

# Pre-Budget Submission

Problem Gambling Ireland & The Rutland Centre



Mr Paschal Donohoe TD  
Minister for Finance  
Department of Finance  
Government Buildings  
Upper Merrion Street  
Dublin 2

24/07/2018

Dear Minister Donohoe,

We are writing to ask that you allocate urgently-needed funding to problem gambling services in Budget 2019.

Currently there is no dedicated funding for problem gambling treatment, prevention or research in Ireland. This is despite the fact that we have the highest per capita gambling losses in Europe (the third highest globally). The HSE does not have problem gambling or gambling addiction as part of their Service Plan for 2018 and we have been advised by them that it is unlikely that they will allocate funding to this area, as they are aware that a dedicated Social Fund is due to be created upon the enactment of the Gambling Control Bill. Unfortunately, it may take several years before the Social Fund is active and this is time that the thousands of families affected by gambling-related harm do not have.

**We propose that Betting Duty be increased to at least 2% (from the current 1% rate) and would urge the Minister to consider directing some of this additional exchequer funding to problem gambling services.** We are Europe's leaders in per capita gambling losses, but are in the unfortunate position of having no statutory funding aimed at reducing gambling-related harm. We have previously shown the world that we can be leaders in other areas of public health. It is time for Ireland to lead the way when it comes to dealing with the devastation caused by problem gambling.

Currently Ireland has the lowest Betting Duty in Europe. The equivalent turnover rate in the UK is 2.5% (see Figure 4, below) (i). We feel that this leaves plenty of scope for an increase, without adversely affecting either the Horse Racing and Greyhound industries or the gambling industry. The UK government has recently stated that there will be “an increase in Remote Gaming Duty, paid by online gaming operators, at the relevant Budget”, due to the loss in revenue caused by reducing the maximum stake on Fixed Odds Betting Terminals (ii).

According to an estimate from the Institute of Public Health in Ireland (IPH), there are somewhere between 28,000 and 40,000 problem gamblers in Ireland. International research has shown that, for every problem gambler, an additional 8-10 people’s lives are negatively affected. Even at the lower end of the scale, this would mean that there are in the region of 250,000 people in Ireland who are experiencing gambling-related harm.

Young people, who are the most at-risk group for problem gambling, have no statutory or state-funded services to turn to. There are no state-funded preventative education or treatment services for young people with gambling problems. This is despite the fact that the Government’s Youth Policy (Better Outcomes Brighter Futures) states that the Government commits to: “Take appropriate measures to protect young people from gambling-related risks” (ii). The IPH state that adolescent gambling in Ireland is 2-3 times that of adults (iii)). The European School Survey found that 13% of Irish males (aged 15-16) gambled online on a weekly basis (iv).

In July of 2017, Taoiseach Varadkar stated that gambling can give rise to “people becoming addicted, impoverished and unwell as a consequence” (v). We strongly believe that it is time for the State to recognise problem gambling as a serious public health issue in Ireland.

We urge you to use any increase in Betting Duty in Budget 2019 as an opportunity to help people whose lives have been devastated by gambling addiction, as well as helping to prevent young people and other at-risk groups from developing gambling problems.

Yours Sincerely

Maebh Mullany  
CEO  
Rutland Centre  
Tel: 01-4946358  
Email: [maebhmullany@rutlandcentre.ie](mailto:maebhmullany@rutlandcentre.ie)

Barry Grant  
CEO  
Problem Gambling Ireland  
Tel: 089 241 5401  
Email: [info@problemgambling.ie](mailto:info@problemgambling.ie)

