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“In Support of Progress”

Newsletter

A by-election

Gaming

A new energy policy?

TAFE

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A by-election

The by-election for the southern Legislative Council seat of Pembroke, to be held on November 4, is in full swing, with the outcome anything but decided. As well as the traditional showing of independents, all three parties have endorsed candidates and the result could well be a harbinger of things to come in the State election, due in March next year.

The Premier has been standing beside his candidate, who as a councillor in local government was opposed to the government takeover of TasWater, but has now done a 180 degree turn-around. Once a strong opponent, he is now firmly in favour of it.

The Mayor of Clarence, a former President of the Liberal Party, is standing as an independent candidate because he says he does not believe party politics should play a part in the Legislative Council. Interesting, considering he did not espouse that view when he was party President. Obviously, principles are rather flexible with these two.

The Greens have put forward a candidate who is on the Hobart City Council, which has nothing to do with the electorate, but believes that pokies should be banned, and people should have their say, while the endorsed Labor candidate, until recently a Board member of TAFE and a CEO of an NGO, has stated she is not in favour of gaming machines being in clubs and pubs, even though her party is still to announce its decision on this matter.

The Shooters and Fishers Party has a candidate, even though they said earlier this year they would no longer run candidates in elections. Two other candidates are standing as independents and have a long history of standing as independents, albeit unsuccessfully.

All candidates are keen to listen to the views of the electorate (have you ever met a candidate who has said he/she is not keen to do so?), which as a statement of intent suggests that they either have no views of their own, which I doubt, or are too cautious to state them in case some people are offended, which is a shame as it does not really help people decide who to vote for.

All in all, with two weeks to go, an interesting line-up.

Gaming Machines

In 2014, MONA's David Walsh proposed that a high-roller casino be established on his property. Federal Hotels, which has exclusive rights to operate poker machines, keno and casino table games under a lease that expires in 2023, sought certain conditions in exchange for agreeing to the Walsh proposal. Walsh responded by withdrawing his proposal altogether, stating he wanted no part in helping Federal Hotels and their gaming machines.

The government, in response, drafted a set of principles, and then, in an interesting (and commendable) exercise handed them over to a parliamentary joint select committee for a more detailed review. The committee has recently reported back to the parliament, but without a consensus of its members.

In brief, the principles that were laid down led to the following policy positions:

- A Federal Hotels would retain the right to operate their casinos as at present
- B Casino taxes and licence fees would be subject to review
- C The government would consider issuing further casino licences to other parties
- D With respect to Electronic Gaming Machines (EGMs) in pubs and clubs:
 - i. They would continue to operate, with rights to be allocated and priced by some market mechanism, such as a tender process.
 - ii. A cap would be placed on the number, being around 150 less than present
 - iii. Tax rates and licence fees would be subject to review
 - iv. Any new venue would only be approved after a new public interest test.

The last item (D) has been the subject of most controversy. Should pokies be in pubs and clubs?

At the outset, let me state that I don't like EGMs. Unlike other forms of gambling, they offer no judgement, no choice, no thinking. A rather mindless activity – put your money in, and watch the wheels spin. Still, one's personal choice should not be a determinant of policy.

For those who paint the bleak picture, the position is that "MACHINES ARE BAD", and should not be allowed, and particularly so in pubs and clubs. Enticing and addictive, they only lead to misery. The alternative position is the stated benefit - of amenity, activity, employment, and revenue. Advocates for both points of view have been passionate and persuasive in their positions and the joint committee itself was divided in its views.

The government position is to retain them in pubs and clubs, subject to certain conditions being met, but to reduce the cap on the number of machines by 150 in 2023. This is somewhat disingenuous, given that the present number of 2380 plus around 1100 in the two casinos falls short of the legal cap by about 150. It also concedes that nothing can be done until 2023, which seems to ignore the point made by advocates for their removal from pubs and clubs that significant harm is being done to people NOW.

The Greens want them banned from clubs and pubs – Labor is still to state its position.

