

Media release

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Pokies reform not costly and would create jobs

Industry claims that poker machine reform will cost \$5 billion can only be described as fanciful, with a new analysis by The Australia Institute showing that the cost is likely to be between \$171 million and \$342 million.

The Institute's Executive Director Dr Richard Denniss said the \$5 billion estimate is an exaggeration based on the cost of introducing a policy that no-one is actually proposing.

"The gambling industry has exaggerated the cost of poker machine reform in a number of ways. They have ignored the proposed phase-in periods and, in turn, ignored the fact that the cost of replacing machines is less for every year of service, and after seven years, non-compliant machines are replaced with new complaint machines at virtually no extra cost," said Dr Denniss.

"They have assumed that all machines will need to be individually updated when many machines can be reprogrammed en masse. And they have assumed that none of the machines currently installed have been designed to incorporate the required modifications.

"The industry is clearly cherry picking the worst case data they can find, but the irony is that the more expensive they claim the reforms will be the more new jobs will be created by implementing the reforms," said Dr Denniss.

The Australian Hotels Association (AHA) has claimed that mandatory pre-commitment would require substantial software and hardware upgrades and, in some cases, the installation of brand new machines. If these costs amounted to \$5 billion then more than 23,000 jobs would be created in manufacturing, as well as jobs in the software industry.

"The gambling industry has said repeatedly that these reforms will impose large costs on the owners of poker machines, but what they have failed to mention is the huge amount of high skilled jobs that would be created if their worst fears are realised," said Dr Denniss.

"At a time when Australian policy-makers are grappling with how to support the Australian manufacturing industry it is interesting that there hasn't been more discussion of the potential for poker machine reform to generate the kind of high skilled jobs that the high exchange rate is pushing offshore.

"Of course, one reason that there has been so little attention paid to the ability of poker machine reform to create more than 23,000 jobs is that nobody in politics or business really believes it will cost \$5 billion to upgrade existing machines.

For media enquiries, please contact:

Serena Rogers 0421 759 262

“Given that the Productivity Commission estimates that the costs of problem gambling are more than \$4.7 billion per year it would seem that Australia will be unambiguously better off if we proceed with this reform. It will clearly reduce the social costs of problem gambling and the reforms, depending on who you believe, will either be achieved at low cost or with substantial job creation,” concluded Dr Denniss.

Notes for editors

- The analysis was commissioned by the Stop the Loss Coalition. Founding Coalition members include GetUp, UnitingCare, Anglicare, the Gambling Impact Society, PokieACT and the Free Yourself Program.
- A copy of *Rubbery Figures: An examination of the claimed and likely cost of poker machine reform in Australia* is available to download from www.tai.org.au under ‘Publications’.