



**Gaming machines reduction a “gimmick”
25 August 2004**

The State Government’s much publicised move to reduce gaming machines has been branded a gimmick by the Member for Flinders Liz Penfold.

Mrs Penfold said:

- the number 3000 is rubbery,
- small businesses especially in rural areas could be disproportionately hit,
- the government refused an Australian Hotels Association (AHA) proposal to buy back 3000 machines, and
- the exercise does not address problem gamblers.

“It is assumed that a reduction in the number of machines will address the issue of problem gambling.

“Someone who has a gambling problem will find a way to gamble by the means of their choice, be it a gaming machine, Lotto or betting on horses,” she said.

Mrs Penfold said the AHA proposed a buy back scheme to reduce the number of machines by an actual 3000 over four years but this was rejected by the government.

“This proposal would have done the job but, of course, it would not have generated the media hype so loved by Mike Rann,” she said.

Mrs Penfold said the complicated equation used to determine the number of machines to be taken out of each venue produces a reduction of 2461, not 3000.

“Some venues will be able to buy machines to make their numbers back up to their quota before the reduction.

“A single purpose non-profit entity referred to as Club One will be allowed to manage gaming machine transfers.

“Clubs and hotels that do not have gaming machines may enter the gaming industry by negotiating with Club One,” she said.

Mrs Penfold said the government’s move to tender gaming machine licences will place exorbitant values on licences as has happened in other industries, and it will push small players out of the industry as only large hotels will be able to afford the licences.

However smaller leased hotels may be required to buy more machines to replace those lost in order to comply with their leases.

Inevitably the push to induce people to play will rise so that the added purchase cost of machines can be covered.

Mrs Penfold said people should be aware that the Adelaide Sky City Casino's 950 machines are quarantined from the reduction and that the casino possibly can put in more machines.

Mrs Penfold expressed particular concern that a five year gaming licence with no guarantee of renewal would affect the viability of hotels especially through the lack of security for borrowing. This would affect small country hotels which, in fact, are the "clubs" in those towns.

"The loss of security may make some of these hotels unviable if loans can't be renegotiated.

"Every business that is lost from a town means less families, less employers, less quality of life, less services for tourism - it is a downward spiral," she said.

"Hotels are a major part of the social life in our towns and are major contributors to their communities."

Mrs Penfold said more effective measures to address problem gambling include:

- education – gambling only works because participants lose;
- limiting the hours that gaming machines could operate;
- limiting the coin value for games; and
- banning alcohol or smoking in gaming rooms.