## Pre-Budget Submission Summary

- There are estimated to be between 28,000 and 40,000 problem gamblers in Ireland.
- For every problem gambler, an additional 8-10 people's lives are negatively affected.
- Ireland has the highest gambling losses, per resident adult, in Europe – the third highest in the world.
- There is currently no statutory funding for problem gambling treatment, prevention or research.
- The HSE does not include gambling addiction in its 2018 Service Plan.
- The financial cost to the exchequer of problem gambling could be somewhere between €21.2 million and €98 million.
- In 2010, the Institute of Public Health in Ireland stated: "From an economic perspective, evidence suggests that the health and social costs of problem gambling exceed government revenue gained from gambling taxes and businesses"
- Ireland has the lowest Betting Duty in Europe. Over the past 15 years, while the gambling industry's profits have increased dramatically, its tax liability has decreased from 5% to 1%.
- The effective turnover tax rate for gambling services in the UK is 2.5%.
- The Government is yet to act on any of its commitments, in relation to problem gambling, in the national policy framework for children & young people, 2014 – 2020 (Better Outcomes Brighter Futures).
- A minimum increase in Betting Duty of 1% would raise in the region of €50 million Euros, which could be allocated to numerous state-funded services, including problem gambling services. This new funding stream for problem gambling services could be an interim measure, until such time as the Social Fund (outlined in the Gambling Control Bill) is active.

**Background:** The Betting Tax, up until May 2002, was 5% (€68.1 million in revenue to the exchequer from land-based betting only, in 2001) [1]. It was then reduced to 2%. It was reduced to 1% in Budget 2006. Tax revenues (Traditional Betting Duty) have stayed between €25 million and €27.7 million since 2011 [2] – this is despite huge increases in turnover by the gambling industry. In fact, it is interesting to note that the 2008 net receipts to Revenue were almost as high as the 2003 receipts – when Betting Duty in 2003 was double the 2008 rate (see Figure 2, below). On August 1<sup>st</sup> 2015, Betting Duty and Betting Intermediary Duty for remote bookmakers came into effect. The first full-year figures (2016) show online Betting Duty coming in at €22.6 million (see Figure 3) [3]. This brings the total tax revenue up to €50.7 million (up from €26 million in 2014), due to the massive market shift towards online gambling, in the intervening years. Ireland has the highest online gambling rates in the world (see Figure 1, below). We also have the highest gambling losses, per resident adult, in the EU – the third highest globally [4].

