

My name is Ron Cunningham and I am the Licensee of the Austral Inn/ B&B in Quorn, in the Flinders Ranges.

Two years ago I spoke out against a recommendation by the AHA, that the price of Gaming machine entitlements should be \$50,000, with one in four trade machine entitlements going into the government's pool to help reduce the number of machines to the 3000 figure. My claim was, at \$50,000 per machine, the trading rounds would fail. This has been proven to be the case.

I would again like to put forward my thoughts to ensure further trading rounds are successful.

In any trade agreement there must be a buyer and a seller who both agree on a fair and equitable price for both parties.

The reason these trading rounds have failed is simply, there are no sellers.

### **WHY?**

The typical seller is a lessee from a regional area of South Australia, or a small club, being sporting or community. In both cases the licensee is not the only decision maker in sale of these machines.

In the case of a Hotel nearly all these hotels are landlord/tenant occupied and at effectively \$37500 per machines there is not enough incentive for both parties to agree to sell. As both parties would be entitled to a share of the proceeds of the sale of the entitlements and at 50/50 this would represent \$18750.00 each.

Now, spread that over the next ten years of the moratorium and this would represent \$1875.00 per year. Now if that gaming machine earns the tenant **only** \$50 per week he could earn \$2650 per annum by retaining it and the landlord retains the value to this freehold.

### **ANSWER**

This government must be advised to allow the market place to dictate the terms of the sales. There must either be an increase in the price of the entitlements (as seen by our counterparts in NSW & Qld), to a level which will drive the seller to sell; or allow an open market to drive the price where the buyer and seller can agree.

To be effective this must take place immediately.

I am happy to speak at the upcoming public forum, or alternatively, am happy to discuss this submission further.

I can be contacted on 0409 317917 or (08)864 86017,

Ron Cunningham