

# THE POKIES PLAY YOU

## Pokies deliver record 10% of Woolworths profit

Wednesday, August 23, 2017

The Alliance for Gambling Reform today expressed dismay that Woolworths is becoming increasingly dependent on its 13,000 addictive poker machines to prop up annual profits.

For the first time since Woolworths seriously entered the pokies business in 2004-05, the pokies pubs division has contributed more than 10% of the overall annual profit in 2016-17, as measured by Earnings Before Interest and Tax (EBIT). See p10 of [earnings presentation](#).

Alliance director and spokesman Tim Costello called on the Woolworths directors to stop preying on vulnerable people to deliver unsustainable pokies profits.

“Woolworths has made an extraordinary \$2.4 billion out of its pokies business over the past 12 years or an average of \$200 million a year,” Mr Costello said.

“Today’s [Woolworths profits](#) show that the pokies hotels business generated the biggest percentage jump in profit of any continuing Woolworths division in 2016-17 with EBIT up 11.7% to \$233 million.”

“Never before has the pokies division generated more than 10% of EBIT so with Woolworths getting out of businesses such as Masters, Dick Smith and petrol, pokies are becoming a bigger part of the operation.”

The Alliance also noted that Woolworths only owns 75% of the ALH pokies business with the other 25% owned by pokies billionaire Bruce Mathieson.

When you include the Mathieson stake, total EBIT from ALH over the past 12 years has amounted to \$3.2 billion with Mr Mathieson’s share now at \$800 million since 2005-06.

The Alliance is calling on state governments in South Australia, Victoria, NSW and Queensland and Tasmania to better regulate the enormously harmful pokies industry.

“Woolworths is the biggest operator in the most damaging segment of the gambling industry, which enjoys more per capita profits in Australia than any other country,” Mr Costello said.

“In an era of rising distrust of business and concerns about inequality, a business model which relies on addicting vulnerable people is not sustainable in 2017 and if Woolworths won’t behave responsibly, it is time both the Liberal and Labor parties did something about it.”

## WOOLWORTHS HOTELS DIVISION EBIT AS A PROPORTION OF TOTAL EBIT FROM CONTINUING OPERATIONS

2004-05: \$53m of \$1302m (4.07%)

2005-06: \$151m of \$1722m (8.77%)

2006-07: \$184m of \$2111 (8.72%)

2007-08: \$215m of \$2529m (8.5%)

2008-09: \$218m of \$2815m (7.74%)

2009-10: \$177m of \$3082m (5.74%)

2010-11: \$184m of \$3276m (5.61%)

**2011-12: \$196m of \$3352m (5.85%)**

**2012-13: \$264m of \$3653 (7.23%)**

**2013-14: \$275m of \$3775m (7.28%)**

**2014-15: \$234m of \$3748m (6.24%)**

**2015-16 \$209m of \$2446m (8.5%)**

**2016-17: \$233m of \$2326m (10.17%)**

For a full list of the 330 Woolworths venues across Australia, go [here](#).

It includes 85 in Victoria, 49 in NSW , 29 in South Australia and 122 in Queensland.

Also, listen to [this interview](#) about Woolworths and the pokies with The Alliance's Stephen Mayne on ABC radio's *PM* program.

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