Figure 1

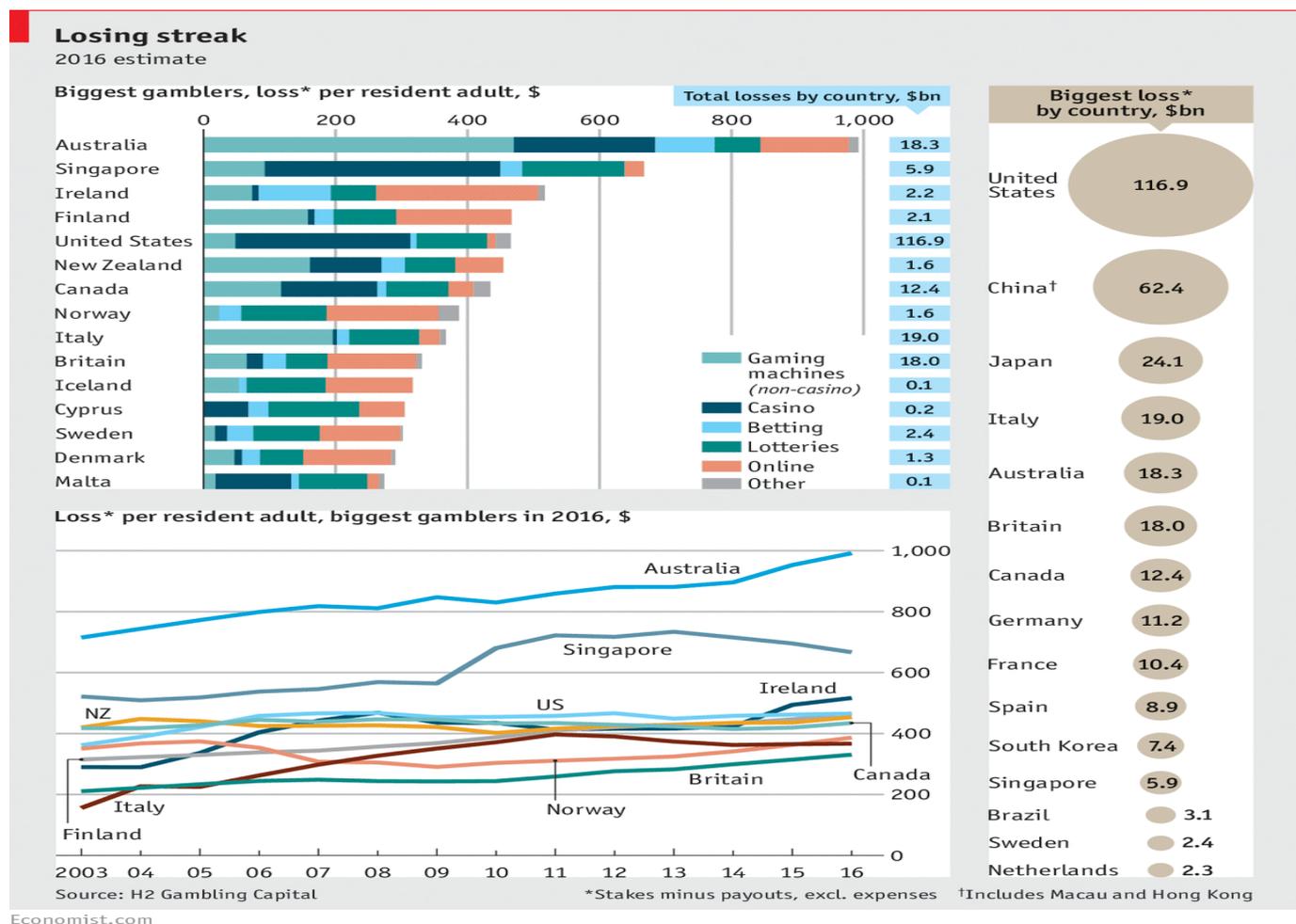


Figure 2

**Betting Duty Yield**

59. The table below outlines the rates and yield from Betting Duty on traditional bookmakers from January 2000 to August 2014.

Year	Rate	Yield €
2000	5%	58.9
2001	5%	68.1
2002 (1 May)	5% / 2%	48
2003	2%	38.4
2004	2%	45.6
2005	2%	45.8
2006 (1 July)	2% / 1%	54.3
2007	1%	36.4
2008	1%	36.7
2009	1%	31
2010	1%	30.9
2011	1%	27.1
2012	1%	27.1
2013	1%	25.4
2014 (Jan to Aug)	1%	19.6

Figure 3

	Traditional Betting (€m)	Remote Betting (€m)	Remote Betting Intermediary Commissions (€m)	Total (€m)
<b>2016</b>	28.1	20.7	1.9	50.7
<b>Jan – Jun 2017</b>	14.0	10.6	0.9	25.4