What is apparent is that the status quo is no longer a realistic option, and that some new arrangement should be established. But on what basis? Given the insidious nature of "demand", the arguments presented so far have been about supply, in particular to reduce the number of machines, and/or to remove them from pubs and clubs.

The argument that if one reduces supply then one reduces demand is a tenuous one at best. Although it is not prohibition as such, a reduced supply and reduced venues could lead to promoting other forms of gambling - just as insidious – and maybe even a degree of "underground" behaviour.

A further refinement has been to suggest a review of the present arrangements with the monopoly supplier and at the end of the current arrangement, put the business out to tender, which suggests that there could be more than one supplier.

I am not a fan of this option. For example, on what basis will the tender be sought? What would be the government's requirements?

I believe the fact of putting it out to tender:

- makes the government complicit in encouraging an operator seeking high profits, when in fact it wants to reduce demand;
- will encourage a promotion of EGM use, when in fact the policy is being directed in the opposite direction;
- makes it less easy to control the gaming world in that Federals will still have the casinos; and
- reduces the ability of a government to negotiate a broader "economic" benefit with the major player.

So, the question that really needs to be addressed in this exercise by all parties is this - "What is the objective? What are we trying to achieve?"

Is the objective ownership? If so, the industry, which includes Federal Hotels, has now stated a position where the ownership of the machines will in 2023 devolve to clubs and pubs, thus ending the exclusive arrangement with Federal Hotels, and setting up a new regime of taxes, fees and levies. The proposal deserves a deeper consideration.

To those who condemn Federal Hotels for the present arrangements, all I can say is that this is the result of a series of negotiations with the government of the day, and Federals should not be condemned for being a competent negotiator in advancing its position.

If the objective is to reduce the level of harm occasioned by these machines, and if a reduced supply of machines is not going to resolve this problem, then the issue is – "How to reduce demand?"

This approach tackles the problem at its core. It is not as easy an approach to take, but it is the only one that will work. The answer is not as simple as "less machines", but it has a greater chance of success in meeting the objective of less money being spent by users. This will not require any lessening of the number of machines to some arbitrary limit, but will involve limiting the amount a user can spend over a time period.

Without wanting to be too definitive at this point, one possibility would be to introduce a card system, with a transactions technology that is readily available. Such a system could allow for a level of control over usage, thus protecting those who otherwise could spend all they have without reducing access to others.

It would probably mean less revenue, but a greater level of support for those who need it. Pubs and clubs can then determine for themselves whether it is worth their while to have EGM's on their premises.

It does not have to wait until 2023 – it could be trialled now.

Energy

I am struggling to understand what the new iteration of government policy is really all about. This new policy is called the "National Energy Guarantee" scheme (NEG) and is designed to replace the renewable energy target (RET) arrangements by 2020, which was to be replaced by the clean energy target (CET) arrangements. The RET arrangement enables subsidies to be paid to renewable energy suppliers, and the government says that such arrangements will not be available after 2020 to any new proposal.

The government is also stating that the NEG COULD (NB NOT would) bring down prices. Although there is a general level of support for it, it seems to be based on hope alone. No-one seems to know how it will actually work. No modelling has been done, and the proposal still has to get the support of the States.

At its core, the NEG seems to suggest that retailers will now be responsible for accessing a level of baseload (dispatchable) power while at the same time accessing renewable (lower emissions) sources of energy. And all to be overseen by some regulatory regime, which will determine the percentages on a state-wide basis. A separate regulatory regime will be responsible for determining emission targets. Very complicated.

The hope is that this will encourage investment in baseload. Presumably renewable providers will now need to have access to baseload power or backup facilities when bidding into the system. Do they access their requirement on the open market? But what if they cannot do so?

And if they can, in what way is that not a trading scheme?

The government is saying more details will be forthcoming. It seems to be policy on the run. At present, it is as clear as mud.

TAFE

It is pleasing to note that there has been a change in the chairmanship of TAFE. Given the levels of concern that have been raised about the TAFE system, we can only hope that the new Chair will provide a level of leadership to ensure that the organization has a greater connection to the needs of industry.