

# *Position paper on poker machine reform*

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## KEY MESSAGES:

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**We can easily make poker machines safer in Tasmania, with no negative impact on recreational use or jobs.**

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**Consumer protection and harm minimisation must lead any changes to licencing and regulation of poker machines.**

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**Government should never allow an industry based on a dangerous product to dictate its own regulatory environment and limit consumer protection in order to maximise its own private profits.**

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## OVERVIEW

Poker machines are designed to be addictive and are recognised as a potentially dangerous product.

Compared to the global norm, Australia has very weak consumer protection in place for poker machines.

Australia has significantly higher levels of addiction, losses and community harm compared to the global norm.

The number of people harmed by pokies is significant. Industry has concentrated poker machines in lower socio-economic areas and it is these communities that disproportionately bear the harm.

Gambling harm is a public health issue. Pokies harm impacts Tasmanians and their families, damaging health, finances, relationships, community safety and cohesion.

The number of jobs directly attributable to pokies has been grossly over-stated by the industry and the Liberal Government. Improving consumer protection will not cause jobs to be lost or hotels to close.

## POKER MACHINES BY NUMBERS

- Tasmanians lose around \$500,000 to poker machines every day
- Half of all losses come from people who are addicted or at-risk gamblers
- At least 27,000 Tasmanians are addicted or at-risk gamblers
- There are 3,526 poker machines in Tasmania
- Currently, people can lose up to \$600 per hour
- Cost to Tasmania of gambling harm is estimated to be \$100 million per year, 80% of which is caused by pokies
- 1 in 3 Tasmanians personally know someone with a serious problem gambling on poker machines
- Only one in 10 people addicted to pokies seek help

## THE ROLE OF GOVERNMENT AND PARLIAMENT IN POKER MACHINE POLICY AND REGULATION

The Tasmanian Government and Parliament have two clear responsibilities in setting policy and regulation on poker machines:

1. To put in place evidence-based, effective consumer protection to minimise the harm caused to individuals, families and the Tasmanian community.
2. To ensure that the value of the lucrative public poker machine license is fully realised for community benefit and super or excess profits are returned to the state.

## WHAT CAN BE DONE TO DELIVER ON PARLIAMENT'S RESPONSIBILITY TO THE TASMANIAN PEOPLE?

Here's what Parliament can do to ensure that poker machine licensing reform will deliver positive health, social and economic outcomes to the Tasmanian community:

### 1. **Legislate evidence-based programming features to reduce levels of addiction and harm with no detriment to recreational use:**

- \$1 maximum bet limits (instead of \$5)
- Set spin speeds to six seconds (instead of 3 seconds)
- Set maximum jackpot to \$1,000 (instead of \$25,000)
- Increase the Return to Player (RTP) to 95% (instead of 85%)
- Prohibit Losses Disguised as Wins – no celebratory lights or animations for a net loss
- Prohibit Near Misses – programmed no more than would randomly occur
- Enforce regular machine shutdowns to provide breaks in use

### 2. **Require venues to more actively protect consumers:**

- Reduce opening hours of gaming rooms to a maximum of midday to midnight
- Require venue staff to intervene when customers are showing known signs of a gambling problem

### 3. **Tie policy and regulation to expert advice rather than political self-interest.**

Strengthen the role of the Tasmanian Liquor and Gaming Commission so that it has the authority to set the full range of appropriate and effective harm minimisation measures.

### 4. **Give communities a say in where poker machines are located.**

Apply the Community Interest Test to all venue-based licenses under the Government's proposed policy.

### 5. **Achieve an appropriate financial return to the state.**

Put the venue-based licenses to tender, prohibit the Licensed Monitoring Operator (LMO) from owning pokies venues and ensure taxation, license fees and payments to the Community Support Levy are set to maximise community benefit.

## WHAT HAS THE GOVERNMENT PUT ON THE TABLE?

During the 2016-2017 Parliamentary Committee process, the Liberal Government committed to a market-based mechanism for the right to operate pokies post 2023 and to minimise harm to users.