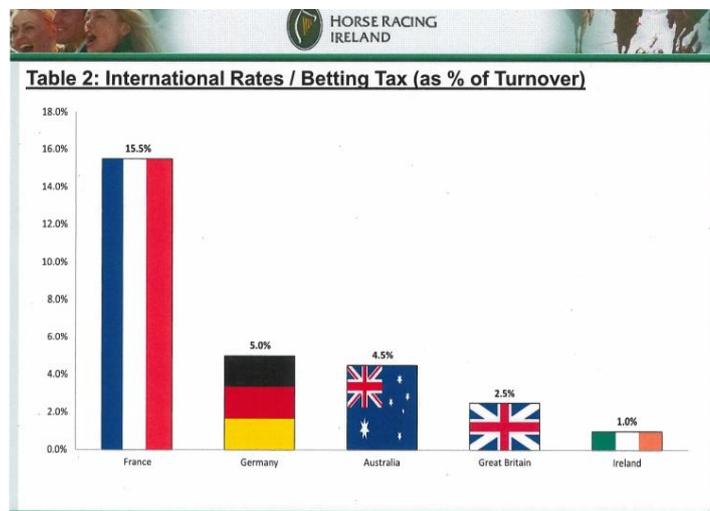


Figure 4

### Cost to the State

In 2016, the UK's GambleAware study (completed by the Institute for Public Policy Research) [5], found that the societal cost of problem gambling was somewhere between £260 million and £1.2 billion per year. When this is translated, on a per capita basis, to the Irish population, it would mean that we experience a financial cost to the exchequer of somewhere between €21.2 million and €98 million. This is a direct conversion and does not account for the fact that Ireland has the third highest gambling losses, per capita, globally – while the UK is in tenth place. The report looks at costs in the areas of housing, health, criminal justice, welfare and employment.

In 2010, the Institute of Public Health in Ireland stated: “From an economic perspective, evidence suggests that the health and social costs of problem gambling exceed government revenue gained from gambling taxes and businesses” [6]

### Impact on Young People

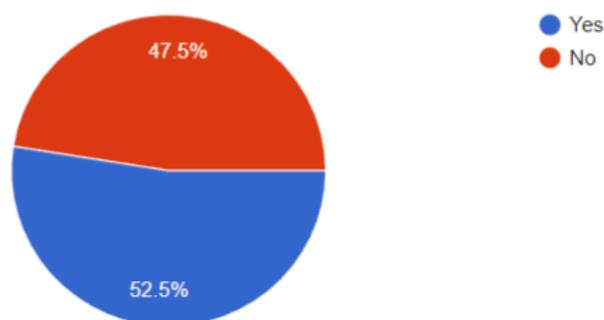
According to the IPH, adolescent gambling is 2-3 times that of adults, in Ireland [6]. The European School Survey (ESPAD) 2015, found that 13% of Irish males, aged 15-16, gambled online on a weekly basis [7]. Research conducted by Trinity College students on behalf of Problem Gambling Ireland, found that 67% of secondary school students in 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> year had already gambled (512 participants in 4 schools).

Another survey of 240 Transition Year students, conducted by Problem Gambling Ireland, found that 52.5% had already gambled. All of the survey participants were aged 15-16.

Figure 5

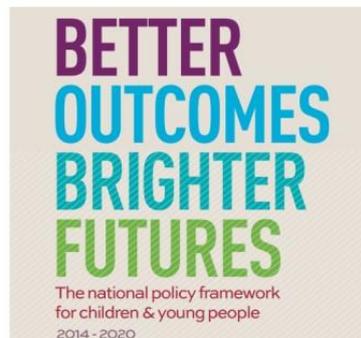
Have you ever gambled? [If you answer 'No' to this question, the survey is complete. Thank you for your time!]

240 responses



While the Government's Youth Policy (Better Outcomes Brighter Futures) states that the Government commits to: "Take appropriate measures to protect young people from gambling-related risks" [8], there has been no action on this commitment by any of the relevant Departments, since the policy was released in 2014 [9] [10] [11].

Figure 6



## GOVERNMENT COMMITMENTS

### The Government commits to:

- 3.24** Take appropriate measures to protect young people from gambling-related risks.  
(**DJE**, DTTS, DJEI, DCENR, Local Government)

DJE: Department of Justice & Equality DTTS: Department of Transport, Tourism & Sport  
DJEI: Department of Jobs, Enterprise & Innovation  
DCENR: Department of Communications, Energy & Natural Resources

It is imperative that the Government take meaningful action on its policy commitments, between now and the completion of the policy in 2020.

# Our Proposal

When considering an appropriate amount to be dedicated to problem gambling services, it is worth noting that New Zealand, with a population smaller than Ireland's, raises roughly €12 million per year for problem gambling service provision [12], through a problem gambling levy (roughly 10% of this comes from their National Lottery). New Zealand lies in sixth place in the global gambling losses (per capita) table, while Ireland is in third place. Currently, there is no dedicated statutory funding for gambling addiction in Ireland. The HSE have advised us that gambling addiction is not currently in their service plan.

