

## Gutless Canberra protects its pokies payout

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Labor and the Coalition will repeal the Gillard government's pokies reforms, despite widespread support for change. Make no mistake, this is political expediency, writes Ian McAuley

When legislation is waved through Parliament, with Government and Opposition support, we may assume the policy concerned is non-controversial: it is either overwhelmingly popular or so socially responsible that opposition would be pointless.

The likely repeal of the National Gambling Reform Act – the act that the Gillard government used to introduce minor reforms to curb problem gambling through poker machines – blows this assumption apart.

Public opinion and expert opinion are aligned in favour of strong intervention. Opinion surveys confirm widespread support. Independent MP Andrew Wilkie and Senator Nick Xenophon have both been re-elected on anti-pokies platforms.

There have been two Productivity Commission Reports, one in 1999 and a follow-up in 2009 advocating bet limits, mandatory pre-commitment and other measures directed at problem gambling.

It is tempting to blame the power of lobby groups for this bipartisan gutlessness. An inspection of political donations shows that the Australian Hotels Association and organisations representing licensed clubs, particularly in NSW, have made huge donations to both the Coalition and Labor in recent years.

Unsurprisingly, Wilkie and the Greens missed out. These lobby groups with deep pockets stand out as the prime suspects for having influenced both main parties.

The Gillard government certainly worked hard to back off from its agreement with Wilkie to implement strong measures to curb problem gambling. Its deal to appoint Peter Slipper as Speaker was largely driven by a desire to be free of reliance on Wilkie's vote – and was politically costly.

Had Labor pursued Wilkie's reforms and called the Coalition's bluff in the Senate it could have exposed the Coalition as subservient to greedy lobbies, and supportive of exploitation of the most vulnerable. Yet Labor chose not to take this path.

Similarly, once elected the Coalition could have taken on the Productivity Commission's recommendations and have boosted its deteriorating standing in the polls. Rather, in what seems like an attempt to erase even the weakest reforms of the previous government, Social Services Minister Kevin Andrews justified the repeal on the basis of states' rights. He told ABC Radio, "We believe that the states are best placed to regulate [poker machine gambling] and should continue to do so".

It's a pathetic justification, particularly while they are also trying to override states' rights in relation to same-sex marriage. On a more basic level, Andrews fails to acknowledge that regulation of problem poker-machine gambling has to be a federal issue, because people are mobile across state borders. Any state that unilaterally curbed poker-machine gambling would simply be diverting revenue to other states.

The bind in which states find themselves is explained by a short look at history. Poker machines were introduced into Australia in 1956 in NSW, and slowly grew as a source of revenue for clubs and, in the form of taxes, for the state government. Pokies were confined to NSW until people became more mobile and as settlements started to spread across state borders. Victorians travelled to Albury, South Australians to Broken Hill, Queenslanders to Tweed Heads to play the pokies. In the ACT it was only a short drive to Queanbeyan.

These state governments weren't enthusiastic about their citizens driving across borders to pay taxes to NSW, and wanted their share. So, inevitably, all the eastern states eventually legalized poker machines. The only state with the capacity to hold out was Western Australia – it's a long drive from Perth to Eucla.

Assuming the eastern state governments are not enthusiastic about collecting \$3 billion a year from their poorest citizens, and would prefer a more progressive taxation base, their preferred outcome would surely be a Commonwealth deal to clamp down on pokies and to give them a replacement tax base.

Such compensation would be less than \$3 billion a year, for to the extent that governments bear a large share

of the cost of problem gambling, estimated by the Productivity Commission to be \$5 billion a year, an effective curb on poker machine gambling would result in savings in public budgets.

We may blame political gutlessness – an all-too-easy appeasement of big donors – but that explanation is too simple, because governments, if they engage with the electorate effectively, can gain respect from standing up to those who try to subordinate the public interest to sectoral interests. The Gillard government did well politically in standing up to the cashed-up tobacco lobby, for example.

A more compelling explanation lies in the nature of electoral politics. More than a quarter of House of Representative seats are what the Electoral Commission classifies as “outer metropolitan”. These seats, once strongly Labor, have been hotly contested over the last few elections, the struggle for western Sydney seats being the most prominent example. They are also the regions where licensed clubs are strongly established (and where the Productivity Commission found concentrations of problem gambling).

In government, or in opposition, political parties are dominated by caucuses. They are strongly influenced therefore by those who hold existing seats, particularly if these are seen to be contestable seats. It's hard for a parliamentary party to consider a reform and calculate that it may result in a net gain in seats, but at the cost of some existing seats. Companies may be relaxed about losing some customers while gaining others, but politics doesn't work like that.

That obsession with House of Representatives seats may help explain why Labor has done so poorly in the Senate, where a vote in the pokie-dense electorates of Chifley and Kingston counts no more than a vote in the largely pokie-free electorates of North Sydney and Adelaide. Both main parties would do well to question their marginal seat obsessions, and to look more broadly at the public acceptance of their policies. Even the Greens may have become too carried away by their desire to score lower house seats.

Although the big political parties have squibbed out of gambling reform, in this festive season we can still make our small contributions. For our gatherings we can patronise pokie-free pubs and restaurants. Because they're in competition with establishments which cross-subsidize their meals and drinks with the takings from addicted gamblers, restaurants and pokie-free pubs deserve a break in the name of competitive neutrality.

Victorians can find guidance at the “Pokie-free pubs” website. Those who live in other eastern states could do a community service by developing similar sites for their states or cities – it's not often that one can do a pub crawl while contributing to the common good!