At the end of the Committee process, the poker machine industry tabled a proposal to give free licenses directly to existing venues. The Government adopted this as its policy, abandoning a market-based approach.

In the 2018 election, the Government provided scant detail about its gaming policy. At the same time, it made false claims about risks to employment in the pokies industry – claims that were found by national “fact-check” academics to be deliberately deceptive.

In 2020, the Government released details of its proposed regulatory model which confirmed the abandonment of a market mechanism for pokies licences and no provisions for strengthening consumer protection or harm minimisation.

## IS THE GOVERNMENT POLICY EVIDENCE-BASED?

At no stage has the Government provided an explanation for its departure from the principles taken to the Parliamentary Committee in 2016-2017.

There is no publicly released modelling to demonstrate the Government’s plans are the best option for our state, socially or economically.

## DOES THE POLICY FULFIL THE RESPONSIBILITIES OF GOVERNMENT AND PARLIAMENT?

The Liberal Government’s poker machine policy fails on both key responsibilities.

### 1. ***Does the policy have evidence-based regulation and consumer protection measures to effectively minimise harm?***

The Government’s policy does not propose any changes to the current, inadequate consumer protection framework.

The Tasmanian Liquor and Gaming Commission was opposed to the Government’s proposed multi-licence model because evidence suggested it would likely increase social harm and be more difficult and expensive to regulate.

The Government’s failure to thoroughly reassess the consumer protection framework when fundamentally redesigning the regulatory arrangements for the state’s most harmful gambling activity is irresponsible and puts Tasmanians at higher risk.

### 2. ***Does the policy ensure that the value of these lucrative public licenses are fully realised for community benefit and super or excess profits are returned to the state?***

The government’s policy gives away the venue-based pokies licences for free, rather than realising their full market value through a tender process or similar means.

The casino owners have asked that government set the taxation rate for poker machines in casinos at a lower rate than those in hotels and clubs. There is no adequate justification for favouring one section of the industry over another or for the state to forgo significant public revenue.

This discounted tax rate for casino-based poker machines will forgo tens of millions of dollars of state revenue over the life of the licences.

Keno taxation rates are also set unnecessarily low under the Government’s policy. In most other states the Keno taxation rate is significantly higher, collecting revenue for the state to fund essential health and education services.

## FURTHER PROBLEMS WITH THE POLICY

### ***It will detrimentally change the shape of the industry***

The proposed licensing model will favour larger venues and multi-venue businesses because they will have an economy of scale. This will see the approximately 40 single-venue pokies operators in the state potentially struggle in the new gaming market against the 50 venues that are collectively owned by a handful of businesses. A licensing model that advantages large, multi-venue businesses against small, single-venue operators is likely to drive further consolidation of ownership of pokies venues in this state.

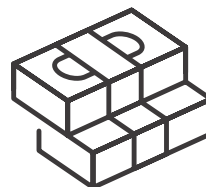
### ***It continues to advantage and subsidise one private business***

The proposed model would allow the business that operates the monitoring system (the LMO) to also own pokies venues. The Tasmanian Hospitality Association and individual hotels are concerned that this could lead to an unfair advantage, as was Synergies, the expert advisors appointed by the 2016-2017 Parliamentary Committee.

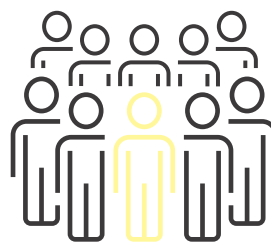
### ***It gives away valuable public licenses for unnecessarily long terms***

The proposed model provides 20-year licenses free of charge, with no evidence this is the most appropriate or beneficial arrangement for our state. The industry is arguing for in-perpetuity licences, which would not be in the State's best interests economically or socially. In advising the Parliamentary Committee, the Tasmanian Liquor and Gaming Commission suggested 7-year licenses were appropriate as this aligns with the life of a poker machine. Synergies, the Committee's expert advisors, warned that Parliament should not limit future opportunities to adjust the license conditions by making licence periods too long.

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