We see this proposed intervention as an interim measure, as we anticipate that a Social Fund will be created - if and when the Gambling Control Bill is enacted. If no interim funding is made available, somewhere between 252,000 and 440,000 people in Ireland (when family and friends are included) will continue to be impacted by gambling-related harm, with no dedicated funding to support them.

It is worth noting that the U.K. tax rate on gambling is 15% on Gross Profits - this works out as an effective tax rate of approximately 2.5% on turnover [13]. This results in UK bookmakers paying approximately 150% more tax on turnover than their Irish counterparts. Also, the Department of Finance stated: "The explosion in the use of mobile phones, laptops and other electronic communication devices has greatly facilitated the migration of punters to the remote sector. Accordingly, until such time as the playing field for the traditional and remote bookmaker has been levelled, in so far as taxation is concerned, the rate had to be kept at low levels" [1]. As the playing field has been levelled, since the introduction of Betting Duty and Betting Intermediary Duty for remote bookmakers, in August 2015, we hope that the Department of Finance might now consider moving Betting Duty rates towards higher levels.

The UK government has recently stated that there will be "an increase in Remote Gaming Duty, paid by online gaming operators, at the relevant Budget", due to the loss in revenue caused by reducing the maximum stake on Fixed Odds Betting Terminals [14].

We see the following alternatives for interim funding of problem gambling services:

- 1. An increase of 1% on the current Betting Tax:** This is our preferred option. This would still keep Betting Tax in Ireland among the lowest in the world (if not the lowest). It also serves to help the gambling industry prepare for the introduction of a Social Fund levy, upon the enactment of the Gambling Control Bill. As previously mentioned, gambling industry turnover and profits have increased over the past 20 years, while taxes raised from the sale of gambling products have decreased.
- 2. No increase in the Betting Tax and a Problem Gambling funding stream to be created:** This would cause further pressure on the Exchequer and impact on essential service-provision in other areas.
- 3. The consumer pays 1%:** This would amount to a form of 'double-taxation' for the consumer, as the vast majority of gamblers operate at a net loss. The Irish Bookmakers Association, in their 2015 Betting Industry Report, have already outlined various reasons as to why taxing the consumer is not a viable approach. These include: a decline in industry turnover, increased illegal betting activity, a loss in commercial appeal and a move to non-Irish registered online operators [15].

The New Zealand model of distribution could be used as a template for distribution of funds [16]. This would see roughly 35% going towards treatment services and the remainder going towards primary prevention, awareness/education, helpline services, research and evaluation. Based on figures provided by the Rutland Centre, the average cost of residential treatment for gambling addiction is roughly €7,500. If the funding allocation were €5 million, it would result in an additional 233 people being able to access residential treatment. Free and/or subsidised access to treatment would greatly increase help-seeking among problem gamblers, who often only seek help when they (and often their family) are in serious financial difficulties.

While the Irish gambling industry have been vocal in their support of a voluntary contribution model for responsible gambling interventions [17], this model has been shown, quite clearly not to work. In the UK, where gambling industry contributions to the Responsible Gambling Trust are on a voluntary basis, only 63% of licence-holders contributed in 2014-2015. This equated to roughly €6.5 million in donations from an industry which had a Gross Gambling Yield (the amount retained by operators after the payment of winnings, but before the deduction of operating costs) of €10 billion over the same period (not including the National Lottery) [18].

In her speech at the 2016 World Regulatory Briefing on Responsible Gambling Innovation [19], Sarah Harrison, CEO of the UK Gambling Commission, made the following statement: “in 2015, under the current voluntary arrangements, the industry contributed over €6.5m to RGT for research, education and treatment under the voluntary funding arrangements. By contrast €120m was spent on TV advertising in the same year. That cannot be right. €6.5m is nowhere near enough. If the RGT were able to rely on a minimum of 0.1% of every operator’s GGY, that would provide a ballpark figure of €10-€11m - which is beginning to be a much more credible sum for such an important task. From the Commission’s perspective, it doesn’t matter too much how the industry shares this funding responsibility but I would expect the industry itself to care very much about this. How can it be fair that some operators, large and small, contribute year in and year out while others get a free ride?”

