



MEG WEBB MLC

Independent Member for Nelson

Don Challen AM
Chair
Premier's Economic and Social Recovery Advisory Council
By email: secretariat.PESRAC@treasury.tas.gov.au

17 July 2020

Dear Chair, *Don*

RE: Urgent request regarding impact of poker machine operation for immediate consideration

I am writing in your capacity as Chair of the Premier's Economic and Social Recovery Advisory Council (PESRAC), to request as a matter of urgency that PESRAC includes consideration of the latest poker machine losses data in the Council's first report scheduled to be submitted to the Premier on the 20th of July.

Poker machine losses over 26 to 30 June five day period

Specifically, I urge PESRAC to consider recommending in its July report an immediate closure of the state's poker machine gaming rooms until there is clear evidence Tasmania's health, social and economic conditions have stabilised. This urgent call for action is based upon the most recent poker machine losses provided by the Department of Treasury and Finance, available at: <https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/gaming-and-wagering-industry-data>

These figures show that in the five days poker machines were switched on in June Tasmanians experienced total losses of \$2.6 million, or \$525,000 per day.

This is a spike of 27% per day compared to March this year, before poker machine gaming rooms were closed, and an approximate 18% per day increase compared with June 2019. Noting that this increase is occurring even with fewer machines in operation due to social distancing requirements.

Further, these June figures indicate the potential for more than \$11 million to be lost to poker machines since they were switched back on three weeks ago.

That equates a potential \$11 million delivering very few jobs and very little economic value to our State or for hard-working, struggling local businesses. These figures are especially devastating for the real Tasmanian hospitality industry, the vast majority of which is pokies-free and teetering on the edge of survival.



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COVID-19 pandemic and Poker Machines

I acknowledge that poker machines and associated problem gambling impact pre-date the coronavirus pandemic. However there exists a significant body of evidence detailing links between increased impact of addictions (such as alcohol, drugs and gambling) and harm during periods of community and social challenges, such as economic downturns. Similarly, evidence tells us poker machines are one of the most addictive forms of gambling.

Evidence is emerging internationally and nationally documenting the pandemic's impact upon, and exacerbation of, addictions including gambling, and associated economic and social harm incurred. It is in the context of this established evidence database and emerging body of pandemic-specific studies that it is important to note that the reopening of poker machines was never a simple matter of COVID-19 health concerns such as those related to other venue and entertainment types. Poker machines present a clearly demonstrated social and economic risk beyond simple health and hygiene matters, and pandemic policy developments must recognise this.

Closer to home, we saw NSW pokies losses skyrocket after machines were turned back in early June.¹ Sadly, warnings that Tasmania could expect the same should we also turn on pokies too soon went unheeded.

This is additionally disappointing given the cautionary tale presented by the Global Financial Crisis of 2008-09 experience. It is now a matter of record that the GFC stimulus payments resulted in significant spikes in poker machine losses nationally, including in Tasmania. Those losses contributed very little economic activity and stimulus compared to alternative spending options, meaning that poker machines were detrimental to our economic recovery as a state at that time. We now have not only badly-needed stimulus payments but also early access to superannuation at risk of feeding poker machines to the detriment of individuals, families and local businesses.

It is becoming increasingly apparent that the COVID-19 pandemic is impacting upon gambling and problem gambling rates, and thus is a contributing factor to pandemic exacerbated social and economic circumstances. Therefore, any effective COVID-19 mitigation and rebuilding plans and strategies must include consideration of the impact of poker machine gaming rooms.

PESRAC's Pandemic Economic and Social Mitigation Advisory Role

When established it was stated that PESRAC's role is to provide the state government advice and recommendations "*on how to best mitigate the economic and social impacts of the pandemic*", and to also "*identify opportunities for economic and social renewal*".²

Further, I note in your update statement of the 10th of July you informed the public PESRAC's first report to the Premier will, "*combine both immediate actions and recommendations to inform the 2020-21 Budget*."³

I respectfully submit that there are clear grounds to support the contention that the COVID-19 pandemic is having a direct negative impact upon gambling and problem gambling rates, and which poses significant and serious social and economic risk both to individuals and to the broader community. Therefore, consideration of the pandemic's potential and threatened exacerbation of the social and economic impact of pokies falls within PESRAC's remit to provide impact mitigation recommendations, for both the immediate and long term. Closure of poker machine gaming rooms may also provide an opportunity for economic and social renewal by providing affected individuals, families and businesses a valuable breathing space.

¹ The [industry's own figures](#) state 'For the first 7 days of June NSW Hotels are 31.3% above June last year and 31.3% above March'

² <https://www.pesrac.tas.gov.au/purpose>

³ <https://www.pesrac.tas.gov.au/updates>

An effective COVID-19 pandemic response must include poker machine impact

The seriousness of this situation is no longer a worrying hypothesis. We now have cold, hard, quantifiable data that tells us over a period of five days Tasmanians lost an average of \$525, 000 per day on poker machines.

