representatives for lottery products. In 2017, there were 92 outlets offering Tattersall's and/or Golden Casket lottery products in Tasmania (DTF, 2017).

Keno is offered at 25 clubs and 140 hotels as well as the Wrest Point and Country Club casinos. Each club and hotel with EGMs also offers keno, while an additional 18 clubs and 51 hotels offer keno only.

In 2017, UBET supplied wagering betting products through 126 outlets across the state. Minor gaming is offered across Tasmania; and there were 352 minor gaming permits issued⁹ as at 30 June 2016.

⁹ Inclusive of both one and two year permits.

3.2.1 Gambling activities in Australia

Table 3.2 breaks down the types of gambling permitted within Australian jurisdictions. The forms of gambling permitted are broadly consistent between jurisdictions with the exception of Western Australia, which only permits EGMs and keno within Crown Perth casino. While previously licensed in Tasmania, Australia's only betting exchange (Betfair) is now located in the NT (however, Betfair offers services to other jurisdictions).

TABLE 3.2 GAMBLING TYPES LICENSED IN AUSTRALIA STATES AND TERRITORIES (2014-15)

	Tasmania	Western Australia	Other Jurisdictions
EGMs	✓	Casinos only	✓
Casino	✓	✓	✓
Lotteries	✓	✓	✓
Keno	✓	Casinos only	✓
Race wagering	✓	✓	✓
Sports betting	✓	✓	✓
Betting exchange	Australia's only betting exchange (Betfair) is licensed in the NT but may be accessed throughout the Australian states/territories.		
Football pools	✓	✓	✓
Minor gaming	✓	✓	✓
Online/Interactive gaming*	Interactive gambling in Australia is governed by the <i>Interactive Gambling Act 2001</i> . The Act prohibits the offer of interactive gaming (online casinos, EGMs, etc) to Australian residents but makes an exception for wagering in the form of race and sports betting. Lotteries may also offer ticket sales online. Additionally, the <i>Gaming Control Act 1993</i> (and Acts in certain jurisdictions) have regulatory requirements for interactive gambling.		

Note: *Interactive gambling includes both telephone and internet gamblers.

SOURCE: AGC 2016.

In recent years, Automated Table Games (ATGs) have increased in popularity as a form of gambling. ATGs take traditional casino table games such as blackjack and roulette, and deliver them in an electronic format via individual player terminals.

From the casino's perspective, ATGs add several benefits over traditional table games. ATGs allow more people to wager at any one time, while reducing the required number of staff and the potential for human error. However, ATGs may also be especially enticing for problem gamblers (Rockloff et al., 2016). They combine the accelerated pace of play and audio-visual enhancements, instant payouts, and privacy of regular EGMs, with the illusion of control from in-person table games. Most gamblers were found to have preferred regular table games over ATGs due to the social element, and the perception that they involve skill (Rockloff et al., 2016).

3.2.2 EGMs and venue types

Research published by the Productivity Commission (PC) in 2010 estimated that 75-80% of problem gamblers play EGMs, and regular players experience more harm more often compared with other forms of gambling (PC, 2010). As such, the numbers and locations of EGMs are important considerations for both government and the broader community.

Table 3.3 summarises the 2015-16 non-casino EGM characteristics for Tasmania and Australia. Despite the cap on the number of EGMs per venue being higher for clubs than for hotels, the average number of EGMs per venue is lower for clubs (around 18) than for hotels (around 25). In contrast, the average number of EGMs per venue across Australia as a whole is far higher for clubs (around 57) than for hotels (around 22).

In both Tasmania and Australia as a whole, there are more hotels with EGMs than clubs with EGMs. The proportion of total non-casino EGMs located in hotels is far higher in Tasmania (around 95%) than it is for Australia as a whole (around 38%). Despite clubs in Tasmania being able to have up to 40 EGMs, the highest actual number in a club is 30 EGMs (DTF, 2017).

TABLE 3.3 NON-CASINO EGMS IN TASMANIA AND AUSTRALIA, 2015-16

Venue Type	Number of venues with EGMs		Number of EGMs		Average number of EGMs per venue (where venue has EGMs)	
	Australia	Tasmania	Australia	Tasmania	Australia	Tasmania
Hotels	3,184	86	69,335	2,183	21.8	25.4
Clubs	2,009	7	114,051	127	53.8	18.1

Note: Data are different to Table 3.1 as they are from a different time period and use slightly different data definitions. This table also excludes EGMs located on the Spirit of Tasmania ships.

SOURCE: AGC 2016.

Under the current Tasmanian arrangements, Network Gaming leases EGM equipment to hotels and clubs. Venue operators pay a fixed fee to lease the machines and, in return, are entitled to around a third of EGM revenue—the remainder goes to Network Gaming and the Tasmanian Government. In order for venues to make a return on EGMs, revenue must be high enough to cover the fixed fee charged by Network Gaming.

Clubs in other jurisdictions, unlike those in Tasmania, often have their own specific allocation of EGMs. In Queensland, for example, the cap on the total number of EGMs allocated to hotels and clubs (44,205) has a set ratio between the two venue types (that is, a 24,705 cap for clubs and a 19,500 cap for hotels) (AGC, 2016). In contrast, the Tasmanian arrangements permit 2,500 EGMs within clubs and hotels, but do not specify a specific split between clubs and hotels within this overall cap, noting however, that they do provide for a higher per venue cap for clubs (40 EGMs) than hotels (30 EGMs).

Table 3.4 shows the 2014-15 number of EGMs per 1,000 adults in Tasmania and Australia. The per 1,000 adult estimates refer to the adult population, aged 18 years and over. Western Australia only permits EGMs and keno within Crown Perth casino; as such the table also includes Australia less WA as a comparison.

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.

Tasmania has a lower number of EGMs per 1,000 adults compared with Australia as a whole, even when Western Australian figures are excluded. However, the number of casino EGMs per 1,000 adults is considerably higher, reflecting the presence of two casinos in a relatively small population. Club EGM numbers per 1,000 adults are also noticeably smaller than the Australian figures, though this is largely explained by the low rates of EGMs in Tasmanian clubs (discussed above).

3.2.3 Casinos across Australian jurisdictions

As outlined in Table 3.2, casinos are present across all Australian jurisdictions. There are currently 13 casinos across Australia's states and territories. Each of these is outlined in Table 3.5 below.

TABLE 3.5 AUSTRALIA'S CASINOS: OPENING YEAR AND OWNERSHIP

Casino	Opening year	Owner	Jurisdiction
Wrest Point Hotel Casino (Hobart)	1973	Federal Group	Tasmania
SKYCITY Darwin	1979	SKYCITY Entertainment Group	Northern Territory
Lasseters Alice Springs	1981	Lasseters Holdings	Northern Territory
Country Club Tasmania (Launceston)	1982	Federal Group	Tasmania
Adelaide Casino	1985	SKYCITY Entertainment Group	South Australia
Crown Perth	1985	Crown Resorts	Western Australia
Jupiters Hotel and Casino Gold Coast	1985	Echo Entertainment Group	Queensland
Jupiters Townsville	1986	Colonial Leisure Group	Queensland
Casino Canberra	1992	Casinos Austria International	Australian Capital Territory
Crown Melbourne	1994*	Crown Limited	Victoria
The Star (Sydney)	1995*	Echo Entertainment Group	New South Wales
Treasury Casino and Hotel (Brisbane)	1995	Echo Entertainment Group	Queensland
The Reef Hotel Casino (Cairns)	1996	Reef Casino Trust	Queensland

* Temporary casinos were opened at Crown Melbourne in 1994 and Star City in 1995, with permanent facilities for both casinos opening in 1997.

Source: ACA 2008, Echo Entertainment Group 2014.

In addition to the casinos outlined above, another casino in Sydney has been approved and is being developed by Crown Resorts. The agreement between the New South Wales Government and Crown Resorts to develop a six-star luxury hotel resort at Barangaroo South was announced in November 2013. The luxury hotel will only provide VIP gaming facilities, including private gaming rooms and luxury gaming salons for international, interstate and local members. It will not include EGMs and will not be open to the general public (Crown Resorts, 2013). Currently the Project is scheduled to open in 2022 (Department of State Development, 2017).

In November 2015, the Queensland Government reached contractual close on the \$3 billion Queen's Wharf Brisbane Integrated Resort Development. The integrated resort includes a casino gaming floor which will comprise less than 5% of the overall development, comparable to other Integrated Resort Developments (Department of State Development, 2017). When the integrated resort is scheduled to open in 2022, the existing Treasury Casino will close and be converted into high-end retail space (Department of State Development, 2017).

The Queensland Government has also announced that it would consider up to two additional licences for other casino developments in Queensland.

In 2014, David Walsh, the founder of the Museum of Old and New Art (MONA), put forward plans to develop a new casino and hotel at MONA in Northern Hobart. This casino would have no EGMs, and be closed to Tasmanians, solely targeting international high rollers. While Mr Walsh's plans were initially withdrawn in 2015 due to the Federal Group exclusivity contract, the government was open to considering how a high roller casino might form part of the broader gaming landscape once the Federal Group exclusivity expired in 2023.

In 2017, Mr Walsh further detailed the plans for the proposed development. The proposed development is to include a 172-room, five-star hotel and casino which will take approximately three years to construct. Mr Walsh claims that during construction the development is expected to generate

300 new full-time jobs and will deliver an additional 120 full-time jobs on an ongoing basis (ABC, 2017).

3.2.4 Tasmanian gaming venue analysis

Table 3.6 shows Tasmanian gambling venues by venue type and gambling options on offer for 2011, 2014, and 2017. There was a small reduction in the total number of gaming venues in Tasmania from 2011 to 2014, declining from 192 to 189. However, this figure remained constant from 2014 to 2017.

The numbers of EGM-only, keno-only, and UBET-only venues have remained fairly constant over the previous three years. Between 2014 and 2017, the number of keno-only venues increased from 33 to 37; this coincided with a fall in the number of keno and UBET venues from 35 to 32. This may be the result of UBET being removed from some venues. Between 2014 and 2017 the number of venues by gambling offering remained relatively constant.

Over the 6-year period there have been consistently 2 venues offering only EGM gambling options. These are the two TT line cruise ships. With the exception of the cruise ships, all Tasmanian venues offering EGMs also offer keno and/or totalizator operations.

TABLE 3.6 GAMBLING VENUES BY TYPE AND OFFERINGS 2011, 2014, AND 2017

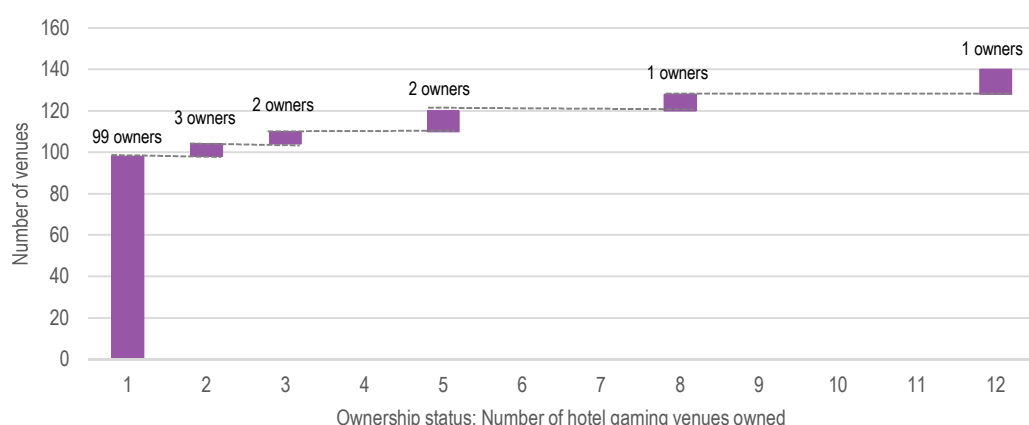
	2011	2014	2017
Venues by type			
Hotels	141	139	140
Clubs	28	28	25
Standalone Totalizator Agents (UBET)	19	18	20
Casino	2	2	2
Ferry	2	2	2
Total	192	189	189
Venues by gambling offering			
Number of keno only venues	37	33	37
Number of UBET only venues	20	19	20
Number of EGM only venues	2	2	2
EGM and keno	34	25	24
EGM and UBET	0	0	0
Keno and UBET	31	35	32
All three	68	75	74

Note: the totals include gambling on board the Spirit of Tasmania ships.

SOURCE: DTF UNPUBLISHED DATA.

The ownership of hotels offering gaming in Tasmania is such that the majority of owners control a single venue; however, there are a number of owners who control many venues. Figure 3.1 plots the number of gaming hotel owners¹⁰ by the number of hotels offering gaming they own in 2017. In 2017, there were 108 individual owners of 140 hotels; 99 gaming hotel owners who owned one venue, accounting for 92% of owners; and there was one provider each with 12, 8, 5, and 4 hotels, respectively. The largest owner (of 12 venues) thus accounted for 9% of gaming hotel venues. Between 2014 and 2017 there was an increase in sole venue ownership, increasing from 88 in 2014 to 99 in 2017.

¹⁰ Hotel owners in this context are defined as business owners, it does not refer to the owner of the property.

FIGURE 3.1 OWNERSHIP OF HOTEL GAMING VENUES BY NUMBER OWNED, 2017

SOURCE: DTF UNPUBLISHED DATA.

3.3 Investment in the industry

Industry stakeholders consulted as part of this study argue that the financial surpluses generated by venues from gambling provide a buffer against losses on other venue activities; subsidise other forms of entertainment; and provide investment revenue for venue upgrades. Industry representatives also considered that the existence of entertainment in communities throughout Tasmania is underpinned by gambling revenue. Additionally, venue operators noted that EGMs provided additional revenue which allowed for extended operating hours, or with the ability to remain open during quieter days, and in some cases, the ability to remain open all together.

However, both community and industry stakeholders noted that equivalent hotels and clubs without EGMs have adapted their business strategy to cope. These venues are reported to have instead focused on other aspects to ensure profitability, such as fine food and live music.

In 2017, Federal Group invested in new systems to manage the casino gaming floors at Wrest Point and Country Club at a total cost of over \$15 million over the ten-year system life. Wrest Point is currently under redevelopment to provide a more contemporary and high quality experience at a cost of approximately \$12.5 million. In the future, Federal Group has plans for investment in its two casinos, including providing a more diverse range of food and beverages, the consolidation of casino floors to provide a more entertaining environment for table gaming and EGM players, and providing better facilities to take advantage of the various activities on offer at the venues.

3.4 Tourism

Limited information exists on the participation of tourists in Tasmania's gambling industry. The gambling activity likely to be of most interest to tourists is casino gaming, however, the extent of this today is unknown. The Wrest Point Hotel Casino in Hobart was the first casino in Australia and at that time was likely a significant tourism drawcard.

However, the degree to which the casinos currently represent a significant drawcard for tourists to Tasmania is unclear. Indeed, given that all other Australian states and territories now have casinos, and the emergence of a large casino industry in South East Asia, there is no evidence to suggest that interstate or international tourists are attracted to Tasmania purely, or mostly, for the purposes of attending the casinos.

Stakeholders consulted noted that while in the past casinos may have been a drawcard for tourists, today the larger drawcards are Tasmania's natural beauty, food and culture.

Federal Group has invested significantly in tourism assets across the state, consistent with its role in promoting and developing Tasmania as a tourism destination (see Box 3.1).

BOX 3.1 FEDERAL GROUP AND TASMANIA'S TOURISM INDUSTRY

Federal Group established Australia's first legal casino at Wrest Point Hobart in 1973. In reaching agreement with the Tasmanian Government over the casino, an important aim was to help to address the cyclical nature of Tasmanian tourism by establishing a tourism drawcard that would attract visitors to Tasmania on a year-round basis.

A somewhat unique factor of Tasmania's tourism and gambling industry is that Federal Group is required to play an explicit role in promoting and developing Tasmania as a tourism destination (as part of its Deed of Agreement with the Crown under the Act). From 2000, the company began assessing the parts of the state that had the potential for tourism growth, leading to the acquisition (and development) of a number of tourism properties and the creation of the 'Pure Tasmania' brand.

Pure Tasmania included five separate destination facilities and experiences: Strahan Village, Freycinet Lodge, Cradle Mountain Chateau, Saffire Freycinet and the Henry Jones Art Hotel. Each facility includes a range of accommodation, dining and other facilities. In 2014, Federal Group finalised the sale of regional tourism businesses to the RACT, including Strahan Village, Freycinet Lodge, and Cradle Mountain Chateau; and then ceased using the Pure Tasmania brand.

The addition of Federal Group's \$32 million resort—Saffire at Freycinet—has increased the focus on Tasmania in markets such as North America and Europe. In addition, Federal Group has supported tourism delegations into key markets and has travelled with delegations to demonstrate the commitment of the company to Tasmania's tourism industry. This included the recent delegations to India, Sri Lanka, Singapore, and China.

SOURCE: FEDERAL GROUP 2011, FEDERAL GROUP 2014, FEDERAL GROUP 2017.

3.5 Voluntary community contributions

The gambling industry has a history of initiatives aimed at giving back to the community. Common examples include:

- sponsorship for sporting teams, the arts, local events and other community sectors to assist them in purchasing gear and others resources
- donations to schools, charities and community organisations (e.g. raffles where all proceeds are donated back to the community)
- promoting volunteering among staff in order to give back to the community
- use of recreational facilities at a discounted rate for community organisations.

However, community stakeholders argued that gaming venues give very little back to the community and, in some cases, do not provide sufficient support to gamblers.

During the consultations undertaken for this study, industry stakeholders argued that the Tasmanian gambling industry contributes to local communities, particularly through the sponsorship of Tasmanian charities, the arts, sport and community sector. In 2016-17, Federal Group provided \$2 million in cash and in-kind support to the community sector including funding for the Glover Art Prize, the Festival of Voices, Ten Days on the Island Festival, Tasmanian Leaders Program and Junction Regional Arts Festival; and providing subsidised or free venues for meetings and events at Federal Group properties.

Other non-voluntary contributions from the gambling industry include taxation, fees and the community support levy which are detailed in Section 6.2.

3.6 Summary

The major suppliers in Tasmania's gambling industry continue to be Federal Group and UBET, which are licensed under the *Gaming Control Act 1993*. There has been little change in the composition of

clubs and pubs providing gambling. The major change in the industry since the third SEIS was Betfair surrendering its Tasmanian Gaming Licence and moving to the Northern Territory.

While the industry structure for casinos, hotels, and pubs has remained fairly constant, the proposal of David Walsh for a MONA casino, and the conclusion of the Federal Group's exclusivity deed in 2023, means the industry could see significant change over the coming years.

During the consultations undertaken for this study, industry stakeholders argued that Tasmania's gambling industry contributes to the economy in a number of ways, including through investment, tourism, and community contributions (such as sponsorships).



This chapter provides an overview of expenditure on gambling activities in Tasmania, with comparisons made with other Australian jurisdictions. The analysis is limited to the gambling forms where data are collected by the Tasmanian Government.

4.1 Scope of gambling in Tasmania

This chapter considers expenditure on the following forms of legalised gambling in Tasmania:

- EGMs
- race wagering
- lotteries—lotto, sports pools and instant lottery
- keno
- table gaming
- sports betting
- minor gaming.

Expenditure refers to the total amount gambled (turnover) less the total amount won by gamblers (winnings). The figures quoted in this study reflect expenditure on services offered by gambling businesses domiciled in Tasmania. As such, the figures exclude spending by Tasmanians on services offered by gambling businesses domiciled in other jurisdictions (that is, imported gambling services), but include spending by non-Tasmanians on services offered by Tasmanian gambling businesses (that is, exported gambling services). Such imports and exports are made possible through internet and phone gambling, and also through tourism.

All per adult estimates in this chapter refer to the adult population, aged 18 years and over. Unless otherwise stated, trends in expenditure over time are expressed in real terms (that is, trend estimates exclude the effect of general price increases over time).

Real prices throughout the report are expressed in 2015-16 dollars unless otherwise stated, determined using the Australian All Groups Consumer Price Index (ABS 2017a).¹¹

4.2 All gambling expenditure

4.2.1 Overall expenditure in Tasmania

Figure 4.1 depicts the trend in gambling expenditure in Tasmania since 1990-91, both in real and nominal terms.

¹¹ This index was converted to an annual index by averaging over the four quarters of each financial year.

FIGURE 4.1 GAMBLING EXPENDITURE, TASMANIA, 1990-91 TO 2015-16

Note: Real expenditure is expressed in 2015-16 prices.¹²

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

Real expenditure on gambling in Tasmania exhibited strong growth from 1990-91 (\$188 million) to 2008-09 (\$463 million, in 2015-16 prices). Between 2008-09 and 2012-13, total real gambling expenditure fell 27% from \$463 million to \$336 million. Since 2012-13, expenditure has been relatively stable, and in 2015-16 gambling expenditure in Tasmania was \$326 million.

The fall in expenditure between 2011-12 and 2012-13 was largely due to a large decline in real expenditure on race wagering, which fell from \$106 million to \$42 million. This was a result of TOTE Tasmania's sale to the Tatts Group in 2012, and under new ownership no longer taking bets from high stakes professional gamblers. A reduction in the number of casino-based EGMs between 2011 and 2013 may have also contributed to the decline in expenditure in this period.

The lack of growth in expenditure since 2012-13 (despite increasing population and rising incomes) is likely due to a number of factors. Stakeholders report that the range of harm minimisation measures introduced in 2012 under the *Responsible Gambling Mandatory Code of Practice for Tasmania* reduced expenditure, particularly on EGMs.¹³ Over this period some gambling activity has moved online, and as such is not captured in these expenditure data—the 2017 prevalence survey found that the rate of online gambling has increased since the previous SEIS, with the proportion of Tasmanians who have gambled on the internet increasing from 7.0% in 2013 to 10.8% in 2017 (see Volume 1, Chapter 9; and Volume 2, Chapter 8). Other possible reasons for the lack of expenditure growth include changing consumer preferences and soft economic conditions.

4.2.2 Gambling expenditure by jurisdiction

TABLE 4.1 shows gambling expenditure by jurisdiction in 2015-16, including expenditure as a proportion of household disposable income (HDI). Tasmania accounts for a small proportion of total Australian gambling expenditure, which is largely attributable to Tasmania's small population relative to other jurisdictions. In 2015-16, Tasmania accounted for 1.4% of Australia's total gambling expenditure. The ACT was the only jurisdiction with a smaller share, at 1.0%. New South Wales, Victoria and Queensland combined accounted for 81% of expenditure.

Tasmania's overall level of spending as a proportion of HDI remains low compared with the Australian average. When expressed as a proportion of HDI, the level of expenditure by Tasmanians is 1.6% of HDI, which is lower than the level for Australia as a whole (2.1%).

¹² Real prices throughout the report are expressed in 2015-16 prices unless otherwise stated. Real prices were adjusted using the Australian all groups consumer price index reported by the ABS (See ABS 2017a). This index was converted to an annual index by averaging over the four quarters of each financial year.

¹³ The Code was phased in from 1 March 2012 with all provisions applying by 1 September 2012 (TGC, 2012).

TABLE 4.1 GAMBLING EXPENDITURE, BY JURISDICTION, 2015-16

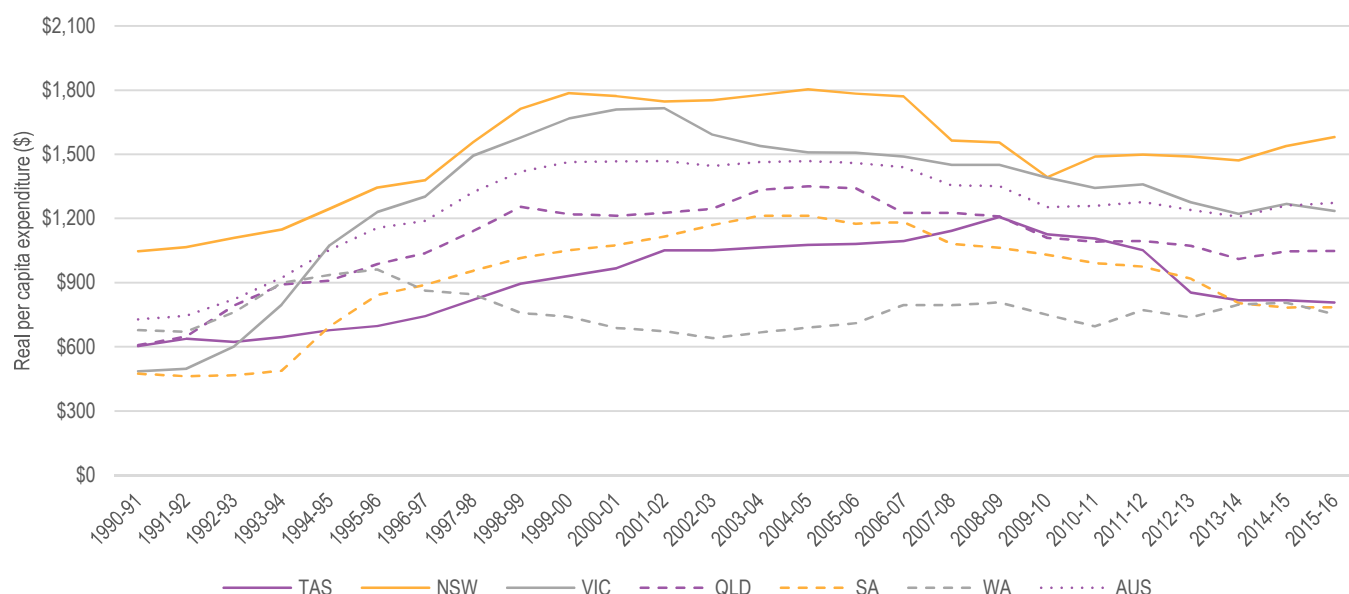
Jurisdiction	Expenditure	Proportion of total expenditure	Expenditure as a proportion of HDI*
	\$ million	%	%
Tasmania	\$326	1.4%	1.6%
New South Wales	\$9,422	39.8%	2.4%
Victoria	\$5,794	24.5%	2.2%
Queensland	\$3,858	16.3%	1.8%
Western Australia	\$1,510	6.4%	1.2%
Australian Capital Territory	\$232	1.0%	0.7%
Northern Territory	\$1,451	6.1%	10.9%
South Australia	\$1,055	4.5%	1.4%
Australia	\$23,648	100.0%	2.1%

Note: HDI = Household Disposable Income in each relevant jurisdiction. HDI is defined as gross household income less income tax payable, other current taxes on income, wealth etc., consumer debt interest, interest payable by unincorporated enterprises and dwellings owned by persons, net non-life insurance premiums and other current transfers payable by households.

Data are different to those in Figure 4.1 as they are from a different time period and use slightly different data definitions.

SOURCE: QUEENSLAND TREASURY 2017.

Figure 4.2 depicts the trend in real per adult expenditure by jurisdiction over the period 1990-91 to 2015-16. Per adult expenditure on gambling in Tasmania trended upwards until 2008-09, and has since declined significantly. Tasmania's per adult expenditure has been consistently lower than the national average. However, as noted above, expenditure figures are not adjusted to account for spending by gamblers in other jurisdictions who access Tasmania's gambling industry via the phone or internet.

FIGURE 4.2 REAL PER ADULT EXPENDITURE ON GAMBLING, BY JURISDICTION, 1990-91 TO 2015-16

Note: Real expenditure is expressed in 2015-16 prices. The NT and ACT have been excluded from the analysis due to structural characteristics of their respective gambling industries that either skew results or are not of relevance to the discussion. Data in this figure contains limited interactive gaming data.

SOURCE: QUEENSLAND TREASURY 2017.

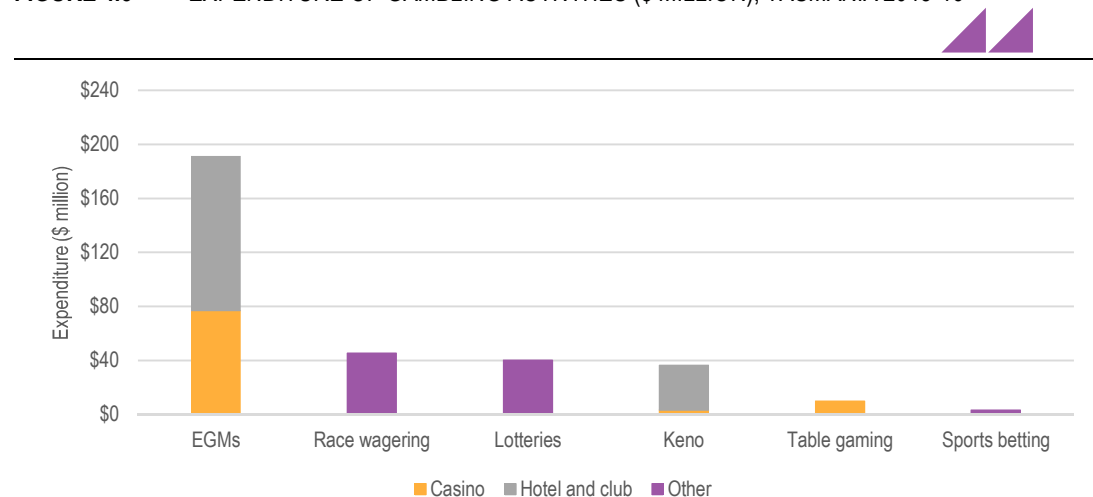
Tasmania's real per adult expenditure on gambling was high relative to many other jurisdictions at the beginning of the period, but high relative growth in all other jurisdictions resulted in Tasmania becoming the lowest a decade later in 1995-96—and has remained amongst the lowest since (with the exception of a peak in 2008-09). This shift came about due to the introduction of EGMs into hotels and clubs in most other jurisdictions during the early 1990s (noting that they were already present in NSW). Once EGMs were introduced to clubs and hotels in Tasmania in 1996-97, real per adult expenditure increased steadily before plateauing in the early 2000s.

There has been a noticeable decline in Tasmania's real per adult expenditure since 2008-09, falling considerably from \$1,206 in 2008-09 to \$808 in 2015-16. The fall in expenditure between 2011-12 and 2012-13 is mainly due to a large decline in real expenditure on race wagering, resulting from the sale of TOTE Tasmania to the Tatts Group in 2012, and under new ownership no longer taking bets from high stakes professional gamblers. Additionally, in discussions with key stakeholders it was clear that there was significant growth in online gambling which is not captured in expenditure figures. Figure 4.2 includes very limited interactive gambling data (with much missing from 2002-03) and as such the fall may represent a recent switch to online gambling.

4.2.3 Tasmanian expenditure by gambling activity

Figure 4.3 summarises expenditure on Tasmania's gambling industry in 2015-16, by gambling activity.

FIGURE 4.3 EXPENDITURE OF GAMBLING ACTIVITIES (\$ MILLION), TASMANIA 2015-16



Note: Race wagering data was unable to be allocated between 'Casinos' and 'Hotel and club', and is recorded as 'other'.

SOURCE: DTF UNPUBLISHED DATA.

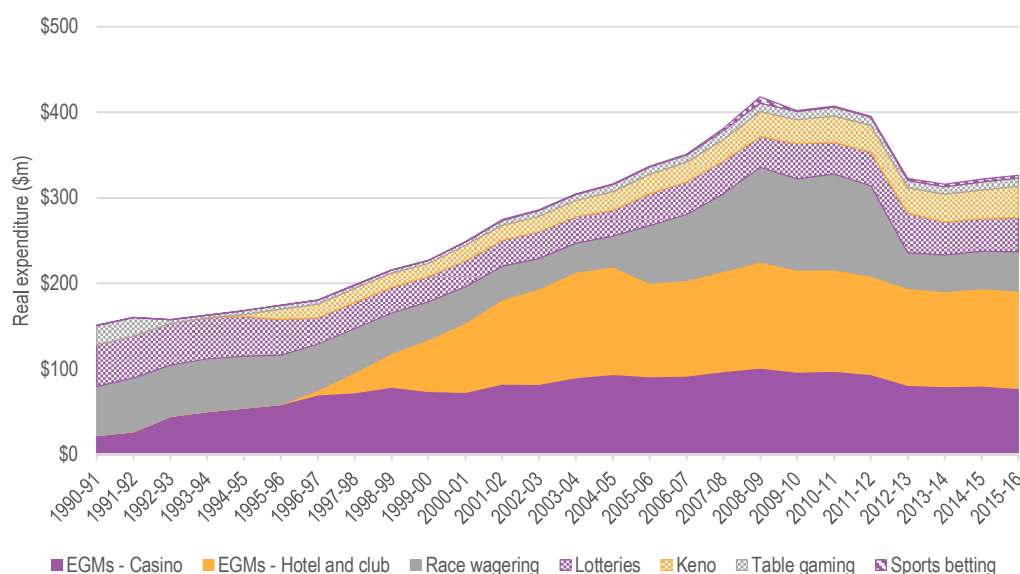
In 2015-16, EGMs accounted for 58.6% of total recorded gambling expenditure in Tasmania. Expenditure on race wagering represented the next largest share at 13.9% of total expenditure. Lotteries accounted for 12.3%, followed by keno (11.2%), table gaming (3.0%) and sports betting (1.0%).

Minor gaming expenditure figures are not reported as data are no longer collected. In 2002-03, the most recent data available, real expenditure on minor gaming in Tasmania totalled approximately \$7 million in 2008-09 dollars (3% of total gambling expenditure).

The figures for sports betting and race wagering exclude expenditure on, or gross commission earned from, services provided by Betfair. Note that in 2016 Betfair surrendered its Tasmanian Gaming Licence and shifted its regulated functions to the Northern Territory.

Figure 4.4 depicts the change in the composition of Tasmania's gambling industry over the period 1990-91 to 2015-16.

FIGURE 4.4 REAL EXPENDITURE IN THE TASMANIA GAMBLING INDUSTRY, BY GAMBLING ACTIVITY, 1990-91 TO 2015-16



Note: Lotteries includes: lotteries, lotto, instant lottery and pools.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A, QUEENSLAND TREASURY.

At the beginning of the period shown in Figure 4.4, Tasmania's gambling industry comprised four key activities—race wagering, lotteries, table gaming and casino EGMs. Modern-style EGMs were introduced to casinos in 1993-94, keno and sports betting were introduced in 1994-95, followed by EGMs in hotels and clubs in 1996-97.

The introduction of EGMs to hotels and clubs resulted in a major increase in gambling expenditure from the mid-1990s. EGMs in hotels and clubs appear mostly to have attracted additional expenditure to the gambling industry; one exception is the race wagering sector in which real expenditure trended downwards following the introduction of EGMs.

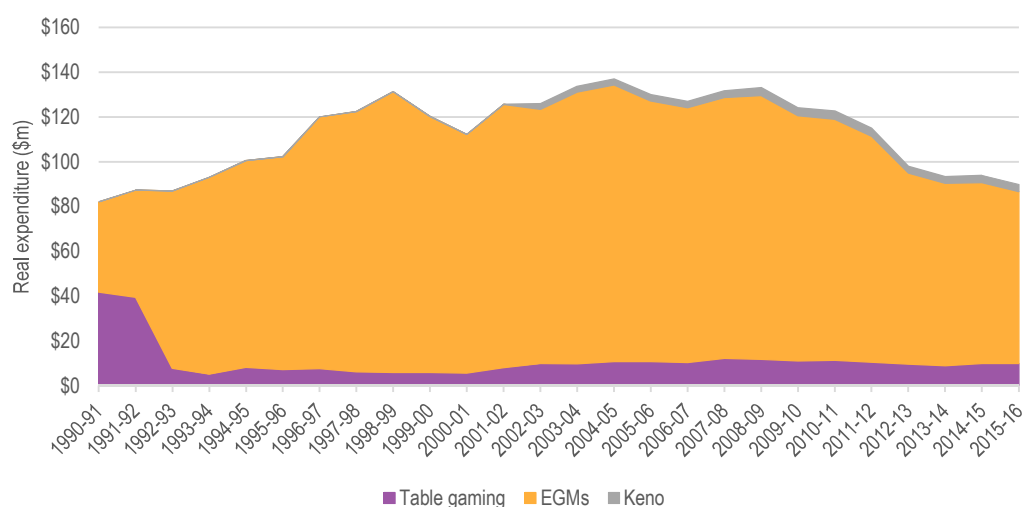
Real gambling expenditure increased sharply from 2006-07 to 2008-09. This was mainly driven by increased expenditure on race wagering. It is important to note, however, that this increase has likely come about due to growth in expenditure by non-Tasmanians, reflecting TOTE Tasmania's strategy (until 2012) to attract high spending punters from outside Tasmania.

The spike in real gambling expenditure in 2008-09 may have been impacted by the Federal Government's stimulus package, which was delivered between March and May 2009. This spike in expenditure appears to have manifested across all gambling types other than lotteries, which fell slightly in 2008-09. In 2009-10, expenditure returned to a level above that recorded for 2007-08 (the year before the stimulus package) for all gambling activities other than casino EGMs.

A final observation is the decline and then plateau in total real gambling expenditure since 2008-09. As discussed above, the fall in expenditure between 2011-12 and 2012-13 is largely due to the sharp decline in race wagering in 2012-13 when TOTE Tasmania (now branded UBET) under new ownership by Tatts Group, was no longer taking bets from high stakes professional gamblers. Additional factors may have included a switch to online gambling (which is not captured in expenditure data) and changing consumer preferences for other recreational activities.

