Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

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Ms Jo Clay, MLA
Chair, Select Committee on Fiscal Sustainability of the ACT
Legislative Assembly, ACT, Australia
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Dear Ms Clay

Increasing ACT Revenue from Gambling Taxes

Following the 2026-27 ACT Government budget, we note the increasing demands on the resources of the ACT Government. Even since the start of the Inquiry into the Fiscal Sustainability of the ACT, fuel supply issues have increased need in the community for services and support. The ACT Government's early steps to address the issue, including reducing monthly public transport cap levels, will add slightly to budgetary pressures. The ACT Government's 2026-27 *Budget Outlook* makes clear that this conflict has "driven higher prices which are expected to dampen consumption, the property market and business activity over the remainder of 2026, with some sectors continuing to face more significant impacts" (page 11). Should the fuel crisis escalate, further demands may be made on the budget, and there is a prospect that reduced economic activity will diminish revenue including from GST. The *Budget Outlook* indicates "Risks to the outlook are skewed to the downside, reflecting uncertainty around the trajectory of the Middle East conflict and the resolution of disruptions to global supply chains" (page 12). Recently announced changes to the NDIS could put further pressure on states and territory budgets, including in the ACT.

In this context, sourcing additional revenue for the ACT Government is even more important than at the start of 2026. The *Interim Report to the Legislative Assembly Select Committee on the Fiscal Sustainability of the ACT* (*Interim Report*) argues that the ACT has relatively few good options for raising revenue, a position sustained in the Final Report. One important exception highlighted in the *Report* is that the ACT could raise more revenue from taxes on gambling. The ACT raises far less ($165 per head of population) than the national average, in part because of a lower-than-average tax as a proportion of gambling spending.

Our reading of the extensive evidence is that, on balance, gambling causes net harm in the ACT community, even when offset by the benefit of tax revenue for the ACT Government and so-called community contributions by clubs. The latter are often a very small fraction of gambling revenue and often take the form of free use of facilities or discounted meals which expose more people to electronic gaming machines, or sponsorship of sporting teams with the club being prominently displayed on uniforms. In aggregate, these 'community contributions' are better understood as 'loss leaders' or advertising rather than a genuine contribution to the community.

There are many pathways by which gambling harm costs the ACT community, the ACT economy and ACT Government budget directly. People experiencing gambling harm, including the family members of people who spend large amounts of money or time, often experience decreased mental health and wellbeing, potentially resulting in reduced productivity or school performance. They also require more services, ranging from mental health to food assistance to gambling support to suicide grief counselling.

We therefore strongly support increasing tax revenue from gambling. In the context of the government's position to reduce the number of electronic gaming machines, this would take the form of significantly increased taxation per machine. The reduction in the number of electronic gaming machines is unlikely to have any significant effect on club revenue in the medium term because there is such a surplus of electronic gaming machines that a reduction will not reduce total use until individual machines are oversubscribed. As a result, we believe it is possible, and indeed desirable, for gambling revenue to increase even as the number of electronic gaming machines decreases.

The gambling industry has suggested that increasing taxation revenue from clubs will cause some clubs to no longer be viable. To this we would counter that many for-profit businesses, especially restaurants, routinely close in a competitive market. The closure of many restaurants has been subject to significant recent media comment, including well-known restaurants and those which have only been opened for a matter of months.[1] It is not the role of government to ensure that this business model remains viable, particularly when clubs on balance cause more harm than good to the Canberra community. There is no compelling reason to favour a business model which relies on gambling harm over that of a simple restaurant or café without electronic gaming machines or the associated gambling harm.

Yours sincerely

Jeremy Halcrow	Kate Seselja
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[1] A selection of the articles and other media over the last two years follows:
Petrovic, V, Peters, CB. **Increasing number of Canberra restaurants closing their doors, with predictions for tough 12 months in hospitality sector**. ABC News 31/10/24. https://www.abc.net.au/news/2024-10-31/canberra-restaurant-closures-sector-under-pressure/104537346

Meyer, G. **Restaurant of the Year nominee Onzieme closes as ACT's dining scene struggles**. Sydney Morning Herald, 20/04/2026. https://www.smh.com.au/goodfood/eating-out/restaurant-of-the-year-nominee-onzieme-closes-as-act-s-dining-scene-struggles-20260413-p5znez.html

Fenwicke, C..**Carlotta closes, new venue to open in its place**. Region, 22/12/25. Region. https://region.com.au/carlotta-closes-new-venue-to-open-in-its-place/931833/

Burgess, G. **Another Canberra hospitality icon's shut its doors, as rising costs and staff shortages, cripple the industry, across the territory. WINNews facebook.** 24/10/24. https://www.facebook.com/WINNewsCanberra/videos/another-canberra-hospitality-icons-shut-its-doors-as-rising-costs-and-staff-shor/1020528963091349/