This is a daily \$500, 000 not being invested in meaningful expenditure in our local restaurants, cafes, bars or other hospitality venues, and which should, and could, be available to contribute to keeping those businesses operational and staff employed. Evidence indicates that \$1 million spent on poker machines generates three jobs, compared to 20 jobs from the same amount spent on food service.

Tasmania and Tasmanians cannot afford the devastating consequences of such spikes in poker machine losses. On the ground these spikes will have very real ramifications for charities supporting Tasmanians in need, for emergency food relief providers, and for the ability for Tasmanians to pay their winter power bills.

There are also grave concerns regarding the proportion of the super withdrawals made by Tasmanians which may be going into poker machines as we saw during the GFC. The full impact of these figures will be seen in coming weeks and months, the longer poker machine impact is treated as if it is not a necessary factor of our COVID-19 pandemic response.

We know our local hospitality and tourism sectors has been hit hard by the pandemic, and will continue to suffer considerable challenges, especially in light of ongoing border closures to potential interstate visitors. I note that today the Minister for Small Business, Hospitality and Events launched a 'Welcome Back' campaign encouraging Tasmanians to support getting these businesses back onto their feet.⁴

Clearly Tasmanian hospitality businesses and venues need every local dollar available to prioritise local businesses. Yet pokies losses siphon much-needed revenue away from the operational income sources of many struggling local businesses. Hence, keeping poker machine rooms open works directly against the economic interests of many local venues as well as against the interests of those impacted by gambling.

We are now in the situation where, on one hand, Tourism Tasmania public funds are being used to support and boost our hospitality sector, yet on the other hand, government poker machine-related policy is directly responsible in undermining that effort, and in the process is also putting at risk many vulnerable Tasmanians.

Urgent mitigation action required

With the lifting of border restrictions looking unlikely in the near future, and the additional community pressures and challenges expected to continue and even increase in the months ahead, it is inexplicable to me that keeping poker machines available could be considered even remotely in the economic or social interest of Tasmanians.

At the very least poker machine gaming rooms need to be closed immediately in all state venues until Tasmania's health, social and economic conditions stabilise. I also respectfully urge consideration of the following mitigatory actions:

1. fund an additional targeted public education campaign on poker machine gambling in the context of COVID-19
2. fund a new outreach gambling support program targeting those not yet connected to support services who are newly gambling on poker machines or have resumed problematic gambling on poker machines and their families.
3. Commit to legislating evidence-based, expert recommended harm minimisation measures, including slower spin speeds, lower maximum bet limits, lower maximum jackpots and shorter opening hours.

⁴ <http://www.premier.tas.gov.au/releases/welcome-back-to-tasmanias-hospitality-venues>

In the interests of my constituency and all Tasmanians, I feel it is my responsibility to draw this latest data to your urgent attention and have attached a summary for your information.

Once again, I request you circulate this correspondence to all members of PESRAC for their urgent consideration of the new data now available, with suggested recommended immediate actions, for inclusion in, or as an urgent addendum to, the Council's report to the Premier scheduled for the 20th July.

Yours sincerely,



Meg Webb MLC
Independent Member for Nelson

ATTACHED:

Summary of Tasmanian poker machine losses for June 2020, sourced from:

<https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/electronic-gaming-machine-expenditure-by-rolling-year>

There's another health crisis looming – what happens when the pokies switch back on?

The Conversation article 4 June 2020 <https://theconversation.com/theres-another-health-crisis-looming-what-happens-when-the-pokies-switch-back-on-137995>

THE DATA ON POKER MACHINE LOSSES

<https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/electronic-gaming-machine-expenditure-by-rolling-year>

Period	Total losses	Per day	Per machine/per day
June 2020 (5 days, 26 th -30 th)	\$2,629,313	\$525,862	(60% operating = 2112 machines) \$249/day* (50% operating = 1760 machines) \$299/day
March 2020 (22 days, 1 st -22 nd)	\$9,092,827	\$413,310	(100% operating = 3521 machines) \$117/day
June 2019 (30 days)	\$13,386,229	\$446,208	(100% operating = 3566 machines) \$125/day
2018-19	\$171,603,745	\$470,147	(100% operating = 3566 machines) \$131/day

*What percentage of machines are turned off to comply with social distancing requirements?

June 2020 figures

Increase in losses per day:

- 27% per day increase compared to March 2020
- 18% per day increase compared to June 2019
- 12% per day increase compared to average for 2018-19

Figures by local government area

<https://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/electronic-gaming-machine-expenditure-by-municipality>

Municipality	Jun 20
Combined Municipalities ²	\$232,665.12
Burnie	\$96,234.92
Central Coast	\$84,904.96
Clarence	\$98,078.54
Devonport	\$121,874.51
Dorset	\$14,696.77
Glenorchy	\$286,218.90
Hobart ³	\$44,181.15

Launceston ³	\$189,990.32
Northern Midlands	\$9,530.04
Sorell	\$37,221.25
Waratah-Wynyard	\$89,157.17
West Coast	\$14,076.63
West Tamar	\$30,240.21
Total	\$1,349,070.49
Combined Casinos ⁴	\$1,280,242.08
Totals	\$2,629,312.57

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There's another health crisis looming – what happens when the pokies switch back on?