4.2.4 Terrestrial casino gaming

Figure 4.5 depicts the trend in, and composition of, real expenditure on casino gaming in Tasmania over the period 1990-91 to 2015-16.

FIGURE 4.5 REAL CASINO EXPENDITURE IN TASMANIA, TRENDS AND COMPOSITION, 1990-91 TO 2015-16

Note: Figures are expressed in 2015-16 prices. Data includes: table gaming, EGMs and keno expenditure.

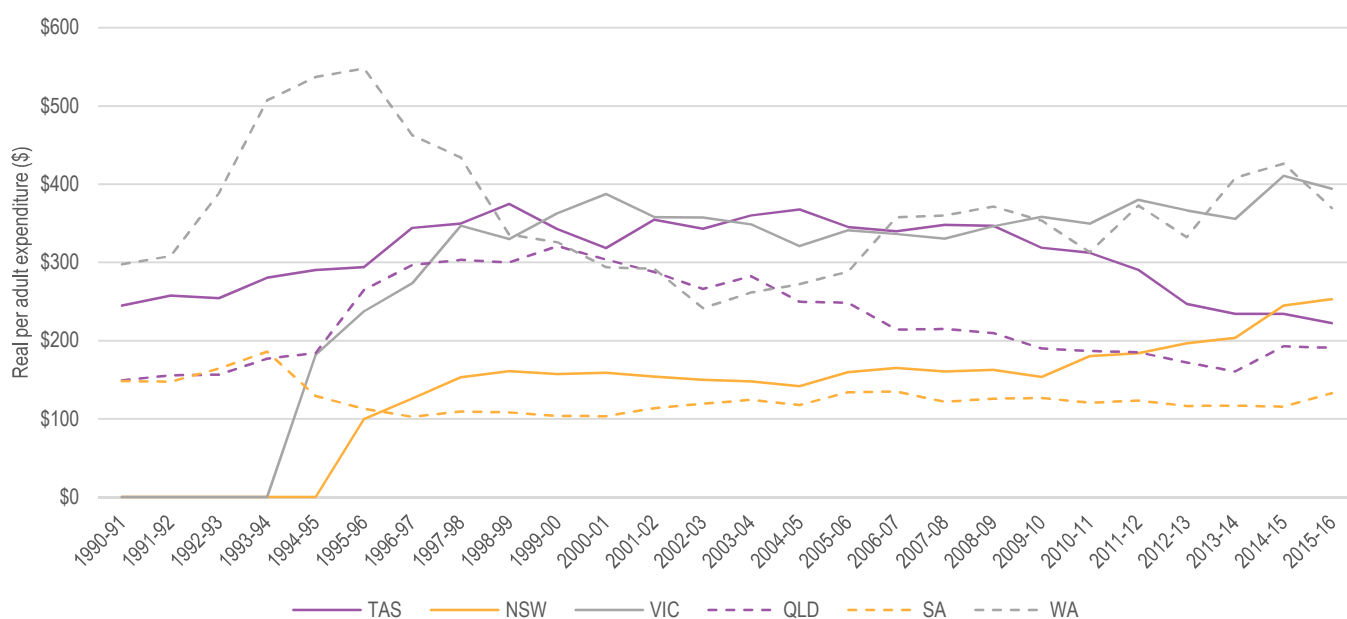
SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

In 2015-16, real casino gaming expenditure in Tasmania was approximately \$90 million. Of this, \$77 million was accounted for by EGMs (86% of total), \$10 million by table games (11%) and \$3 million by keno (3%).

A study of casinos in Australian jurisdictions indicates that EGMs account for 41% of total Australian casino gaming revenue (not including spending on EGMs by international VIP program players) (ACG, 2009). On the basis of this measure, casino EGM expenditure, as a proportion of total casino gambling expenditure in Tasmania, is high relative to other Australian casinos.

Real casino gaming expenditure exhibited strong growth from the early 1990s through to 1998-99, averaging 5% each year. From 1999-2000 to 2008-09 growth slowed to an average of 0.4% each year. Between 2008-09 and 2015-16, real casino gaming expenditure has declined at an average of 5% per annum. Numerous factors may explain this reduction, such as the competition from other gaming forms within Tasmania—particularly EGMs in clubs and hotels, and competition from casinos in other states as well as the introduction of the *Responsible Gambling Mandatory Code of Practice for Tasmania* in 2012.

Figure 4.6 shows real per adult casino expenditure across Australian jurisdictions from 1990-91 to 2015-16. Tasmania has historically had among the highest real per adult casino expenditure. In 2015-16, Tasmania's per adult casino expenditure was close to the average across all jurisdictions at \$222.

FIGURE 4.6 REAL PER ADULT CASINO EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16

Note: Figures are expressed in 2015-16 prices.

SOURCE: QUEENSLAND TREASURY 2017.

4.3 Electronic gaming machines

4.3.1 Electronic gaming machines expenditure

Figure 4.7 depicts the trend in real EGM expenditure in Tasmania over the period 1990-91 to 2015-16.

FIGURE 4.7 REAL EGM EXPENDITURE IN TASMANIA, 1990-91 TO 2015-16

Note: Figures are expressed in 2015-16 prices.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

Total real EGM expenditure in Tasmania increased from \$40 million in 1990-91 to \$289 million in 2003-04—a large driver of this growth was the introduction of EGMs to clubs and hotels. Since 2008-09 there has been a steady decline in real EGM expenditure in Tasmania.

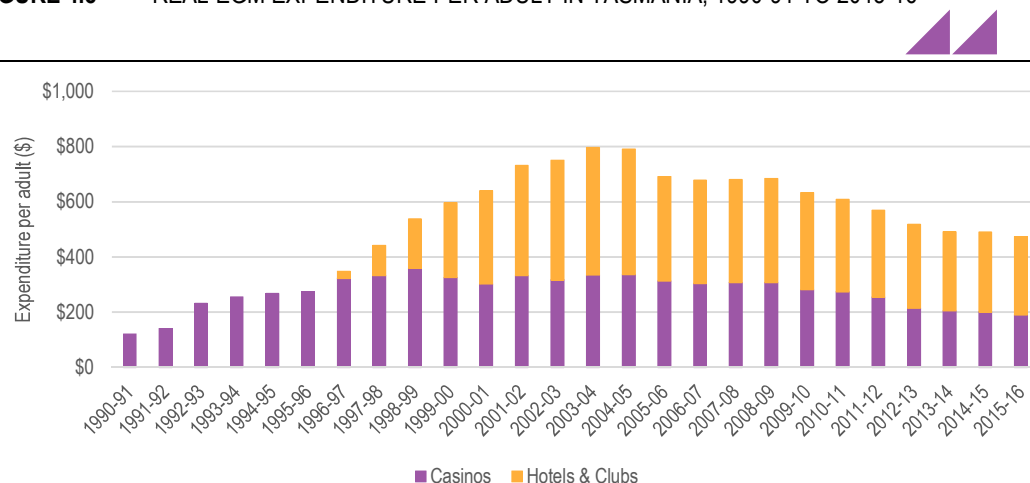
Following the introduction of EGMs to clubs and hotels in 1996-97, real hotel and club EGM expenditure grew strongly through to the early 2000s, peaking at around \$167 million in 2003-04.

Expenditure subsequently decreased in real terms to approximately \$140 million in 2005-06, and remained relatively static until 2008-09. Since 2008-09, real EGM expenditure in Tasmanian hotels and clubs has fallen to \$114 million.

The sharp decline in real expenditure on EGMs in 2005-06 was most likely the result of smoking bans introduced during that year. A possible explanation for the weak expenditure growth since then is the increase in competition from other gambling activities, particularly wagering and sports betting, and availability of betting products via the telephone and internet.

Figure 4.8 shows real EGM expenditure per adult in Tasmania. The profile is similar to that of the total expenditure, with expenditure per adult increasing to 2003-04 and subsequently declining. EGM expenditure per adult peaked in 2003-04 at \$796 per adult which has since declined to \$474 per adult in 2015-16.

FIGURE 4.8 REAL EGM EXPENDITURE PER ADULT IN TASMANIA, 1990-91 TO 2015-16

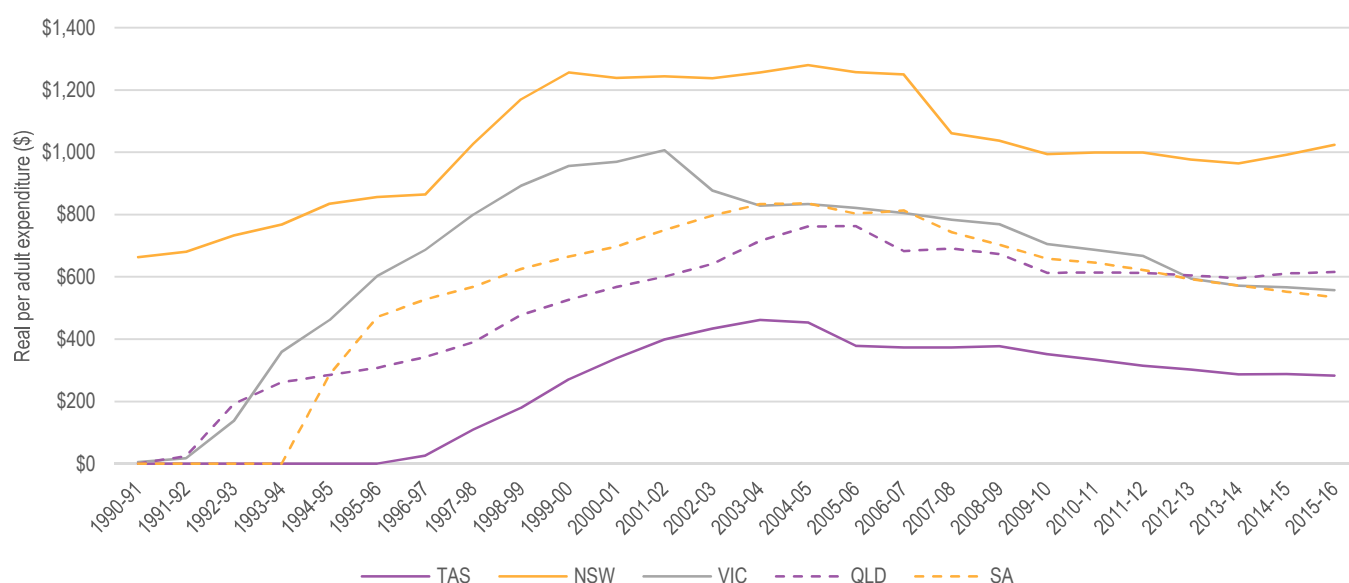


Note: Figures are expressed in 2015-16 prices.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A, ABS 2017A, ABS 2017B, ABS 2013.

4.3.2 Electronic gaming machines in hotels and clubs

Figure 4.9 compares real per adult EGM expenditure in hotel and clubs across Australian jurisdictions over the period 1990-91 to 2015-16. EGM expenditure in casinos is not available for all jurisdictions, as such, this analysis is unable to include casino EGM expenditure. It should be noted that high expenditure on EGMs in some states, for example New South Wales, reflects a strong clubs culture.

FIGURE 4.9 REAL PER ADULT EGM EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16, HOTELS AND CLUBS ONLY

Note: Figures are expressed in 2015-16 prices.

SOURCE: QUEENSLAND TREASURY 2017, ABS 2017A, ABS 2017B, ABS 2013.

At the beginning of the period, hotel and club EGMs were only present in New South Wales. EGMs were introduced to Victoria in 1990-91, Queensland in 1991-92, and South Australia in 1994-95. EGMs were introduced to Tasmania in 1996-97.

In each jurisdiction, real per adult spending exhibited strong growth immediately following the allocation of EGM licences. This expansion continued over subsequent years, and eventually peaked, with growth subsequently weakening and then declining in all jurisdictions. Compared with other jurisdictions, real per adult expenditure levels in Tasmania peaked more quickly following EGM introduction.

Real per adult EGM hotel and club expenditure has always been low in Tasmania compared with other jurisdictions, possibly reflecting the low concentration of EGMs per 1,000 adults. In 2015-16, the level of expenditure on hotel and club EGMs by Tasmanians was \$283 per adult. The second lowest figure was observed in South Australia (\$535), followed by Victoria (\$558) and then Queensland (\$616). The highest level of expenditure per adult was observed in New South Wales (\$1,023). Note WA has no EGMs in hotels and clubs.

Table 4.2 provides a breakdown of hotel and club EGM expenditure measures by jurisdiction in 2015-16. Compared with most other jurisdictions, hotel and club EGM expenditure in Tasmania comprises a relatively low share of total gambling expenditure and Household Disposable Income (HDI).

TABLE 4.2 HOTEL AND CLUB EGM EXPENDITURE AS A SHARE OF TOTAL STATE GAMBLING EXPENDITURE AND HDI, BY JURISDICTION, 2015-16

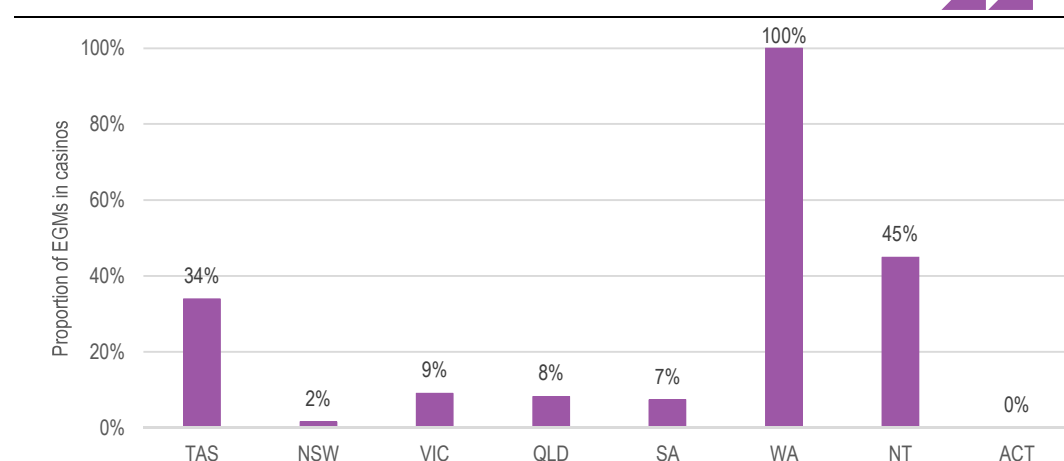
Measure	TAS	NSW	VIC	QLD	SA	ACT	NT
Hotel and club EGM expenditure as a percentage of total state gambling expenditure	35.0%	64.8%	45.2%	58.7%	68.1%	72.6%	6.0%
Hotel and club EGM expenditure as a percentage of HDI	0.5	1.6	1.0	1.1	1.0	0.5	0.7

SOURCE: QUEENSLAND TREASURY 2017.

4.3.3 Electronic gaming machines in casinos

As at June 2016, 1,185 EGMs were located in the two casinos—650 in Wrest Point and 535 in the Country Club. In 2014-15, real per adult casino gambling expenditure in Tasmania was \$234. This was close to the average across all jurisdictions, with Western Australia, New South Wales and Victoria being the jurisdictions with more spent per adult. Per adult casino expenditure in Tasmania has historically been high compared with other states and for the past decade Tasmania's per adult expenditure has been amongst the highest spend by jurisdiction. This may be because around a third of Tasmania's total EGMs are located in casinos—a relatively large proportion (see Figure 4.10). The high spend may also reflect the presence of two casinos in a relatively small population state.

FIGURE 4.10 PROPORTION OF TOTAL JURISDICTION EGMS IN CASINOS, 2014-15



SOURCE: AUSTRALASIAN GAMING COUNCIL 2016.

4.3.4 Electronic gaming machines across jurisdictions

Table 4.3 provides a breakdown of the number of EGMs and related statistics across Australian jurisdictions. It should be noted that due to different reporting periods, these figures differ slightly from those presented in Chapter 3.

There is considerable variation in both the number and structure of EGMs within Australian jurisdictions. In 2014-15, Tasmania had fewer EGMs than most other jurisdictions, with the exceptions of Western Australia and the Northern Territory. Of Tasmania's EGMs, 62% were licensed to hotels, 34% to casinos and 4% to clubs. The proportions licensed to hotels and casinos are large compared with other states, whereas the share allocated to clubs is small, for reasons discussed in Chapter 3.

On a per adult basis, the concentration of EGMs in Tasmania is low relative to other jurisdictions. In 2014-15, there were 8.7 EGMs per 1,000 adults in Tasmania. Higher ratios were observed in New South Wales (16.0), Queensland (12.8), South Australia (10.0), the Australian Capital Territory (16.5) and the Northern Territory (11.8). Relative to Tasmania, there were slightly fewer EGMs per 1,000 adults in Victoria (6.2). Unsurprisingly, Western Australia only has 1.1 EGMs per 1,000 adults given that EGMs are only permitted within Crown Perth Casino.

With regard to jurisdictional caps on EGM numbers, Tasmania's limit of 40 per club is equally the lowest with South Australia. Tasmania's limit of 30 per hotel is consistent with New South Wales, but is lower than the other jurisdictions—particularly Victoria (105 per hotel), with the exception of the Northern Territory which limits EGMs to 20 per hotel.

TABLE 4.3 EGM NUMBERS AND STATISTICS, BY STATE AND TERRITORY, 2014-15

Measure	TAS	NSW	VIC	QLD	SA	WA	ACT	NT
Number of EGMs operating								
Clubs	127	70,086	12,738	23,578	1,813	-	4,956	753
Hotels	2,183	23,278	13,526	19,290	10,564	-	66	428
Casinos	1,185	1,500	2,628	3,829	990	2,252	-	964
Total	3,495	94,864	28,892	46,697	13,367	2,252	5,022	2,145
Location of EGMs (per cent)								
Clubs	4%	74%	44%	51%	14%	-	99%	35%
Hotels	62%	25%	47%	41%	79%	-	1%	20%
Casinos	34%	2%	9%	8%	7%	100%	-	45%
EGMs per 1,000 adult and area								
EGMs per 1,000 adults	8.7	16.0	6.2	12.8	10.0	1.1	16.5	11.8
EGMs per 1,000km ²	51.10	118.48	127.04	26.98	13.59	0.89	2,129.77	1.59
Caps on EGMs								
Hotels and clubs	2,500	97,500	27,372	44,205	12,086	N/A	5,024	State-wide cap of 1,852 for all venues
Casinos	1,180**	1,500	2,628	Limited by ratio***	Limited by formula#	2,500 (applicable by 2018)	N/A	
Per Hotel	30	30	105	45	40	N/A	Up to 10*	20
Per club	40	Unrestricted	105	300	40	N/A	Unrestricted	55

Note: only land-based EGMs are reported. * Taverns in the ACT are allowed a maximum of 2 Class B (draw poker) gaming machines. Hotels with 12 or more units of accommodation are allowed a maximum of 10 Class B gaming machines, while hotels with less than 12 units of accommodation are allowed a maximum of 2 Class B gaming machines. ** There is no cap on the number of EGMs in Tasmania's casinos. Rather, the number of EGMs in Tasmanian casinos is limited by the state-wide cap of 3,680 for all gaming machines, with a cap of 2,500 applicable to clubs and hotels. *** Queensland casinos are limited by ratio of 12 gaming machines per table game. #The Adelaide Casino has a cap of 1,500 EGMs.

SOURCE: AGC 2016, GEOSCIENCE AUSTRALIA 2017.

4.4 Race wagering

4.4.1 Activities

Race wagering encompasses thoroughbred, harness and greyhound racing. Table 4.4 provides a breakdown of racing activities in Tasmania in 2014-15.

TABLE 4.4 RACING STATISTICS, TASMANIA, 2014-15

	Thoroughbred	Harness	Greyhound ¹
Clubs	4	-**	3
Tracks	5	10	-**
Race meetings	77	93	157
Total races	620	713	1615

Note: ¹ greyhound statistics are for 2015; ** 2014-15 statistics unavailable.

SOURCE: AUSTRALASIAN GAMING COUNCIL 2016.

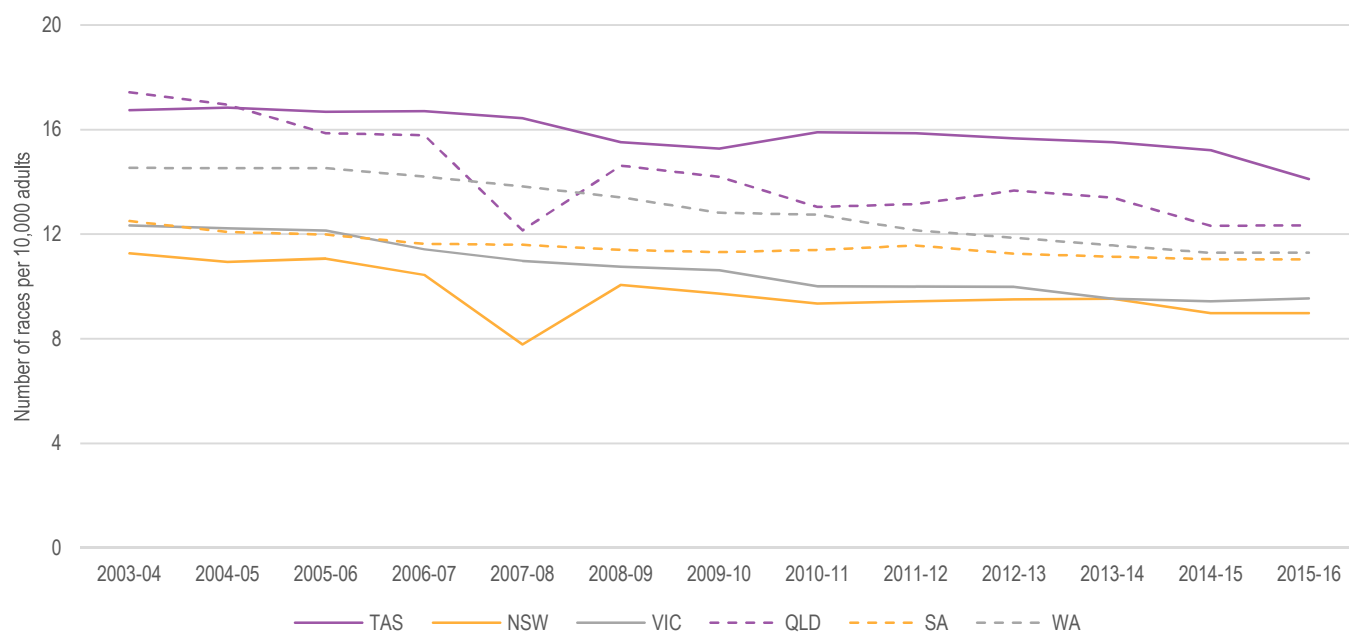
In 2014-15:

- there were four clubs which operated thoroughbred race meetings on five tracks in Tasmania
- there were 77 thoroughbred race meetings, comprising 620 thoroughbred races

- there were ten harness racing tracks in Tasmania, which held 93 harness race meetings, comprising 713 total harness races
- there were three greyhound racing clubs, which held 157 greyhound race meetings, comprising a total of 1,615 races.

Figure 4.11 depicts the trend in the total number of thoroughbred races per 10,000 adults by jurisdiction over the period 2003-04 to 2015-16.

FIGURE 4.11 NUMBER OF RACES PER 10,000 ADULTS, BY JURISDICTION, 2003-04 TO 2015-16



Note: Population was derived using Australian Bureau of Statistics from Queensland Treasury and Trade 2016c.

SOURCE: RACING AUSTRALIA 2016, QUEENSLAND TREASURY 2017.

At the beginning of the period, approximately 17 races per 10,000 adults were held in Tasmania. This was high compared with all other jurisdictions aside from Queensland. A slight downward trend was observed in Tasmania over the period, falling to 14 races held per 10,000 adults in 2015-16. This reduction was small relative to the changes observed in most other jurisdictions. For example, the number of races per 10,000 adults in Queensland decreased from approximately 17 in 2003-04 to around 12 in 2015-16.

Table 4.5 summarises group and listed thoroughbred racing statistics by jurisdiction in 2015-16. As indicated, fewer races and less prize money were offered in Tasmania compared with the other jurisdictions. In addition, no Group 1 or Group 2 thoroughbred races were held in Tasmania.

TABLE 4.5 THOROUGHBRED GROUP AND LISTED STATISTICS, BY JURISDICTION, 2015-16

	TAS	NSW	VIC	QLD	SA	WA
Number of races						
Group 1	-	27	30	8	4	3
Group 2	-	40	37	9	3	6
Group 3	4	53	58	17	12	16
Listed Races	12	52	76	45	28	51
G&L Races	-	4	2	3	-	2
Total	16	176	203	82	47	78
Prize money (\$ millions)						
Group 1	\$0.0	\$33.1	\$32.1	\$5.6	\$1.8	\$3.0
Group 2	\$0.0	\$9.4	\$8.4	\$2.2	\$0.8	\$2.4
Group 3	\$0.7	\$8.7	\$10.2	\$2.4	\$1.5	\$2.7
Listed Races	\$1.2	\$6.2	\$10.7	\$5.1	\$2.8	\$5.4
G&L Races	\$0.0	\$1.4	\$0.5	\$4.7	\$0.0	\$0.4
Total	\$1.9	\$58.6	\$61.8	\$20.1	\$6.9	\$13.9

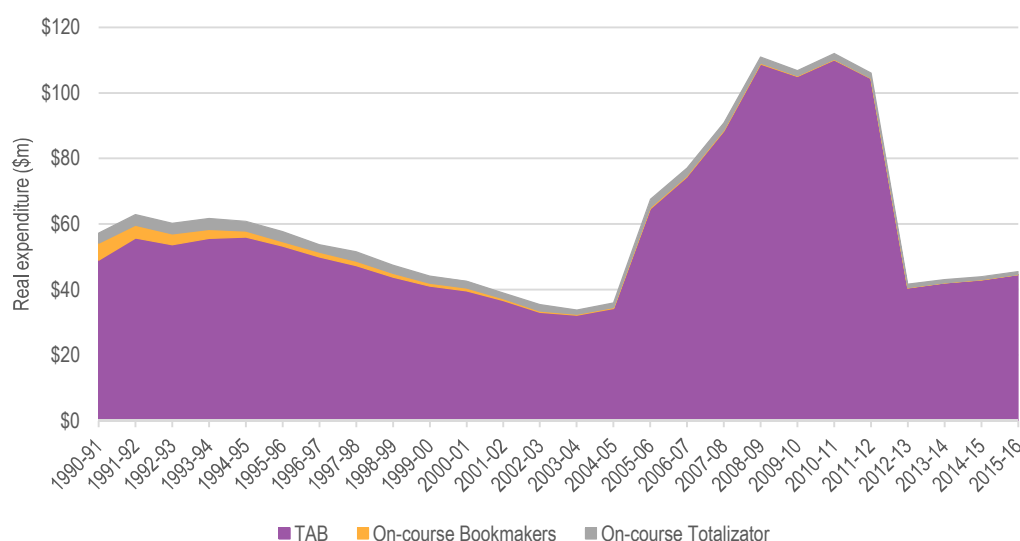
Note: Horse racing in Australia is divided into different categories which are determined by the Australian Group and Listed Races Advisory Board. The four largest divisions are Group 1, Group 2, Group 3 and Listed Races. The Group 1-3 events are deemed the most prestigious and important (Races.com.au 2014). Races outside these categories are not listed in this table.

SOURCE: RACING AUSTRALIA 2016.

4.4.2 Expenditure

Figure 4.12 depicts the trend in, and composition of, real expenditure on race wagering over the period 1990-91 to 2015-16. Expenditure is categorised by the wagering form as opposed to the type of activity. The expenditure figures reported in this section exclude expenditure on (or gross commission earned from) services provided by Betfair. Note that in 2016 Betfair surrendered its Tasmanian Gaming Licence and shifted its regulated functions to the Northern Territory.

FIGURE 4.12 REAL EXPENDITURE ON SERVICES OFFERED BY TASMANIAN RACE WAGERING OPERATORS, TREND AND COMPOSITION, 1990-91 TO 2015-16



Note: Figures are expressed in 2015-16 prices.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

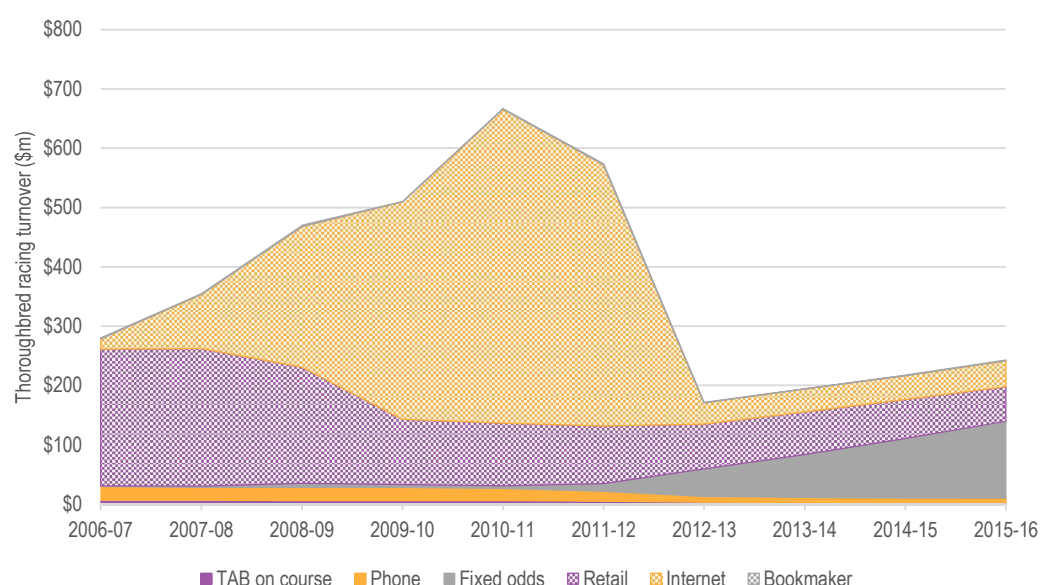
At the beginning of the period, total real race wagering expenditure was approximately \$57 million. Of this total, around \$49 million was accounted for by TAB betting, \$3 million by on-course totalizator betting and \$5 million by on-course bookmakers.

Total expenditure on race wagering exhibited a downward trend during the mid-1990s and early 2000s. This effect was most evident in TAB and on-course bookmaker expenditures, and was likely a result of competition from other gambling activities, particularly EGMs. However, real race wagering expenditure displayed strong growth from 2004-05 to 2008-09. This strong growth was driven, wholly or in part, by growth in interstate and international customer activity. In particular, TOTE Tasmania's strategy until 2012 was to attract high spending punters from outside Tasmania. Based on previous discussions with TOTE Tasmania, this was successful due to its web systems, discounts and generous rebates offered to major customers.

From 2008-09 to 2011-12, real expenditure remained relatively constant. The year 2012-13 saw a large decline in real expenditure on race wagering, falling from \$106 million to \$42 million. In 2012, TOTE Tasmania was sold to the Tatts Group, which shifted its focus towards building up the retail business. Much of this decline can be attributed to TOTE Tasmania, under new ownership of the Tatts Group, no longer taking bets from high stakes professional gamblers.

In 2015-16, total real race wagering expenditure was approximately \$45.5 million, with \$44.6 million accounted for by TAB betting, \$0.9 million by on-course totalizator betting, and less than \$0.05 million by on-course bookmakers.

Figure 4.13 depicts the trend in, and composition of, thoroughbred turnover in Tasmania over the period 2006-07 to 2015-16. Turnover figures provide a clear explanation for the large spike in race wagering expenditure between 2006-07 and 2011-12. In the context of wagering, turnover is the total amount staked by backing customers, whereas expenditure (see Figure 4.12) is equivalent to the commission retained (or 'taken out') by the betting operator after winnings are paid out to customers.

FIGURE 4.13 TASMANIA THOROUGHBRED WAGERING TURNOVER, TASMANIA, 2006-07 TO 2015-16

SOURCE: RACING AUSTRALIA 2016.

Since 2011-12 there has been strong growth in fixed odds betting. Fixed odds betting increased from \$4.4 million in 2010-11 to \$129 million in 2015-16. This growth is likely due to the increased use of sports betting apps identified by stakeholders.

Additionally, both retail and phone betting have declined significantly since 2006. Retail betting has fallen from \$231 million in 2006-07 to \$58 million in 2015-16, and phone betting has fallen from \$23 million in 2006-07 to \$8 million in 2015-16.

In contrast, wagering turnover via the internet increased markedly from \$17 million in 2006-07 to almost \$529 million in 2010-11 before falling significantly in 2012-13. Again, this rise and consequent fall is likely due to TOTE Tasmania's strategy until 2012 to attract high spending gamblers from outside Tasmania, which ceased following the sale of TOTE Tasmania to the Tatts Group in 2012.

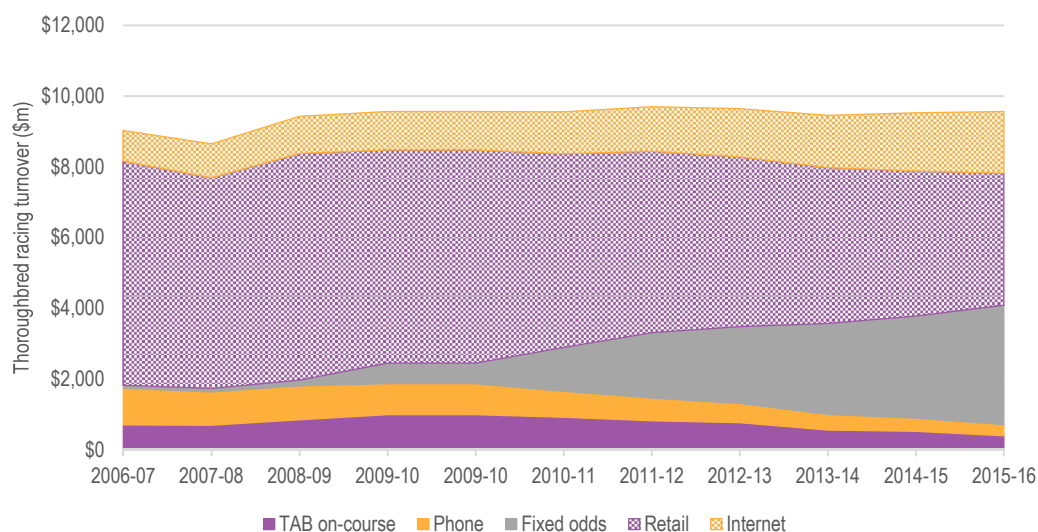
In 2010-11, total Tasmanian thoroughbred wagering turnover was almost \$666 million. This represented an increase of around 139% in nominal terms from 2006-07—an increase that was driven solely by the increase in turnover from internet wagering, and which appears to have been at the expense of turnover from retail outlets.

Some of the increase in internet wagering can be attributed to the changing tastes of Tasmanian gamblers, shifting from traditional retail forms to online gambling services.

Since 2010-11 there has been a dramatic fall in Tasmanian internet wagering, falling from \$529 million in 2010-11 to \$35.8 million in 2012-13. As discussed above, this is presumably due to the change in strategy of TOTE Tasmania following its sale to the Tatts Group in March 2012, as well as the economic conditions in Tasmania.

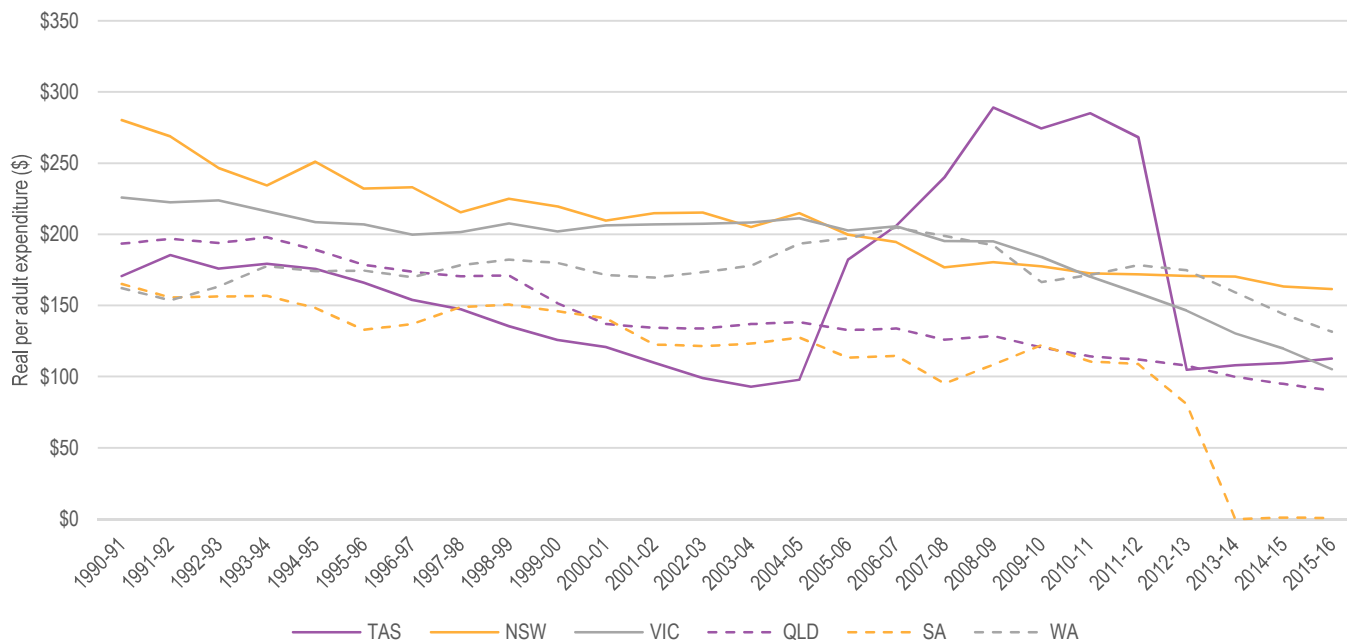
It should be noted that the trend observed in Figure 4.13 does not fully account for the increase in race wagering expenditure depicted in Figure 4.12, as it focuses only on thoroughbreds. Rather, the turnover data should be considered indicative of a broader trend within the Tasmanian race wagering industry.

