

THE POKIES PLAY YOU

Time for sweeping gambling reforms in NSW

Tuesday, December 5, 2017

The Alliance for Gambling Reform today called for dramatic changes in the way gambling is regulated, including more Federal involvement, in response to new data showing Australians remain the world's biggest gamblers and NSW losses are rising faster than all other states.

The Queensland Treasury figures compiled on behalf of all states and territories show that gambling losses in Australia rose by \$900 million or 3.9% to a record \$23.65 billion in 2015-16. See p55 and p57 of this [820 page document](#).

Alliance director and spokesman Tim Costello said the best that can be said is that at least the 2014-15 [growth rate of 7.7%](#) to \$22.7 billion has slowed a little, but far too much of the growth is coming from Australia's gambling hot spot in NSW.

"When you are the world's biggest gamblers and 40% clear of the next country, Singapore, in per capita terms, it is nothing to celebrate that only an extra \$900 million was lost in 2015-16," Mr Costello said.

"NSW is the most pokies-soaked jurisdiction in Australia and, incredibly, it is also the fastest growing with losses rising by 6.2% to a record \$6.1 billion in 2015-16, representing more than half of the \$12.07 billion lost on the pokies nationally."

"NSW is back to its old position of generating a majority of national pokies losses, which is an indictment on the NSW Government and a reflection of entrenched gambling industry capture of key institutions in NSW."

Alliance deputy chair and NSW spokesperson Allison Keogh noted a series of media reports this week about dubious pokies industry payments to charities and that the NSW budget is [projecting strong further growth](#) in pokies losses in future years, which is no surprise given its lax regulatory system. Responding to [extraordinary revelations](#) about the amount of money venues such as the Fairfield Hotel are [deluging on charities, hospitals](#), Ms Keogh said: "If the Fairfield Hotel can [offer \\$2.6 million in cash](#) to charities just to obtain 7 more poker machines, it clearly expects to make a lot of money from a community which is already experiencing one of the highest rates of poker machine harm in Australia."

"Rather than trying to buy approval for more pokies by approaching needy charities with one off pokies-funded handouts, the law in NSW should be changed to remove all requirements that venues distribute funds to local charities and instead give this role to the government through taxes. Pokies applications should succeed or fail on their merits, not based on which charities or public services receive some of the tarnished profits derived from people who fall into the trap of an addictive product. Current contributions to community from clubs and pubs pale in comparison to the losses and harm experienced"

The Local Impact Assessment Process for approval of pokies licenses is currently under review and The Alliance is calling on the NSW government to freeze all pending applications until this flawed process is revised.

“Charities such as White Ribbon have now sworn off receiving pokies cash and there’s been strong [media commentary](#) about the flawed decision to get involved in the first place,” Ms Keogh said.

“Of all Australian jurisdictions, NSW has the highest losses on poker machines and the lowest tax rates, suggesting the government is under-taxing the industry by at least \$500 million a year.”

NSW taxpayers only received \$1.46 billion in tax revenue from the state’s 95,000 poker machines in 2015-16 when total losses were \$6.1 billion. This effective tax rate of just 24% compares with new Victorian legislation passed last week which will see the government take 44.5% of all pokies losses as tax revenue in the period from 2022 until 2032. (See [p43 of the Hansard](#) from the pokies debate in the Victorian Legislative Council last Thursday and go to [page 7 of the revenue section](#) of the 2017-18 NSW budget papers for pokies tax forecasts.)

The Alliance also noted that the Queensland Treasury data is already 17 months out of date, highlighting Australia’s woeful transparency compared with the likes of Macau and Nevada which release monthly gambling loss data. Britain’s national gambling regulator [this week disclosed](#) total gambling losses had risen 1.8% to 13.7 billion pounds (\$A24.4b) in the 12 months to March 30, 2017.

The [2015-16 gambling loss data](#) showed that sports betting remains the fastest growing segment as losses rose by 15% to \$920 million in 2015-16, although this still only represents 3.9% of total losses.

“Sports betting is front of mind with the deluge of ads but it really is pokies which remain the heart of Australia’s gambling problem and NSW is the epi-centre of that harm which is running at levels un-matched anywhere in the world,” Mr Costello said.

Tim Costello said The Alliance is also calling for the Federal Government to get more actively involved in gambling regulation after this week’s release of the [Australian Institute of Family Studies](#) report into gambling prevalence in Australia.

“When a [Federal Government research body reports](#) that 1.5 million Australian play the pokies and this group of Australians ‘were over-represented among people for whom welfare payments formed their main source of income’, then Canberra should know we have a national problem which is hurting their budget,” Mr Costello said.

“Tens of thousands of Australians are drawn into the Federal Centrelink system by state-based gambling losses and the states are hopelessly conflicted by the \$6 billion in tax revenue they make from the \$23.6 billion a year in losses,” Mr Costello said.

STATE BY STATE SUMMARY OF 2015-16 [NATIONAL GAMBLING LOSS DATA](#)

NSW

Contributed \$9.42 billion or 39.8% the \$23.65 billion lost nationally. Pokies losses grew by 6.2% or \$400 million to \$6.1 billion or some 50.5% of the \$12.07 billion lost nationally and a staggering 64.7% of all losses in NSW. Some clubs have more than 700 machines with a \$10 maximum bet, unlimited daily withdrawals and full access to ATMs. Industry enjoys lowest taxes in Australia.

VICTORIA

Total losses up 0.7% to \$5.8 billion with \$2.61 billion or 45% of that coming from poker machines. Has Australia's biggest casino where \$1.85 billion or 32% of state-wide losses were incurred.

QUEENSLAND

Second only to NSW for pokies dominance where \$2.26 billion was lost in 2015-16, comprising 58.8% of the total losses. Still allow \$10 maximum bets and up to 300 machines in venues.

WESTERN AUSTRALIA

Fortunate to have no pokies outside of the casino and achieved a 4.3% drop in total gambling losses to \$1.51 billion with the \$742 million lost at Crown Perth representing 49.1% of the total. Sports betting losses up 12% to \$80.5 million and has subsequently moved on a 15% point of consumption tax to win back some lost revenue from the Northern Territory.

SOUTH AUSTRALIA

2.5% increase in gambling losses to \$1.054 billion, but pokies losses were down 1% to \$718m in 2015-16 and subsequent disclosures have revealed an additional \$38 million drop in pokies losses to \$680 million in 2016-17.

TASMANIA

Total losses up 0.8% to \$326.4 million with casinos contributing \$89.8 million and pokies \$114.2 million. A lively debate continues about the merits of withdrawing all pokies from pubs and clubs.

NORTHERN TERRITORY

Bled the others states of racing revenue as its on-course bookmaker losses soared 26.7% to \$809 million, comprising more than 95% of the \$846.8m generated nationally in this category. This drove a 22.8% increase in overall losses booked through Northern Territory licenced gambling companies to \$1.45 billion, almost equivalent to the \$1.51 billion lost in WA. Sports betting losses through the NT soared 33.2% to \$380 million or some 41.3% of the \$920m total.

ACT

Losses were up 0.8% to \$232 million with the only jurisdiction which restricts pokies to clubs seeing \$168.5 million lost at those clubs, the second biggest operator being the ALP itself with 5 venues.