

# THE POKIES PLAY YOU

## Revealed: Victoria transfers 414 pokies licences from clubs to pubs

Tuesday, July 17, 2018

The Alliance for Gambling Reform today expressed dismay with the Andrews Government for ending the long-standing 50-50 pokies split between pubs and clubs and instead allocating 414 lapsed club entitlements to the more aggressive pubs sector.

Alliance director and spokesman Tim Costello today revealed on ABC Melbourne that this [Ministerial order](#) by Gaming Minister Marlene Kairouz was gazetted on July 9 but the government did not issue a media release announcing the controversial move. Under [the orders](#), once the 27,372 new 20 year pokies licences come into effect on August 16, 2022, clubs will only hold 48.49% of state wide machines, whereas the hotels sector will have 51.51%.

“The Government knows that pokies pubs are significantly more lucrative than clubs, so this decision to hand over 414 lapsed club entitlements to the hotels sector will further increase losses by an estimated \$20 million a year,” Mr Costello said.

“These surplus club licences should have been retired to reduce gambling harm in the community, especially in suburbs suffering above average levels of stress, but instead the big pub chains such as Woolworths, Castello’s, Zagames and Black Rhino will be able to further expand their empires.”

Hotels are already extracting about \$1.7 billion a year from Victorian pokies gamblers compared with only \$900 million for clubs, with Woolworths gouging \$666 million or approximately 40% of all hotel pokies revenue in 2016-17.

Under the current longstanding 50-50 rule, clubs and pubs are each capped at 13,686 of the 27,372 machines outside of Crown Melbourne. The pubs sector will now increase to 14,100 whilst club licences will be capped at 13,272. The 2016-17 VCGLR annual report disclosed ([see p40](#)) that, as at June 2017, there were only 12,884 club licences attached to approved venues, compared with 13,644 for hotels, meaning there is currently 802 unused clubs entitlements in Victoria.

Woolworths is capped at 35% of all pub entitlements so the 51.51% pubs cap will increase the maximum number of machines Woolworths can run by 145 from 4790 to 4935. Club chains, excluding the federation of RSLs, are all capped at 840 machines or just 6.33% of the new overall clubs cap of 13,272 machines. Woolworths told ABC Melbourne this morning that it will not take up the extra 145 machines or bid for any new licences, prompting Tim Costello to call for them to get out of the industry altogether if a relatively small increase is considered so toxic.

“Why should Woolworths be allowed to operate 4935 Victorian poker machines when clubs are capped at 840?” Mr Costello asked. “And if Woolworths don’t want the extra 145 entitlements, why are they currently taking City of Whittlesea to the Supreme Court trying to get 40 new machines into the Commercial Hotel in South Morang?” (See [background](#))

Mr Costello said Australians are already [the world's biggest gamblers](#) in per capita terms and giving hotels a majority of Victoria's poker machine will just cause more harm.

"There has already been a [troubling 6% rise](#) in Victorian monthly losses since the reckless bipartisan deal last November to [legislate for new 20 year pokies licences](#)," Mr Costello said.

The 2017-18 venue loss data will be released by the VCGLR at 11am on July 27, and with \$2472 million [already lost in the 11 months to May](#), an overall rise of \$91 million to \$2.7 billion is expected.

"This would represent the biggest annual increase since the \$94 million jump to the all-time record annual loss of \$2707 million in 2008-09, when communities were stressed by the GFC and the Rudd Government was making large cash hand-outs," Mr Costello said.

The past 10 years of pokies losses in Victoria have been as follows:

2008-09: up \$94m to \$2707m  
2009-10: down \$110m to \$2597m  
2010-11: up \$54m to \$2651m  
2011-12: up \$30m to \$2681m  
2012-13: down \$191m to \$2490m  
2013-14: up \$14m to \$2504m  
2014-15: up \$68m to \$2572m  
2015-16: up \$44m to \$2616m  
2016-17: down \$7m to \$2609m  
2017-18: up \$91m to \$2700m

As The Alliance noted in [this statement](#) when the 2016-17 venue loss data was released, there is only one club in the top 25 venues across the state. Woolworths led with 7 of the 25 and is expected to be responsible for about \$700 million of the \$2.7 billion lost in 2017-18. The typical club only makes about \$80,000 per year on its pokies whereas hotels extract about \$130,000 and the Woolworths ALH division is operating at more than \$140,000 in annual losses per machine.

"Handing over club entitlements to pubs will make this worse because it is the pubs which operate 20 hours a day, offer sophisticated loyalty schemes like the Woolworths Monty's Rewards program and pursue aggressive marketing strategies such as ['kids eat free'](#) offers," Mr Costello said.

The Alliance [distributed this flyer](#) to Woolworths shareholders at the 2017 AGM listing the 51 of 80 Victorian pokies venues which it operates 20 hours a day. We have engaged extensively with Woolworths over the past year but there's been little movement, as was outlined in [this statement](#).

Alliance director Dr Susan Rennie stood for the Woolworths board at the 2017 AGM and delivered [this speech](#) in support of her candidacy. The Alliance is contemplating further action in 2018 if the board continues to do nothing to address Australia's world record levels of gambling harm.

"The Woolworths market share is highest in Victoria courtesy of the permissive regulatory regime tolerated by the Andrews Government and declining to take up an extra 145 entitlements when you already have more than 12,000 pokies across Australia is tokenistic at best," Dr Rennie said.

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