Figure 4.14 depicts the trend in, and composition of, thoroughbred turnover in Australia—less Tasmania—over the period 2006-07 to 2015-16. The strong trend observed in Tasmania is not reflected in the aggregated figures for the rest of Australia. However, the strong growth in fixed odds betting in Tasmania is also reflected in these national figures, albeit the national growth began approximately 3 years earlier. Fixed odds wagering has increased from \$161 million in 2008-09 to \$3,380 million in 2015-16.

FIGURE 4.14 THOROUGHBRED WAGERING TURNOVER, AUSTRALIA LESS TASMANIA, 2006-07 TO 2015-16

SOURCE: RACING AUSTRALIA 2016.

Figure 4.15 depicts real per adult race wagering expenditure, by jurisdiction, over the period 1990-91 to 2015-16.

FIGURE 4.15 REAL PER ADULT RACE WAGERING EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16

Note: Figures are expressed in 2015-16 prices.

SOURCE: QUEENSLAND TREASURY 2017.

In 1990-91, Tasmania's real per adult race wagering expenditure was lower than most other jurisdictions considered, with the exception of South Australia. From 2004-05 to 2008-09, real race expenditure grew dramatically from \$98 per adult to \$289 per adult, a figure significantly higher than any other state or territory, and consistent with the profile depicted in Figure 4.12. However, as

discussed previously, this increase was driven, wholly or in part, by the growth in activity of interstate and international customers. Given that the available data does not specify the exact proportion of expenditure by Tasmanians versus non-Tasmanians, it is not possible to draw a clear conclusion on the level of real per adult race wagering expenditure in Tasmania. Recent years have seen a large decline in real per adult race wagering expenditure, falling from \$268 in 2011-12 to \$113 in 2015-16, amongst the lowest of Australian jurisdictions. As discussed previously, expenditure has fallen following Tatts Group's acquisition of TOTE Tasmania in March 2012 and their change in strategy and market.

Table 4.6 provides a breakdown of total and per adult race wagering turnover by jurisdiction in 2015-16. As indicated, total wagering turnover is low in Tasmania relative to other jurisdictions. On a per adult basis however, wagering turnover is higher than the majority of jurisdictions considered. In 2015-16 Tasmania had a high real per adult wagering turnover of \$963 per adult, exceeded only by WA at \$992 per adult. However, as noted above the real per adult expenditure in Tasmania is lower than the majority of Australian jurisdictions.

TABLE 4.6 TOTAL AND PER ADULT RACE WAGERING TURNOVER, BY WAGERING FORM AND JURISDICTION, 2015-16

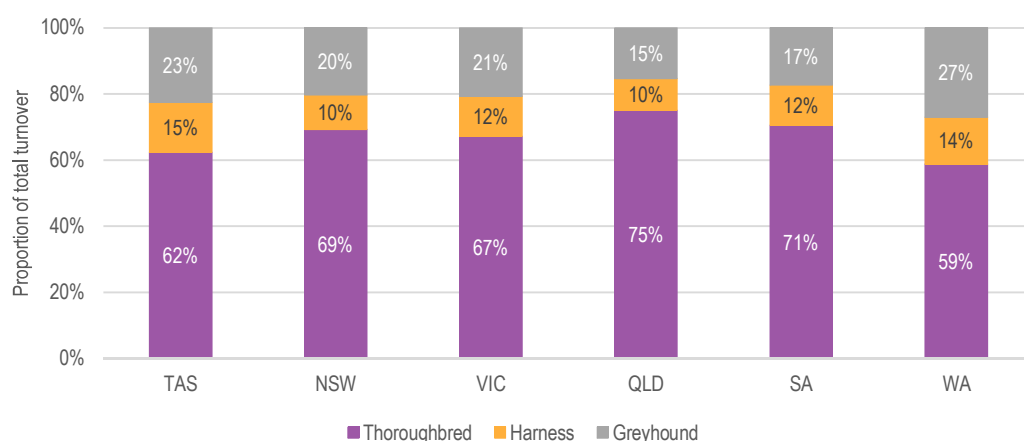
	TAS	NSW	VIC	QLD	SA	WA
Total turnover (\$ millions)						
On-course totalizator	\$3.6	\$205.4	\$178.6	\$34.8	\$15.9	\$47.4
TAB (less on-course totalizator)	\$384.6	\$4,959.8	\$3,861.9	\$2,137.1	\$669.8	\$1,915.8
Bookmakers	\$0.9	\$519.1	\$127.1	\$39.7	\$29.0	\$28.3
Total	\$389.1	\$5,684.3	\$4,167.5	\$2,211.5	\$714.7	\$1,991.5
Turnover per adult member of the population						
On-course totalizator	\$9	\$34	\$38	\$9	\$12	\$24
TAB (less on-course totalizator)*	\$952	\$832	\$823	\$581	\$499	\$954
Bookmakers	\$2	\$87	\$27	\$11	\$22	\$14
Total	\$963	\$953	\$888	\$601	\$532	\$992

* Includes TOTE Tasmania now branded UBET.

Note: population figures used here are 2015-16

SOURCE: RACING AUSTRALIA 2017, ABS 2017B.

Figure 4.16 depicts turnover on thoroughbred, harness and greyhound types as a proportion of total turnover, by jurisdiction, in 2015-16. The composition of total turnover according to the different racing types is broadly consistent with the average for the other jurisdictions.

FIGURE 4.16 DISTRIBUTION OF RACE WAGERING TURNOVER, BY JURISDICTION, 2015-16

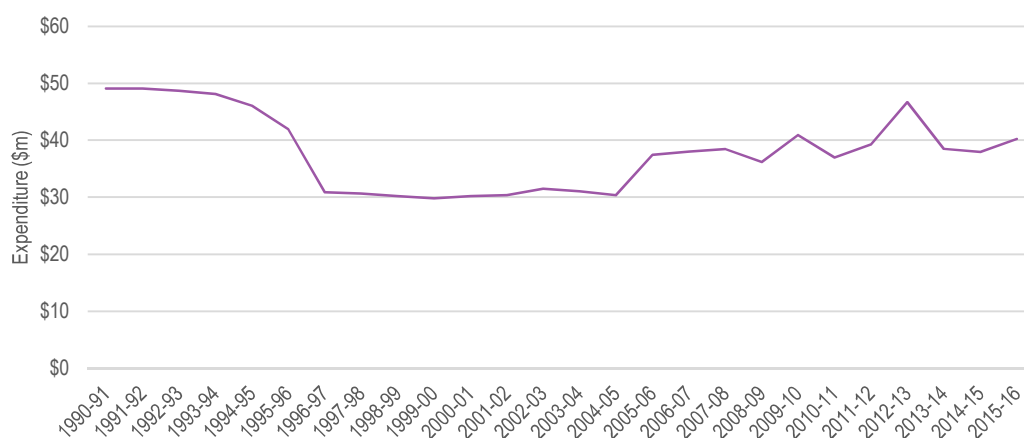
Note: Values in the graph have been rounded to the nearest%, such that totals may not sum to 100%.

SOURCE: RACING AUSTRALIA 2016.

4.5 Lotteries

Lotteries are broadly defined as 'games of chance' and come in various forms. Lottery products include lotteries, lotto, instant lotto ('scratchies') and sports pools.

Figure 4.17 depicts the trend in real lottery expenditure in Tasmania over the period 1990-91 to 2015-16.

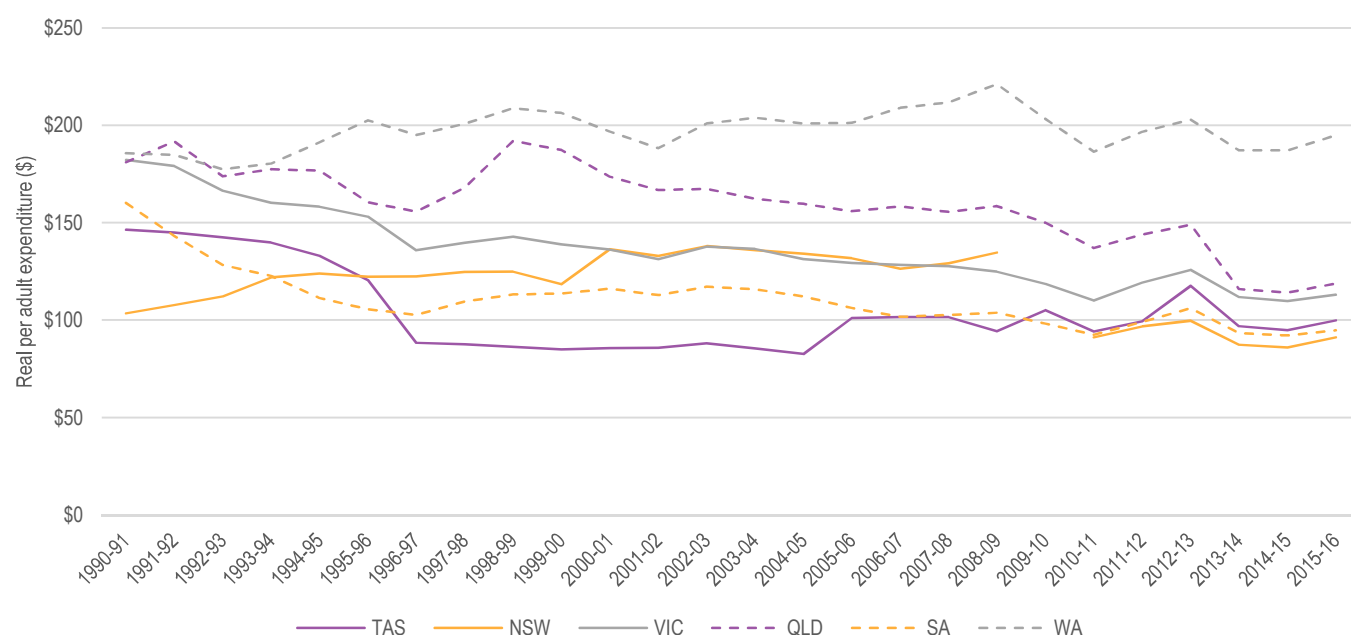
FIGURE 4.17 REAL LOTTERY EXPENDITURE IN TASMANIA, 1990-91 TO 2015-16

Note: Lotteries includes: lotteries, lotto, instant lottery, pools. Figures are expressed in 2015-16 prices.

SOURCE: DTF UNPUBLISHED DATA.

At the beginning of the period, real lottery expenditure was \$49 million. Expenditure decreased in real terms from 1994-95 to 1996-97, likely as a result of the introduction of keno to clubs and hotels. Expenditure remained relatively static from 1996-97 to 2004-05 and has since increased to 2015-16. Notably, lotteries were the only gambling activity in Tasmania where real expenditure decreased in 2008-09 (that is the year in which the Federal Government provided payments to households as part of the stimulus package). In 2015-16, lottery expenditure in Tasmania was approximately \$40 million.

Figure 4.18 depicts trends in real per adult lottery expenditure by jurisdiction over the period 1990-91 to 2015-16.

FIGURE 4.18 REAL PER ADULT LOTTERY EXPENDITURE, BY JURISDICTION, 1990-91 TO 2015-16

Note: Lottery expenditure includes: lotteries, lotto, instant lottery, pools. Figures are expressed in 2015-16 prices. NSW data for 2010 is only available for April–June 2010, therefore 2010 is not reported.

SOURCE: QUEENSLAND TREASURY 2017.

In 1990-91, real per adult expenditure on lotteries in Tasmania was at a medium level compared with other jurisdictions. However, expenditure exhibited an overall downward trend through to 1996-97, resulting in Tasmania having the lowest per adult expenditure among the jurisdictions considered. This was still the case in 2008-09, despite expenditure growth in two previous years. In 2008-09, real lottery expenditure in Tasmania was approximately \$94 per adult and, despite a spike in 2012-13, has remained fairly constant since. In 2015-16, real per adult lottery expenditure in Tasmania is \$100, which places Tasmania amongst the lowest expenditure per adult behind South Australia (\$95 per adult) and New South Wales (\$91 per adult).

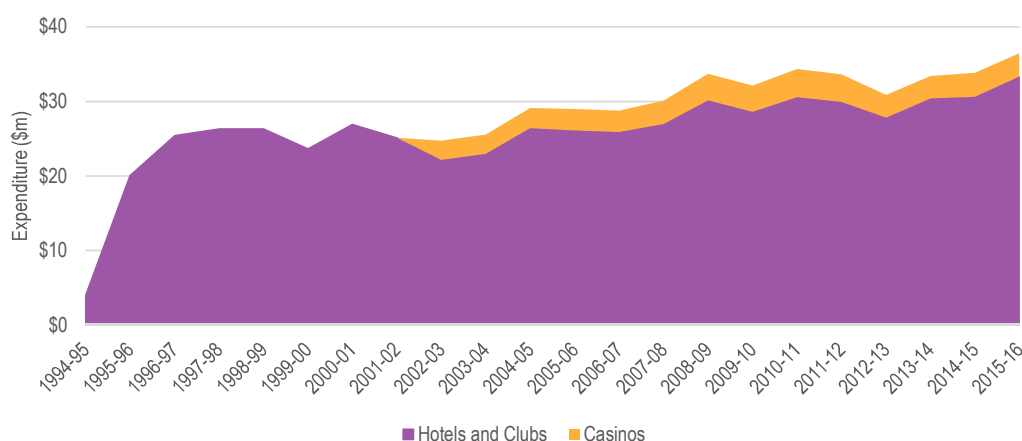
4.6 Keno

4.6.1 Activities

Keno is an electronic form of bingo where a gambler places bets on a chosen set of up to 15 numbers (out of 80). The keno system randomly draws 20 numbers from the group of 80. If the player's chosen numbers match with any of the 20 randomly drawn numbers, the player wins an amount proportional to the sum gambled and their matching numbers. Keno is played at clubs, hotels and casinos in Tasmania.

4.6.2 Expenditure

Figure 4.19 depicts the trend in real keno expenditure in Tasmania over the period 1994-95 to 2015-16.

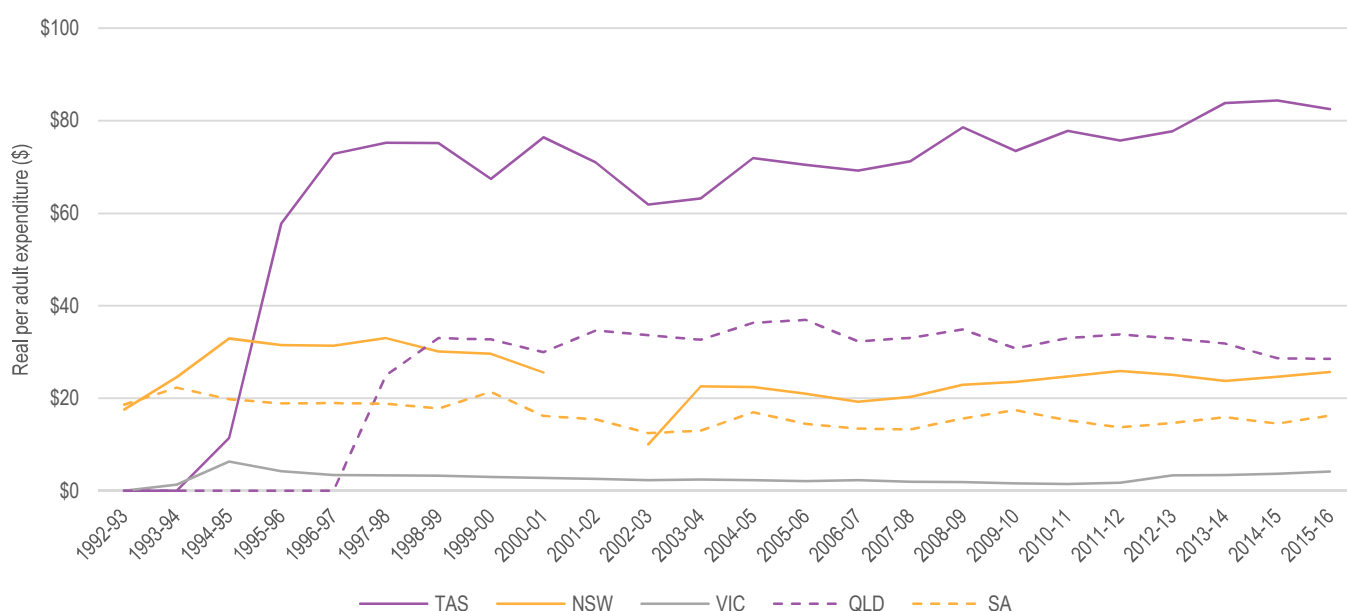
FIGURE 4.19 REAL EXPENDITURE ON KENO IN TASMANIA, 1994-95 TO 2015-16

Note: Figures are expressed in 2015-16 prices, no casino Keno data recorded prior to 2002-03.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

Keno was introduced to Tasmanian clubs and hotels in 1994-95 and the level of real expenditure grew rapidly over the following three years. Since 1997-98, however, expenditure growth has slowed—averaging 2% per annum. In 2015-16, real expenditure on keno was approximately \$36 million. In 2015-16, keno in casinos represented 9% of total keno expenditure.

Figure 4.20 depicts trends in real per adult keno expenditure by jurisdiction over the period 1992-93 to 2015-16.

FIGURE 4.20 REAL PER ADULT KENO EXPENDITURE, BY JURISDICTION, 1992-93 TO 2015-16

Note: NSW data missing for 2001-02, and estimated for 2002-03.

SOURCE: QUEENSLAND TREASURY 2017.

At the beginning of the period, keno was present only in New South Wales and South Australia. Keno was introduced to Victoria in 1993-94, to Tasmania in 1994-95 and to Queensland in 1997-98. Despite the game's relatively late introduction in Tasmania, from 1995-96 to 2014-15 the level of real per adult keno expenditure was the highest among the jurisdictions considered. In 2015-16, real expenditure on

keno by Tasmanians was approximately \$83 per adult, which is noticeably higher than all other jurisdictions.

The higher per adult keno expenditure in Tasmania may be attributed to the relatively high proportion of gaming venues offering keno in Tasmania—nearly 100%. As a comparison (albeit with dated data), at 30 June 2013, NSW had 2,816 gaming clubs and hotels (and a casino), of which 1,811 were connected to keno (OLGR, 2014b). This represents approximately 64% (at that time) of NSW gaming licensed clubs and hotels that offered keno.

4.7 Table gaming

4.7.1 Activities

There are two casinos in Tasmania: the Wrest Point Hotel Casino in Hobart and the Country Club Casino in Launceston. Table games are only offered at these two casinos.

Table 4.7 provides a breakdown of table gaming in the two locations. Compared to the Country Club, Wrest Point offers a slightly wider variety of games as well as a larger number of tables.

TABLE 4.7 TABLE GAMES IN TASMANIAN CASINOS OCTOBER 2016

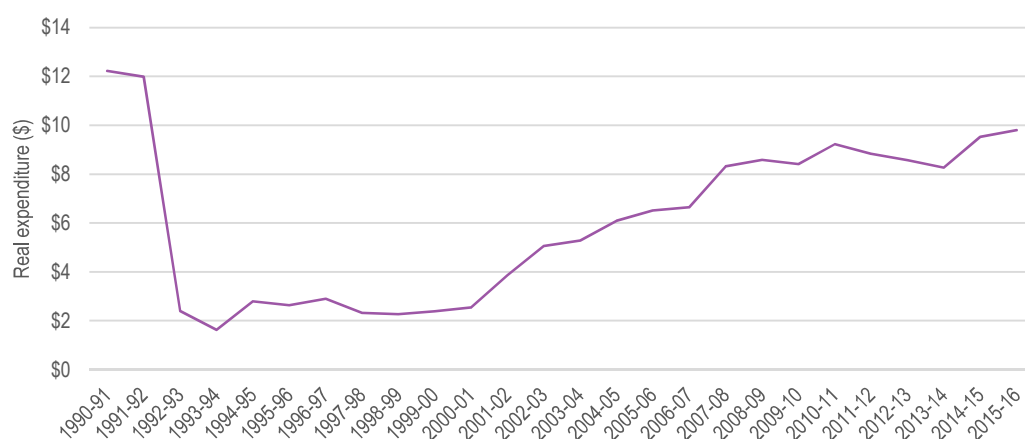
Table game	Wrest Point	Country Club	Total
Blackjack	7	7	14
Midi Baccarat	2	-	2
Mini Baccarat	1	1	2
Big Wheel	1	1	2
Hold 'Em Poker	4	2	6
Pontoon	3	1	4
Rapid Roulette	1	1	2
Roulette	5	3	8
Total	24	16	40

Note: All tables may not be in operation

SOURCE: DTF PROVIDED DATA.

4.7.2 Expenditure

Figure 4.21 shows real Tasmanian table gaming expenditure from 1990-91 to 2015-16. Following a large fall in table gaming expenditure from \$12 million in 1991-92 to \$2 million in 1992-93, real Tasmanian table gaming expenditure has trended upward to 2015-16. In 2015-16, total real table gaming expenditure was \$10 million. The large decline in expenditure in 1992-93 is likely a result of a consumer shift towards EGMs, as the fall in table gaming expenditure coincided with an equivalent increase in EGM expenditure.

FIGURE 4.21 REAL TASMANIAN TABLE GAMING EXPENDITURE, 1990-91 TO 2015-16

Note: Figures are expressed in 2015-16 prices.

SOURCE: DTF PROVIDED DATA.

4.8 Sports betting

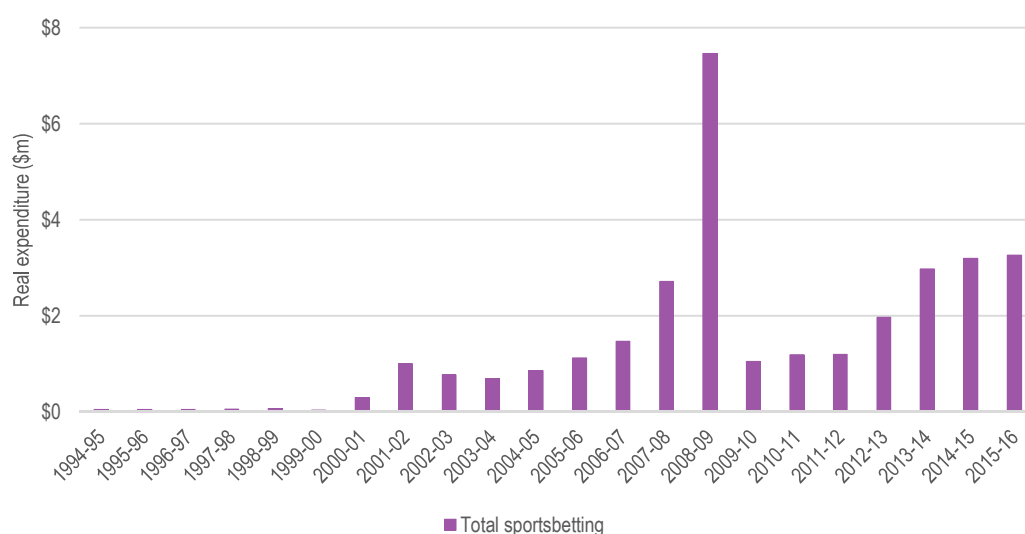
4.8.1 Activities

Sports betting is a form of wagering offered in Tasmania by UBET (previously branded TOTE Tasmania) and online wagering services such as Betfair. It excludes wagering on thoroughbred, harness and greyhound racing. UBET's sports betting service functions as a traditional bookmaker, offering consumers the opportunity to bet on a range of Australian and international sporting events. Betfair offers products via an online betting exchange platform, where customers can bet against one another. Sports betting is one of a number of products offered by Betfair, which was located in Tasmania until surrendering its Tasmanian Gaming Licence in 2016 and shifting its regulated functions to the Northern Territory.

Note that a large amount of sports betting takes place online (including through apps) with interstate based providers, which is not captured in the data displayed in this section.

4.8.2 Expenditure

Figure 4.22 depicts the trend in sports betting expenditure in Tasmania over the period 1994-95 to 2015-16. It is important to note that these figures exclude expenditure on (or gross commission earned from) services provided by Betfair, as such information was not made available to the report authors.

FIGURE 4.22 REAL SPORTS BETTING EXPENDITURE, TASMANIA, 1994-95 TO 2015-16

Note: Figures are expressed in 2015-16 prices and exclude expenditure on (or gross commission earned from) services provided by Betfair.

SOURCE: DTF UNPUBLISHED DATA, ABS 2017A.

Although sports betting was introduced to Tasmania in 1994-95, real expenditure remained flat through to the early-2000s. Expenditure growth was strong in 2007-08 and peaking in 2008-09 at \$7.5 million in real terms before falling in 2009-10 to previous levels.

Until May 2009, TOTE Tasmania (now branded UBET) was part of a sports betting agreement with Tabcorp. This agreement allowed TOTE Tasmania to grow its sports betting business substantially, as indicated by the significant increase in expenditure to 2008-09. In May 2009, the agreement was terminated and the types of bets offered were severely restricted. The termination of the agreement and restrictions of bets likely led to the fall in expenditure experienced in 2009-10.

Since 2009-10 real sports betting expenditure has increased, growing from \$1.0 million to \$3.3 million in 2015-16.

4.9 Minor gaming

4.9.1 Activities

Minor gaming covers a variety of games including bingo, raffles, lucky envelopes, Calcutta sweepstakes, dancing dollars and Tassie's best punter. Although allowed with a Minor Gaming Permit, dancing dollars and Tassie's best punter are rarely offered in Tasmania.

4.9.2 Expenditure

Minor gaming expenditure figures are not reported in this study, as the Tasmanian Government no longer collects turnover figures. In 2002-03, the most recent data available, real expenditure on minor gaming in Tasmania totalled approximately \$7 million in 2008-09 dollars (3% of total gambling expenditure).

4.10 Summary

Over the period 1990-91 to 2015-16, real expenditure on gambling in Tasmania grew from \$188 million to \$326 million. Between 2008-09 and 2012-13, total real gambling expenditure fell 27% from \$463 million to \$336 million, since which time it has been relatively stable.

The steady rise in expenditure in the years up to 2012-13 is likely due to TOTE Tasmania's strategy to attract high spending gamblers from outside Tasmania, which ceased following the sale of TOTE Tasmania to the Tatts Group in 2012. The lack of growth in expenditure since 2012-13 is likely due to a number of factors including the introduction of harm minimisation measures, some gambling activity moving online (and as such not being captured in these expenditure data), changing consumer preferences and soft economic conditions.

Real EGM expenditure has trended steadily downwards since 2008-09 falling from \$263 million to \$191 million in 2015-16. Real expenditure on race wagering has followed an expansion and contraction cycle moving from a low point of \$34 million in 2003-04 to a peak of \$111 million in 2010-11, and back to \$42 million in 2012-13. Race wagering has since steadily increased to \$45.5 million in 2015-16.

Real expenditure on casinos in Tasmania (including casino EGMs) peaked in 2008-09 and has trended downwards since. Between 2008-09 and 2015-16, real casino gaming expenditure has declined at an average of 5% per annum.

Since the mid to late 1990s, real expenditure on keno has grown at a fairly steady rate from \$4 million in 1994-95 to \$36 million in 2015-16. Real per adult expenditure on keno in Tasmania was \$83 in 2015-16. This was significantly higher than all other jurisdictions.

Real expenditure on lotteries decreased significantly in the mid-1990s when EGMs, keno and sports betting were introduced. There has been little change in lottery spending from 2005-06 to 2015-16, only increasing from \$37 million to \$40 million, apart from a temporary spike up to \$47 million in 2012-13.

Real expenditure on sports betting remained flat through to 2000-01. A strong increase occurred in 2007-08 and peaked at \$7.5 million in 2008-09 due to TOTE Tasmania growing its sports betting business. Real sports betting expenditure fell to \$1 million in 2009-10 and has gradually risen since then to \$3.3 million in 2015-16, about half of its previous peak.

Table gaming expenditure has increased steadily since 2000-01 and in 2015-16 total real table gaming expenditure was \$10 million.

Minor gaming expenditure figures are not reported in this study, as the Tasmanian Government no longer collects turnover figures. In 2002-03, the most recent data available, real expenditure on minor gaming in Tasmania totalled approximately \$7 million in 2008-09 dollars



5

EMPLOYMENT IN THE GAMBLING INDUSTRY

This chapter provides analysis and discussion of employment in the gambling industry in Tasmania. The presented information draws from available data as well as stakeholder views. Employment information provided by stakeholders included a mix of employment data for their organisations and qualitative employment insights to help estimate employment.

5.1 An estimate of employment in the gambling industry

Reliable data on employment in the gambling industry are not collected by governments or industry. This section develops employment estimates using stakeholder feedback received as part of the SEIS. Stakeholder consultations were undertaken with industry and industry associations. As a part of this process stakeholders provided a mix of employment data for their organisations and qualitative employment insights to help estimate employment. This chapter compares employment estimates to other estimates from the literature. The method used to estimate employment in this SEIS differs from the approach used in the previous SEIS in an attempt to arrive at as reasonable an estimate as is possible.

This report defines one FTE as equivalent to 38 hours of employment per week, adjusting for four weeks of annual leave and 10 state-wide public holidays (Fair Work Commission, 2017). This results in an FTE being equivalent to 1,748 hours annually. Note that FTE estimates do not represent the number of people employed—the number of people employed will be higher due to non-full-time employment and employment for which only a proportion of time is related to gambling.

Employment opportunities were identified by stakeholders as an important economic and social benefit arising from gambling. The venue operators consulted highlighted that gambling revenue contributed significantly to their business and allowed for greater employment.

Hotel and club operators with gambling in their venue noted that gambling staff in many cases included an employee monitoring the EGM room full-time, plus other staff that were generally required to be 'all-rounders' involved in food and beverage services as well providing gambling services (such as processing gaming transactions or responding to customer queries). That said, gambling employment varies across venues, and industry submissions to the recent Mandatory Code Review suggest that some venues do not have a staff member present in the EGM room at all times.

5.1.1 Overall employment estimate

The gambling industry in Tasmania employed approximately 1,135 full-time equivalents (FTE) across the state in the delivery of gambling services in 2017. Table 5.1 sets out the contribution of each type of gambling to this FTE estimate. The estimates in Table 5.1 were generated using stakeholder insights and data, each of which is discussed in detail in the sections below.

The FTE estimates calculated in this chapter are based on limited industry employment data and stakeholder insights; as such caution must be used when quoting these figures and it is important to note these accuracy limitations.

The majority of FTEs are related to EGMs and keno in hotels and clubs (33%), and casinos (48%). The remainder are employed to undertake wagering and sports betting activities (18%) or employed by businesses selling lottery products (1%).

For perspective, in August 2017, approximately 244,100 people were employed in Tasmania, which comprises 152,200 full-time workers and 91,900 part-time workers. Based on the average hours worked per part-time employee recorded in the 2016 census, a part-time employee typically equates to 0.52 FTEs. As such, there are an estimated 199,700 FTE jobs in Tasmania. This suggests that Tasmania's gambling industry contributes 0.57% of total Tasmanian FTE employment.

The degree to which the gambling industry impacts indirect employment is estimated in Chapter 7.

TABLE 5.1 SUMMARY OF GAMBLING-RELATED EMPLOYMENT IN TASMANIA

Segment	Role	FTE estimates
Hotels and clubs (excluding sports betting) employment		
	EGM operators	240
	Management	38
	Keno	54
	EGM technicians	7.5
	Network gaming	31.5
	Total	371
Casinos employment		
	Casino operation	483
	Federal Group corporate	64
	Total	547
Wagering (including sports betting) employment		
	UBET corporate	4.5
	Management and administration support	6
	Race meets	14
	Phone bets	10
	Standalone agencies	30
	Hotels and clubs wagering	90
	Betfair	49
	Total	204
Lotteries employment		
	Lottery employees	12.5
	Total	12.5
Total gambling employment		
	Total	1,135

Note: Figures may not sum due to rounding.

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

5.1.2 Hotels and clubs gaming

Gaming employees in hotels and clubs undertake various roles including staffing EGM rooms, providing keno and offering sports betting services. The stakeholder consultation component of this study asked selected respondents for advice on the number of staff employed in venues, and the composition of these staff. The following section estimates employment relating to EGMs and keno in hotels and clubs based on available data and inputs from stakeholders (note estimates of employment relating to sports betting services is included below in Section 5.1.4).

EGM operators

Stakeholder feedback indicated that hotels and clubs typically have a full-time employee staffing the EGM gaming rooms and providing gaming services¹⁴; and an additional 2 to 3 employees with gaming licences who primarily tend to the bar and restaurant areas. These additional employees occasionally undertake work in the gaming room, and provide keno or other gaming support to customers.

The average operating hours of EGM venues across Tasmania was estimated using the average weekly operating hours of a random sample of venues. Using this approach, the average weekly venue operating hours was estimated at 84 hours per week.

As outlined above, an FTE equates to 1,748 hours per annum or 33.6 hours per week. As such, a venue operating for 84 hours per week will require 2.5 FTEs to have a single employee available for the full 84-hour week. Therefore, across the 96 hotel and clubs in Tasmania with EGMs, and assuming a single worker is staffing the EGM room for the full opening hours, there are an estimated 240 FTEs employed relating to EGM operation.

This FTE estimate is reinforced by special employee licences reported for hotels and clubs (see Section 5.2.1). As of 11 August 2017, there were 984 special licences in hotels and clubs. As noted, stakeholder feedback indicated there are an additional 2 to 3 workers with licences for each worker based in the gaming room. As such, for every 3 to 4 licences, one is for the employee responsible for the EGM gaming room. A crude estimate of EGM gaming room employees may be calculated by dividing the number of special employee licences (984) by the number of licences per EGM gaming room employee (4). This results in 246 gaming room employees, which is similar to the 240 FTE estimate calculated above. This is an imperfect method of calculating employment (and does not account for the effect of part time employment or license holders no longer working in the industry), however it is interesting to note as a comparison.

Keno

There are 156 Tasmanian venues with keno; these include 60 hotel and club venues with keno and no EGMs, and an additional 96 venues with keno and EGMs.

Keno employment has been estimated based on stakeholder estimates of the number of keno bets placed per annum, the average time to process each bet, plus estimates of additional worker time required to administer keno and process large bets.

Stakeholders estimate that annually there are 13 million keno bets placed in Tasmania and each bet takes approximately 15 seconds to process. Furthermore, an extra one hour per day of employee time is required to cover additional work related to keno.

As such, multiplying the total per annum keno bets by the average processing time and adding an additional hour per day per venue, the FTE employment relating to keno is estimated as 54 FTEs.

Management

Management time for gaming-related activities in pubs and clubs was estimated using stakeholder estimates of time required. Hotel and club gaming management time was calculated separately for venues with keno and EGMs, and those with keno and no EGMs.

¹⁴ Gambling employment varies across venues. Industry submissions to the recent Mandatory Code Review suggest that some venues do not have a staff member present in the EGM room at all times. The calculations above are based on information provided by stakeholders to the fourth SEIS.

Stakeholders indicated that management time associated with gaming operations in hotels and clubs with keno and EGMs includes 0.1 FTE of management time plus 0.2 FTE worth of administration support time per venue. As such, this equates to 0.3 FTE per venue (of which there are 96). This equates to 28.8 FTEs of management and administration support. These estimates include management time associated with all gaming in these venues, including EGMs, keno and UBET.

Additionally, there are another 60 hotels and clubs with keno and no EGMs. Stakeholders indicated that these venues typically required one hour of management time per day for the management of their gaming operations. Assuming this work occurs 5 days a week, this equates to 0.15 FTE of management and administration time per venue. Across the 60 venues this equates to an additional 8.9 FTEs.

Network gaming support and EGM technicians

Network Gaming is responsible for compliance, monitoring and support for EGMs and their operators in 96 venues in Tasmania. Network gaming also provides keno support for these 96 venues plus an additional 60 venues which have keno only.

Services offered by Network Gaming include a 20-hour help desk, and training for EGMs and keno staff. Network Gaming is also responsible for servicing all machines in hotels and, clubs, for which Network Gaming engages EGM technicians through Tabcorp to provide the EGM support and servicing.

Network Gaming provided FTE employment estimates. These estimates were as follows:

- Network Gaming employs 31.5 FTE to provide its functions such as compliance, monitoring, support, training and the help desk.
- Additionally, Network Gaming engages 7.5 FTE technicians to provide maintenance, repairs and support for gaming machines from TABCORP.

