

TITLE: 'Nonsense' of \$5b claim

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To assert total costs of the regular process of updating poker machines as a cost of policy reform is simply absurd. No industry in Australia does a better job of taking from those with the least and giving to those with the most than the poker machine industry. The idea that using some of the money lost in leagues clubs to boost the salaries of professional rugby league players should be considered a "contribution back to the community" is simply bizarre.

The whole gambling industry is based on the bizarre, but widespread, delusion that if you gamble for long enough you can strike it lucky.

Perhaps that explains why the gambling industry thinks it can treat the entire Australian public like mugs.

In addition to claiming that gambling is a great way to fund community services the Australian Hotels Association has been making the fanciful claim that the cost of introducing policies such as Andrew Wilkie's mandatory pre- commitment technology or the Greens' \$1 maximum bets are in the order of \$5billion. Such claims are simply nonsense.

The \$5billion cost estimate actually refers to the cost of replacing all of the poker machines in Australia. While it is true that if you had to buy 200,000 new poker machines at a cost of \$25,000 each that would cost you \$5billion, it is also true that no one in Australia is actually proposing such a change.

The gambling industry has spent months talking about the likely cost of a policy that no one is even proposing.

The main reason that the cost of reform will be far lower than the gambling industry has suggested is simple; poker machines wear out and get replaced all the time. That is, poker machines, like all machines, depreciate in value over time and are replaced when they reach

the end of their economic life.

Given that reform has been likely since Andrew Wilkie signed his deal with Julia Gillard in 2010, and given that both his proposal and the Greens' \$1 bets proposal include generous phase-in periods, most of the poker machines in Australia will have already been replaced by the time new proposals apply to all machines.

If the clubs and casinos have spent the past two years buying new machines that will be difficult or expensive to make consistent with the proposed legislation then they should explain that to their boards rather than complain to the Australian public.

In describing their fanciful cost estimates the AHA has conceded that it will be much cheaper to update the software of newer machines than to completely replace older machines. But because they ignore the phase-in periods they ignore the fact that by the time the proposed reforms will apply to all machines the older machines will have been replaced on schedule. The only reason that poker machine manufacturers exist is because pokies wear out and or become unfashionable.

New machines, with new ways to gouge money out of problem gamblers, are being invented all the time and clubs and casinos buy them regularly. To claim that the total cost of the regular process of updating poker machines is a cost of policy reform is simply absurd.

But, if the gambling industry wants to stick to their guns on this issue then they will have to concede an important point, namely, that spending billions of dollars replacing and upgrading poker machines will create a large number of high-skilled jobs in manufacturing, software and maintenance.

Indeed, modelling by The Australia Institute suggests that if the AHA's figures are correct then more than 23,000 jobs would be created.

At a time when Australian policy makers are struggling with the impact of the mining boom on the manufacturing industry you would think this possibility would be warmly welcomed.

But of course behind the scenes no one is taking the job creation possibilities of poker machine reform seriously because no one is really taking the multi-billion dollar claims about cost seriously. At least not from a policy point of view.

The fight about poker machine reform in Australia has nothing to do with policy reform and the national interest and everything to do with politics and sectional interests. The gambling industry's phoney concerns about the impact of the modest reforms being proposed on "jobs" is as phoney as their claim that they are motivated primarily by the desire to invest money in local communities.

Australian communities need investment and they need support. More services and more

amenities would improve wellbeing, happiness and productivity. But to suggest that the best way to raise those funds is to gouge problem gamblers is as illogical as it is unfair.

Australia is one of the richest countries in the world living at the richest point in world history, we are also one of the lowest taxed countries in the developed world. If the clubs and gambling industries really wanted to help disadvantaged people they would be calling for a bigger mining tax, higher corporate tax rates and removal of a wide range of tax concessions that disproportionately favour the wealthy.

But, strangely, we are told that their vision for a fairer Australia has taken another course. What we need instead is more poker machines and more gambling. Only after the poor have lost their shirt will we have raised the money we need to help them.

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