



***MISCELLANEOUS REVENUE***

***Commission Position Paper CGC 2008/11***

***SUBMISSION BY SOUTH AUSTRALIAN  
DEPARTMENT OF TREASURY AND FINANCE***

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## **SOUTH AUSTRALIAN SUBMISSION ON MISCELLANEOUS REVENUE**

Issues raised in Commission Position Paper 2008/11 (September 2008) included:

1. *Assessing gambling revenue in the miscellaneous revenue category on an equal per capita basis.*

### *SA Position*

Revenues from gambling are a significant form of revenue for the States - comprising around 8% of States' own source revenue. Given the importance of gambling revenue and clear differences across States in their revenue raising capabilities based on gambling propensity, South Australia is of the opinion that a separate gambling assessment should be undertaken.

South Australia continues to support the use of actual gambling expenditure adjusted to take into account Western Australia's policy of no poker machines outside of the casino.

The Commission notes in the Position Paper that it is not convinced of the reliability of differential assessments based on actual expenditure on gambling. It is stated that in addition to Western Australia's policy of no gaming machines outside the casino, the Commission considers that it would need to allow for differences in other States' policies relating to venues that may have gaming machines, the maximum number they may have, the availability of ATMs and whether or not smoking is allowed.

South Australia considers that of the differences identified by the Commission, only the policy on smoking would have a material impact on the assessment. However, given that all jurisdictions (including the Northern Territory from 1 July 2010) have smoking bans in operation that largely mirror one another, this adjustment is now irrelevant.

In relation to ATMs, the availability of ATMs in venues is unlikely to be a significant factor in determining overall demand for gaming machines. ATM density is already high and if removed from venues it is likely that ATMs will be readily available at a nearby location. Further, ATM bans do not prevent venues from offering cash over the counter via EFTPOS.

Once a government has adopted the policy of allowing gaming machines in clubs and hotels so that gaming machines are generally accessible, other differences in States' policies with a focus on the gambling environment are immaterial and do not influence the overall demand for gambling. Recent research provides support for this argument:

- Work by the South Australian Centre for Economics Studies (SACES) for the Victorian Government which was unable to conclusively determine whether a cap on the number of gaming machines in regional Victoria led to a reduction in gaming expenditure. Similarly, the SACES report for

South Australia's provincial cities association concluded "Reducing machine numbers is not particularly effective in reducing expenditure ..."  
(<http://www.iga.sa.gov.au/pubcons/amend04/Provincial%20Cities.MR.pdf>)

- Similarly, differences in government policy that impact on the density of gaming machines are unlikely to have a significant impact. Work by Max Abbott in a paper titled "Do EGMs And Problem Gambling Go Together Like A Horse And Carriage?", done in the context of problem gambling, suggests that over a certain level of EGM density further increases have little impact on problem gambling.  
(<http://www.nceta.flinders.edu.au/events/documents/AbbottInPress.pdf>)

Even if gambling is ultimately determined to be treated equal per capita, given the significance of gambling revenue to the States, the gambling assessment should remain a separate assessment and not be combined into the miscellaneous revenue category.

2. *Assessing contributions by trading enterprises in the miscellaneous revenue category on an equal per capita basis*

#### *SA Position*

South Australia accepts the proposed equal per capita treatment of contributions from trading companies.

3. *Assessing public safety user charges equal per capita and including them in the miscellaneous revenue category*

#### *SA Position*

The Position Paper notes that the most likely measure of a base for public user charges would be a form of unimproved property values. South Australia agrees with this position noting that most fire fighting services are funded through some form of levy on property. While in NSW and Victoria funding is raised via a levy on insurance companies, who in turn recoup the payment through policy holders, unimproved property value would arguably be a suitable base in these States given that insurance policies are levied against property contained within that State.

Commission staff note that they have been unable to find a reliable measure of unimproved property value. Properties are valued annually by the Valuer-General in South Australia and similar valuations would be undertaken in other States. While there may be minor differences between underlying valuation methods, valuation undertaken by each State's Valuer-General office could form the base for this assessment.

4. *Assessing other user charges equal per capita and include them in the miscellaneous revenue category*

*SA Position*

South Australia accepts the Commission's decision to assess other user charges equal per capita. However, we consider the other user charges category should remain a separate category and not be incorporated into miscellaneous revenue.

5. *Assessing net interest and dividend income in the miscellaneous revenue category on an equal per capita basis*

*SA Position*

See our Capital submission.