5.1.3 Casino gaming

Federal Group currently operates the two casinos in Tasmania: Wrest Point Hotel Casino and Country Club Casino. As part of the consultation process Federal Group provided FTE employment estimates for its casino gaming operations, specifically:

- Wrest Point Casino: 299 FTE employees in gaming operations
- Country Club: 184.1 FTE employees in gaming operations
- Corporate gaming employees equivalent to 64.2 FTEs

This equates to a total of 547.3 FTE employees in Federal Group's Casinos and for their Corporate gaming operations.

As a comparison, previous work undertaken on behalf of Federal Group and included in Federal Group's submission to the Joint Select Committee provided estimates on Federal Group's employment in terms of FTE. This report found that 792.4 FTE workers were employed in Federal Group's gambling division. Noting however, that 'gaming' includes all of the revenue and expenditure associated with Wrest Point and Country Club, including non-gambling functions such as food and beverage services and accommodation.

Furthermore, the 2016 Census recorded employment of Casino operators in Tasmania. In 2016, the Census recorded 279 part-time and 332 full-time employed Casino operators. Adjusting these figures based on hours worked per week recorded in the Census for Casino operators, the Census suggests that there are 500 FTE Casino Operators in Tasmania. Note that this estimate is similar to the Federal Group derived value of 547.

Casino gaming employees are required to hold a Casino gaming licence. As a final comparator, in 2015-16 there were 477 licensed casino employees. This is an upper bound estimate of Casino gaming employment as all employees must hold a licence, however, not all holders of a licence must be working in a Casino and many of which may be working part time. Additionally such licences are valid for up to five years and workers who have left the industry or are no longer working may still have a valid licence.

5.1.4 Wagering (including sports betting)

UBET has the sole licence to conduct totalizator wagering (TAB) in Tasmania and is one of the leading providers of fixed odd betting products in Tasmania. As part of the consultation, UBET provided employment estimates for their Tasmanian operations which have been used to estimate wagering employment in Tasmania.

Estimates of employment provided by UBET include the following:

- 4.5 FTEs in UBET Corporate.
- Management time associated with UBET standalone agencies was estimated to include 0.1 FTE of management time per venue plus 0.2 FTE worth of administration support time per venue. As such, this equates to 0.3 FTE per venue. There are 20 standalone UBET agencies; as such, this equates to 6 FTEs of management and administration support. Note that management time of UBET for hotels and clubs included in Section 5.1.2.
- 40 to 45 casual employees (assumed to be 42.5) attend 1 to 2 race meetings a week. Assuming each race meet required a full day of each a worker's time, this equates to 14.4 FTEs.
- 10 FTEs in their call centre taking bets.
- 20 standalone UBET agencies operate with 1 person staffing each agency. UBET standalone venues typically operate 11am – 6 pm weekdays with longer hours on the weekends. Based on the published operating hours of UBET agencies, these agencies operate for approximately 49 hours per week, which equates to 1.5 FTEs per venue. This equates to 30 FTEs across the 20 venues.
- UBET operates in 106 pubs (20 of these with EGMS). Staff at these venues spend time taking bets in a similar fashion to keno. UBET estimates that 4-5 people per site are trained to take bets. Based on stakeholder consultation, 0.3 FTEs are required for a venue with UBET incorporated into the public bar, and 2.5 FTEs for a venue with a dedicated UBET section in the venue. Based on field research, an estimated 25 per cent of venues have standalone UBET on the premises. As such, this equates to an average of 0.85 FTEs per venue, or 90 FTEs across all venues.
- Based on advice from the Tasmanian Department of Treasury and Finance, Betfair (as at September 2017) has 49 FTEs in Hobart.

5.1.5 Lotteries

Tasmania does not have its own lottery. Rather, companies located in other states (such as the Victorian based Tatts Group) run Tasmanian lotteries. Consequently, few people are employed in Tasmania's lottery industry. At the time of writing, no current estimates of FTE employment relating to lottery operation in Tasmania were available, with the exception of ABS 2011 Census data.

As outlined in Table 5.3 below, the 2011 Census recorded 12 part-time lottery operators plus 3 full-time lottery workers. The average weekly hours worked by part-time employees in the Census was 30 hours per week (note only three respondents noted weekly hours worked). This equates to 12.5 FTE lottery staff across the state.

This estimate based on the 2011 Census data is the only reliable data source available; however, it is worth noting the following which support this estimate:

- In 2017, there were 95 lottery outlets, such as newsagents, across Tasmania offering lottery products. While not scientific, if we were to assume that each outlet requires 0.1 FTE to process and manage the lotteries component of the venue, this equates to 9.2 FTE.
- Similarly, lotteries expenditure in Tasmania in 2015-16 was \$40.25 million. Assuming an average transactional spend of \$20, this equates to just over 2 million transactions per annum. Assuming an average transaction time of 30 seconds, this equates to 16,771 hours of employee time or 9.6 FTE workers.

5.2 Comparison of employment estimate to other sources

Based on stakeholder inputs and available data, the estimated gaming employment in Tasmania is 1,135 FTEs. This is an approximate figure based on imperfect data sources and stakeholder consultations. As such, the following section compares this estimate to other data sources or

estimates. Note that this estimate is FTEs as opposed to employees; the number of employees of the gambling industry will be higher than the FTE estimate.

5.2.1 Licensing data

Tasmanian gaming licensed employees are categorised as either technicians or special employees, with special employees comprising four sub categories: Casino, Licensed premises gaming operative, Gaming operator and Tasmanian gaming licence operative.

Table 5.2 shows the number of technician and special employee licences in Tasmanian gaming industries at the end of each financial year since 2000-01. It is important to note that employees in hotels and clubs who have duties associated with gaming must hold a special employee licence. However, few of these special employee licence holders are employed solely on gaming duties—they usually have multi-role positions involving a mix of activities offered in clubs and hotels.

Stakeholder consultations revealed that many hotel and club employees have gaming licences despite only occasionally undertaking gaming work. It is also important to note that gaming licences last for five years, and as such, some workers will have exited the industry and still be licensed.

TABLE 5.2 NUMBER OF SPECIAL EMPLOYEES AND TECHNICIAN LICENCES IN TASMANIA, 2000-01 TO 2015-16

Financial year	Special employees				
	Casinos	Licensed premises gaming operative	Gaming operator	Tasmanian gaming licence operatives	Technicians
2000-01	-	1939	50	-	169
2001-02	582	2184	56	-	181
2002-03	590	2298	57	-	195
2003-04	554	2581	51	-	175
2004-05	559	2595	42	-	171
2005-06	582	2664	43	-	189
2006-07	582	3410	43	10*	194
2007-08	590	2844	45	100*	215
2008-09	554	2865	49	131*	257
2009-10	552	2900	46	264	312
2010-11	561	2910	48	287	294
2011-12	534	2810	45	686	374
2012-13	517	2778	43	249	349
2013-14	491	2722	41	267	324
2014-15	481	2648	38	154	322
2015-16	477	2588	31	145	322

Note: from 2009-10, figures shown for Tasmanian gaming licence operative includes betting exchange and totalizator employees.

* Prior to 2009-10 figures shown for Tasmanian gaming licence operatives are for betting exchange employees only.

SOURCE: TASMANIAN LIQUOR AND GAMING COMMISSION 2016.

The number of licensed premises gaming operatives and licensed technicians has followed a cyclical trend. Once a special employee licence has been issued, it is a requirement that the person retrain once their qualification is more than 5 years old. From 2000-01 to 2006-07 there was a consistent increase, punctuated by a spike from 2005-06 to 2006-07. In 2008-09 there was a substantial fall in the number of licensed premises gaming operatives, from 3,410 to 2,844; however, this was followed

up by another period of consistent growth from 2007-08 to 2010-11. Moreover, since 2010-11 there has been a steady decline, from 2,910 to 2,588.

The number of Tasmanian gaming licence operatives grew from 264 in 2009-10 to 686 in 2011-12, which has since fallen substantially to 145 in 2015-16. Note that from 2009-10 the figures include betting exchange and totalizator employees. The decline in Tasmanian gaming licence operatives between 2011-12 and 2012-13 may be in part due to the sale of TOTE Tasmania in March 2012.

The number of licensed casino employees remained relatively steady from 2001-02 to 2010-11, fluctuating between 552 and 590. However, from 2010-11 to 2015-16 there has been a year-on-year fall in the number of casino employees.

5.2.2 Census employment data

The 2016 Census collected data on employment in the industry category Gambling Activities, see Table 5.3. This included 442 full-time employees and 343 part-time employees. Adjusting these figures for recorded hours of work of part-time employees, this equates to 646 FTE. This is smaller than that estimated in this report of 1,135 FTEs, which is as expected as the census categorises workers based on their major role, and as such does not include the contribution of people for which gaming is not their primary role.

TABLE 5.3 2011 CENSUS: TASMANIAN EMPLOYMENT BY GAMBLING ACTIVITIES

	Other Gambling Activities	Lottery Operation	Casino Operation	Total Gambling activities
Part-time employed	51	13	279	343
Full-time employed	104	6	332	442
Total	155	19	629	785

SOURCE: 2016 ABS CENSUS.

5.2.3 Anglicare/Mangan (2017) employment estimates

A report funded by Anglicare Tasmania 'Removing poker machines from hotels and clubs in Tasmania: Economic considerations' estimated that the number of FTEs staff employed by hotels and clubs in their gaming areas was approximately 200, with a small number of additional FTEs employed by Network Gaming to service the machines (Mangan, 2017). This is similar to that estimated in this report, albeit slightly smaller with this report estimating 240 EGM Operators employed in the gaming area of hotels and clubs plus an additional 7.5 FTEs required to service these machines.

5.2.4 The Australia Institute (2017) employment estimates

The Australia Institute (2017) report 'Gambling on the future: Do poker machines represent a net gain or loss to the Tasmanian economy?' estimated gambling employment in Tasmania. Two estimates were made, the first using Australia-wide Census data on gambling employment and adjusting for Tasmania's proportion of the national economy. This method estimated total gambling employment in Tasmania at 370 (The Australia Institute, 2017).

The second approach was similar; however, it used employment estimates from the ABS survey of Australian industries and again adjusted for Tasmania's economic size relative to the national economy. This method estimated a Tasmanian gambling workforce of 548. These estimates are noticeably smaller than those estimated in this report; however, they are based on adjusting national survey results using Tasmania's economic size relative to the national economy, and as such, are likely to be less accurate than the estimates in this report.

5.2.5 Conclusion

The estimate developed as part of this Volume uses existing data and stakeholder input to calculate a bottom-up estimate of Tasmanian gambling FTE employment (1,135 FTEs). This estimate is larger than the number of recorded gambling workers in the 2016 Census, which is as expected as the census categorises workers based on their major role and as such does not include the contribution of

people for whom gambling is not their primary role. The hotels and clubs EGM component of the 1,135 FTE employment estimate is similar to that derived by Mangan (2017).

5.3 Summary

The method set out in this chapter suggest there are approximately 1,135 FTE in Tasmania's gambling industry. This is an FTE estimate—the number of total people employed relating to gambling will be higher due to non-full-time employment and employment for which only a proportion of employees' time is related to gambling.

The FTE estimates are based on limited industry employment data and stakeholder insights, as such caution must be used when quoting these figures and it is important to note these accuracy limitations.

The majority are employed in hotels and clubs providing EGMs and keno services (33%), and casinos (48%). The remainder are employed to undertake wagering and sports betting activities (18%) or employed by businesses selling lottery products (1%).

Based on this estimate, and the number of full- and part-time persons employed across Tasmania, Tasmania's gambling industry employs 0.57% of total Tasmanian FTE jobs.

GAMBLING TAXATION AND OTHER GOVERNMENT REVENUE

6

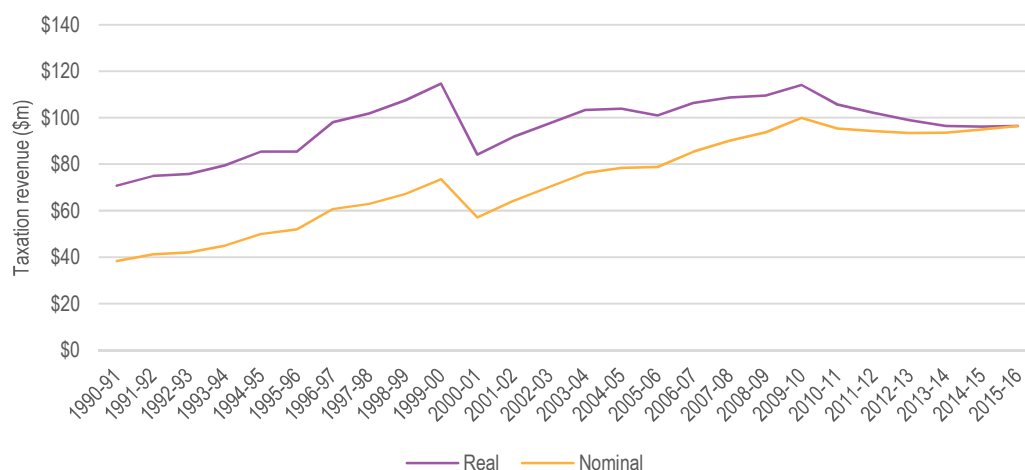
This chapter provides an overview of gambling revenue to the Tasmanian Government. It also provides a comparison between Tasmania and other Australian jurisdictions in relation to tax revenue from gambling and gambling tax rates.

6.1 Tasmanian Government revenue from taxes and fees

6.1.1 Historical trends

Figure 6.1 depicts the trend in Tasmanian Government gambling revenue over the period 1990-91 to 2015-16. This data includes all revenue received by the state government from gambling activities including state taxes, levies, licence fees and penalties.

FIGURE 6.1 TASMANIAN GOVERNMENT GAMBLING REVENUE, 1990-91 TO 2015-16



Note: Real figures are expressed in 2015-16 prices.

SOURCE: DTF UNPUBLISHED DATA.

In 1990-91, real gambling revenue to the Tasmanian Government was around \$71 million. In following years, gambling revenue increased in line with expenditure. Lower tax rates on gambling activities were applied in 2000-01 due to the introduction of the Goods and Services Tax (GST), causing the state's gambling revenue to decline sharply. Real gambling revenue has not recovered from this decline; however, it came close in 2009-10 when they reached \$114 million, a level similar to the 1999-2000 peak (\$115 million). Since 2009-10, nominal gambling revenue has been fairly flat and real

gambling revenue has fallen from \$114 million in 2009-10 to \$96.4 million in 2015-16. Of this total Tasmanian Government revenue from gaming activities was approximately \$86.2 million (89.4% of the total), while race wagering accounted for \$9.9 million (10.3%) and sports betting \$0.3 million (0.3%).

6.1.2 Importance of gambling revenue to the Tasmanian Government

Figure 6.1 summarises Tasmanian Government revenue over the period 2005-06 to 2015-16.

TABLE 6.1 TASMANIAN GOVERNMENT REVENUE, NOMINAL \$, 2005-06 TO 2015-16

Year	Gambling revenue	Revenue from all state taxes	Gambling revenue – share of taxes	Total revenue (all sources)	Gambling revenue – share of total revenue
	\$m	\$m	Per cent	\$m	Per cent
2005-06	\$80	\$703	11.4%	\$3,572	2.2%
2006-07	\$87	\$748	11.6%	\$3,695	2.4%
2007-08	\$90	\$830	10.8%	\$3,986	2.3%
2008-09	\$93	\$804	11.6%	\$4,286	2.2%
2009-10	\$99	\$872	11.4%	\$4,602	2.2%
2010-11	\$94	\$860	10.9%	\$4,767	2.0%
2011-12	\$94	\$888	10.6%	\$4,690	2.0%
2012-13	\$93	\$925	10.1%	\$4,717	2.0%
2013-14	\$94	\$957	9.8%	\$4,910	1.9%
2014-15	\$95	\$1,009	9.4%	\$5,155	1.8%
2015-16	\$96	\$1,068	9.0%	\$5,434	1.8%

Note: Total revenue includes taxation; grants; sales of goods and services; fines and regulatory fees; interest income; dividend, tax and rate equivalent income and other revenue.

SOURCE: DTF UNPUBLISHED DATA.

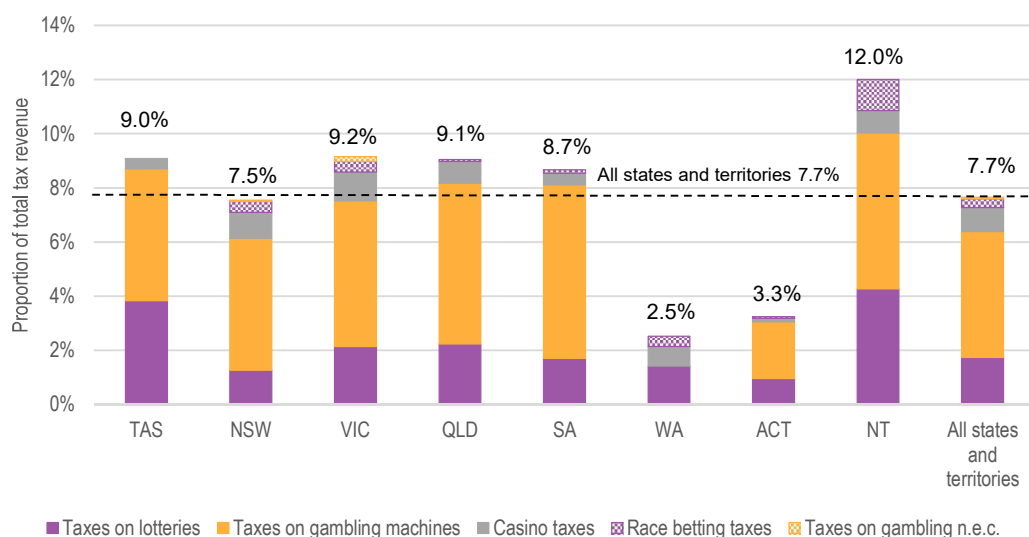
Tasmanian Government gambling revenue, which include licence fees and penalties, form a significant share of state revenue in Tasmania. Over the period 2005-06 to 2015-16, gambling revenue accounted for an average 10.6% of annual revenue from all state taxes.

If government revenue from other sources are included in addition to state taxes, most notably Federal Government grants and GST revenue, gambling revenue accounted on average for around 2.1% of total annual revenue (taxation plus other revenue) from all sources over the same period.

6.1.3 Jurisdictional comparison

Figure 6.2 depicts gambling revenue as a proportion of total state taxation revenue for 2015-16. As indicated, Tasmania's gambling revenue as a share of total state taxation revenue (9.0%) was slightly higher than the average for all states (7.7%) in 2015-16.

FIGURE 6.2 GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE TAXATION REVENUE, BY JURISDICTION, 2015-16

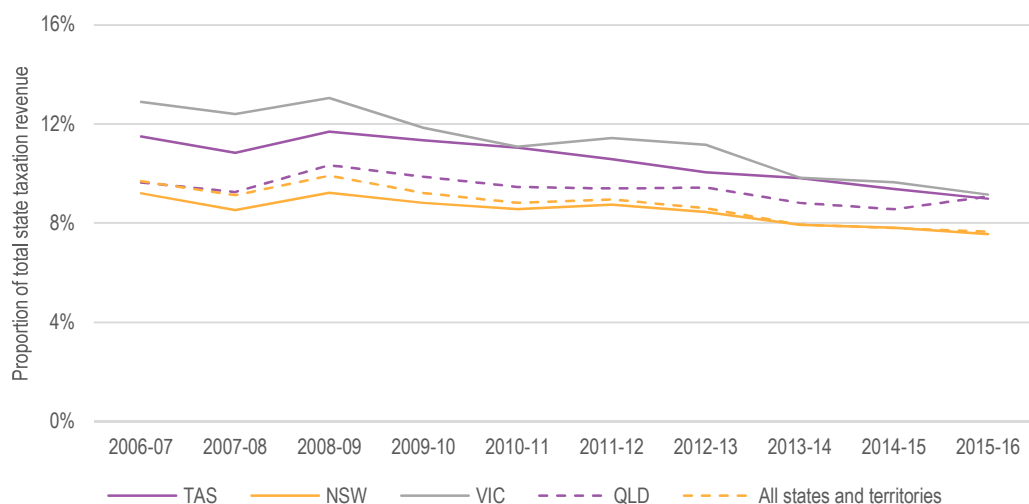


Note: ABS data set does not capture Tasmanian race betting taxes. Note totals differ slightly from table above due to rounding.

SOURCE: ABS 2016.

Figure 6.3 shows state gambling revenue as a proportion of state taxation revenue from 2006-07 to 2015-16. The proportion of state gambling taxation as a proportion of state taxation revenue has fallen over the period for all states and territories, specifically Tasmania's proportion fell from 11.5% in 2006-07 to 9.0% in 2015-16, consistent with other states.

FIGURE 6.3 GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE TAXATION REVENUE, BY SELECTED JURISDICTION OVER TIME

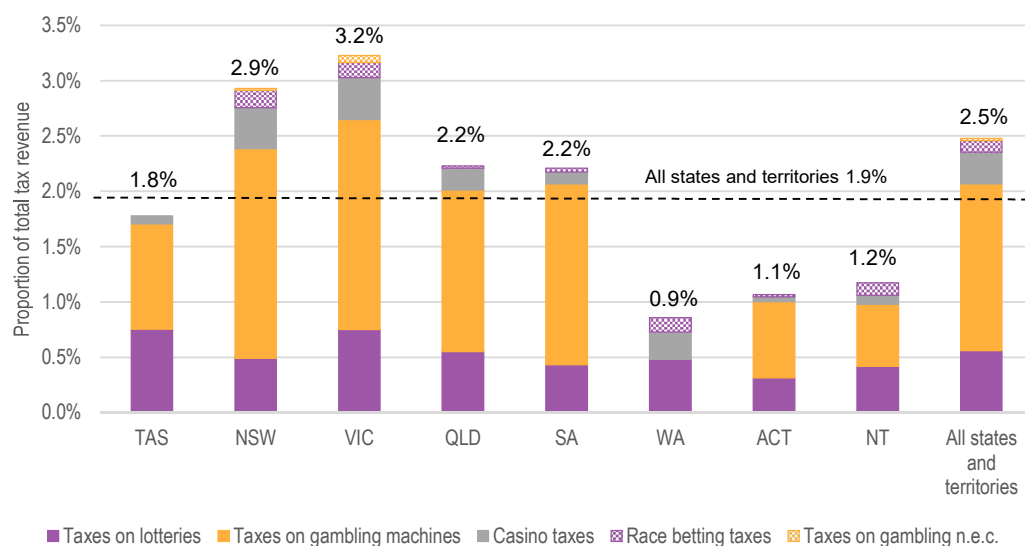


Note: ABS data set does not capture Tasmanian race betting taxes.

SOURCE: ABS 2016.

Figure 6.4 depicts gambling revenue as a proportion of total state revenue for 2015-16. Tasmania's share of total state revenue from gambling taxation and fees (1.8%) was lower than the average for all jurisdictions (1.9%) in 2015-16.

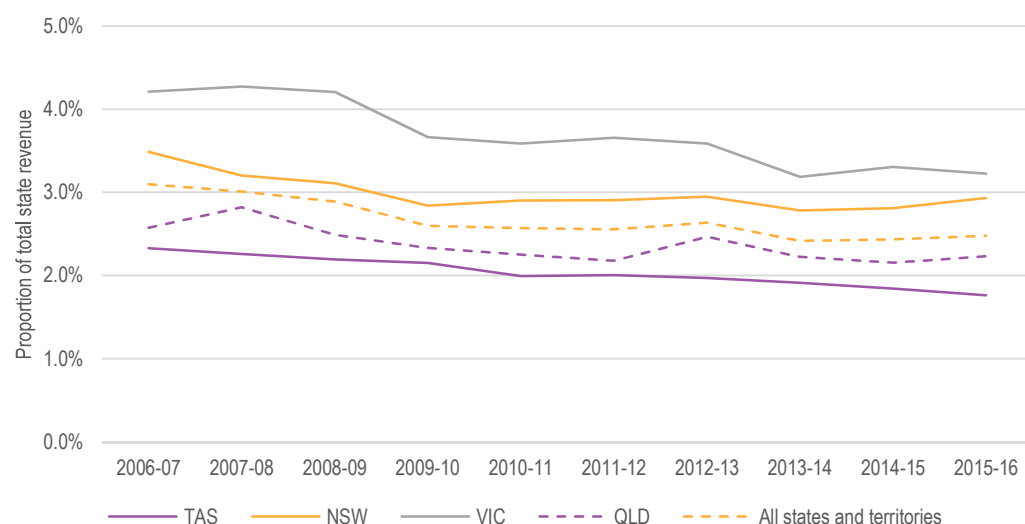
FIGURE 6.4 GAMBLING REVENUE AS A PROPORTION OF TOTAL STATE REVENUE, BY JURISDICTION, 2015-16



Note: ABS data set does not capture Tasmanian race betting taxes. Note totals differ slightly from table above due to rounding.
SOURCE: ABS 2016.

Figure 6.5 shows state gambling revenue as a proportion of total state revenue from 2006-07 to 2015-16. The proportion of state gambling taxation as a proportion of total state revenue has fallen over the period for all states and territories; specifically Tasmania's proportion fell from 2.3% in 2006-07 to 1.8% in 2015-16.

FIGURE 6.5 GAMBLING TAXATION AS A PROPORTION OF TOTAL STATE REVENUE, BY SELECTED JURISDICTION



Note: ABS data set does not capture Tasmanian race betting taxes.
SOURCE: ABS 2016

6.1.4 Revenue from gambling taxation, fees and penalties

Table 6.2 provides a detailed breakdown of revenue from gambling taxation, fees and penalties in Tasmania over the period 2011-12 to 2015-16.

TABLE 6.2 GAMBLING RELATED TAXATION, FEES AND PENALTIES IN TASMANIA

Type of Gambling	2011-12	2012-13	2013-14	2014-15	2015-16
Casinos					
Table gaming	\$86,263	\$79,877	\$75,078	\$84,945	\$86,281
EGMs	\$23,265,263	\$19,394,837	\$20,347,579	\$20,510,135	\$19,769,938
Keno gaming	\$197,029	\$168,703	\$177,001	\$186,398	\$184,067
Casino unclaimed prizes	\$5,424	\$1,897	\$4,221	\$6,087	\$5,517
Total casinos	\$23,553,979	\$19,645,313	\$20,603,879	\$20,787,565	\$20,044,803
Hotels and clubs					
EGMs	\$28,774,429	\$28,902,794	\$28,739,564	\$29,466,922	\$29,566,357
Keno gaming	\$1,623,908	\$1,546,235	\$1,734,976	\$1,776,183	\$1,948,552
Keno unclaimed prizes	\$283,505	\$315,017	\$300,537	\$268,944	\$300,868
Total hotels and clubs	\$30,681,841	\$30,764,046	\$30,775,076	\$31,512,049	\$31,815,777
Internet gaming and wagering					
Betting exchange tax	\$2,198,492	\$2,537,570	\$2,661,203	\$2,860,495	\$2,944,504
Total internet gaming and wagering	\$2,198,492	\$2,537,570	\$2,661,203	\$2,860,495	\$2,944,504
Lotteries					
Lotteries	\$27,209,064	\$29,281,901	\$28,333,291	\$28,208,656	\$30,246,276
Soccer pools	\$57,504	\$79,273	\$63,357	\$55,508	\$46,738
Total lotteries	\$27,266,568	\$29,361,173	\$28,398,648	\$28,264,164	\$30,293,014
Total taxation	\$83,700,881	\$82,308,102	\$82,438,806	\$83,424,273	\$85,098,097
Licence fees and penalties					
Casino licence fees	\$3,372,000	\$3,444,000	\$3,477,600	\$3,573,600	\$3,604,800
Casino penalties	\$260	\$2,600	\$31,850	\$30,500	\$67,550
Hotel and club fees	\$304,608	\$302,935	\$312,860	\$301,571	\$318,410
Hotel and club penalties	\$6,110	\$5,980	\$10,790	\$5,622	\$6,240
Minor gaming fees	\$17,746	\$39,924	\$19,709	\$39,772	\$20,630
Internet gaming and wagering fees	\$127,760	\$514,200	\$438,000	\$584,143	\$182,458
Annual totalizator wagering levy	\$6,580,000	\$6,768,000	\$6,862,000	\$6,956,000	\$7,097,000
Totalizator/internet gaming and wagering penalties	\$89,050	\$650	-	\$1,300	\$4,620
Total licence fees and penalties	\$10,497,534	\$11,078,289	\$11,152,809	\$11,492,508	\$11,301,708
Total	\$94,198,415	\$93,386,391	\$93,591,615	\$94,916,781	\$96,399,806

SOURCE: TASMANIAN LIQUOR AND GAMING COMMISSION 2016.

Casino-related revenue fell 15% from \$23.6 million in 2011-12 to \$20.0 million in 2015-16, and the majority of this fall was due to EGM-related revenue. Lottery-related revenue increased 11% over the period from \$27.3 million in 2011-12 to \$30.3 million in 2015-16. Revenue from the betting exchange tax and product levy increased 34% from \$2.2 million in 2011-12 to \$2.9 million in 2015-16. This revenue was lost when Betfair relocated to the Northern Territory in 2016 and surrendered its Tasmanian gaming licence.

6.2 Taxation rates

A detailed breakdown of taxation rates by gambling type and jurisdiction is provided in Appendix E. A brief discussion on key differences between Tasmania and other jurisdictions is provided below. In addition, tax arrangements for the rest of Australia and the Community Support Levy (CSL) are also discussed.

6.2.1 Changes in Tasmanian gambling taxes since the third SEIS

There have been no changes in Tasmanian gambling taxes since the third SEIS.

6.2.2 Key differences in gambling taxes between Tasmania and other jurisdictions

Taxation rates for Tasmanian casinos are applied to gross profits from gaming activities. This is similar to the approaches adopted in South Australia and the Northern Territory. Profits are taxed at 0.88% for table gaming and 5.88% for keno.

The most significant difference between the gambling taxation regime in Tasmania and other jurisdictions is that EGM taxes for hotels and clubs are paid by the single EGM operator—Network Gaming (a subsidiary of Federal Group), not individual venues. Out of all forms of gaming, EGMs (including EGMs at hotels, clubs and casinos) are taxed at the highest rate, 25.88% of annual gross profits. This figure is lower for gaming machines on the Spirit of Tasmania vessels where annual gross profits are taxed at 17.91%.

There is no super tax on casino gaming revenue in Tasmania—super taxes are only imposed in Victoria and New South Wales. In all other jurisdictions, EGM taxes are applied progressively to EGM gross revenue, such that high gross revenue incur a higher marginal tax rate. This is specifically the case for individual club venues. Indeed, in many jurisdictions, revenue within the first tax bracket are tax free—for example, nil tax applies in South Australia for the first \$75,000 of annual revenue. Most jurisdictions have lower taxation rates for EGMs in clubs relative to hotels, whereas the Tasmanian arrangements treat hotels and clubs equivalently. However, the return from the Gaming Operator to clubs (32%) is higher than it is for hotels (30%).

The taxation arrangements for lotteries run in Tasmania reflect that the state does not have its own lottery. Rather, companies located in other states (such as the Victorian-based Tatts Group) operate Tasmania's lotteries. The Tasmanian Government receives the tax collected in those states for all tickets sold in Tasmania. A similar arrangement applies to soccer pools.

From July 2009, a Totalizator Wagering Levy of 4.7 million fee units replaced previous rates for both on-course and off-course betting via TOTE Tasmania (now rebranded UBET). TOTE Tasmania/UBET holds responsibility for the payment, which was \$7.097 million in 2015-16. As in most other jurisdictions, bets on racing placed with bookmakers are not subject to taxation.

6.2.3 Community Support Levy

In addition to general taxation rates, the Tasmanian Government applies a 4% Community Support Levy (CSL) to EGM gross profits in clubs and hotels and Tasmania's betting exchange commission. In 2015-16, a total of \$4.59 million was allocated via the CSL (TLGC 2016). More details on the CSL and its uses are provided in Chapter 8.

6.3 Summary

In 2015-16 real gambling revenue to the Tasmanian Government was \$96 million. In 2015-16, Tasmanian Government revenue from gaming activities was approximately \$86.2 million (89.4% of the total), while race wagering accounted for \$9.9 million (10.3%) and sports betting \$0.3 million (0.3%).

Gambling revenue form a significant share of total taxation revenue to the Tasmanian Government. In 2015-16, gambling revenue was 9.0% of yearly taxation revenue. If government revenue from other sources are included, most notably Federal Government grants, gambling revenue accounted for

around 1.8% of total yearly revenue. When compared with other jurisdictions, Tasmania's share of total state taxation revenue generated from gambling is higher than the average for other jurisdictions. Since the third SEIS there have been no changes to Tasmanian gambling tax policy.



This chapter estimates the economic footprint of the Tasmanian gambling industry for the 2015-16 financial year. The economic footprint analysis uses an Input-Output approach which estimates the industry's contribution to Gross State Product (GSP) and employment.¹⁵ This analysis does not account for the any effect on the economy of the negative impacts of gambling due to the lack of adequate data.

7.1 Introduction

The economic footprint, or the contribution of the gambling industry to the Tasmanian economy, is estimated using an Input-Output approach which is further detailed below in Box 7.1.

It is important to understand the limitations of Input-Output analysis, and to remember that the analysis provides a static estimate of economic contribution of a facility or industry, not a measurement of economic impact if the facility or industry shut down or did not exist.

The advantage of this type of analysis is that it is relatively straightforward to conceptualise. A footprint analysis estimates the number of jobs and GSP directly and indirectly attributable to the gambling industry in Tasmania. However, this does not mean that if the industry were to disappear that employment in Tasmania would permanently fall by the number of estimated jobs. This is because through various processes of labour market adjustment new jobs would be created in other industries, eventually. The analysis shows that at the current time, given the existence of the gambling industry and its links through the economy, a certain amount of jobs, income and output are directly and indirectly attributable to the industry.

7.2 Gambling industry definition

Activities classified under different ABS classification categories were considered as gambling industry for this study (see Table 7.1).

¹⁵ Previous social and economic impact studies used Computable General Equilibrium modelling to investigate the economic impact of the hypothetical closure of the Tasmanian gambling industry. While these investigations gave valuable insights, there is probably little to be gained by doing them again. The evaluation method we use on this occasion is simpler and presents a way of estimating the economic contribution of the Tasmanian industry as it currently exists.

TABLE 7.1 GAMBLING INDUSTRY ACTIVITIES CONCORDANCE BETWEEN IOIG AND ANZSIC

IOIG	IOIG Descriptor	ANZSIC code	ANZSIC Descriptor
2401	Professional, Scientific, Computer and Electronic Equipment Manufacturing	2429	Electronic gaming machines manufacturing (e.g. poker machines), Poker machines or parts manufacturing
4501	Food and Beverage Services	4520	Pubs, Taverns and Bars
		4530	Clubs (Hospitality)
9201	Gambling	9201	Casino Operation
			Lottery Operation
			Other Gambling Activities

Note: Input Output Industry Groups (IOIG). Australian and New Zealand Standard Industrial Classification (ANZSIC).

SOURCE: ABS

Throughout the report, the term 'economic contribution' refers to the economic activity associated with operational expenditure of the gambling industry. This expenditure is equivalent to player expenditure on gambling activities; that is, these figures relate to the amount wagered less the amount won by people who gamble.

The economic footprint of the Tasmanian gambling industry was quantified using a regional Input-Output (IO) model developed by ACIL Allen for this project. The use of an IO model (or input-output multipliers) generates an estimate of the contribution that player expenditure makes to the Tasmanian economy and Tasmanian regional economies.

Details about how the total economic contribution of industry has been measured in footprint analysis are provided in Box 7.1. Additional details about input-output analysis are provided in Appendix D.

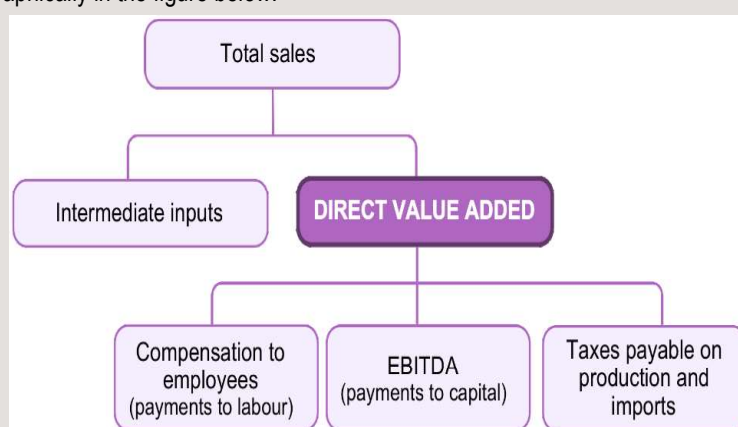
BOX 7.1 MEASURING ECONOMIC CONTRIBUTION THROUGH FOOTPRINT ANALYSIS

The total economic contribution of an industry like the gambling industry is measured by its direct economic contribution and its indirect economic contribution.