### **Conclusion:**

There is an urgent need for statutory funding of problem gambling treatment and prevention services. This has been clearly highlighted by research funded by the Department of Social Protection [20]. Online gambling, which is highly popular in Ireland, has been shown to be three times more likely to cause a person to develop a gambling problem. Immediate action must be taken in order to provide services for problem gamblers and their families - which are independent of the gambling industry. While we look forward to the enactment of the Gambling Control Bill and the establishment of the Social Fund, the current vacuum of service-provision for problem gamblers and their families is causing serious damage at an individual, familial, community and societal level in this country. Our status as Europe’s leaders in gambling losses is not matched by the level of supports provided to those experiencing gambling-related harm. We urge the Minister to consider actioning our proposal in the 2019 Budget.

## References:

- (i) Horse Racing Ireland Submission to the Department of Finance, on Betting Duty (2017): :  
<https://www.finance.gov.ie/wp-content/uploads/2017/07/HRI-Betting-Duty-Submission-2017.pdf>
- (ii) UK Government Press Release, 17<sup>th</sup> May 2018. Government to cut Fixed Odds Betting Terminals maximum stake from £100 to £2. <https://www.gov.uk/government/news/government-to-cut-fixed-odds-betting-terminals-maximum-stake-from-100-to-2>
- (iii) Better Outcomes Brighter Futures. The national policy framework for children & young people, 2014 – 2020.  
[https://www.dcy.gov.ie/documents/cypp\\_framework/BetterOutcomesBetterFutureReport.pdf](https://www.dcy.gov.ie/documents/cypp_framework/BetterOutcomesBetterFutureReport.pdf)
- (iv) Developing a population approach to gambling: Health issues. The Institute for Public Health in Ireland, December 2010.  
<https://www.publichealth.ie/files/file/Developing%20a%20population%20approach%20to%20gambling.pdf>
- (v) European Schools Project on Alcohol & Other Drugs in Ireland, 2015.  
<https://www.publichealth.ie/files/file/Developing%20a%20population%20approach%20to%20gambling.pdf>
- (vi) The Journal, July 11<sup>th</sup> 2017.  
[http://www.thejournal.ie/gambling-age-limit-3491216-Jul2017/?utm\\_source=shortlink](http://www.thejournal.ie/gambling-age-limit-3491216-Jul2017/?utm_source=shortlink)
1. Department of Finance. General Excise Duties (Tobacco, Alcohol, Betting and Others), 2014.  
<http://www.finance.gov.ie/sites/default/files/14.02%20General%20Excise%20Duties.pdf>
  2. Revenue Breakdown of Betting Duties, 2011 – 2015.  
<http://www.revenue.ie/en/corporate/documents/statistics/excise/betting-duty-receipts.pdf>
  3. General Excise Paper – Tobacco Products Tax, Alcohol Products Tax and Betting Duty. Tax Strategy Group. Department of Finance. 25<sup>th</sup> July 2017.  
<http://www.finance.gov.ie/sites/default/files/TSG%2017-07%20-%20General%20Excise%20-%20GK.pdf>
  4. The Economist. February 9<sup>th</sup> 2017. The World's Biggest Gamblers.  
<http://www.economist.com/blogs/graphicdetail/2017/02/daily-chart-4>
  5. Institute for Public Policy Research. Cards on the Table: THE COST TO GOVERNMENT ASSOCIATED WITH PEOPLE WHO ARE PROBLEM GAMBLERS IN BRITAIN. December 2016.  
[http://www.ippr.org/files/publications/pdf/Cards-on-the-table\\_Dec16.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/Cards-on-the-table_Dec16.pdf?noredirect=1)
  6. The Institute of Public Health in Ireland. Developing a population approach to gambling: Health issues. December 2010.  
<https://www.publichealth.ie/files/file/Developing%20a%20population%20approach%20to%20gambling.pdf>

