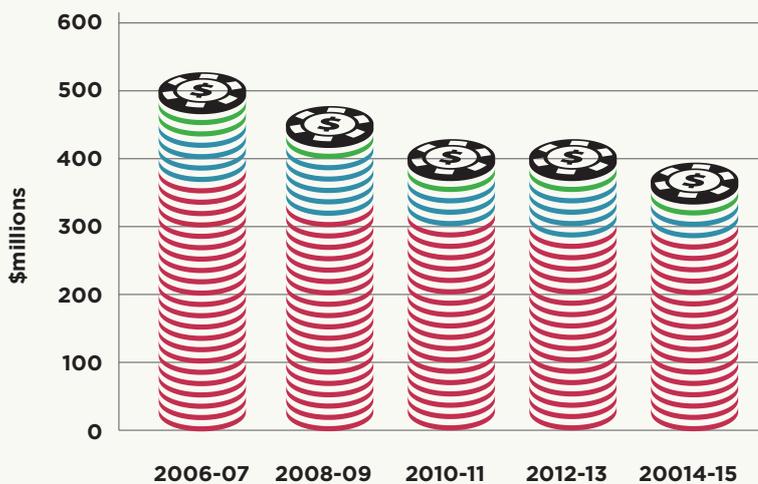




DECLINING GAMBLING TAX REVENUE

The past decade has seen a big drop in gambling tax revenue. This has created a \$111m p.a. hole in the SA state budget.

Gambling Tax Revenue since 2006-07



Why the decrease?

Tax from lotteries, the casino and the TAB all fell due to changes in government policy.

Pokies taxes fell as a result of declining household incomes as well as the introduction of smoking bans in gaming areas.

- SA TAB
- SA LOTTERIES
- CASINO
- GAMING MACHINES (POKIES)

? Will this trend continue?

Some gambling taxes will bounce back if the economy picks up, but overall gambling taxes are unlikely to be maintained at previous levels. Why?



Non-smoking bans are a good public health measure and are likely to remain in place in gaming areas



The areas of gambling with the highest projected growth, casino gaming and sports betting, have low levels of taxes.



New competition from online gambling limits the amount of tax that can be collected.



A fair system would tax gambling but not make the government reliant on gambling taxes

A fair gambling tax regime must:

- cover the costs of gambling and problem gambling in particular,
- have differential tax rates and concessions to provide incentives to harm minimisation, and
- put the remaining money into a sovereign wealth fund where only the earnings of that fund (and not the tax itself) go to current expenditure.



RECOMMENDATION

With the traditional gambling tax base in decline, with sports betting rising, and online gambling changing the landscape, the time to set up the gambling tax regime for the future is now!