Direct economic contribution

The standard measure of economic contribution is the extent to which an industry increases the value of goods and services generated by the economy as a whole—in other words, the extent to which it increases economic activity as measured by GSP. An economy has a range of factors of production (including labour and capital stock) and access to various intermediate inputs. By using the factors of production appropriately, industries are able to add value to intermediate inputs by converting them into a range of goods and services more suited for use by consumers or other industries. An industry's contribution to GSP measures the total 'value added' generated and is defined as the income that an industry generates, less the cost of the inputs that it uses to generate that income, plus certain taxes paid.

Therefore, the direct contribution of the industry to the Tasmanian economy can be estimated by determining its payments to the factors of production plus the taxes (less subsidies) payable on production and imports. This is shown graphically in the figure below.

**Indirect economic contribution**

The intermediate inputs used by the gambling industry can be sourced from the Tasmanian economy, the rest of Australia or foreign economies. If purchased from within the Tasmanian economy, then the portion of value added embodied in the intermediate input is indirectly associated with the activity of the purchaser.

The calculation of the indirect contribution quickly becomes difficult as one considers the value added embodied in the intermediate inputs of each intermediate input. For example, consider the fertilisers used in the production of fruit, the fruit used to make juice concentrate, the concentrate used in the beverage production, and so on. In a global context, the value-added chain can simply be measured by the value of the final goods and services consumed. In a national context, input-output tables and the associated 'input-output multipliers' can be used to estimate the indirect economic contributions of an industry. Input-output multipliers are summary measures generated from input-output tables that can be used for predicting the total impact of changes in demand for the output of any one industry on all industries in the economy. The tables and multipliers can also be used to measure the relative importance of the product chain linkages to different parts of the economy. The input-output tables and the associated multipliers derived for the analysis were based on the most recently published national tables, augmented with appropriate data. The most recent Australian national input-output table is based on the 2014-15 financial year. For this analysis, these tables were updated to represent the Tasmanian and Tasmanian regional economies in the 2015-16 year using data available from the Australian Bureau of Statistics (ABS).

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

7.2.1 Production induced and consumption induced effects

In this report, we have estimated the likely lower and upper bounds of the indirect economic contribution of the gambling industry's footprint in Tasmania in 2015-16. The lower bound estimate,

derived from 'simple' multipliers, captures only the value added and employment associated with the supply chain of each purchase stream. Consequently, they provide a conservative estimate—or lower level bound—of the indirect economic contribution of intermediate inputs. The difference between these estimates and the direct economic contribution are commonly referred to as the 'production-induced contribution'. When calculated properly, the embodied economic contribution of alternative production chains are additive and should sum to the national accounts estimates of gross state product and gross domestic product.

The upper bound estimate of the impact of the Tasmanian gambling industry, derived using 'total' multipliers, captures all of the effects of inter-industry interactions and also captures the impacts of the purchasing decisions made by workers employed throughout the gambling sector's supply chain. This effect is commonly referred to as the consumption induced effect.

7.3 Comparing with previous approaches

Previously, ACIL Allen has estimated the economic contribution of the gambling industry in 2011 and 2014 by modelling different scenarios using a computable general equilibrium (CGE). In the previous SEIS (the third SEIS), ACIL Allen modelled different scenarios whereby there was a cessation of gambling in taxation and gambling expenditure being diverted to alternative expenditures. In the current SEIS (the fourth SEIS), the economic footprint or contribution of the gambling industry to the Tasmanian economy and regions is estimated.

There are some similarities and differences between the past approaches and current approach, but the estimated economic contributions are not strictly comparable.

A key similarity is that the previous and current modelling are aimed at estimating the size of the Tasmanian gambling industry or contribution the industry makes to their respective regions in Tasmania. Both approaches do not consider the social costs associated with the gambling industry, due a lack of adequate data.

A key difference is that the current analysis has used an IO model developed for this study to provide a static footprint analysis, whereas the past analyses used computable general equilibrium (CGE) which estimated how the Tasmanian economy would change in the absence of the gambling industry.

7.4 Data used for player expenditure analysis

7.4.1 Player expenditure

Table 7.2 details the breakdown of player expenditure used in the analysis. The expenditure figures are player losses on gambling activities; that is, the amount wagered less the amount won, by people who gamble. Aggregate Tasmanian figures were apportioned across Tasmanian statistical areas (SA4) based on either population, EGM expenditure or casino expenditure across the areas. Casino expenditure was distributed across the SA4s using casino expenditure; hotel and club expenditure was distributed using EGM expenditure across the SA4s; and lotteries, racing & wagering and sports betting were apportioned using population estimates.

TABLE 7.2 PLAYER EXPENDITURE (PLAYER LOSS) BY GAMBLING FORM AND TASMANIAN STATISTICAL AREAS (SA4), 2015-16

	Gambling form	Launceston and North East	Hobart	West and North West	South East	Total
		\$ million	\$ million	\$ million	\$ million	\$ million
Casinos	Table Gaming	\$4.09	\$5.71	\$0.00	\$0.00	\$9.81
	EGMs	\$32.09	\$44.78	\$0.00	\$0.00	\$76.87
	Keno	\$1.31	\$1.82	\$0.00	\$0.00	\$3.13
Hotels & Clubs	EGMs	\$26.50	\$46.35	\$38.50	\$2.89	\$114.24
	Keno	\$7.73	\$13.53	\$11.23	\$0.84	\$33.34
Lotteries	-	\$11.21	\$17.22	\$8.87	\$2.96	\$40.25
Racing & Wagering	TAB	\$12.41	\$19.06	\$9.82	\$3.27	\$44.55
	On-course Bookmakers	\$0.01	\$0.02	\$0.01	\$0.00	\$0.05
	On-course Totalizator	\$0.24	\$0.37	\$0.19	\$0.06	\$0.87
Sports betting	-	\$0.91	\$1.39	\$0.72	\$0.24	\$3.26
Total		\$96.51	\$150.25	\$69.33	\$10.27	\$326.36

Note: Gambling expenditure was distributed across Tasmanian statistical divisions by population, casino expenditure or EGM expenditure across these divisions.

SOURCE: DTF PROVIDED DATA.

7.4.2 Taxes, fees, levies and fines

Table 7.3 details total Tasmanian gambling taxes and fees by Tasmanian statistical areas. Gambling taxation and fees were distributed across Tasmanian statistical divisions by population estimates across these areas.

TABLE 7.3 TOTAL TASMANIAN GAMBLING TAXES AND FEES ACROSS TASMANIAN STATISTICAL AREAS (SA4), 2015-16

	Launceston and North East	Hobart	West and North West	South East	Total
	\$ million	\$ million	\$ million	\$ million	\$ million
Annual totalizator wagering levy (from UBET)	\$1.98	\$3.04	\$1.56	\$0.52	\$7.10
Betfair - taxes attributed to racing & product levy	\$0.74	\$1.13	\$0.58	\$0.19	\$2.65
Betfair - taxes attributed to sports betting	\$0.08	\$0.13	\$0.06	\$0.02	\$0.29
Betfair (annual licence fee)	\$0.05	\$0.08	\$0.04	\$0.01	\$0.18
Gaming	\$24.00	\$36.86	\$18.99	\$6.33	\$86.18
Racefield Fees	\$2.82	\$4.34	\$2.23	\$0.74	\$10.14
All gambling taxes and fees	\$29.67	\$45.57	\$23.48	\$7.82	\$106.54

Note: Gambling taxation and fees were distributed across Tasmanian statistical divisions by population estimates across these divisions.

SOURCE: DTF PROVIDED DATA.

7.4.3 Employment

Table 7.4 details the breakdown of Tasmanian Gambling FTE employment by Tasmanian statistical areas. The employment estimates used are those estimated in Chapter 5. As noted in Chapter 5 these FTE estimates were calculated based on a mix of industry data and qualitative stakeholder insights, as such there are accuracy limitations around these FTE estimates. Aggregate Tasmanian FTE estimates were apportioned across Tasmanian statistical areas based on either population, EGM expenditure or casino expenditure across the divisions. Casino expenditure was split across divisions using casino expenditure; hotel and club expenditure was apportioned using EGM expenditure (except

keno expenditure which was apportioned using population, and Network gaming which is known to be in Hobart); and lotteries, racing & wagering and sports betting were apportioned using population.

TABLE 7.4 TASMANIAN GAMBLING FTE EMPLOYMENT BY TASMANIAN STATISTICAL AREAS (SA4), 2017

	Launceston and North East	Hobart	West and North West	South East	Total
	FTE	FTE	FTE	FTE	FTE
Hotels and clubs (excluding sports betting)	81	171	108	11	371
Casinos	228	319	0	0	547
Wagering (including sports betting)	43	115	34	11	204
Lotteries	3	5	3	1	13
Total	356	610	145	23	1,135

Note: Gambling expenditure were distributed across Tasmanian statistical divisions by population, casino expenditure or EGM expenditure across these divisions. Figures may not sum due to rounding.

SOURCE: DTF PROVIDED DATA.

7.5 Economic contribution of gambling industry overview

The economic contribution of the operational expenditure related to player spend is reported using a number of different measures:

- Value added—this measures the contribution of the industry to the size of the economy (i.e. its contribution to GSP) by measuring the impact of player expenditure on wages, salaries, profits and indirect taxes of the gambling service providers. Value added is the preferred measure of economic contribution.
- Employment—this measures the expenditure's contribution in terms of the number of direct and indirect jobs supported.

The estimated value added and employment contributions from the operational expenditure of the gambling industry to the Tasmanian and Tasmanian regional economies in 2015-16 are outlined in the sections below.

7.6 Direct contribution

The total estimated revenue (including taxes) of the Tasmanian gambling industry in 2015-16 was \$326.4 million. The estimated revenue from four Tasmanian regions are shown below:

- Hobart—\$150.3 million
- Launceston and North East—\$96.5 million
- South East—\$10.3 million
- West and North West—\$69.3 million

The direct contribution of the gambling industry in 2015-16 is provided in Table 7.5.

TABLE 7.5 DIRECT ECONOMIC CONTRIBUTION

Region	Revenue	Value-add	Per cent of GSP/GRP	Employment
SA4	\$ million	\$ million	Per cent	FTE
Hobart	\$150.3	\$67.0	0.55%	610
Launceston and North East	\$96.5	\$43.4	0.60%	356
South East	\$10.3	\$8.3	0.58%	23
West and North West	\$69.3	\$32.9	0.58%	145
Tasmania	\$326.4	\$151.6	0.57%	1,135

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

In 2015-16, the direct economic contribution of the Tasmanian gambling industry from the operational expenditure of gambling service providers is estimated to have been \$151.6 million. Note that the value-add is lower than the total industry revenue as value-add accounts for the value of inputs purchased from other sectors. This value is estimated at \$174.8m.

In 2015-16, Tasmanian GSP was \$26,416 million, implying that the direct economic contribution of the gambling sector from their operational expenditure accounted for 0.57 % of Tasmania's GSP. For comparison, in 2016-17, the total accommodation and food services industry gross value add accounted for 2.4 % of Tasmanian GSP, and similarly the arts and recreation services industry accounted for 0.9 % (ABS 2017).

It is estimated that 1,135 FTE jobs were directly supported by gambling activities in the Tasmanian economy (See Table 7.4).

7.7 Indirect contribution

By allocating the intermediate inputs to their corresponding input-output industries and applying the appropriate multipliers for the value added and employment, it is possible to estimate the total value added and employment embodied in the inputs and services demanded by the gambling industry in Tasmania.

It is estimated that the Tasmanian gambling industry spent \$174.8 million on goods and services (not including labour and profits) in providing gambling services to the players in 2015-16. Of this, it is estimated that \$107.8 million was on domestically-produced goods and services. This represents revenue to other sectors of the economy, generating value added of \$82.5m.

The estimated indirect impacts at state and regional levels are provided in Table 7.6.

TABLE 7.6 INDIRECT ECONOMIC CONTRIBUTION

Region	Production induced			Consumption induced			Total indirect		
	\$ million	% GSP/GRP	FTE	\$ million	% GSP/GRP	FTE	\$ million	% GSP/GRP	FTE
Hobart	\$38.8	0.32%	319	\$16.6	0.14%	121	\$55.4	0.46%	439
Launceston and North East	\$25.9	0.36%	211	\$10.6	0.15%	77	\$36.5	0.51%	288
South East	\$0.9	0.06%	7	\$0.2	0.01%	1	\$1.0	0.07%	8
West and North West	\$17.0	0.30%	139	\$5.6	0.10%	41	\$22.5	0.40%	180
Tasmania	\$82.5	0.31%	676	\$32.9	0.12%	240	\$115.4	0.44%	916

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

It is estimated that:

- The domestic spend of \$107.8 million by the gambling industry indirectly contributed between \$82.5 million and \$115.4 million to the Tasmanian economy, which was between 0.31 and 0.44 per cent of GSP in 2015-16. This is in addition to the direct contribution of the 0.57 percent reported above.

- Between 676 and 916 FTE jobs were indirectly supported by gambling industry activities in the Tasmanian economy.

7.8 Total contribution

7.8.1 Total economic contribution

Adding the direct and indirect economic contributions provides lower and upper bound¹⁶ estimates of the total economic footprint of the Tasmanian gambling industry as shown in Table 7.7 and Figure 7.1.

TABLE 7.7 TOTAL ECONOMIC CONTRIBUTION, 2015-16

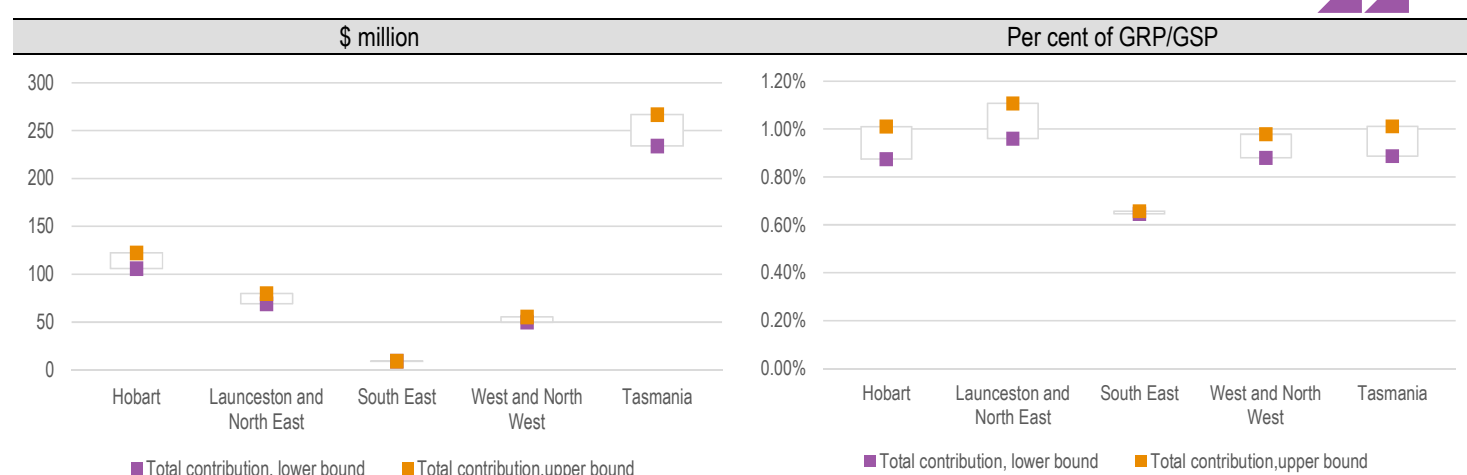
	Direct (\$m)	Indirect (\$m)			Total			
		Production induced	Consumption induced	Total—indirect	Lower bound (\$m)	Upper bound (\$m)	Lower bound (% GRP)	Upper bound (% GRP)
Hobart	\$67.0	\$38.8	\$16.6	\$55.4	\$105.8	\$122.4	0.87%	1.01%
Launceston and North East	\$43.4	\$25.9	\$10.6	\$36.5	\$69.3	\$79.9	0.96%	1.11%
South East	\$8.3	\$0.9	\$0.2	\$1.0	\$9.2	\$9.3	0.64%	0.66%
West and North West	\$32.9	\$17.0	\$5.6	\$22.5	\$49.8	\$55.4	0.88%	0.98%
Tasmania	\$151.6	\$82.5	\$32.9	\$115.4	\$234.1	\$267.0	0.89%	1.01%

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

In 2015-16, it is estimated that the gambling industry in Tasmania:

- Resulted in a *lower bound* contribution of \$234.1 million to the Tasmanian GSP, comprising:
 - \$151.6 million directly from the industry (direct contribution)
 - \$82.5 million indirectly from the rest of the economy (indirect contribution from gambling industry provision of services—production induced)
 - as a whole, the gambling industry in Tasmania contributed a minimum of 0.89 per cent to the Tasmanian GSP in 2015-16.
- Resulted in an *upper bound* contribution of \$267 million to the Tasmanian GSP, comprising:
 - \$151.6 million directly from the industry (direct contribution)
 - \$115.4 million indirectly from the rest of the economy (indirect contribution from gambling industry provision of services—production induced and consumption induced)
 - of which \$32.9 million is contributed through the consumption induced effect
 - as a whole, the gambling industry in Tasmania contributed a maximum of 1.01 per cent to the Tasmanian GSP in 2015-16.

¹⁶ Lower bound and upper bound here mean the range of estimates in the sense of using different measures of induced economic activity from input-output analysis, not in the sense of a statistical confidence interval.

FIGURE 7.1 TOTAL ECONOMIC CONTRIBUTION, LOWER AND UPPER BOUND ESTIMATES, 2015-16

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

7.8.2 Total employment contribution

It is estimated that in 2015-16 the gambling industry in Tasmania supported up to 2,051 FTE jobs (Table 7.8). To put this estimate another way, for every one-million dollars of player expenditure on gambling activities in Tasmania, there are up to 6 FTE jobs that are supported in the Tasmanian economy. That is, every \$1 million spend creates:

- Direct employment of 3 FTEs
- Production-induced employment of 2 FTEs
- Consumption-induced employment of 1 FTE.

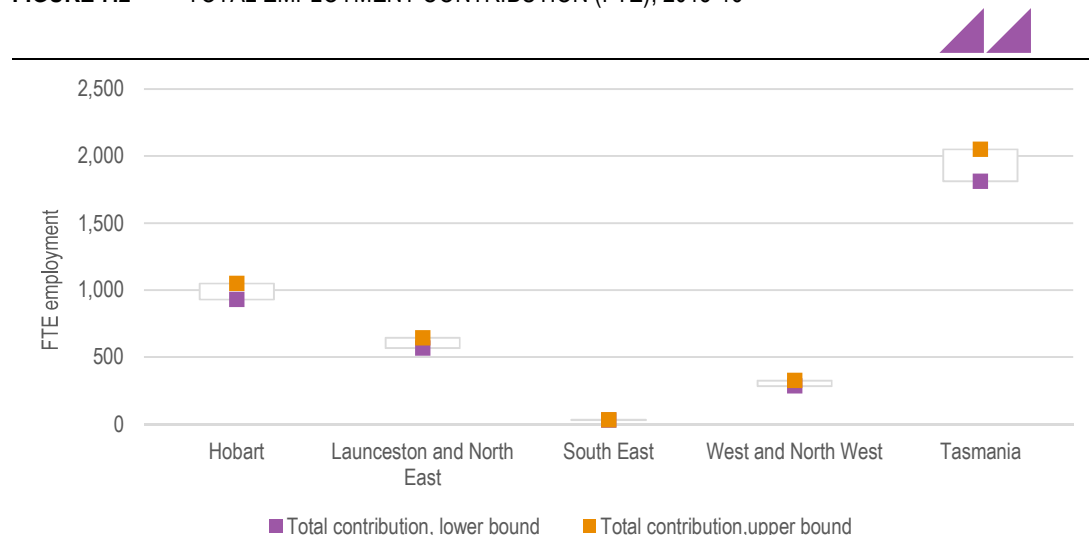
TABLE 7.8 TOTAL EMPLOYMENT CONTRIBUTION (FTE), 2015-16

	Direct		Indirect		Total	
		Production induced	Consumption induced	Total indirect	Lower bound	Upper bound
Hobart	610	319	121	439	929	1,050
Launceston and North East	356	211	77	288	567	645
South East	23	7	1	8	31	32
West and North West	145	139	41	180	284	325
Tasmania	1,135	676	240	916	1,811	2,051

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

In 2015-16, it is estimated that the gambling industry in Tasmania:

- Resulted in a *lower bound* employment contribution of 1,811 FTE jobs, comprising:
 - 1,135 FTE jobs directly from the industry (direct contribution)
 - 676 FTE jobs indirectly from the rest of the economy (indirect contribution from gambling industry provision of services–production induced).
- Resulted in an *upper bound* contribution of 2,051 FTE jobs, comprising:
 - 1,135 FTE jobs directly from the industry (direct contribution)
 - 916 FTE jobs indirectly from the rest of the economy (indirect contribution from gambling industry provision of services–production induced and consumption induced).

FIGURE 7.2 TOTAL EMPLOYMENT CONTRIBUTION (FTE), 2015-16


SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

7.9 Summary

An economic footprint of the Tasmanian gambling industry was estimated for the 2015-16 financial year using an IO model. This model estimated the direct and indirect contribution of the industry to GSP and employment.

The direct economic contribution of the Tasmanian gambling industry from the operational expenditure of gambling service providers is estimated to have been \$151.6 million. Note that the value-add is lower than the total industry revenue as value-add accounts for the value of inputs purchased from other sectors. The additional indirect contribution of the gambling industry was estimated between \$82.5 million and \$115.4 million. Therefore, the total economic contribution of the industry to Tasmanian GSP is between \$234 million (0.89% of GSP) and \$267 million (1.01% of GSP).

It is estimated that 1,135 FTE jobs were directly supported by gambling activities in the Tasmanian economy. The additional indirect employment was estimated between 676 and 916 FTEs. Therefore, the total employment contribution of the Tasmania gambling industry is between 1,811 and 2,051 FTEs.



8

PROVISION OF GAMBLING SUPPORT SERVICES

This chapter explores the nature of, and funding arrangements for, gambling support services provided in Tasmania. It also outlines the uptake of gambling support services between 2014-15 and 2016-17 at a state-wide level.

8.1 Government funding of support services

8.1.1 The Community Support Levy

The Community Support Levy (CSL) is a Tasmanian Government trust account which forms the sole Government funding source for activities aimed at reducing the risk of harm from problem gambling (Auditor General, 2017). It is established under the *Gaming Control Act 1993* (the Act).

The CSL is funded by a levy of 4% of gross profits from EGMs in hotels and clubs, and 4% of Tasmanian monthly betting exchange commission that is derived from brokered wager events in Australia. The latter source of revenue is zero due to Betfair's recent move to the Northern Territory. As such, currently the CSL is solely funded by EGM profits and the CSL is not payable on profits of other forms of gambling, such as Keno.

In 2015-16, approximately \$4.6 million was paid into the CSL (Tasmanian Liquor and Gaming Commission, 2016). The Act specifies that the CSL must be distributed as set out in Table 8.1.

TABLE 8.1 CSL DISTRIBUTION AS REQUIRED BY THE ACT

Purpose	Share of the CSL	Administrative body
For the benefit of sport and recreation clubs (abbreviated to 'sport and recreation category')	25%	Sport and Recreation Tasmania, Department of Premier and Cabinet
For the benefit of charitable organisations (abbreviated to 'charitable organisations category')	25%	The Gambling Support Program, Department of Health and Human Services (DHHS)
For the provision of: – gambling research – community education – services to prevent compulsive gambling – rehabilitation for compulsive gamblers – other health services (abbreviated to 'problem gambling category')	50%	Department of Health and Human Services (DHHS) Department of Treasury and Finance

SOURCE: DTF, 2014A.

Community, Sport and Recreation Tasmania (a part of the Department of Premier and Cabinet) is responsible for the sport and recreation category of the CSL. The Department of Health and Human Services (DHHS) administers the charitable organisations category, and makes recommendations to the Minister for Human Services for expenditure on the problem gambling category.

The TLGC is responsible for advising the Treasurer that the allocation of funds from the CSL is in accordance with the respective budgets of the two aforementioned departments (Tasmanian Liquor and Gaming Commission, 2016).

The remainder of this section details the charitable organisations category and problem gambling category, as the former funds programs and projects that may reduce the risk factors that contribute to gambling issues and the latter provides gambling services.

8.1.2 Charitable organisations category

Funding for the charitable organisations category is allocated to the Neighbourhood Houses Program (as charitable organisations) and via a community grants program managed by the DHHS. The objective of the grants program is to award grants to projects with some or all of the following characteristics:

- in geographic areas affected by problem gambling
- that address the contributing factors to problem gambling and those most impacted by problem gambling, including initiatives focused on: family violence, mental health, social isolation, alcohol and drug issues, health and financial literacy
- that provide or support safe, healthy and inclusive activities for a range of community members
- that demonstrate sustainability, innovation and an ability to leverage existing community services, networks and resources (DHHS, 2014b).

In 2015-16, \$1,195,554 was expended by DHHS on the charitable organisations category of which \$283,950 was paid to the Charitable Organisations Grant Program (TLGC 2016).

8.1.3 Problem gambling category

Over the last five years the funding in the problem gambling category has been allocated as set out in Table 8.2.

TABLE 8.2 PROBLEM GAMBLING CATEGORY FUNDING ALLOCATION

Purpose	Key activities	Share of the problem gambling category	Implementing organisation
Services to prevent compulsive (problem) gambling	<ul style="list-style-type: none"> – Gamblers Help online – Gamblers Help phone line – Gamblers Help in-person services (including counselling and access to the self-exclusion program). 	35%	Contractors (Anglicare, Relationships Australia, Turning Point)
Community education on gambling	<ul style="list-style-type: none"> – Convenience advertising (notices in public toilets) – Know Your Odds (KYO) (TV and printed advertisements) – Sports betting research (to identify target audiences) – Family and friends (TV and printed advertisements) – General Practitioners (including Gambling Assistance Program—GAP) – Gamblers Help advertising (visible phone number and internet address) 	25%	DHHS
Other health services	<ul style="list-style-type: none"> – NHs delivering community programs and/or services, and building community capacity 	25%	Neighbourhood Houses

Purpose	Key activities	Share of the problem gambling category	Implementing organisation
Research into gambling (primarily)	<ul style="list-style-type: none"> – The triennial SEIS of Gambling in Tasmania – Other gambling research 	15%	DTF, DHHS

SOURCE: AUDITOR GENERAL, 2017.

The remainder of this chapter focuses on the Gamblers Help services (services to prevent compulsive (problem) gambling).

The community education campaigns delivered by the DHHS were noted as important by many stakeholders consulted for this study. The Anglicare Tasmania submission argues that only a small percentage of people who experience gambling harm will ever seek direct help (Anglicare Tasmania, 2017), hence it considers community education initiatives especially important in order to both prevent gambling harms and to encourage more problem gamblers to seek help.

8.2 Overview of Gamblers Help services

Gamblers Help services are available to those with a gambling problem, and friends and family affected by others' gambling. The three major Gamblers Help services include:

- *Face-to-face counselling*: provided by Anglicare Tasmania in partnership with Relationships Australia
- *Gamblers Helpline*: provided by Turning Point
- *Gambling Help Online*: provided by Turning Point.

8.2.1 Face-to-face services

Lead organisation Anglicare Tasmania, and partner Relationships Australia (Tasmania), are funded by the Tasmanian Government (through the DHHS) to provide gambling support services in Tasmania (Department of Health and Human Services, 2017). These services comprise face-to-face therapeutic counselling, and group and family counselling services to problem gamblers, or people affected by someone else's gambling. These activities are the core business of Gamblers Help services.

Under flexible funding arrangements, Anglicare Tasmania is also funded to provide community education and community engagement in addressing the underlying causes of problem gambling. These programs generally target 'at risk' communities. Anglicare Tasmania delivers community education and community engagement through an annual Gamblers Help Community Education and Development Plan.

Other services provided by Anglicare Tasmania and Relationships Australia include gaming venue visits, and gaming venue support.

8.2.2 Telephone and online services

Eastern Health Turning Point operates a state and territory-funded Gambling Helpline in five jurisdictions, including Tasmania. The service provides telephone based counselling, support, referrals, and information. Turning Point also operates the national website Gambling Help Online which is funded jointly by all states and territories and the Federal Government. Gambling Help Online provides a multi-layered response to people experiencing problems with gambling, including online counselling and email support, self-help and self-assessment tools, information, and an online community forum.

8.3 Delivery of Gamblers Help services

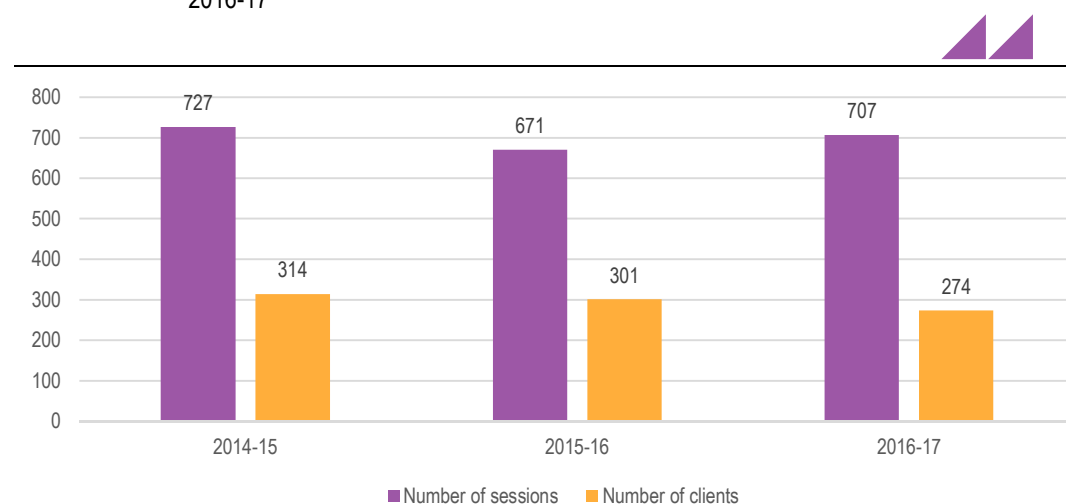
This section analyses trends in take-up of Gamblers Help services since the third SEIS. The overall fall in the number of people seeking assistance from Gamblers Help services (seen in the Gamblers

Help data) is consistent with the slight reduction in the prevalence survey respondents reporting that they sought help for problems related to own gambling (Volume 2, Chapter 9).

8.3.1 In-person services

Figure 8.1 shows the number of counselling sessions attended by new and existing clients between 2014-15 and 2016-17. Both the number of overall sessions and the number of clients have declined over the last three years. Over this period, the number of counselling sessions fell from 727 to 707, and the number of clients fell from 314 to 274.

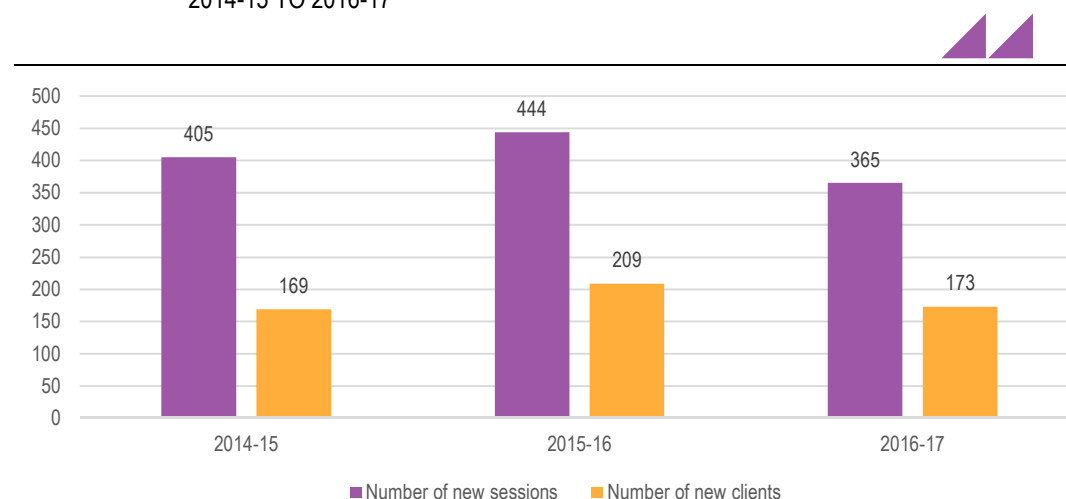
FIGURE 8.1 NUMBER OF IN-PERSON COUNSELLING SESSIONS AND ATTENDANCE, 2014-15 TO 2016-17



SOURCE: DATA PROVIDED BY DHHS.

Figure 8.2 shows the number of new clients and new client sessions for each year. Despite the total number of sessions falling year on year, the number of new clients increased from 2014-15 to 2015-16; and despite falling numbers of new clients from 209 to 173 in 2016-17, this level was still higher than the 2014-15 figure of 169.

FIGURE 8.2 NUMBER OF NEW IN-PERSON SESSIONS AND NEW IN-PERSON CLIENTS FROM 2014-15 TO 2016-17

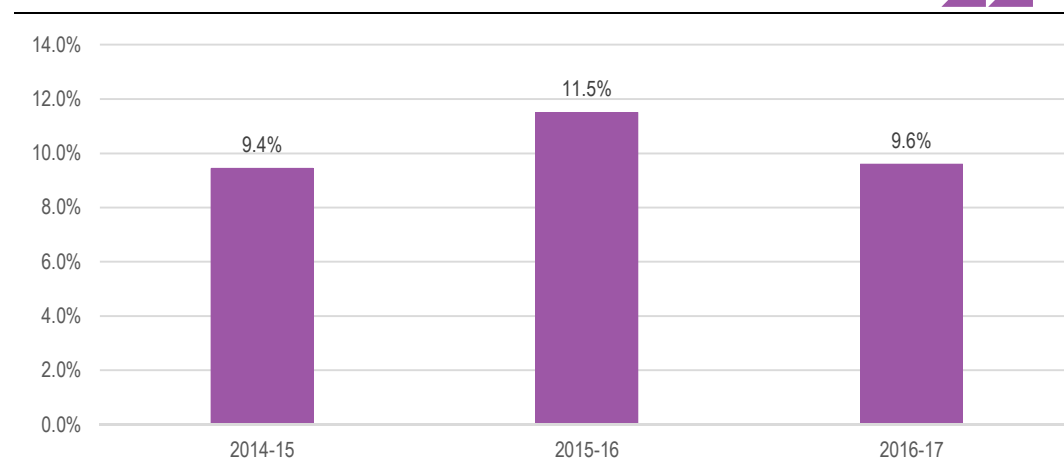


SOURCE: DATA PROVIDED BY DHHS.

Figure 8.3 below charts the percentage of 'no notification, no show' sessions—counselling sessions where the client did not arrive and also gave no prior notification. There are several reasons which could cause an appointment 'no show', including issues with stigma and shame, the quality of the

service, transport, and other personal problems. This metric rose by 2.1 percentage points in 2015-16 before falling 1.9 percentage points in 2016-17.

FIGURE 8.3 PERCENTAGE OF 'NO NOTIFICATION, NO SHOW' IN-PERSON COUNSELLING SESSIONS FROM 2014-15 TO 2016-17

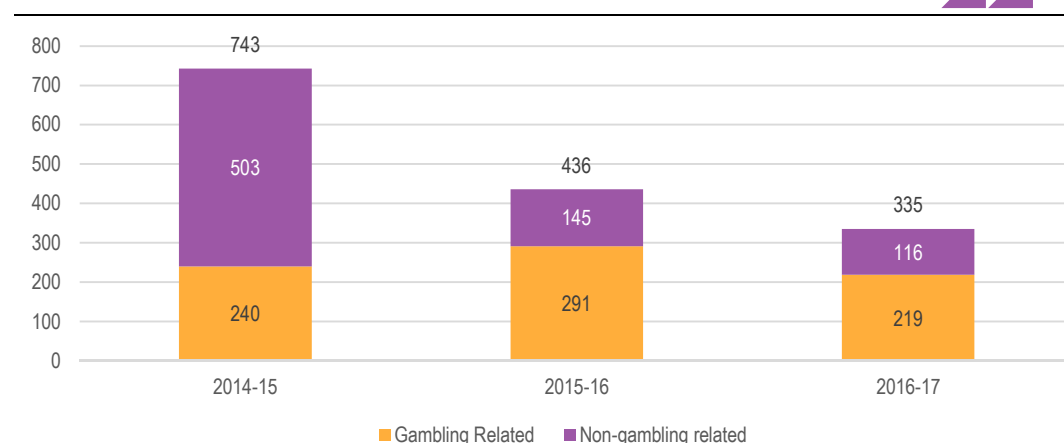


SOURCE: DATA PROVIDED BY DHHS.