7. European Schools Project on Alcohol & Other Drugs in Ireland, 2015.  
<https://www.publichealth.ie/files/file/Developing%20a%20population%20approach%20to%20gambing.pdf>
8. Better Outcomes Brighter Futures. The national policy framework for children & young people, 2014 – 2020.  
[https://www.dcy.gov.ie/documents/cypp\\_framework/BetterOutcomesBetterFutureReport.pdf](https://www.dcy.gov.ie/documents/cypp_framework/BetterOutcomesBetterFutureReport.pdf)
9. IMPLEMENTATION PLAN for the first phase (2014-2017) of Better Outcomes, Brighter Futures: The National Policy Framework for Children and Young People, 2014-2020.  
<http://childrensdatabase.ie/documents/publications/20150901BOBFImpPlan.pdf>
10. Better Outcomes, Brighter Futures: The National Policy Framework for Children and Young People, 2014-2020. Annual Report for the second year of implementation, April 2015 – 2016.  
<https://www.dcy.gov.ie/documents/publications/20160804BOBFAnnRep2ndYearImpApr2015to2016.pdf>
11. Better Outcomes, Brighter Futures: The National Policy Framework for Children and Young People, 2014-2020. Annual Report for the third year of implementation, April 2016 – 2017.  
<http://childrensdatabase.ie/documents/20170929BOBFAnnualReportThirdYearOfImplementationApril2015-2017.pdf>
12. Associate Health Minister, Peter Dunne, New Zealand. New three-year strategy to address gambling harm. Press Release, 27<sup>th</sup> May 2016. <https://www.beehive.govt.nz/release/new-three-year-strategy-address-gambling-harm>
13. Horse Racing Ireland Submission to the Department of Finance, on Betting Duty (2017): :  
<https://www.finance.gov.ie/wp-content/uploads/2017/07/HRI-Betting-Duty-Submission-2017.pdf>
14. UK Government Press Release, 17<sup>th</sup> May 2018. Government to cut Fixed Odds Betting Terminals maximum stake from £100 to £2. <https://www.gov.uk/government/news/government-to-cut-fixed-odds-betting-terminals-maximum-stake-from-100-to-2>
15. Irish Bookmakers Association. Betting Industry Report, 2015.  
<http://www.irishbookmakersassociation.com/wp-content/uploads/2015/09/Betting-Tax-2015.pdf>
16. New Zealand Ministry of Health. Strategy to Prevent and Minimise Gambling Harm 2016/17 to 2018/19. 27<sup>th</sup> May 2016. <http://www.health.govt.nz/publication/strategy-prevent-and-minimise-gambling-harm-2016-17-2018-19>
17. Submission of Paddy Power plc to the Committee on Justice, Defence and Equality in relation to the Heads of Gambling Control Bill 2013.  
[https://www.paddypowerplc.com/sites/default/files/attachments/paddy\\_power\\_submission\\_on\\_heads\\_of\\_gambling\\_control\\_bill\\_august\\_2013.pdf](https://www.paddypowerplc.com/sites/default/files/attachments/paddy_power_submission_on_heads_of_gambling_control_bill_august_2013.pdf)
18. Responsible Gambling Trust UK. Report and Financial Statements 2014-2015.  
<http://www.responsiblegamblingtrust.org.uk/media/1139/rgt-annual-report-2015.pdf>
19. Harrison, Sarah, CEO UK Gambling Commission. Speech to the World Regulatory Briefing on Responsible Gambling Innovation, September 2016.  
<http://www.gamblingcommission.gov.uk/pdf/Speeches/WRB-Responsible-gambling-innovation-September-2016.pdf>

20. Fulton, Crystal. Playing Social Roulette: The Impact of Gambling on Individuals and Society in Ireland. Final Report, June 2015. <https://www.welfare.ie/en/pressoffice/pdf/Playing-Social-Roulette.pdf>