June 4, 2020 1.43pm AEST

When the COVID-19 restrictions came into force more than two months ago, it meant lights out for the country's 200,000 poker machines.

Now, the pokies are slowly turning on again across the country. This week, NSW became the first state to allow venues to reopen, with certain rules mandating patrons keep 1.5 metres apart.

While the health risks certainly need to be considered, there appears to be little to no thought being given to managing the risks of gambling harm that might come from restarting the machines after such an extensive break.

The economic recession and massive job losses make the situation even more worrisome. We know when people experience financial hardship, they are more likely to gamble. And at-risk gamblers, particularly, are more likely to experience significant financial hardship over the long-term.

Read more: 15 things you should know about Australia's love affair with pokies

Author



Marisa Paterson
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A compulsory break from gambling

When clubs, casinos and hotels were shuttered in late March, there were fears that “pokie” players could transition to online forms of gambling.

We have limited evidence, so far, as to the actual uptake of other forms of gambling during the lockdown. However, a survey of gamblers conducted in the ACT last year found that only 0.8% of gamblers engaged in offshore casino or pokie gambling.

Research in NSW has also found that only 2.3% of 18- to 24-year-olds played internet casino games and just 0.8% played online poker. These percentages decreased among older age brackets.

One of the main reasons is that online casino and poker machine gambling is illegal in Australia.

Read more: With pokies shut down, coronavirus stress could drive more people to reckless online gambling

So, for your average Australian pokie player, the current closure of pokie venues is a compulsory break – a time when the constant “do I” or “don’t I” debate in people’s minds is temporarily suspended.

There will be many pokie players who will take this opportunity to turn their backs on the machines once and for all.

What if alcohol sales had been banned – and then reintroduced?

Although figures differ marginally across jurisdictions, approximately 10% of the adult population in Australia could be considered to be an at-risk or problem gambler.

Further to this, one in three people who play EGMs **expand at first ref** are considered at-risk or problem gamblers. This is assessed consistently across states using the Problem Gambling Severity Index, which asks questions such as, “have you felt you might have a problem with gambling?” and “has gambling caused financial problems for you or your household?”

Pre-COVID-19 analysis conducted by the ANU Centre for Gambling Research found that problem gamblers experience significantly worse social and economic outcomes than people without gambling problems – and these poorer outcomes are long-term.

Read more: New research shows pokie operators are not nearly as charitable as they claim

On top of this, the isolation and uncertainty caused by COVID-19 has triggered or exacerbated many mental health problems in our communities, particularly among at-risk gamblers.

This is why the reopening of venue doors is of such concern – it could result in the unleashing of months of pent-up angst for at-risk gamblers. Governments need to be thinking about harm reduction strategies now.

If alcohol purchases had been restricted during the lock-down period, for example, it would be reasonable to assume that harm-minimisation strategies would need to be put in place to manage the reintroduction of alcohol.

This is no different to the reintroduction of pokies.

Recommendations for minimising harm

As a result of COVID-19 social distancing restrictions, there will likely be requirements on venues to enforce social distancing (as in NSW) or limit the time patrons can spend on one machine or in the venue.

Restricting session time on machines to a maximum of one hour, for example, would help reduce gambling harm. We know from the 2019 ACT gambling survey that people who typically spend one hour or more in a single session are more likely to be at-risk gamblers.

Other suggestions to minimise gambling harm when restarting machines include:

- public information campaigns detailing the risks associated with EGM play. This would assist people to make informed choices about whether to play again and what that means for their lives
- more counselling and financial services support to help people who have effectively “self-excluded” from gambling during the shutdown to continue to do so. Research in ACT has found the vast majority of people (90%) who have gambled in the past 12 months wanted support to cut back or stop
- regulators need to be extra vigilant around inducements and advertising that will be used by venues to bring gamblers back. We need to ensure this isn't predatory.

This is a golden opportunity for state and territory governments to provide support to clubs to diversify their business models and reduce the numbers of machines on their premises.

It will also be crucial to monitor the harm when the machines come back on. Most jurisdictions have recently conducted gambling prevalence surveys, and there should be a staged data collection process to monitor any trends in behaviour.

The gambling industry sector in all the other states and territories will likely lobby governments hard to reopen soon. And governments will likely be eager to see the revenue stream of EGM taxation begin flowing again.

However, without the implementation of substantial harm-minimisation strategies to manage the re-introduction of pokies in our communities, we will likely see a significant increase in gambling harm