8.3.2 Telephone and online services

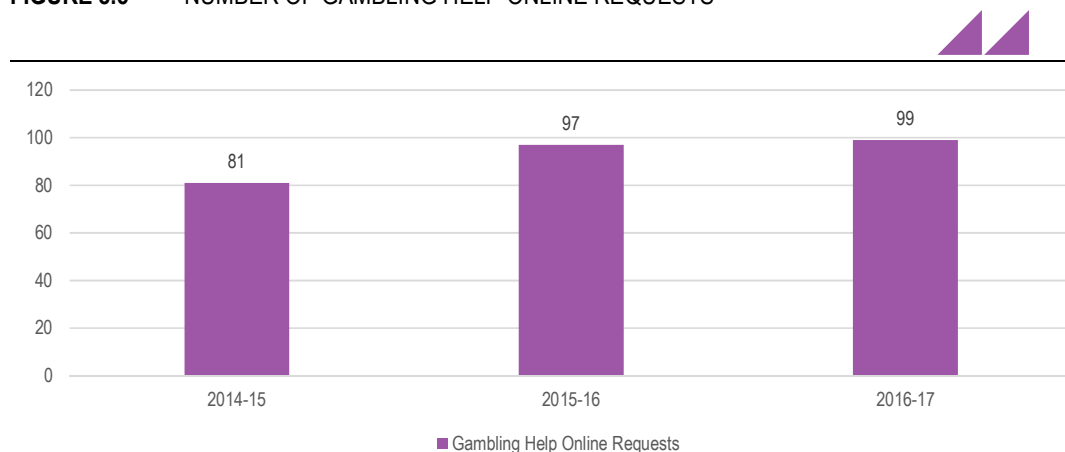
From 2014-15 to 2016-17, the total number of calls to Gamblers Helpline Tasmania fell from 743 to 335, a decline of more than 50% (Figure 8.4). However, the number of gambling-related calls remained relatively constant. This suggests that the fall in the number of total calls may be primarily a function of fewer wrong calls and hoax calls.

FIGURE 8.4 NUMBER OF GAMBLERS HELPLINE TASMANIA CALLS, 2014-15 TO 2016-17



SOURCE: TURNING POINT 2015A, TURNING POINT 2016A1, TURNING POINT 2016 A2, TURNING POINT 2017A.

Figure 8.5 plots the total number of Gambling Help Online requests (online chat or email). Over the observed period, the number of Gambling Help Online requests increased from 81 in 2014-15 to 99 in 2016-17. Instead of being contained to Tasmania, this appears to be part of a larger trend where gamblers across Australia are seeking more and more help online (the number of online requests across Australia increased from 4,408 in 2014-15, to 7,393 in 2016-17).

FIGURE 8.5 NUMBER OF GAMBLING HELP ONLINE REQUESTS

SOURCE: TURNING POINT 2015A, TURNING POINT 2016A1, TURNING POINT 2016 A2, TURNING POINT 2017A.

8.3.3 Referral sources: in-person Gamblers Help Counselling

Table 8.3 summarises the source from which clients were referred to, or became aware of, in-person Gamblers Help services. There were 170 referrals to Gambler's Help services in 2014-15 and 236 in 2015-16.

By far the most common referral source across the two years was individuals referring themselves to in-person Gamblers Help services (in the last two years approximately half of clients were self-referred), followed by family referrals and Anglicare and financial counsellors. Between 2014-15 and 2015-16, the largest growth was in the number of referrals from Gamblers Helpline Tasmania, followed by referrals from Relationships Australia. Over the same time period declines were seen in the number of media and friend-based referrals.

TABLE 8.3 REFERRAL METHOD FOR COUNSELLING CLIENTS, 2014-15 TO 2015-16

Referral source	2014-15	2015-16
Self	85	122
Gambling Helpline—direct and client initiated	6	23
Family	16	22
Anglicare (including financial counsellors)	14	20
Gaming venue	5	10
Other agency	10	10
Community services agency	9	9
Relationships Australia	3	7
Friend	10	6
Media	9	4
GP	2	2
Legal agency/practitioner	0	1
Employer	1	0
Other	6	10

SOURCE: DHHS 2017.

8.4 Gamblers Help client characteristics

8.4.1 Gambling activities of in-person Gamblers Help Counselling and Gamblers Helpline clients

Table 8.4 provides a summary of the forms of gambling cited by in-person and Gamblers Helpline clients as causing them the most problems between 2014-15 and 2016-17.

EGMs are the form of gambling causing most problems, with approximately 70% of clients seeking support services primarily for this form of gambling. Among in-person clients, EGMs at hotels/clubs are more often reported as causing most problems (67%), compared to EGMs at the casinos (12%).

Other forms of gambling causing most problems for clients include online gambling¹⁷ (13%) and race wagering (10%).

In-person clients are more likely to report EGMs as causing most problems (79%) compared to Gamblers Helpline clients (64%), whereas Gamblers Helpline clients are more likely to point to online gambling (15% compared to 8% for in-person) and race wagering (14% compared to 6% for in-person). This may be caused by EGM gamblers preference or familiarity with in-person or outside the home activities (both gambling and services), and the opposing preference of online gamblers and race wagering participants (race wagering can take place on the track, but it can also take place online, assumedly primarily at home).

¹⁷ Online gambling includes Betfair, 'other' and sports betting.

TABLE 8.4 FORMS OF GAMBLING CAUSING MOST PROBLEMS FOR IN-PERSON AND GAMBLING HELPLINE TASMANIA CLIENTS, 2014-15 TO 2016-17

Gambling activity	In-person		Gamblers Helpline		Total	
	No. of clients	Proportion	No. of clients	Proportion	No. of clients	Proportion
EGMs (total)	164	79%	225	64%	389	70%
EGMs at hotels/clubs	140	67%	n/a	n/a	n/a	n/a
EGMs at casinos	24	12%	n/a	n/a	n/a	n/a
Online*	16	8%	54	15%	70	13%
Race wagering	12	6%	49	14%	61	11%
Card Games	4	2%	12	3%	16	3%
Casino gambling activities	11	5%	0	0%	11	2%
Lotteries	0	0%	6	2%	6	1%
keno	1	0%	0	0%	1	0%
Other	0	0%	3	1%	3	1%
Total	208	-	349	-	558	-

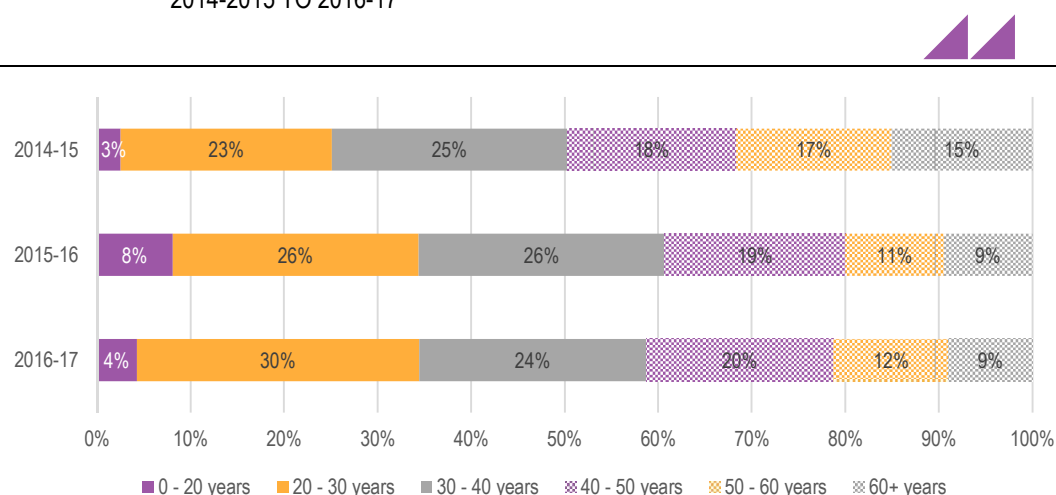
Note: * betting exchange, sports betting and other

SOURCE: DHHS, 2017

8.4.2 Age of clients—Gambling Help Online and Gambling Helpline Tasmania

Figure 8.6 below depicts the age distribution of clients accessing Gambling Help Online and Gambling Helpline Tasmania services. The two age groups with the highest representation are 20-30, and 30-40.

From 2014-15 to 2015-16, the proportion of those aged below 30 accessing services increased from 26% to 34%, before stabilising in 2016-17. This may reflect an increasing rate of issues with problem gambling among young individuals. However, it could also be due to a preference for accessing services that allow for anonymity, a preference for accessing services through familiar technology, or a greater awareness of gambling support services among that demographic

FIGURE 8.6 AGE DISTRIBUTION OF GAMBLING HELPLINE AND GAMBLING HELP ONLINE CLIENTS, 2014-2015 TO 2016-17

SOURCE: DHHS 2017.

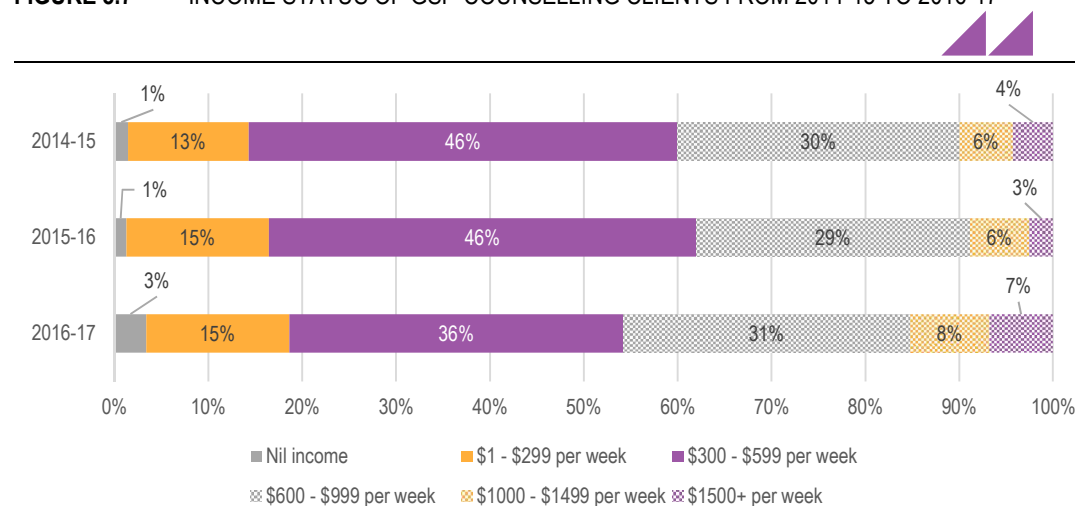
8.4.3 Income status of clients—in-person Gamblers Help Counselling

Figure 8.7 shows the distribution of incomes for in-person counselling clients. The income bracket with the highest representation was \$300 to \$599 per week, and the income bracket with the second highest representation was \$600 to \$999 per week. Over the three years, an average of 72% of Gambling Support Program (GSP) counselling clients came from one of these two income brackets.

These data suggests that clients are more likely to be from low income backgrounds—full-time average Tasmanian earnings were \$1353 per week in 2017 (Tasmanian Treasury, 2017). This means that in 2016-17, only 7% to 15% of all in-person gambling support clients earned a weekly income above average.¹⁸

Over the three-year period, the income distributions have been fairly constant with the main change being a slight increase in the proportion of higher income clients in 2016-17.

FIGURE 8.7 INCOME STATUS OF GSP COUNSELLING CLIENTS FROM 2014-15 TO 2016-17



SOURCE: DATA PROVIDED BY ANGLICARE TASMANIA 2016.

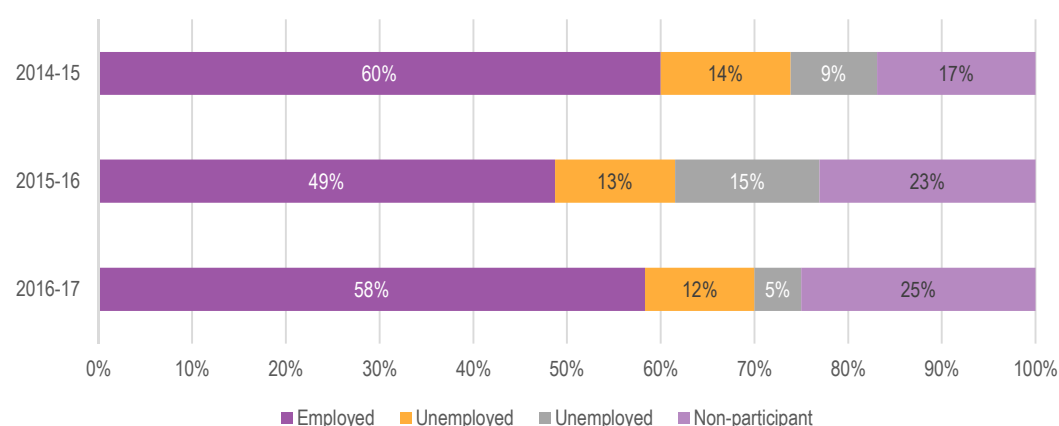
8.4.4 Labour force status of clients—in-person Gamblers Help Counselling

Figure 8.8 shows the labour status of face-to-face counselling clients. Clients were asked to characterise their sources of personal income as employee and business income, new start allowance, pension, and various other government transfer payments.

Those citing their income sources as employee cash income or unincorporated business cash income were counted as employed. Those citing Newstart allowance were counted as unemployed. Those citing mature age allowance, age pension, and superannuation/annuities were counted as retired. Those citing youth allowance, disability support pension, and disability pension were counted as non-participant.

Over the three years, the proportion of unemployed clients has decreased from 14% to 11%, and the proportion of labour force non-participant clients has increased from 17% to 26%.

¹⁸ Note that 7% is the worst-case scenario where all individuals in the \$1000 to \$1499 bracket earned less than \$1353, and 15% is the best-case scenario where all individuals in the \$1000 to \$1499 bracket earned more than \$1353.

FIGURE 8.8 LABOUR FORCE STATUS OF GSP COUNSELLING CLIENTS FROM 2014-15 TO 2016-17

SOURCE: DHHS 2017.

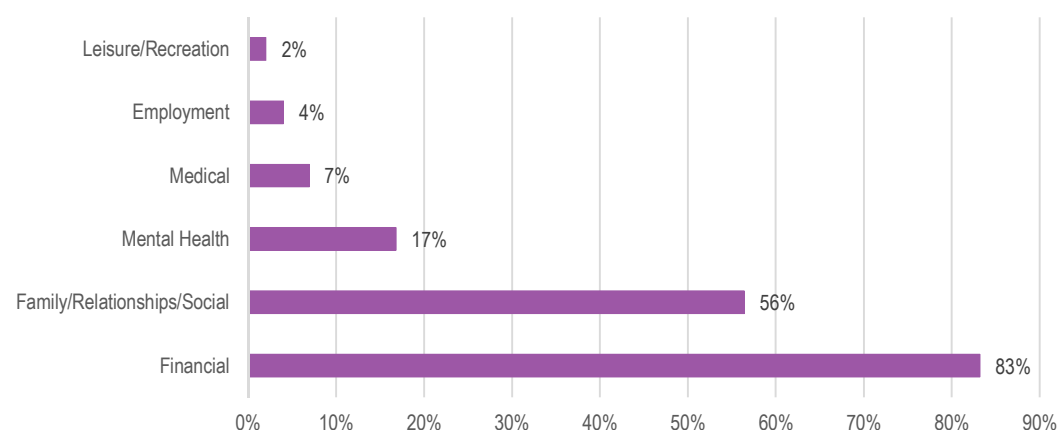
8.5 Impacts, impact duration, and gambling activities of Gamblers Help clients

8.5.1 Impacts experienced by Gamblers Helpline clients

When contacting the Gamblers Helpline for the first time, callers are asked to identify which parts of their lives are impacted by gambling. Figure 8.9 shows these data for 2016-17. Given the stigma associated with problem gambling it is possible that some clients may be unwilling to fully divulge which areas of their lives are truly affected. This potential underestimation bias was highlighted by the Anglicare submissions as a key area of concern (Anglicare, 2017).

The most commonly identified consequence of gambling was the financial impact, as mentioned by 83% of clients. After that, the social and mental health consequences were the second and third most common, as identified by 56 and 17% of respondents, respectively.

These data are consistent with the estimates from Relationships Australia that up to 80% of their counselling clients experience co-existing issues alongside gambling problems, often related to housing, alcohol, and mental health difficulties (Relationships Australia, 2017).

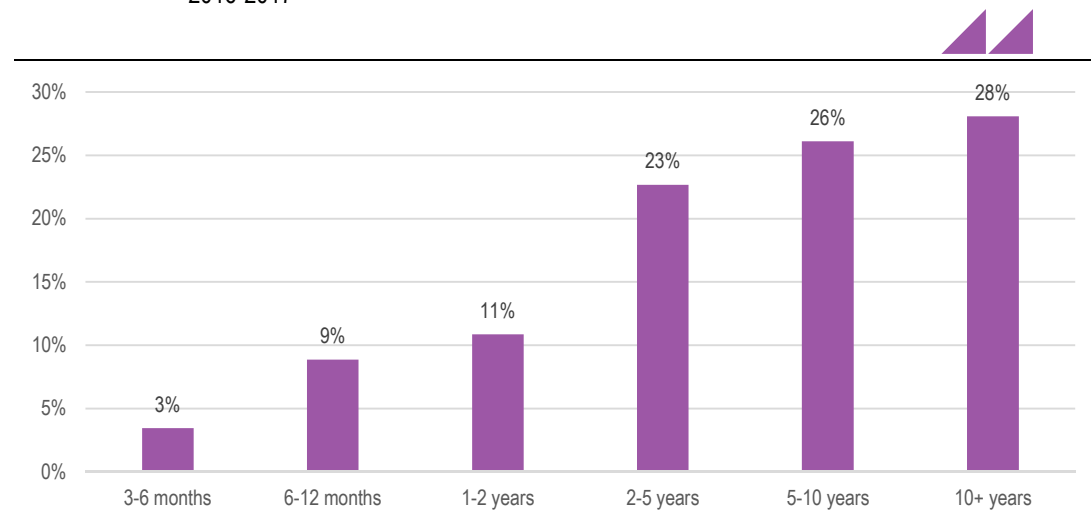
FIGURE 8.9 IMPACTS OF GAMBLING FOR GAMBLERS HELPLINE CLIENTS, 2016-17

SOURCE: DHHS 2017.

8.5.2 Impact durations experienced by in-person Gamblers Help Counselling clients

Figure 8.10 shows how long in-person clients have been experiencing gambling problems. It is evident that the majority of in-person clients have had prolonged periods where gambling has caused them harm. Specifically, 88% of in-person clients stated that gambling has been a problem for over one year, and 55% of clients have had gambling problems for over five years.

FIGURE 8.10 DURATION OF GAMBLING PROBLEMS FOR IN-PERSON CLIENTS, 2014-15 TO 2016-2017



Note: These results aggregate data between 2015 and 2017. It does not take into account 'unknown' or 'not recorded' clients.

SOURCE: DHHS 2017.


8.6 Summary

A key feature of the Tasmanian Government's response to community members experiencing problems with their gambling is the funding of gambling support services provided by external agencies. These services are provided via face-to-face gambling support services (delivered by Anglicare Tasmania and Relationships Australia), and online and telephone Gambling Help services (delivered by Turning Point). Funding for these services is sourced from the CSL.

The overall use of gambling social services has declined from 2014-15 to 2016-17. Over this period, the number of counselling sessions fell from 727 to 707. There has been an increase in the number of new clients and new client sessions over the same period.

The demographics of clients accessing gambling support services have not changed significantly over the last three years. As a general overview, those accessing gambling support services are: likely to have experienced harms associated with gambling for two years or more, and are likely to have gambling issues that stem from the use of EGMs, particularly within in a hotel/club.

In addition to funding services, the DHHS also engages in a range of community education activities in order to both help prevent gambling impacts and to encourage more problem gamblers to seek help.



9

OVERVIEW OF THE 2017 PREVALENCE SURVEY RESULTS

This chapter reports high-level findings from the 2017 Tasmanian Gambling prevalence survey (see Volume 2, Chapters 3-10 for detailed results) and analysis related to gambling harms (see Volume 2, Chapters 11-15).

The survey was conducted via Computer Assisted Telephone Interviews (CATI) with residents of Tasmania aged 18 years and over. The total achieved sample size was n=5,000.¹⁹ A dual-frame sample design was employed, with a 50% landline and 50% mobile split.

The chapter covers:

- gambling participation, frequency and individual expenditure
- problem gambling prevalence
- estimation of gambling harms
- identification of low-risk gambling limits.

Unless otherwise noted, all data included in this chapter are based on weighted survey estimates. Weighting survey data improves the ability to draw inferences about the population based on the sample surveyed.

9.1 Gambling participation, frequency and individual expenditure

9.1.1 Gambling participation

Survey results estimate approximately three-fifths (58.5%) of the Tasmanian population participated in some form of gambling activity in the past 12 months. Since the 2013 survey there has been a decline in the proportion of Tasmanian adults who participated in any gambling activity (from 61.2% in 2013 to 58.5% in 2017) (Table 9.1).

Playing the lotteries continues to be the most commonly reported gambling activity (38.5%) and was the most commonly reported activity among almost all socio-demographic subgroups, with the exception of people aged 18 to 24 years and 25-34 years.²⁰ Playing keno was the second most commonly reported gambling activity, with approximately one-quarter (25.9%) of the Tasmanian adult population having played keno in the past 12 months. Other commonly reported gambling activities were purchasing instant scratch tickets (20.5%) and playing EGMs (18.6%).

¹⁹ This is approximately 1.2% of the Tasmanian adult population. A sample size of 5000 is substantial and sufficiently large to develop estimates for the entire Tasmanian population within reasonable margins of sampling error.

²⁰ People aged 18 to 24 years and 25-34 years reported higher participation of playing EGMs (24.3% and 26.2%, respectively), Keno (23.0% and 33.7%) and instant scratch tickets (17.5% and 27.1%) than they did for buying lottery tickets (10.8% and 23.2%).

TABLE 9.1 PAST YEAR PARTICIPATION IN DIFFERENT GAMBLING ACTIVITIES OVER TIME - TASMANIAN ADULTS (2005, 2008, 2011, 2013 AND 2017)

Gambling activity	2005	2008	2011	2013	2017
Tasmanian adults (n)	6,048	4,051	4,303	5,000	5,000
	%	%	%	%	%
EGMs	na	28.5	20.7	18.6	18.6
Horse or greyhound races	na	16.8	14.5↑	10.5	9.9
Instant scratch tickets	31.8	31.3	24.4↑	20.6	20.5
Lotteries	52.3	51.3	46.3↑	43.0↑	38.5
Keno	na	25.9	24.4	26.0	25.9
Casino table games	5.2	7.0	5.8	6.3	5.1
Bingo	2.2	1.8	1.9	1.7	1.9
Sporting or other event	3.5	3.9	4.1	4.4	3.6
Informal private games	4.6	5.3	3.2	2.6	2.8
Any other gambling activity	na	1.4	0.4†	0.6	0.4‡
Net: Any of the above gambling activities	na	71.7	64.8↑	61.2↑	58.5

Note: Arrows show results that are significantly higher (↑) or lower (↓) than those obtained in 2017 ($p < 0.05$). Significance testing has not been done back to 2005 and 2008 due to the data not being available (note data not available due to question not being asked). Gambling activities in the table are ordered consistent with their order in the survey.

† RSE between 30% and 50%, ‡ RSE 50% or greater.

SOURCE: 2005, 2008, 2011, 2013 AND 2017 TASMANIAN GAMBLING PREVALENCE SURVEYS. 2017 Q. B1.

Online gambling

More than one-in-ten (10.8%) Tasmanian adults had participated in some form of online gambling in the last 12 months, up from 7.0% in the 2013 survey. The most common forms of online gambling activities in the 2017 survey were:

- buying lottery tickets (6.2% of all adults)
- betting on horse or greyhound racing (3.8% of all adults), and
- betting on sporting or other events (2.6% of all adults).

Online gambling was most commonly undertaken on a mobile device; 8.2% (13.9% of past year gamblers) of Tasmanian adults compared to 4.7% who used a desktop computer (8.1% of past year gamblers). This trend appears consistent across most gambling activities.

Some changes between the 2013 and 2017 surveys were noted when comparing device used to access the internet among all Tasmanian adults:

- participation in any gambling activity on the internet via a mobile device was significantly higher in 2017 (8.2%) than 2013 (3.9%)
- betting on horse or greyhound races via a mobile device significantly increased, from 1.9% in 2013 to 3.3% in 2017
- buying lottery tickets via a mobile device increased between 2013 and 2017 (1.4% and 4.2%, respectively).

Note that this increase may partially be a result of a general shift of Australians towards the use of online services and greater internet access. The number of households with access to the internet at home increased from 83% in 2012–13 to 86% 2014–15, with 61% of internet users purchasing goods or services over the internet (ABS 2016b).

9.1.2 Gambling frequency

One-in-five (18.8%) Tasmanian adults had participated in some form of gambling at least once a week and, on average, Tasmanian adults had participated in 24.3 gambling sessions per year. Among past

year gamblers, one-in-three (32.2%) had participated in some form of gambling at least once a week and, on average, had participated in 41.6 gambling sessions per year. Approximately two-fifths (41.5%) of Tasmanian adults in 2017 reported they had not participated in any gambling activity in the previous 12 months.

Regular gamblers²¹ represented 5.7% of the Tasmanian adult population and 9.5% of Tasmanian adult gamblers. The prevalence of regular gambling was significantly higher among males (8.7%), those in paid full-time employment (7.9%), born in Australia (6.2%), who did not complete Year 12 (7.4%), and with annual personal incomes between \$80,000 and \$119,999 (9.6%).

9.1.3 Individual gambling expenditure

The average annual spend in 2017 among gamblers in Tasmania was \$950; this figure was not statistically significantly different to figures from the 2011 (\$1,054) and 2013 (\$927) surveys. Higher annual spends were seen among males (\$1,288 per annum), those born in Australia (\$985) and those who had not completed Year 12 (\$1,196).

The highest mean annual spends among participants in each gambling activity were for betting on horse or greyhound races (\$1,266 per annum), playing EGMs (\$655 per annum) and betting on sporting or other events (\$633 per annum). A significant increase in mean annual expenditure on lotteries was noted between 2013 and 2017 (from \$431 to \$518).

9.2 Problem gambling prevalence

The nine-item Problem Gambling Severity Index (PGSI) of the Canadian Problem Gambling Index (CPGI) (Ferris & Wynne, 2001) was employed in the survey to evaluate problem gambling severity. Based on their responses, individuals were classified into one of four gambling categories (Table 9.2). The following sections summarise the prevalence of problem gambling in Tasmania.

TABLE 9.2 PROBLEM GAMBLING SEVERITY INDEX CATEGORIES

PGSI category	Description
Problem gamblers	...are those who have experienced adverse consequences as a result of their gambling and who may have lost control of their gambling behaviour. Involvement in gambling may be at any level, but is likely to be heavy. Problem gamblers have scores of 8 or more on the PGSI (maximum score is 27).
Moderate risk gamblers	...are those who have responded 'never' to most of the indicators of behavioural problems in the PGSI. This group may or may not have experienced adverse consequences from gambling. Moderate risk gamblers have scores of 3 to 7 on the PGSI.
Low risk gamblers	...are unlikely to have experienced any adverse consequences from gambling and will have answered 'never' to most of the indicators of behavioural problems in the PGSI. Low risk gamblers have scores of 1 or 2 on the PGSI.
Non-problem gamblers	...are those who have responded 'never' to all of the indicators of behavioural problems (that is, who score 0 on the PGSI). Members of this group may still be frequent gamblers with heavy involvement in gambling in terms of time and money, but they will not have experienced any adverse consequences.

SOURCE: FERRIS & WYNNE, 2001.

9.2.1 Problem gambling results from the 2017 prevalence survey

The 2017 survey found that 0.6% of Tasmanian adults were classified as problem gamblers, 1.4% were considered to gamble at a moderate level of risk and 4.8% were low risk gamblers (Table 9.3). These estimates are comparable to those seen in 2011 and 2013; the slight decrease in the proportion of low risk gamblers noted in the 2013 survey has not been sustained.

The proportion of non-gamblers (41.5%) continues to be significantly higher than 2011 and 2013, while the proportion of non-problem gamblers (51.8%) is significantly lower.

²¹ Defined as people who gamble at least once a week on any activity, except lotteries, scratch tickets or bingo.

TABLE 9.3 GAMBLING SEVERITY AMONG TASMANIAN ADULTS (2011, 2013 AND 2017)

PGSI category	2011	2013	2017
Tasmanian adults (n)	n=4,303	n=5,000	n=5,000
	%	%	%
Non-gamblers	35.2↓	38.8↓	41.5
Non-problem gamblers	56.7↑	54.9↑	51.8
Low risk gamblers	5.2	3.9	4.8
Moderate Risk gamblers	1.6	1.8	1.4
Problem Gamblers	0.7	0.5	0.6
Moderate risk / problem gamblers	2.4	2.4	2.0

Note: Arrows show results that are significantly higher (↑) or lower (↓) than those obtained in 2017 (p<0.05).

SOURCE: 2011, 2013 AND 2017 TASMANIAN GAMBLING PREVALENCE SURVEYS, Q. E1.

9.2.2 Gambling severity—comparisons with other states/territories

The prevalence of problem gambling in recent surveys in other Australian states and territories has been measured using the PGSI, with some minor methodological differences.²² The results from these surveys can be found in Table 9.4.

The estimate of 0.6% of problem gambling in the 2017 Tasmanian study is towards the middle of the range of problem gambling estimates, compared to recent surveys conducted in other Australian states and territories. In these surveys, 0.4% to 0.8% are classified as problem gamblers using the PGSI.

The estimate of 1.4% for moderate risk gambling in the 2017 Tasmanian study is at the lower end of the range of moderate risk gambling estimates from recent surveys conducted in other Australian states and territories. In these surveys, 1.1% to 2.9% are classified as moderate risk problem gamblers using the PGSI.

²² The PGSI was designed to be administered to individuals who had gambled at least once in the preceding 12 months (Ferris & Wynne, 2001). This was the approach adopted in the 2017 Tasmanian study and is now the approach adopted by the surveys conducted in all of the other states and territories (Australian Capital Territory, New South Wales, Northern Territory, Queensland, South Australia and Victoria). The 2017 Tasmanian study employed the standard PGSI response options, whereby never = 0, sometimes = 1, most of the time = 2, and almost always = 3 (Ferris & Wynne, 2001). Three other Australian state and territory surveys (Australian Capital Territory, New South Wales, and Northern Territory) also utilised the original PGSI response options (Davidson et al., 2015; Sproston, Hing, & Palankat, 2012; Stevens, 2017). The remaining surveys (Victoria, Queensland, and South Australia) used the modified five response options (never = 0, rarely = 1, sometimes = 1, often = 2, always = 3) (Hare, 2015; Queensland Government, 2012; Social Research Centre, 2013). This modified response format for the PGSI may compromise the classification accuracy of the PGSI and underestimate the true rate of problem gambling (Jackson et al., 2010; Productivity Commission, 2010). All of the surveys use the four classification categories of non-problem gambler = 0, low-risk gambler = 1-2, moderate risk gambler = 3-7 and 8-27 = problem gambler.

TABLE 9.4 PREVALENCE RATES BY PGSI CATEGORY: RECENT AUSTRALIAN STATE AND TERRITORY SURVEYS

State / territory (study)	Sample size	Non-gambling (95% CI)	Non-problem gambling (95% CI)	Low-risk gambling (95% CI)	Moderate risk gambling (95% CI)	Problem gambling (95% CI)
Australian Capital Territory (ACT) (Davidson et al., 2015)	2,271	46.00% (no CI reported)	48.70% (no CI reported)	3.90% (no CI reported)	1.10% (no CI reported)	0.40% (no CI reported)
New South Wales (NSW) (Sproston, Hing & Palankat, 2012)	10,000	35.10% (no CI reported)	52.80% (no CI reported)	8.40% (no CI reported)	2.90% (no CI reported)	0.80% (0.63-0.97)
Northern Territory (NT) (Stevens, 2017)	4,945	23.96% (21.64-26.45)	64.33% (61.55-67.01)	8.13% (6.55-10.06)	2.90% (2.05-4.09)	0.68% (0.37-1.27)
Queensland (Queensland Government, 2012)	15,000	26.20% (25.40-26.90)	66.30% (65.50-67.10)	5.20% (4.70-5.70)	1.90% (1.70 – 2.10)	0.48% (0.34-0.61)
South Australia (SA)(Social Research Centre, 2013)	9,508	31.20% (no CI reported)	58.60% (no CI reported)	7.10% (no CI reported)	2.50% (no CI reported)	0.60% (no CI reported)
Victoria (Hare, 2015)	13,554	29.90% (27.51-32.40)	57.59% (54.95-60.19)	8.91% (7.18-11.01)	2.79% (1.83-4.23)	0.81% (0.48-1.36)

SOURCE: VARIOUS, AS LISTED.

9.3 Quantifying gambling harms

A new component of the prevalence survey in 2017 allows for the assessment of the gambling harms in Tasmania. Gambling harms are diverse and can potentially affect multiple domains of health and well-being. They can be experienced by individual gamblers and their family and friends (Browne et al., 2016).

Gambling harms and problem gambling severity (see Section 9.2) are closely linked but conceptually distinct, and harms can occur well before clinical criteria for problem gambling are met. Furthermore, harms may occur long after the problematic behaviour has ceased and in rare cases, people may experience the traits of problem gambling but not experience substantial harm.

This approach acknowledges that gambling may yield recreational benefits for gamblers, and allows for a 'net' cost-benefit assessment of the harms and benefits of gambling.

9.3.1 Method

The 2017 survey allowed the measurement of harms to gamblers and affected others in three ways:

- A sequential discrete choice protocol using a Time-Tradeoff (TTO) task
 - Respondents were asked the amount of time of their life they would be prepared to 'give up' in order to avoid the harmful effects or gain the beneficial impacts of gambling.²³
- Direct solicitation on the impact of gambling
 - Respondents were asked directly whether their life had been made better or worse by gambling; and subsequently, how much (as a percentage) their life had been made better or worse.
- the Short Gambling Harms Scale (SGHS) and disability weights

²³ Both gamblers and affected others were asked to respond to a set of nested binary choices intended to elicit the benefits and costs associated with gambling. This binary format was developed for the present study, and is based on the WHO Burden of Disease Time-Trade-Off (TTO) protocol for assessing the impact of chronic diseases to quality of life (Arnesen & Trommald, 2005; Attema, Edelaar-Peeters, Versteegh, & Stolk, 2013).

- Respondents were asked the 10-item SGHS, and the results were mapped to disability weights.²⁴

All three methods allow integration of varying degrees of condition severity, using the common metric of Years of Life Lost (YLL) in the population per year due to diminished quality of life from gambling harms. While estimates of YLL have been developed for Victoria and New Zealand using PGSI concordances, these three methods allow a more direct estimation of YLL (Browne et al., 2016, 2017; Browne, Rawat, et al., 2017; Browne, Greer, Rawat, & Rockloff, 2017). Further detail on each of the above methods can be found in Volume 2, Chapters 12 and 13.

9.3.2 Estimates of gambling harms

Time-Tradeoff (TTO) and direct solicitation results

The sequential discrete choice protocol and direct questions on the impact of gambling estimates showed that the vast majority of gamblers indicate that gambling neither significantly helps nor hurts their quality of life. Like most entertainment products, the consumer benefit from expenditure on gambling is small in comparison to total quality of life.²⁵

For the smaller set of people for whom gambling does affect their quality of life, the estimates of 'how much' vary according to method. Using the direct solicitation of quality of life, four times as many gamblers indicated that their lives had been improved rather than harmed by gambling. Moreover, the average and modal benefit nominated by gamblers showed gambling improved their life about 2%. In contrast, using the TTO method, where the harms are rated separately from benefits, the net utility from gambling was estimated as modestly negative (-1.7%).

Given the divergent results, it is not possible to know definitively if gamblers are on average helped or harmed by their gambling.²⁶ Nevertheless, the combination of both results suggests that gamblers do not, at least on average, experience either large harms or benefits to their quality of life as a result of gambling. There is, however, an observable small subset of gamblers who are harmed a lot by gambling while there is minor enjoyment of the majority.

Benefit/Harm to affected others

As well as being asked about their own gambling, survey respondents were also queried as to whether or not they had been affected by another person's gambling—respondents who answered in the affirmative are referred to as 'affected others'.

About half of affected others indicated that gambling had made their lives worse, whereas less than 6% said their lives were made better, and the rest were unchanged. On average, affected others estimated that their lives were made 18% worse by someone else's gambling by the direct solicitation method. In contrast, the TTO method estimated that affected others' lives were made 26.7% worse. Both of these methods produced estimates that are surprisingly high. Consistent with results for the net calculations for gamblers, the TTO method had more negative estimates than the direct solicitation method.

On average, affected others indicated that they are much worse off due to someone else's gambling. It is hard to know if the respondents are exaggerating their experience of harm. Nevertheless, taken at face value, gambling is producing strong negative effects for people surrounding the gambler.

²⁴ This approach uses a population health 'Burden of Disease' (BoD) approach to assessing the societal burden of a condition in terms of the number of healthy-life-years lost due to morbidity (Murray, 1994). It relies on the concept of a 'disability adjusted life year', which is treated on a zero-to-one scale; with zero and one reflecting the worst and best possible degrees of quality of life achievable. For example, a condition that is causing a 0.20 decrement (or disability weight, DW) to their quality of life is understood to gain, each year, only 80% of the benefits of living, as compared to someone who is free of that condition. The advantage of the BoD approach is that it allows integration of varying degrees of condition severity, using the common metric of Years of Life Lost (YLL) in the population per year due to diminished quality of life from gambling harms.

²⁵ This is unsurprising given that for typical recreational gamblers, gambling plays an only minor role in their life. When measured as 'quality of life' using these protocols, and implicitly compared against the many other activities, objects, and people who give life meaning and enjoyment, gambling does not rate as a highly important activity for most.

²⁶ The direct estimates of quality of life (i.e. +2%) potentially suffer from a bias introduced when people try to make judgements, and ignore inconvenient truths about the damaging aspects of their wilful behaviour. That is, it is an intrinsically difficult task to determine overall, the precise degree to which one's life has been made better or worse from gambling. Conversely, the TTO judgements may suffer from methods that require participants to pay close attention to complex binary questions.

Short Gambling Harms Screen and disability weights results

The SGHS disability weights mapping estimates that 5,531 years of life were lost (CI: 4,714, 6,523) per annum in Tasmania due to gambling-related impact on quality of life.²⁷ The SGHS scores pertain to diminished quality of life to the gambler themselves; accordingly, the YLL figures do not incorporate harms to affected others.

Analysis of SGHS scores, and gambler demographics and gambling mode activity, shows:

- older and female participants tended to have lower gambling harm
- other than bingo, engagement with all other modes of gambling, is associated with greater gambling harm
- the strongest risk factor for gambling harm is EGM play²⁸
- the next most impactful modes on gambling harm are 'other' and sports betting
- both individual gambling expenditure and gambling frequency were independently positively associated with gambling harm.

Measuring harm from gambling in terms of YLL is a novel approach, and therefore comparisons to prior time points in Tasmania is not possible. Measurement of harms through the SGHS in subsequent surveys will allow for tracking total aggregate gambling harm using YLL.

The YLL figures calculated in this survey can be compared to other jurisdictions in which the approach has been implemented. In Victoria, the YLL for gamblers was estimated to be 101,675 years. Adjusting both estimates by adult population size (Tasmania: 404,704, Victoria: 3,709,209), the rate of harm from gambling in Tasmania in 2017 is 49.8%—or just under half—of that found in Victoria in 2016. This difference can be partially attributed to the relatively lower prevalence of problem gambling in Tasmania compared to Victoria, as indicated by the prevalence of the three problem gambling risk categories in the 2017 survey.

9.3.3 Summary of gambling harms measurements

It should be noted that assessment of population-level gambling harm is an area of active research, and there remain open questions regarding the most reliable and unbiased methodology to apply. In particular, the aggregate population YLL depends strongly on the disability weight that is presumed to be associated with different levels of gambling-problem or gambling-harm severity. In general, there probably exists no single ideal method for eliciting the disability weight associated with a condition, and accordingly, multi-method approaches are advisable (Rehm & Frick, 2010).

The estimates show either a slightly positive or negative net effect to gamblers with regard to how gambling affects their quality of life, with most people indicating neither an increase nor decrease. However, net harms nominated by affected others are large. The net weight of gambling harms appears to be borne by people who are largely unable to benefit, but suffer by virtue of a significant relationship with the gambler.

The various estimates must be considered preliminary given some of the inconsistencies revealed though the use of multiple measurement procedures. Nevertheless, they indicate that more attention needs to be paid to the burden of harm on people related to the gambler. Regardless of measurement technique, the impact on these affected others is evident in their survey responses.

The observation that gambling-related harm is not confined only to problem gamblers, but is rather distributed more broadly in the population, is consistent with previous findings in Victoria and New Zealand (Browne et al., 2016, 2017). This is related to the notion of the 'prevention paradox' (Browne & Rockloff, 2017) by which the majority of cases are often associated with lower levels of risk, by simple virtue of the fact that the lower-risk categories are much more prevalent than the high-risk categories. This should not distract from the fact that, on a per-person level, problem gamblers are far more likely to suffer from high degrees of harm.

²⁷ This was similar to that calculated using the PGSI disability weights mapping—5,083 years of life lost (CI: 4310, 5987). The YLL in Tasmania calculated via SGHS-based disability weights was remarkably consistent with the YLL estimated using the sequential discrete-choice TTO.

²⁸ This is consistent with prior research (Dowling, Smith & Thomas, 2005).

9.4 The identification of low-risk gambling limits

The availability of data on gambling harms allows for the development of low-risk gambling limits, which can be used in prevention and intervention policies and programs. This is similar to the alcohol literature, where low-risk drinking limits that distinguish between low and high-risk drinking behaviour have been developed. From these, low-risk drinking guidelines have been promoted to the general public, to help individuals make informed decisions about their drinking habits. An example of these low-risk drinking guidelines include: drinking no more than 2 standard drinks on any day for healthy men and women, and 4 standard drinks on any single occasion for healthy men and women (National Health and Medical Research Council, 2009).

9.4.1 Method for identification of low-risk gambling limits

The low-risk gambling limits were based on survey respondents' gambling behaviour (on multiple indices including gambling frequency, gambling expenditure, gambling expenditure as a proportion of income, number of gambling activities, and gambling duration); gambling harms were measured using 1+ and 2+ cut-off scores on the SGHS.

Advanced statistical analysis²⁹ was conducted to identify optimal low-risk gambling limits across the multiple gambling behaviour indices and measures of harm. Only gamblers (i.e. respondents who reported past-year gambling participation) were included in these analyses (n=2873).

This analysis examined the ability of a test (i.e. the low-risk gambling limit) to correctly identify individuals in the population who actually have gambling-related harm. Each test result (called AUC, or Area Under the Curve) ranges from 0, indicative of 100% misclassification, to 1, indicative of 100% correct classification. For the purpose of this analysis, an AUC value ≥ 0.70 was considered as an acceptable classification accuracy.³⁰

Optimal low-risk gambling limits for each gambling activity (EGMs, horse/greyhound racing, instant scratch tickets, lottery, keno, casino table gambling, bingo, and sports/other event betting) were also identified.³¹ These limits were based on the same five indices of gambling behaviour, as well as session expenditure and session duration.

9.4.2 Low-risk gambling limits results

Endorsement of two or more items on the SGHS was selected as the superior definition of harm as it produced consistently acceptable AUC values for all five gambling behaviour indices (gambling frequency, gambling expenditure, gambling expenditure as a proportion of income, number of gambling activities and gambling duration).³²

Using this selected definition of harm, the proposed gambling limits for the Tasmanian population are:

- 30 times per year for gambling frequency
- \$510 per year for gambling expenditure
- 10% for gambling expenditure as a proportion of gross personal income
- 400 minutes (6.67 hours) per year for gambling duration
- 2 gambling activities for number of gambling activities.

²⁹ Receiver Operating Curve (ROC) analyses.

³⁰ The classification accuracy of the AUCs were interpreted based on established guidelines, whereby an AUC between 0.50 and 0.70 is considered to be small, an AUC between 0.70 and 0.90 is considered to be moderate, and an AUC over 0.90 is considered to be high (Swets et al., 2000). Although the choice of cut-off can be guided by several factors, there is currently no prevailing conceptual rationale for prioritising either sensitivity or specificity in the identification of low-risk gambling limits. With the exception of the most recent longitudinal research (Currie et al., 2017), all of the previous research in this area has selected cut-offs that give equal weighting to the optimisation of sensitivity and specificity given the preliminary state of the evidence. This approach equally minimises false positives and false negatives. Therefore, the level of gambling behaviour that had the maximum Youden Index value (Youden, 1950), relative to all other levels of gambling behaviour, was deemed the optimal cut-off (with equal weighting given to sensitivity and specificity) (see Ruopp et al., 2008, for relevant formulas).

³¹ Each analysis utilised the same method as above in relation to deriving low-risk gambling limits using ROC analyses. For each of these different analyses, however, gambling behaviour measures specific to each activity were employed (e.g. for EGM gamblers, EGM expenditure, not overall expenditure, was used) and the sample for analysis was limited to only those who met the category under examination (e.g. EGM-specific limits were derived only using EGM gamblers).

³² 2.6% of respondents and 4.5% of gamblers met this definition of gambling-related harm.

A select number of gambling activity-specific low-risk gambling limits met the AUC cut off (AUC \geq 0.70). These are shown in Table 9.5. Because they did not produce AUC values \geq 0.70 on any gambling index, no acceptable low-risk gambling limits were identified for horse or greyhound racing, instant scratch tickets, lottery, casino table gambling, and sports/other event betting.

TABLE 9.5 LOW-RISK GAMBLING LIMITS RESULTS

	All gamblers on all forms of gambling	EGM gamblers on EGMs	Keno gamblers on Keno	Bingo gamblers on bingo
Gambling expenditure (per year)	\$510	\$240	\$130	\$120
Gambling expenditure as a proportion of gross personal income	10/%	[AUC<0.70]	[AUC<0.70]	[AUC<0.70]
Gambling session expenditure	[AUC<0.70]	\$30	[AUC<0.70]	\$20
Gambling frequency (per year)	30 times	[AUC<0.70]	11 times	6 times
Gambling duration per year	400 minutes (6.67 hours)	330 minutes (5.5 hours)	135 minutes (2.25 hours)	330 minutes (6 hours)
Number of gambling activities	2	n/a	n/a	n/a

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

9.4.3 Comparison of low-risk gambling limits analysis

The low-risk gambling limits based on the SGHS used in the 2017 prevalence survey are consistent with limits based on the PGSI using the 2011/2013 combined SEIS prevalence surveys (Dowling et al., 2017), with the exception of the gambling expenditure as a proportion of gross personal income limit, which is considerably higher using the SGHS (10.2%) than the PGSI (1.7%) (Table 9.5). Given that the gambling expenditure limit is very similar using these two measures, the most likely explanation is the use of very refined personal gross income categories in the current SEIS. The similar limits found across both the PGSI and the SGHS, for four of the five proposed gambling limits, provide some indication of the robustness of the PGSI-based low-risk gambling limits proposed by Dowling et al. (2017).

TABLE 9.6 LOW-RISK GAMBLING LIMITS COMPARED (POPULATION-REPRESENTATIVE STUDIES)

	International (Canada and Germany)	Tasmania 2011 & 2014	Tasmanian 2017
Source	Brosowski et al. (2015); Currie et al. (2006, 2008, 2009, 2017)	Dowling et al. (2017)	ACIL Allen Consulting et al. (2017)
Harms measure	PGSI	PGSI	SGHS
Gambling expenditure (per year)	\$132CAD-\$1020CAD	\$615	\$510
Gambling expenditure as a proportion of gross personal income	1%-3%	1.68%	10%
Gambling session expenditure	n/a	n/a	[AUC<0.70]
Gambling frequency (per year)	7.2-96 times	30 times	30 times
Gambling duration per year	n/a	n/a	400 minutes (6.67 hours)
Number of gambling activities	2-4	2	2

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

These low-risk gambling limits are generally at the lower end of the range identified in the previous population-representative studies conducted in Canada (Currie et al., 2006, 2008, 2009, 2017) and

elsewhere (Brosowski et al., 2015). Although only a selection of the low-risk gambling limits were acceptable across gambling activities (i.e., AUC values ≥ 0.70), the limits identified for EGMs, keno, and bingo gamblers were also very consistent with those previously identified in Tasmania by Dowling et al. (2017).

The low-risk gambling limits identified in this study could serve as working guidelines for the consideration of researchers, clinicians and policy makers. These limits require rigorous empirical investigation prior to their application to the prevention and treatment of gambling-related harm. Low-risk gambling limits may provide the opportunity for consumers to make informed choices about personal risk and serve as a cost-effective screening method for people at high risk for gambling-related harm. They can also be employed in population-level surveillance research to monitor the prevalence of gambling-related harm, be used to investigate the efficacy of secondary intervention efforts, and be applied in tertiary intervention settings for gamblers selecting a moderation goal.

9.5 Summary

There has been a significant decline in the proportion of Tasmanian adults who participated in any gambling activity from 61.2% in 2013, to 58.5% in 2017. The number of adults participating in online gambling has increased however, from 7.0% in the 2013 to 10.8% in 2017.

The average annual spend among gamblers in Tasmania in 2017 was \$950; this figure was not statistically significantly different to figures from the 2011 (\$1,054) and 2013 (\$927) surveys.

The 2017 survey found that 0.6% of Tasmanian adults were classified as problem gamblers, 1.4% were considered to gamble at a moderate level of risk and 4.8% were low risk gamblers. These estimates are comparable to those seen in 2011 and 2013; the slight decrease in the proportion of low risk gamblers noted in the 2013 survey has not been sustained.

Analysis of harms from gambling using 2017 survey data show either a slightly positive or negative net effect to gamblers with regard to how gambling affects their quality of life, with most people indicating neither an increase nor decrease. However, net harms nominated by affected others are large. It should be noted that assessment of population-level gambling harm is an area of active research, and there remain unanswered questions regarding the most reliable and unbiased methodology to apply.

The availability of data on gambling harms allows for the development of low-risk gambling limits for use in prevention and intervention policies and programs.

Using endorsement of two or more items on the SGHS as the definition of harm, the proposed gambling limits for the Tasmanian population are:

- 30 times per year for gambling frequency
- \$510 per year for gambling expenditure
- 10% for gambling expenditure as a proportion of gross personal income
- 400 minutes (6.67 hours) per year for gambling duration
- 2 gambling activities for number of gambling activities.

These are broadly consistent with limits based on the PGSI using the 2011/2013 combined SEIS prevalence surveys (Dowling et al., 2017).



REFERENCES

- ABC. (2017). *HOMO: Millionaire gambler David Walsh unveils vision for riverside hotel and 'anti-casino' in Hobart*. Available from <<http://www.abc.net.au/news/2017-07-06/david-walsh-mona-homo-plans-unveiled/8684326>>. Accessed 5 October 2017.
- ABC. (2017b). *Tabcorp-Tatts \$11bn merger approved by Competition Tribunal again*. Available from <<http://www.abc.net.au/news/2017-11-17/tabcorp-and-tatts-group-merger/9161062>>. Accessed 10 December 2017.
- Anglicare Tasmania. (2017). *Submission to the 2017 Social and Economic Impact Study (SEIS) of Gambling in Tasmania*.
- Australasian Casino Association (ACA). (2008). *History of Australian Casinos*.
- Australasian Gaming Council (AGC). (2008). *History of Gambling in Australia, AGC database Chapter 14*.
- Australasian Gaming Council (AGC). (2016). *A database on Australia's Gambling Industry 2015/16 – Chapter 1*. Available from <https://www.austgamingcouncil.org.au/system/files/AGCPublications/AGCG_CHP1_16TR.pdf>. Accessed 23 June 2017.
- Australian Bureau of Statistics (ABS). (2016a). *Taxation Revenue, Australia, 2015-16*. Available from <http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&55060do001_201516.xls&5506.0&Data%20Cubes&0B4052955DA7D19BCA25810E001EF74E&0&2015-16&27.04.2017&Latest>. Accessed 4 September 2017.
- Australian Bureau of Statistics (ABS). (2016b). *Government Finance Statistics, Australia, 2015-16 (Various State tables)*. Available from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5512.02015-16?OpenDocument>>. Accessed 4 September 2017.
- Australian Bureau of Statistics (ABS). (2017). *5220.0 Australian National Accounts: State Accounts: Table 7. Expenditure, Income and Industry Components of Gross State Product, Tasmania, Chain volume measures and current prices*. Available from <http://www.abs.gov.au/AUSSTATS/ABS@Archive.nsf/log?openagent&5220007_annual_tas.xls&5220.0&Time%20Series%20Spreadsheet&D74E2E04B16557FDCA2581DA000F4A50&0&2016-17&17.11.2017&Latest>. Accessed 11 December 2017.
- Australian Bureau of Statistics. (2014a). *Estimated Resident Population by Single year of age for various states*. cat no. 3101.0. ABS. Canberra. Available from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Sep%202013?OpenDocument>>. Accessed 22 May 2014.

- Australian Bureau of Statistics. (2013). *3101.0 - Australian Demographic Statistics*. Retrieved from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Sep%202013?OpenDocument>>.
- Australian Bureau of Statistics. (2016). *5506.0 - Taxation Revenue, Australia*. Retrieved from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5506.02015-16?OpenDocument>>.
- Australian Bureau of Statistics. (2017a). *6401.0 - Consumer Price Index, Australia*. Retrieved from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6401.0Jun%202017?OpenDocument>>.
- Australian Bureau of Statistics. (2017b). *3101.0 - Australian Demographic Statistics*. Retrieved from <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Mar%202017?OpenDocument>>.
- Australian Competition and Consumer Commission (ACCC). 2017. 'ACCC appeals Tribunal decision in Tabcorp-Tatts merger'. Available from <<https://www.accc.gov.au/media-release/accc-appeals-tribunal-decision-in-tabcorp-tatts-merger>>. Accessed 10 November 2017.
- Australian Financial Review. (2017). *Tatts buys Tasmanian TAB for \$103m*. Retrieved from <<http://www.afr.com/business/fedtatts-buys-tasmanian-tab-for-103m-20111201-i466f>>.
- Australian Transaction Reports and Analysis Centre. (2011). *Money Laundering in Australia* (pp. 20-23). Retrieved from <<http://www.austrac.gov.au/publications/corporate-publications-and-reports/money-laundering-australia-2011>>.
- Australian Transaction Reports and Analysis Centre. (2017). *Record \$45 million civil penalty ordered against Tabcorp*. Retrieved from <<http://www.austrac.gov.au/media/media-releases/record-45-million-civil-penalty-ordered-against-tabcorp>>.
- Betting Operations Tax. (2017). *Revenuesa.sa.gov.au*. Available from <<https://www.revenuesa.sa.gov.au/taxes-and-duties/wagering-tax>>. Accessed 9 October 2017.
- Browne, M., Bellringer, M., Greer, N., Kolandai-Matchett, K., Rawat, V., Langham, E., ... Abbott, M. (2017). *Measuring the Burden of Gambling Harm in New Zealand*. New Zealand Ministry of Health.
- Browne, M., Langham, E., Rawat, V., Greer, N., Li, E., Rose, J., Best, T. (2016). *Assessing gambling-related harm in Victoria: a public health perspective*. Victorian Responsible Gambling Foundation.
- Cashless Debit Card – Overview. (2017). *Department of Social Services*. Available from <<https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview>>. Accessed 9 October 2017.
- Crown Resorts. (2013). *Volume 1A – Project Submission*, June. Available from <<http://www.crownresorts.com.au/Our-Resorts/Crown-Sydney-Hotel-Resort-Proposal/Proposal-and-Releases/Crown-Sydney-Project-Submission-Volume-1A>>. Accessed 1 December 2014.
- Crown Sydney. (2015). *Australian industry participation plan for the Crown Sydney hotel resort*. Available from <<http://www.crownsydney.com.au/participation-plan>>. Accessed 04 October 2017.
- Department of Health and Human Services. (2017). *2016-2017 Guidelines*.
- Department of Health and Human Services. (2015). *Funding Agreement*.
- Department of state development. (2017). *Integrated Resort Developments: Queen's Wharf Brisbane*. Available from <<http://www.statedevelopment.qld.gov.au/major-projects/queen-s-wharf-overview.htm>>. Accessed 5 October 2017.
- Department of State Growth. (2017). *Director of Racing*. Available from <<http://dpipwe.tas.gov.au/racing/about-the-office-of-racing-integrity/director-of-racing>>. Accessed 11 October 2017.
- Department of Treasury and Finance (DTF). (2011). *Liquor and Gaming Branch*. Available from <<http://www.treasury.tas.gov.au/domino/dtf/df.nsf/v-liq-and-gaming/748D301C532E4968CA2572F0000119CD>>. Accessed 20 May 2014.
- Department of Treasury and Finance (DTF). (2017). *Lottery in Tasmanian Premises*. <<http://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/lottery-in-tasmanian-premises>>.

- Dowling, N., Youssef, G., Greenwood, C., Merkouris, S., Suomi, A., & Room, R. (2017). *The development of empirically derived Australian responsible gambling limits*. Prepared for the Victorian Responsible Gambling Foundation, Melbourne.
- Echo Entertainment Group. (2014). *Brands*. Available from <<http://www.echoentertainment.com.au/About/Brands/Pages/default.aspx>>. Accessed 24 June 2014.
- Fair Work Commission. (2017). *Hospitality Industry (General) Award 2010*. Available from <https://www.fwc.gov.au/documents/documents/modern_awards/pdf/ma000009.pdf>. Accessed 20 October 2017.
- Federal Group. (2011). *Submission to the 2011 Social and Economic Impact Study of Gambling in Tasmania*. Submission provided as part of the Second Social and Economic Impact Study of Gambling in Tasmania. Hobart.
- Federal Group. (2014). *Submission to the 2014 Social and Economic Impact Study of Gambling in Tasmania*. Submission provided as part of the Third Social and Economic Impact Study of Gambling in Tasmania. Hobart.
- Federal Group. (2016). *Submission by Federal Group 2016 to Joint Select Committee on Future Gaming Markets*.
- Ferris, J., & Wynne, H. J., (2001). *The Canadian Problem Gambling Index*. Ottawa: Canadian Centre on Substance Abuse.
- Gaming and Wagering Commission of Western Australia (GWCWA). (2014). *Gaming and Wagering Commission of Western Australia 2014/15 Annual Report*. Available from <<http://www.rgl.wa.gov.au/docs/default-source/general/gaming-and-wagering-commission-of-western-australia-annual-report.pdf?sfvrsn=0>>. Accessed 12 October 2017.
- Geoscience Australia. (2017). *Area of Australia - States and Territories*. Retrieved from <<http://www.ga.gov.au/scientific-topics/national-location-information/dimensions/area-of-australia-states-and-territories>>.
- Mangan, J. (2017). *Removing poker machines from hotels and clubs in Tasmania: Economic considerations*. Retrieved from <<https://www.socialactionresearchcentre.org.au/wp-content/uploads/Removing-poker-machines-from-hotels-and-clubs-in-Tasmania-Economic-Considerations.pdf>>
- Minister for Corporate Affairs, Gaming, and Liquor Regulation. (2017). *Victoria Freezes Pokie Numbers For 25 Years*. Retrieved from <<http://www.premier.vic.gov.au/victoria-freezes-pokie-numbers-for-25-years/>>.
- Minister for Human Services. (2016). *Coalition Government introduces legislation to combat illegal offshore wagering*.
- Minister for Racing and Gaming. (2014). *Crown Perth — International commission business tax rate*.
- Ministers for the Department of Communications and the Arts. (2016). *Consumer protections and tougher laws to combat illegal offshore wagering*.
- O'Farrell, B. (2015). *Review of Illegal Offshore Wagering*. Retrieved from <https://www.dss.gov.au/sites/default/files/documents/04_2016/review_of_illegal_offshore_wagering_18_december_2015.pdf>.
- Orima Research. (2017). *Cashless Debit Card Trial Evaluation (pp. 3-10)*. Australian Government Department of Social Services. Retrieved from <https://www.dss.gov.au/sites/default/files/documents/08_2017/cashless_debit_card_trial_evaluation_-_final_evaluation_report.pdf>.
- Parliament of Tasmania. (2016). 'Memorandum for: The Clerk-Assistant'. 30 August 2016, Available from <<http://www.parliament.tas.gov.au/ctee/Joint/TermsOfReference/FGM%20ToR%20Gaming%20Inquiry%202016.pdf>>. Accessed 6 November 2017.

- Perth Now. (2016). *Betting agency heads to Northern Territory*. Available from <<http://www.perthnow.com.au/news/national/betting-agency-heads-to-northern-territory/news-story/7f5baef1594891484501545ebc1f2711>>. Accessed 12 October 2017.
- Premier of Tasmania. (2016). *Ministerial statement on gaming*. March 2016. Available from <http://www.premier.tas.gov.au/releases/ministerial_statement_on_gaming>. Accessed 9 November 2017.
- Premier of Victoria. (2015). *Australian First Pre-Commitment Rolled Out Statewide*. Minister for Consumer Affairs, Gaming and Liquor Regulation. 1 December 2015. Available from <Minister for Consumer Affairs, Gaming and Liquor Regulation>. Accessed 14 September 2017.
- Productivity Commission (PC). (2010). *Gambling, Productivity Commission Inquiry Report, Volumes 1 and 2*. No.50. Melbourne. February.
- Queensland Treasury. (2017). *Australian Gambling Statistics, 1990-91 to 2015-16*. Retrieved from <<http://www.qgso.qld.gov.au/products/reports/aus-gambling-stats/>>.
- Racing Australia. (2016). *Racing Season 2015-2016 Factbook*. Retrieved from <<http://publishingservices.risa.com.au/otherpublications/Factbook%202015-2016/Factbook2015-2016/#1>>.
- Relationships Australia Tasmania. (2016). *Submission to Joint Select Committee on Future Gaming Markets*.
- Raphael, S. and Winter-Ebmer, R. 2001, Identifying the effect of unemployment on crime, *Journal of Law and Economics*, Vol 4(1), pp 259-283.
- Rockloff, M., Donaldson, P., Browne, M., Greer, N., Moskovsky, N., & Armstrong, T. et al. (2016). *Innovation in Traditional Gambling Products. The Experimental Gambling Research Laboratory*. Retrieved from <https://www.gamblingresearch.org.au/sites/default/files/embridge_cache/emshare/original/public/2016/09/1b/8b42741ce/innovations_traditional_gambling_products_final_report_mr_060716.pdf>.
- Tabcorp. (2017). *Tabcorp to divest Odyssey Gaming Services if combination with Tatts is implemented*. Retrieved from <<https://www.tabcorp.com.au/TabCorp/media/TabCorp/Media%20Releases/18-April-Tabcorp-to-divest-Odyssey-Gaming-Services.pdf>>.
- Tasmanian Gaming Commission (TGC). (2010). *Annual report 2009-10*. Tasmanian Government, Hobart.
- Tasmanian Gaming Commission (TGC). (2012). *Tasmanian Gaming Commission Annual Report 2011-12*. Available from <[http://www.treasury.tas.gov.au/domino/DTF/DTF.nsf/LookupFiles/TGC-Annual-Report-2011-12.pdf/\\$file/TGC-Annual-Report-2011-12.pdf](http://www.treasury.tas.gov.au/domino/DTF/DTF.nsf/LookupFiles/TGC-Annual-Report-2011-12.pdf/$file/TGC-Annual-Report-2011-12.pdf)>. Accessed 22 May 2014.
- Tasmanian Liquor and Gaming Commission (TLGC). (2016). *Tasmanian Liquor and Gaming Commission Annual Report 2015-16*. Available from <<http://www.treasury.tas.gov.au/Documents/TLGCAnnualReport2015-16.pdf>>. Accessed 2 October 2017.
- Tasmanian Liquor and Gaming Commission. (2017). *First Review of the Responsible Gambling Mandatory Code of Practice for Tasmania*. Retrieved from <<http://www.treasury.tas.gov.au/Documents/Options%20Paper%20-%20First%20Review%20of%20the%20Responsible%20Gambling%20Code%20of%20Practice.pdf>>.
- Tasmanian Research. (2017). *Dhhs.tas.gov.au..* Available from <http://www.dhhs.tas.gov.au/gambling/research2/tasmanian_research>. Accessed 10 October 2017.
- Tasracing. (2014). *Tasracing*. Available from <<http://tasracing.com.au/>>. Accessed 18 August 2014.
- Tatts Group. (2011). *ASX Release: TOTE Tasmania*. 1 December 2011.
- Tatts Group. (2012). *ASX Financial Year Information – 30 June 2012*. August.
- The Australia Institute. (2017). *Gambling on the future Do poker machines represent a net gain or loss to the Tasmanian economy?*

Treasurer of Tasmania. (2016). *Ministerial statement on gaming*.

Treasurer of Tasmania. (2017). *Community interest test for new pokies on the cards as part of draft laws*. Retrieved from
<http://www.premier.tas.gov.au/releases/community_interest_test_for_new_pokies_on_the_cards_as_part_of_draft_laws>.

Turning Point. (2015A). *Gambling Helpline Annual Report*.

Turning Point. (2016A1). *Gambling Helpline Six-monthly Report July-December*.

Turning Point. (2016A2). *Gambling Helpline Tasmania Six-monthly Report January-June*.

Turning Point. (2017a). *Gambling Helpline National Annual Report*.

Turning Point. (2015b). *Gambling Help Online Annual Report*.

Turning Point. (2016b). *Gambling Help Online National Annual Report*.

Turning Point. (2017b). *Gambling Help Online National Annual Report*.

Worksafe Victoria. (2011). *Return to Work, Return to Life*. Available from
<<http://www.vwa.vic.gov.au/return-to-work/information-for-employers>>, Accessed 7 July 2014.



APPENDICES

The appendices are:

- A: List of consultation participants
- B: Consultation discussion guides
- C: Public submission materials and list of public submissions
- D: Background on the Input-Output (IO) Analysis
- E: Gambling taxation rates in Australia's states and territories



This appendix outlines the various stakeholders interviewed as part of the study. Interviews were held with three broad stakeholder groups

Industry, industry associations, and chambers of commerce

- Admirals
- Australian Leisure and Hospitality Group
- Federal Group
- Hobart Chamber of Commerce
- Launceston Chamber of Commerce
- Network Gaming
- Tasmanian Chamber of Commerce
- Tasmanian Hospitality Association (THA)
- The Australian Leisure and Hospitality Group (ALH Group)
- The Goodstone Group
- UBET

Interviews with gaming operators were undertaken to determine the prevalence of gambling in Tasmania, the economic impacts and trends of the industry, and the impact of the harm minimisation measures.

Government agencies and local government

- Burnie City Council
- Department of Health and Human Services
- Devonport City Council
- Glenorchy City Council
- Hobart City Council
- Launceston City Council
- Local Government in Tasmania (LGAT)
- Tasmanian Liquor and Gaming Commission

Consultations were undertaken with government agencies and local governments to understand the role of the Government in gambling, the economic impacts and trends for the industry, and the impact of harm minimisation measures.

Service providers and peak bodies

- Anglican Diocese of Tasmania
- Anglicare Tasmania
- Relationships Australia
- TasCOSS

Consultations were undertaken with support service providers and their peak bodies to determine the prevalence of gambling, the type of support they provide, the impacts of gambling, and the effectiveness of support services.



This appendix outlines the discussion guide for public submissions. Each set of stakeholders was given the same discussion guide overview. However the questions in the area of discussion section varied among stakeholders.

Overview of this discussion guide

This document provides background on the 2017 Social and Economic Impact Study (SEIS) of Gambling in Tasmania and contains a list of interview questions. It is being provided to all participants in the SEIS interviews.

The Social and Economic Impact Study of Gambling in Tasmania

The fourth SEIS of Gambling in Tasmania is taking place in 2017. A consortium comprising ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research Centre has been engaged by the Tasmanian Department of Treasury and Finance ('the Department') to carry out the SEIS.

A SEIS is required to take place every three years under the *Gaming Control Act 1993*. The first SEIS was completed in 2008, with subsequent studies in 2011 and 2014.

The 2017 SEIS is taking place over May-December 2017. A public report of SEIS findings will be released on the Department's website in 2018.

Components of the 2017 SEIS

The 2017 SEIS has five components:

- A large prevalence survey of gambling participation, frequency and expenditure, and problem gambling. The survey is also exploring gambling harms and recreational benefits. The survey is a telephone survey.
- Consultations with gamblers and affected others to explore the nature of gambling harms. Consultations include telephone interviews and ultra-brief electronic diaries across a 30 day period.
- Data analysis of key trends in the gambling industry and economic modelling of the size of the industry.
- Interviews with stakeholders on trends in the gambling industry and the impact of the industry on other parts of the economy.
- A written submission process on the impact of the gambling industry. For further information on the public submission process please see: www.acilallen.com.au/tasgambling

Interviews

Interviews for the 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 2014, and the impact of the industry, including on gamblers and other parts of the economy.

Questions to guide the interviews are provided on the following page.

If you have any questions about the SEIS please contact the SEIS project manager, Martin Gould, on m.gould@acilallen.com.au or 03 8650 6017.

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

Organisation 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?



C.1 Public submission process and advertisement

Public submissions were invited to the fourth SEIS, through a newspaper advertisement (Box C.1), a dedicated website (acilallen.com.au/tasgambling), and social media. An Issues Paper was published which provided respondents with context on the gambling industry in Tasmania and a list of questions of interest (see section C.2).

BOX C.1 INVITATION TO MAKE A WRITTEN SUBMISSION

Social and Economic Impact Study of Gambling in Tasmania

Invitation to make a written submission

The fourth Social and Economic Impact Study (SEIS) of Gambling in Tasmania is taking place in 2017. A consortium comprising ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research Centre has been engaged by the Tasmanian Department of Treasury and Finance to carry out the SEIS.

The scope and objectives of the SEIS, an issues paper and further information on the written submission process can be found on the ACIL Allen Consulting website: www.acilallen.com.au/tasgambling

If you wish to make a written submission please forward your submission to ACIL Allen Consulting by 15 September 2017. The contact details are as follows:

Email: tasgambling@acilallen.com.au
 Address: Tasmanian Gambling Study
 ACIL Allen Consulting
 Level 9, 60 Collins Street
 Melbourne VIC 3000
 Facsimile: (03) 9654 6363

All submissions will be published on the Department of Treasury and Finance website unless specifically requested otherwise.

SOURCE: ACIL ALLEN CONSULTING ET AL. 2017

C.2 Issues paper—released 4 August 2017

Overview of this issues paper

This document is an issues paper and public submission invitation as part of the 2017 Social and Economic Impact Study (SEIS) of Gambling in Tasmania. It has been released publicly on www.acilallen.com.au/tasgambling.

The issues paper is structured as follows:

- Background on the 2017 SEIS
- The Tasmanian gambling industry
- Benefits and harms from gambling
- Provision of gambling support services
- Questions to guide submissions
- Details on making a public submission

Background on the Social and Economic Impact Study of Gambling

The Social and Economic Impact Study of Gambling

The fourth SEIS of Gambling in Tasmania is taking place in 2017. A consortium comprising ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research Centre has been engaged by the Tasmanian Department of Treasury and Finance ('the Department') to carry out the SEIS.

A SEIS is required to take place every three years under the *Gaming Control Act 1993*. The first SEIS was completed in 2008, with subsequent studies in 2011 and 2014. The previous studies can be found here: <http://www.treasury.tas.gov.au/liquor-and-gaming/gambling/reduce-harm-from-gambling/social-and-economic-impact-studies>

The 2017 SEIS is taking place over May–December 2017. A public report of SEIS findings will be released on the Department's website in 2018.

Components of the 2017 SEIS

The 2017 SEIS has five components:

- A large prevalence survey of gambling participation, frequency and expenditure, and problem gambling. The survey is also exploring gambling harms and recreational benefits. The survey is a telephone survey.
- Consultations with gamblers and affected others to explore the nature of gambling harms. Consultations include telephone interviews, and ultra-brief electronic diaries across a 30 day period.
- Data analysis of key trends in the gambling industry and economic modelling of the size of the industry.
- Interviews with stakeholders on trends in the gambling industry and the impact of the industry on other parts of the economy.
- A written submission process on the impact of the gambling industry.

The Tasmanian gambling industry

Gambling in Tasmania comprises gaming and wagering in various forms, which is undertaken in outlets and venues across the state. The largest mode of gambling in Tasmania is electronic gaming machines (EGMs)—in 2016 there were 3,531 EGMs across 97 venues (including Tasmania's two casinos). Other modes of gambling in Tasmania include table games, lotteries, keno, race wagering and minor gaming.³³ Table 1 summarises Tasmania's gambling products and outlets.

³³ Minor gaming is the collective name given to raffles, bingo, lucky envelopes and other games of a similar type.

TABLE 1 GAMBLING PRODUCTS AND OUTLETS

Activity	Venues/Outlets	Number
EGMs	97	3,531
Table games	2	40
Lottery outlets	92	[Not applicable]
Keno venues	167	[Not applicable]
Race wagering	143	[Not applicable]
Minor gaming permits issued	[Not applicable]	352

The two largest companies in the Tasmanian gambling industry are Federal Group and UBET, both of which are licensed under the *Gaming Control Act 1993* and are regulated by the Tasmanian Liquor and Gaming Commission. Other gambling providers are bookmakers, those providing minor gaming activities, and other businesses in the hotel and racing sectors.

Federal Group has exclusive rights to conduct casino operations and operate EGMs in casinos, clubs and hotels, and keno in Tasmania until 30 June 2018, after which the licence converts to a renewable five-year licence. UBET has an exclusive right to conduct pari-mutuel³⁴ (totalizator) wagering in Tasmania, including sports betting and race wagering.

Changes of note in the industry since the third SEIS include the Tote Tasmania, Tattsbet and Tatts Group Wagering portfolio being combined to become UBET. Further, in September 2016, Betfair (owned by Crown Resorts) surrendered its Tasmania Gaming Licence, signed a new licensing agreement with the Northern Territory Racing Commission and moved all regulatory functions from Tasmania to the Northern Territory.³⁵

Tasmanian gambling expenditure

Recorded expenditure on gambling in Tasmania was \$326 million in 2015-16, and the level of spending has been relatively stable since 2012-13 (Figure 1). In the four years to 2012-13 Tasmanian gambling spending declined by 20 per cent from a peak of \$396 million in 2008-09. This fall in expenditure may be due to economic conditions in Tasmania and substitution to online gambling, which is not captured in expenditure data.

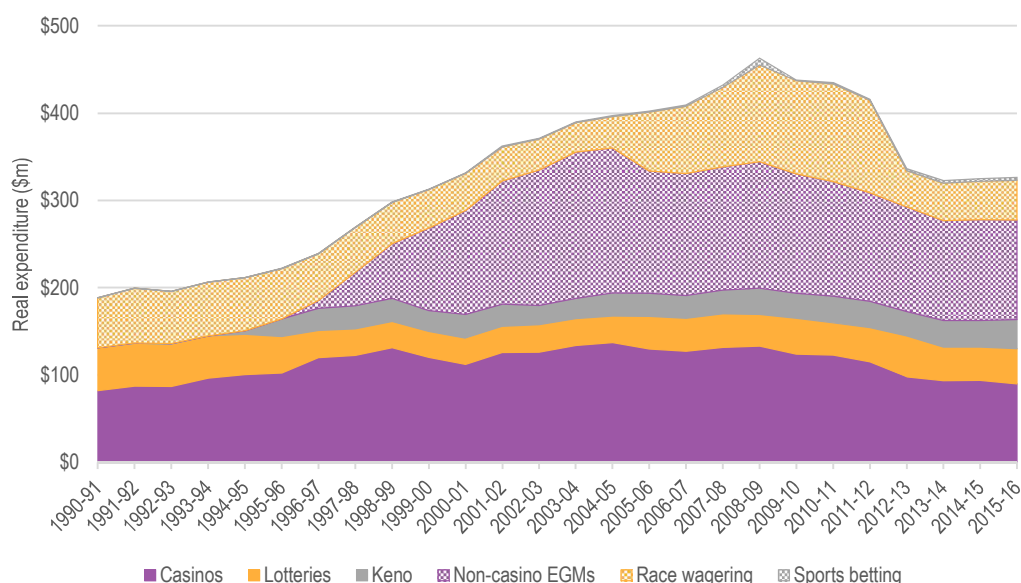
Tasmania's gambling expenditure per adult, \$774 per year, is lower than the national average of \$1,242. Compared to other Australian jurisdictions Tasmania has the third lowest gambling expenditure per adult behind the Australian Capital Territory (\$762) and South Australia (\$769).

The average Tasmanian household spent 1.5 per cent of household disposable income (HDI) on gambling activities in 2014-15, which is slightly down from previous years and lower than the national average of 2.1 per cent.

Non-casino EGMs are the most popular form of gambling by expenditure—in 2015-16 non-casino EGMs accounted for 35.0 per cent of total gambling expenditure, followed by casino gaming (27.5 per cent), race wagering (13.9 per cent), lotteries (12.3 per cent), keno (10.2 per cent) and sports betting (1.0 per cent).

³⁴ Pari-mutuel betting is a betting system in which all bets of a particular type are placed together in a pool, taxes and the house-take are removed, and payoff odds are calculated by sharing the pool among all winning bets.

³⁵ In 2016, the Northern Territory Government changed policy to allow betting exchanges to be licensed and operated in the Northern Territory.

FIGURE 1 TASMANIAN GAMBLING EXPENDITURE, 1990-91 – 2015-16

Note: Expenditure is in 2015-16 dollars. Lotteries includes: lotteries, lotto, instant lottery, pools

SOURCE: AUSTRALIAN GAMBLING STATISTICS, STATE TABLES

Benefits and harms from gambling

Benefits of gambling

A benefit of gambling to Tasmania is employment. It is difficult to estimate the number of Tasmanians employed in the gambling industry, although at 30 June 2016, 3,573 people were licensed to perform gambling-related work as an employee of a gaming establishment (including gaming machine attendant, machine technician, casino security or management, and betting exchange operative). Based on data collected for the third SEIS, in 2014, an additional 125 individuals were estimated to be employed in the wagering and lotteries subsectors of the industry.

The gambling industry also contributes to Tasmanian government revenue—in 2015-16 gambling-related revenue totalled \$96 million, down from a peak of \$114 million in 2009-10. Gambling taxation accounts for 1.8 per cent of total state revenue, which is lower than the national average of 2.5 per cent.

The social benefits of gambling include the entertainment and enjoyment experience by gamblers. The gambling industry also makes community contributions—stakeholder feedback during the third SEIS indicates the industry provides:

- sponsorship to a range of sporting clubs
- donations and volunteers
- access to their recreational facilities.

Social costs of gambling

The social costs of gambling primarily relate to individuals experiencing problems with their gambling. These problems may lead to harms to the individual that gambles or to their family, friends and other members of the community. Social costs of gambling include:

- *Financial*: debt, asset losses and bankruptcy.
- *Personal*: stress, depression, suicide and poor health.
- *Interpersonal*: relationship breakdown and family neglect.
- *Work and study*: job loss, absenteeism and poor performance.

- *Legal*: theft and imprisonment.
- *Communities*: increased workloads on charities and government supports.

The third SEIS undertook a Gambling Prevalence Survey which examined the following issues:

- trends in gambling consumer behaviour
- trends in the characteristics of Tasmanian gamblers
- health and wellbeing of gamblers, including problem gambling status
- the financial difficulties associated with gambling and the proportion of problem gamblers seeking assistance.

Key findings from the survey include:

- In 2013, 0.5 per cent of Tasmanian adults were classified as problem gamblers, 1.8 per cent were considered moderate risk gamblers, 3.9 per cent were low risk gamblers, 54.9 per cent were classified as non-problem gamblers and the remaining 38.8 per cent were classified as non-gamblers.
- Between 2011 and 2013 there was no significant change in the estimated proportion of the Tasmanian adult population identified as being either a moderate risk or problem gambler; this figure was steady at 2.4 per cent.
- Between 2011 and 2013 the estimated proportion of low risk gamblers fell from 5.2 per cent to 3.9 per cent, similarly the proportion of non-problem gamblers declined from 56.7 per cent to 54.9 per cent.

The full survey results are available here: <http://www.treasury.tas.gov.au/liquor-and-gaming/gambling/reduce-harm-from-gambling/social-and-economic-impact-studies>

Provision of gambling support services

Government funding of gambling support services

A range of support services are available to Tasmanians with gambling problems, as well as their family and friends. The majority of these services are provided through the Gambling Support Program (GSP) which is administered by the Tasmanian Government Department of Health and Human Services (DHHS) and funded through the Community Support Levy (CSL).

The CSL receives funding under the *Gaming Control Act 1993*, which states that 4 per cent of gross profits from EGMs in hotels and clubs are to be paid into the CSL. Historically, additional funds were sourced through betting exchange revenue, however, following the movement of Betfair's regulatory functions to the Northern Territory this revenue is no longer available.

The CSL is used to fund the following organisations and activities:

- Sport and Recreation Tasmania (SRT)
- Charitable Organisations (CO)
- Gambling Support Program (GSP)
- research into gambling
- community education on gambling
- other health services.

Gambling support services

The GSP delivers and supports campaigns, programs and activities to the general public including the youth sector, schools and health providers. The GSP contracts Gamblers Help services to provide face-to-face, phone and online services for people affected by gambling in Tasmania.

Data collected through the third SEIS indicates that between 2003 and 2013 a total of 3,959 clients (both new and existing) registered for Gamblers Help support services. There has been a general decline in registrations, with annual registrations falling from 444 (in 2003) to 227 (in 2013).

The main gambling support services include:

- *Face-to-face counselling*—Anglicare Tasmania and Relationships Australia (Tasmania) are funded by DHHS to provide gambling support services in Tasmania. These services comprise face-to-face therapeutic counselling, and group and family counselling services (for problem gamblers or people affected by someone else's gambling).
- *Community education*—Anglicare Tasmania is also funded to provide community education and community engagement to address the underlying causes of problem gambling.
- *Telephone and online counselling*—Eastern Health Turning Point operates a state and territory funded Gambling Helpline in five jurisdictions including Tasmania. Turning Point also operates the national website Gambling Help Online which is funded jointly by all states and territories, and the Australian Government. Gambling Help Online provides online counselling and email support, self-help and self-assessment tools, information and an online community forum.

Invitation and questions to guide submissions

You are invited to make a public submission on any aspect of the social and economic impacts of gambling in Tasmania, using the contact details below.

The following questions are provided to guide submissions for the SEIS, but it is not necessary to address any or all of the questions in your submission.

Tasmanian gambling industry

1. How has the Tasmanian gambling industry changed over the last three years?
2. What are the recent patterns of consumer spending in the gambling sector?
3. What are the trends in employment in the industry?
4. Has the development of new gambling technologies had an impact on the gambling industry?
5. What is the outlook for the industry over coming years?

Impacts of gambling

6. What do you consider to be the benefits of gambling in Tasmania? What do you consider to be negative impacts of gambling in Tasmania?
7. Are the impacts of gambling concentrated in any geographic regions across Tasmania?
8. How does the gambling industry impact other sectors of the economy?

Support services

9. What strategies do gambling businesses have in place to minimise gambling harm?
10. Are support services meeting the needs of consumers experiencing difficulties with gambling?
11. Are there examples of new successful initiatives to reduce problem gambling?

Details on making a public submission

If you wish to make a written submission please email your submission to ACIL Allen Consulting by 20 September 2017. The contact details are as follows.

Email: tasgambling@acilallen.com.au

Address: Tasmanian Gambling Study
ACIL Allen Consulting
Level 9, 60 Collins Street
Melbourne VIC 3000

Facsimile: (03) 9654 6363

All submissions will be published on the Department of Treasury and Finance website unless specifically requested otherwise.

C.3 List of public submissions received

A total of eight public submissions were received as part of the Social and Economic Impact Study of Gambling in Tasmania:

- Andrew Wilkie, Independent Member for Denison (Parliament of Australia)
- Anglicare Tasmania
- City of Hobart
- Federal Group
- Glenorchy City Council
- Local Government Association Tasmania
- Relationships Australia Tasmania
- TasCOSS



D.1 Overview

Input-output tables provide a snapshot of an economy at a particular time. The tables used in this analysis were for the 2014-15 financial year. Where necessary, multipliers were adjusted to allow for price changes between 2014-15 and 2015-16.

The 2014-15 input-output tables provide a picture of the region's economy in the 2014-15 financial year. Input-output tables can be used to derive input-output multipliers. The analysis provides a static estimate of economic contribution of a facility or industry, not a measurement of economic impact if the facility or industry shut down or did not exist. A full set of input-output multipliers for the Tasmanian and Australian economies were estimated for the purpose of this analysis.

The input-output multipliers allow rigorous and credible analysis of the economic footprint of a particular organisation, industry or event for the region of interest. Although input-output multipliers may also be suitable tools for analysing the impact of various types of economic change, caution needs to be adopted in their application for this purpose. Misuse of input-output multipliers for the purpose of impact analysis has led to scepticism of their general use in favour of other tools such as computable general equilibrium (CGE) modelling. Notwithstanding this, they are still eminently suitable for understanding the economic linkages between a given facility or industry to gain an appreciation of the wider interactions of the industry beyond its direct contribution.

D.2 Multiplier types

Input-output multipliers estimate the economic impact on a region's economy from a one dollar change in the final demand for the output of one of the region's industries. Generally, four types of multipliers are used:

1. Output—measures the impact on the output of all industries in the economy
2. Income—measures the effect on the wages and salaries paid to workers within the economy
3. Employment—measures the jobs creation impact
4. Value-added—measures the impact on wages and salaries, profits and indirect taxes.

The sum of wages and salaries, profits and indirect taxes for a given industry provides a measure of its contribution to the size of the local economy—its contribution to gross regional product (GRP). The value-added multiplier can therefore also be considered to be the GRP multiplier.

Input-output multipliers are a flexible tool for economic analysis. Their flexibility stems from the different forms of each multiplier type. For each region, multipliers were estimated in the following forms:

1. initial effects
2. first round effects
3. industrial support effects
4. production induced effects
5. consumption induced effects
6. simple multipliers
7. total multipliers
8. type 1A multipliers
9. type 1B multipliers
10. type 2A multipliers
11. type 2B multipliers.

The above multiplier types are defined in full in Johnson (2004) for output, income, employment and value-added multipliers; however, a brief overview of the different types of output multipliers is presented below.

D.2.1 Multiplier effects

When additional sales to final demand are made, for example through increased exports or sales to the public, production increases to meet the increased demand, and this is the initial effect. Since production increases to exactly match the increased final demand, the increase is always equal to one (noting that the multipliers are defined in terms of a one dollar increase in final demand).

The industry producing the additional output makes purchases to enable itself to increase production, these new purchases are met by production increases in other industries and these constitute the first round effect. These first round production increases cause other industries to also increase their purchases, and these purchases cause other industries to increase their production, and so on. These 'flow-on' effects eventually diminish, but when added together constitute the industrial support effect.

The industrial support effect added to the first round effect is known as the production induced effect. So far, this chain of events has ignored one important factor, the effect on labour and its consumption. When output increases, employment increases, and increased employment translates to increased earnings and consumption by workers, and this translates to increased output to meet the increased consumption. This is the consumption effect.

D.2.2 Multipliers

The simple and total multipliers are derived by summing the effects. The simple multiplier is the sum of the initial and production induced effects. The total multiplier is larger, because it also adds in the consumption effect. So far, all the effects and multipliers listed have had one thing in common, they all measure the impact on the economy of the initial increase in final demand.

The remaining multipliers take a different point of view, they are ratios of the above multiplier types to the initial effect. The type 1A multiplier is calculated as the ratio of the initial and first round effects to the initial effect, while the type 1B multiplier is the ratio of the simple multiplier to the initial effect. The type 2A multiplier is the ratio of the total multiplier to the initial effect, while the type 2B multiplier is the ratio of the total multiplier less the initial effect to the initial effect.

Given the large number of multiplier types to choose from, output, income, employment and value added multipliers, and each with numerous variations (simple, total, type 2A, etc.), it is important that the analysis uses the most appropriate multipliers. Usually, the multipliers that include consumption effects (i.e. the added impact that comes from wage and salaries earners spending their income) are used. These are the total and type 2A multipliers. The total and type 2A multipliers will generally provide the biggest projected impact. Simple or type 1B (which omit the consumption effect) may be used to provide a more conservative result.

D.3 Limitations of input-output analysis

Although input-output analysis is valid for understanding the contribution an organisation or sector makes to the economy, when used for analysing the potential impacts of a change in production of a particular sector, input-output analysis is not without its limitations. Input-output tables are a snapshot of an economy in a given period, the multipliers derived from these tables are therefore based on the structure of the economy at that time, a structure that it is assumed remains fixed over time. When multipliers are applied, the following is assumed:

- prices remain constant
- technology is fixed in all industries
- import shares are fixed.

Therefore, the changes predicted by input-output multipliers proceed along a path consistent with the structure of the economy described by the input-output table. This precludes economies of scale. That is, no efficiency is gained by industries getting larger—rather, they continue to consume resources (including labour and capital) at the rate described by the input-output table. Thus, if output doubles, the use of all inputs doubles as well.

One other assumption underpinning input-output analysis which is worth considering is that there are assumed to be unlimited supplies of all resources, including labour and capital. With input-output analysis, resource constraints are not a factor. It is thus assumed that no matter how large a development, all required resources are available, and that there is no competition between industries for these resources.

It is important to understand the limitations of input-output analysis, and to remember that the analysis provides an estimate of economic contribution of a facility or industry, not a measurement of economic impact if the facility or industry shut down or did not exist.



E.1 Taxes

The following tables summarise taxation rates for different gambling types and jurisdictions.

TABLE E.1 STATE AND TERRITORY TAXES ON CASINOS

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
<p>A progressive tax scale applies to EGM and table game gross revenue. In 2016-17 gross revenues up to \$722.4 million faced a base rate of 16.41%, progressively increasing to a maximum rate of 38.91. Tax bands are indexed annually to the Sydney All Groups CPI and rounded up to the nearest \$100,000.</p> <p>A 2 % Responsible Gambling Levy also applies to gross gaming revenue</p> <p>International VIPs</p> <p>Tax rate is 10% with a minimum of \$6m paid in two non-refundable instalments of \$3m in January and July each year.</p> <p>Licence fee</p> <p>Exclusivity agreement extended for 12 years from November 2007 for a fee of \$100 million.</p>	<p>From 1 July 2012 <u>Regular Players</u> 31.57% of gross gaming revenue (player loss) from gaming machines, plus a 1% Community Benefit Levy, plus super tax.</p> <p>21.25% of gross gaming revenue from table games, plus a 1%Community Benefit Levy, plus super tax.</p> <p><u>Super tax</u></p> <p>A tax on gross gaming revenue (gaming machines plus table games) above the base amount.</p> <p>The 2014-15 base is \$933m (equal to \$500m CPI-adjusted from 1994, plus an additional \$5m in 2009-10 and 2010-11 and \$30m in 2011-12 and 2012-13).</p> <p>Tax rate is 1% for revenue up to \$20m over the base amount, rising in 1% increments for each \$20m bracket to a maximum of 20% on</p>	<p>From 1 July 2009 20% of monthly gross revenue on table games and Keno for Gold Coast and Brisbane casinos and 10% of gross revenue on table games and Keno for Townsville and Cairns casinos.</p> <p>30% of monthly gross revenue on gaming machines for Gold Coast and Brisbane casinos and 20% of gross revenue on gaming machines for Townsville and Cairns casinos.</p> <p>Licence fee</p> <p>\$237,800 per quarter. Amount is indexed annually each year on 1 July.</p>	<p><u>Gaming Machines:</u></p> <p>12.42% tax of EGM gross revenue plus a 2% levy on total revenue for environmental conversation spending</p> <p><u>Fully Automated Gaming Machines (FATG):</u></p> <p>12.42% of FATG gross revenue</p> <p><u>Table Games & Keno</u></p> <p>9.37% of table game and keno gross revenue plus a 1% levy for environmental conservation spending</p> <p><u>International Commission Business</u></p> <p>1.75% tax on international commission business gross revenue, plus a 1% levy for environmental conservation spending</p> <p>Licence fee</p> <p>\$2.769m (2016) (Indexed annually according to CPI).</p>	<p>Table games at 3.41% of net gambling revenue.</p> <p>Gaming machines at 41.0% of net gambling revenue.</p> <p>Premium table games (incl. automated) at 0.91% of net gambling revenue.</p> <p>Premium gaming machines at 10.91% of net gambling revenue (less approved deductions for costs to attract premium customers).</p> <p>Licence fee</p> <p>Not imposed.</p>	<p>The gaming tax rate applying to casino table games is 0.88% of gross profit.</p> <p>The tax rate applying to keno is 5.88% of gross profit.</p> <p>From 1 July 2013, a single flat tax rate of 25.88% applies to all gross profit on EGMs.</p> <p>Licence fee</p> <p>For 2016-17, \$152,200per month (amount is indexed annually).</p>	<p>Lasseters Casino:</p> <p>Table games are taxed at the GST rate.</p> <p>Gaming machines are taxes at 11% of gross profit, plus a 10% community benefit levy</p> <p>SKYCITY Darwin Casino:</p> <p>Table games are taxed at the GST rate. EGMs are taxed at 15% of gross profit. Keno is taxed at 10 % of gross profits. There is also a 10% community benefit levy.</p> <p>Internet Casino:</p> <p>Australian sourced bets are not permitted.</p> <p>International sourced bets at 4% of gross profit (not subject to GST).</p> <p>Licence fee</p> <p>Not imposed.</p>	<p>General gaming: 10.9% of gaming revenues.</p> <p>Commission-based Operations: 0.9% of gaming revenues.</p> <p>Licence fee</p> <p>Annual fee \$891,877 for 2011-12 payable quarterly (August, November, February and May). Amount is indexed annually according to CPI.</p>

gross gaming revenue
over \$380m above the
base amount.

For example, supertax
payable in 2012-13 on
regular player gross
gaming revenue of 1bn
would be \$4.34m = \$20m
 $\times (1\% + 2\% + 3\% + 4\% +$
 $5\% + 6\%) + \$2m \times 7\%.$

SOURCE: (NSW TREASURY, 2016) (WA DEPARTMENT OF TREASURY, 2017)

TABLE E.2 STATE AND TERRITORY ELECTRONIC GAMING MACHINE TAXES

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
Gaming machine tax: clubs							
From September 1 2011 tax levied on gross revenue (or player loss). Up to \$0.2m: Nil. \$0.2m-\$1m: Nil (for clubs with revenue <\$1m). \$0.2m-\$1m: 10% (for clubs with revenue >\$1m). \$1m-\$5m: 19.90%. \$5m-\$10m: 24.40%. \$10m-\$20m: 26.4%. over \$20m: 28.4%. (Under the Community Development and Support Expenditure Scheme, the marginal tax rate on clubs' earnings above \$1m is reduced by 1.85% if clubs contribute 1.85% of gaming revenue in excess of \$1m to eligible community projects).	From 1 May 2014: Club venue operators pay tax monthly. Tax payable is the product of tax per gaming machine (calculated as below) and the average number of gaming machines. Tax per gaming machine is determined by a progressive rate scale applying to monthly average revenue per gaming machine. Marginal tax rates are: For average revenue <\$2,666: 0.00%. For average revenue >\$2,666 but <\$12,500: 46.70%. For average revenue >\$12,500: 54.20%.	Based on monthly metered win (i.e. amount bet less payout to players). Monthly metered win: \$0-\$9,500: 0.00%. \$9,501-\$75,000: 17.91%. \$75,001-\$150,000: 20.91%. \$150,001-\$300,000: 23.91%. \$300,001-\$850,000: 25.91%. \$850,001-\$1,400,000: 30.91%. Over \$1,400,000: 35.00%. <i>Note:</i> These tax rates are post-GST.	No gaming machines in clubs.	Tax based on annual net gambling revenue in a financial year. \$0-\$75,000: Nil. \$75,001-\$399,000: 21.00% of excess. \$399,001-\$945,000: \$68,040+28.50% of excess. \$945,001-\$1.5m: \$223,650+30.91% of excess. \$1.5m-\$2.5m: \$395,200.50+37.50% of excess. \$2.5m-\$3.5m: \$770,200.50+47.00% of excess. Over \$3.5m: \$1,240,200.50+55.00% of excess. These rates apply to all clubs and other not-for profit licensees.	From 1 July 2013, a single flat tax rate of 25.88% applies to all gross profit on EGMs. In addition, a Community Support Levy of 4% of gaming revenues is levied. EGM taxes are paid by the single operator – Network Gaming (a subsidiary of Federal Hotels), and not individual venues.	Based on monthly gaming revenues: From January 2009 \$0-\$10,000: 12.91%. \$10,001-\$100,000: 22.91%. \$100,001-\$200,000: 32.91%. >\$200,001: 42.91%.	Tax is levied on gross monthly gaming revenues as follows: less than \$25,000: Nil. \$25,000-\$50,000: 17%. \$50,000-\$625,000: 21%. over \$625,000: 23%. Unlawful: 100%. In addition, a Problem Gambling Assistance Fund levy of 0.60% of gross monthly gaming machine revenue is applied.
Gaming machine tax: hotels							
From July 1 2010, levied on gaming revenues derived from gaming machines: Up to \$200,000: 0.0%. \$200,001-\$1m: 33.0%.	From 1 May 2014: Pub venue operators pay tax monthly. Tax payable is the product of tax per gaming machine (calculated as below) and the average number	35.00% of monthly metered win (i.e. amount bet less payout to players). In addition, hotels are required to contribute to the Health Services	No gaming machines.	Tax based on annual gaming revenues in a financial year: \$0-\$75,000: Nil. \$75,001-\$399,000: 27.50% of excess.	As for clubs.	Based on monthly gross profits: From 1 January 2009: \$0-\$10,000: 12.91%. \$10,001-\$100,000: 22.91%.	25.90% of gross monthly gaming machine revenue. In addition, a Problem Gambling Assistance Fund levy of 0.60% of

\$1m-\$5m: 36.0%. over \$5m: 50.0%.	of gaming machines.	Fund.			
	Tax per gaming machine is determined by a progressive rate scale applying to monthly average revenue per gaming machine.	Based on monthly metered win (i.e. amount bet less payout to players).			
	Marginal tax rates are:	<u>Monthly Metered Win</u>			
	For average revenue <\$2,666: 8.33%.	\$0-\$100,000: 0.00%.	\$399,001-\$945,000: \$89,100+37.00% of excess.	\$100,001-\$200,000: 32.91%.	gross monthly gaming machine revenue is applied.
	For average revenue >\$2,666 but <\$12,500: 55.03%.	\$100,001-\$140,000: 3.50%.	\$945,001-\$1.5m: \$291,120+40.91% of excess.	>\$200,001: 42.91%.	
	For average revenue >\$12,500: 62.53%.	\$140,001-\$180,000: 5.50%.	\$1.5m-\$2.5m: \$518,170.50+47.50% of excess.	In addition, a Community Benefit Levy of 10% of gross profits is payable.	
		\$180,001-\$220,000: 7.50%.	\$2.5m-\$3.5m: \$993,170.50+57.00% of excess.		
		\$220,001-\$260,000: 13.50%.	Over \$3.5m: \$1,563,170.50+65.00% of excess.		
		over \$260,000: 20.00%.			
		Note: These tax rates are post-GST.			

SOURCE: (NSW TREASURY, 2016) (WA DEPARTMENT OF TREASURY, 2017)

TABLE E.3 STATE AND TERRITORY LOTTERY TAXES

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
76.918% of player loss (i.e. player subscriptions net of prize liability) less GST payable on subscriptions and sales commissions. There is a required minimum return to players of 60% of subscriptions taken. Soccer pools As per above.	79.4% of player loss where GST is payable. 90.0% of player loss where GST is not payable. (The minimum return to players is 60%) Payment of taxation is required within 7 days of the determination of the lottery. Soccer pools 57.52% of player loss where GST is payable. 68.0% of player loss where GST is not payable. (The minimum return to players is 50%) AFL footy tipping competitions: 58.41% of player loss where GST is payable. 67.50% of player loss where GST is not payable. (The minimum return to players is 60%)	73.48% of monthly gross revenue for declared lotteries. 55% of monthly gross revenue for Instant Scratch-its. 45% of monthly gross revenue for Golden Casket. 67.60% of monthly gross revenue for Soccer Pools. (Monthly gross revenue equates to total receipts less prizes) GST credit provided. Soccer pools As per above. Licence fee \$209,200 per quarter payable by Golden Casket Lottery Corporation. \$8,800 per quarter payable by QLD Lottery Corporation. Increases on 1 October of each year based on CPI.	Weekend Lotto, Oz Lotto, Powerball, Super 66 and Instants Under the Lotteries Commission Act 1990: 40% of net subscriptions to Hospitals, 5% to the Arts, 5% to Sport and 12.5% to eligible organisations. Up to 5% to Festival of Perth and Australian Commercial Film Industry. (Net subscriptions = sales less prizes) Soccer pools As per above.	Lotto, Oz Lotto Powerball, Super 66 and Instant lotteries (scratchies): 41% of net gambling revenue is paid into Hospitals Fund. Soccer pools 41% of net gambling revenue from soccer pools and the net proceeds of soccer pools are paid into the Recreation and Sport Fund.	Lottery businesses located in Tasmania include Intralot, and Tattersall's (including Golden Casket, one of its subsidiaries). Tasmania receives 100% of duty paid to the Victorian Government for Tasmanian subscriptions to Tattersall's Lotteries. Soccer pools As per above.	Fees and taxes are set by way of agreement under the Gaming Control Act between a lottery licence holder and the Northern Territory. Soccer pools As above.	Victoria: ACT receives 79.4% of the proportion of player loss on all tickets sold in the ACT for all games except Soccer Pools which is 57.52% of player loss. NSW: ACT receives 76.918% of the proportion of player loss on all tickets sold in the ACT for all games. Soccer pools As per above.

SOURCE: (NSW TREASURY, 2016)

TABLE E.4 STATE AND TERRITORY KENO TAXES

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
<p>For Keno in clubs and casino</p> <p>For all games of Keno including Heads or Tails 8.91% of player loss (total amount wagered less contribution to the Keno Prize Fund) where player loss is less than or equal to \$86.5m, and 14.91% of player loss thereafter.</p> <p>For Keno in hotels:</p> <p>For all games of Keno including Heads or Tails 8.91% of player loss (total amount wagered less contribution to the Keno Prize Fund) where player loss is less than or equal to \$37.7 million, and 14.91% of player loss thereafter.</p> <p>For all games of Keno, payment of taxation is required weekly and is payable on the following Monday.</p>	<p>Club Keno 24.24% of player loss subject to a minimum player return of 75%.</p>	<p>Jupiters Keno (Statewide)</p> <p>(State-wide) 29.40% of monthly gross revenue, after deducting casino commissions.</p> <p>The tax is collected monthly in arrears. GST credit provided.</p> <p>Quarterly Licence Fee \$209,200.</p> <p>Increases on 1 October each year based on CPI.</p>	<p>Keno (Only available at Crown Perth):</p> <p>Domestic: 9.37% of player loss.</p> <p>International Business: 1.75% of player loss.</p>	<p>Keno operated by SA Lotteries. 41% of net gambling revenue is paid into the Hospitals Fund.</p>	5.88% of gross profit.	10% on gross profit.	2.53% of turnover.

SOURCE: (NSW TREASURY, 2016)

TABLE E.5 STATE AND TERRITORY RACE WAGERING TAXES

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
On course totalizator tax							
Gross deduction from investment: Maximum commission from any one pool: 25%. Fixed odds racing betting not applicable (taxed on a gross margin basis) Place: 14.25%. Win: 14.50%. Duet: 14.50%. Quinella: 14.75%. Exacta: 16.50%. Double: 17.00%. Trifecta: 21.00%. Quadralla: 20.00%. First 4: 22.50%. BIG6: 25.00%. Net percentage received by government: Pari-mutuel Tax rate: 19.11% of player loss (i.e. gross deduction). A rebate of 9.11% in respect of investments made by international account holders (no minimum investment) and domestic account customers who wager	Gross deduction from investment: Maximum of 25% from any one pool and from 15 August 2012, commissions applying to wagering events specified as: Place: 14.25%, Win: 14.50%, Duet: 14.50%, Quinella: 17.50%, Exacta: 20.00%, Double: 20.00%, Quaddie: 20.00%, Trifecta: 20.00%, First 4: 22.50%, BIG6: 25.00%. Net percentage received by government: Tax rate under the new wagering and betting licence, from 16 August 2012: 7.6% of player loss. The difference between pari-mutuel tax the licensee would have paid under the former tax framework, and tax	Gross deduction from investment: Maximum commission from any one pool 25%. Place: 14.25%. Win: 14.50%. Quinella: 14.75%. Exacta (forecast): 16.50%. Double: 17.00%. Treble: 20.00%. Trifecta: 21.00%. Quadralla: 20.00%. First 4: 22.50%. Any 2: 14.50%. Double Trio: 25.00%. Treble: 20.00% . BIG6 (Six pic): 25.00%. Net percentage received by government: 20% of commission (gross deduction). Tax is collected monthly in arrears. GST credit provided. Quarterly licence fee \$206,000.	Gross deduction from investment: Percentage of bets belonging to a race club. Win: 14.5%. Place: 14.25%. Non-combined win/place average for losing bets: 15.60%. Novelty Bets: Doubles, Quinella, Quartette, Trifecta, Sweepstakes, Superfecta: 20.00%. Favourite numbers: 25.00%.	Gross deduction from investment: The deduction percentage is limited to a maximum of 25% from investment. Deduction percentage can vary according to type of bet.	Totalizator tax: From 1 July 2009, Totalizator Wagering Levy of 4.7m fee units. In 2015-16 this equates to \$7,097,000.	Gross deduction from investment: Maximum of 16% over the year. (Amount of deduction percentage can vary from type of bet and from time to time depending on policy. The percentage is limited to a maximum of 25% on any one event but out of the total amount invested in a financial year in totalizators the percentage will not exceed 16%.) Net percentage received by government: Totalizator: 40% of licensee's commission deducted less GST. For races other than thoroughbred, harness horse and greyhound races and prescribed sporting events held: In Australia: 20% of licensee's commission deducted less GST.	Net percentage received by government: Government receives a licence fee monthly of 10% of capital value divided by 12 less GST.

more than \$3m in totalizators per financial year.

payable under the new framework, is paid to the Victorian Racing Industry as a condition of the new licence.

Tax rate under an on-course wagering permit: 19.11% of player loss.

Increases on 1 October each year based on CPI.

Outside Australia: 10% of licensee's commission deducted less GST.

Off-course totalizator tax

As for on-course Totalizators.	As for on-course Totalizators.	As for on-course Totalizators.	Gross deduction from investment:	Gross deduction from investment:	As for on-course Totalizators	As for on-course Totalizators	As for on-course Totalizators
			Percentage of bets belonging to Race Wagering Western Australia. Win: 14.50%. Place: 14.25%. <u>Non-combined</u> Win/Place average of: 15.60%. <u>Novelty Bets:</u> Doubles, Quinella, Quartette, Trifecta, Sweepstakes, Superfecta: 20.00%. Favourite numbers: 25.00%. Some flexibility to move commission deductions to meet operational needs (but not to exceed prescribed amounts for non-combined pool operations).	As for on-course Totalizators Net percentage received by government: Wagering tax on SATAB race betting operations abolished from 1 July 2012. Wagering tax on non-race betting operations continues to apply; equivalent to a flat component of \$252,500 per month and 6% of all net betting revenue other than net betting revenue attributable to Racing.			

**Net percentage
received by
government:**

Racing 11.91% of net of GST gross margin for off-course racing totalizator wagering (equivalent to a tax rate of around 3.50% on turnover). Fixed odds racing wagering 2% of turnover.

Sports Pari-mutuel sports betting tax is set at 5% of turnover. Fixed odds sports betting is set at 0.50% of turnover. In addition, 20.5% (decreased from 5% from 1 August 2013) of net return after tax is remitted to the Sports Wagering Account for disbursement by the Gaming and Wagering Commission on the direction of the Minister for Sport and Recreation.

Racing Bets Levy:

A 1% rate applies to a betting operator's annual turnover up to and including \$2.5 million. A 1.5% rate applies to a betting operator's annual turnover above \$2.5

million except for
thoroughbred racing
conducted from 1
November to 1 January
each year when a 2%
rate applies.

Bookmaker turnover tax							
Abolished.	Abolished.	Abolished.	Abolished.	Abolished.	Abolished.	<u>Registered bookmakers</u> <u>(on-course bookmakers)</u> 0.33% of turnover on racing events (excl. GST). <u>Sports bookmakers</u> Corporate bookmakers pay 10% of gross profit on combined sports and racing betting. From 1 July 2014, a maximum of \$555,000 per annum is payable (including sports betting).	Abolished.

SOURCE: (NSW TREASURY, 2016)

TABLE E.6 STATE AND TERRITORY SPORTS BETTING TAXES

NSW	VIC	QLD	WA	SA	TAS	NT	ACT
Totalizator Maximum deduction: 25.00%. Included in maximum commission average of 16% across pari-mutuel pools. Tax rate: 19.11% of player loss. Fixed-odds Tax rate: 10.91% of gross margin.	Totalizator Maximum deduction: 25.00%. Tax Rate: 7.6% of deduction. Fixed-odds <u>Sports Betting</u> Tax Rate: 4.38% of player loss. <u>Simulated Racing ('Trackside')</u> Tax rate: 10.91% of player loss.	Totalizator Maximum deduction: 25% Fixed-odds 14% of commission (gross deduction). Tax is collected monthly in arrears. GST credit provided.	<u>At a racecourse</u> 0.50% of turnover, of which half is retained by the race club and the balance is remitted to the Sports Wagering Account. <u>At a sporting venue</u> 1.50% of turnover, of which all is remitted to the Sports Wagering Account. RWWA: Pari-mutuel: 5% of turnover. Fixed Odds: 0.5% of turnover.	Bets made by persons outside of Australia 0.25% of turnover. Sports Betting and other non-racing betting SA TAB will continue to pay a wagering tax equivalent to a flat component of \$252,500 per month and 6% of all net betting revenue other than net betting revenue attributable to Racing. This includes Sports Betting. Betting Operations Tax Effective from 1 July 2017 this is a consumption tax of 15% on the Net Wagering Revenue above \$150,000 of betting companies offering services in SA	Abolished from 1 July 2009.	Domestic sourced bets: Reduced to Nil. (Bets are subject to GST.) International sourced bets: Corporate bookmakers pay 10% of gross profit on combined sports and racing betting. From 1 July 2013, a maximum of \$575,000 per annum is payable (including racing betting).	0.25% on designated international sports. Head to head bets: Up to \$15,000,000 0.50%. Over \$15,000,000 0.17%. Other fixed odds: Up to \$40,000,000 1.00%. Over \$40,000,000 0.60%. 6.75% index betting. 6.00% pari-mutuel. GST credit provided.

SOURCE: (NSW TREASURY, 2016)

ACIL ALLEN CONSULTING PTY LTD
ABN 68 102 652 148
ACILALLEN.COM.AU

ABOUT ACIL ALLEN CONSULTING

ACIL ALLEN CONSULTING IS ONE OF
THE LARGEST INDEPENDENT,
ECONOMIC, PUBLIC POLICY, AND
PUBLIC AFFAIRS MANAGEMENT
CONSULTING FIRMS IN AUSTRALIA.

WE ADVISE COMPANIES,
INSTITUTIONS AND GOVERNMENTS
ON ECONOMICS, POLICY AND
CORPORATE PUBLIC AFFAIRS
MANAGEMENT.

WE PROVIDE SENIOR ADVISORY
SERVICES THAT BRING
UNPARALLELED STRATEGIC
THINKING AND REAL WORLD
EXPERIENCE TO BEAR ON PROBLEM
SOLVING AND STRATEGY
FORMULATION.

