

Taming the pokie palaces:

Greens stand up to powerful clubs to cut devastating problem gambling

Media release: 22 March 2015

The Greens today announced their get-tough policy on poker machines in big clubs.

The party wants to start reducing the number of poker machines in areas where they are doing serious damage. The party is pushing for a freeze on moving licences between clubs and a 'sinking lid' on the number of machines any club can have.

Greens NSW MP John Kaye said that the 47,000 problem gamblers in NSW had been abandoned by political parties that are desperate to appease the powerful clubs lobby.

The Greens plan would not cause any club to go out of business but it would stop the growth of the super-profitable pokie palaces. It provides incentives to all clubs to look for alternate business models that would reduce their dependence on exploiting problem gamblers.

Taming the pokie palaces – key points

- ◆ **A ban on moving electronic gaming machine licenses between venues and clubs** to stop the increasing concentration of poker machine in low socio-economic areas and in very large clubs where there is little surveillance to detect problem gambling behaviour.
- ◆ **A 'sinking lid' on the number of poker machines in each venue**, initially set at 500 and reducing over 20 years to 200. Clubs with machine numbers above the limit would be required to surrender licences for machines in excess of the limit.
- ◆ **A moratorium on new design features**, including those that disguise losses as wins, increase the speed of gambling or provide free spins or linked jackpots.
- ◆ **Reduce the limits on jackpots and bets** from \$10,000 to \$5,000 and from \$10 to \$1, respectively.
- ◆ **A \$250 daily limit on cash withdrawals from ATMs in venues with poker machines**, with hardship exemptions available to rural and regional clubs where there are no other ATMs within a 5 km radius.
- ◆ **A higher poker machine tax rate on the super-profitable clubs** (already announced).

In the event that the Greens are unable to effect a ban on moving electronic gaming machine between clubs, the party will argue for a reform to the Local Impact Assessment process:

- ◆ Require the assessments to be developed by independent consultants, not chosen by the applicant,
- ◆ Require the assessment to include the existing number of machines in the local government area and estimates of existing problem gambling behaviour, and
- ◆ Provide opportunities for the local council and the local community to be involved in the development of the LIA.

Media comment

Greens NSW MP John Kaye said: "NSW has a terrible problem with gambling.

"As long as poker machines are increasingly concentrated into disadvantaged areas and ever larger clubs, the state will struggle to reduce the toll of lives ruined by problem gambling.

"Labor and Coalition governments have ignored the evidence because they are too afraid of the powerful clubs lobby to stem the tide of problem gambling.

"The state's 47,000 problem gamblers have been abandoned by old political parties.

"The devastating impacts will only get worse unless there is party prepared to stand up to the lobby and stop mega clubs from growing fatter on the misery of problem gamblers.

"NSW has had a cap on poker machine numbers since former Premier Bob Carr was forced to respond to the community outcry over the damage done to families and communities.

"The cap has been ineffective. The number of poker machines in the state has always been much less than the cap even though it was reduced in 2009. The real problem is the concentration of poker machines in regions of socio-economic disadvantage and the growth of the massive clubs.

"Aided and abetted by successive governments, the mega clubs have grown ever larger, fed by lightly taxed poker machine profits.

"In the absence of income tax and the ability to pay dividends, the large clubs have nowhere to put their profits other than into new facilities with more gaming machines.

"The Greens aim to break the vicious cycle of clubs growth, fuelled by profits from problem gamblers that have nowhere to go but into further expansion.

"We would increase the tax rates on the super-profitable clubs to take the heat out of the boom and cap the number of poker machines in each club.

"Neither of these measures is new, having been both introduced and then dumped by previous Labor governments.

"The research shows that the design features of an electronic gaming machine matter.

"By bringing down the bet and jackpot limits, banning new design features and driving smaller, more personal clubs sizes, NSW can begin to address problem gambling," Dr Kaye said.

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Background – problem gambling and how we got here

NSW has the highest gambling expenditure rate of any state in Australia¹ and except Nevada in the US, no other state internationally has more poker machines than NSW².

A recent investigation commissioned by the Office of Liquor, Gaming and Racing found that 65 per cent of adults in NSW engaged in some form of gambling within the past 12 months and that poker machines are played by just 27 per cent of the population, down from 31 per cent in 2006³.

Although the number of people playing the pokies has declined, Treasury predicts taxation revenue from poker machines to increase by 4.4% per year until 2018⁴.

While fewer people are playing, those who are lose more.

The 2010 Productivity Commission investigation into gambling in Australia found that problem gamblers contribute 40 per cent of all the money put through poker machines and at risk gamblers accounted for another 20 per cent⁵.

It also found that poker machines accounted for 75-80 per cent of all problem gamblers in the country⁶.

The Memorandum of Understanding signed between Clubs NSW and the Liberal-National government before the last state election demonstrates the power of the gambling lobby.

A new casino, smoking ban exemptions, weak ClubsGRANTS regulation and a series of legislative changes that made the transfer of machines around the state easier have all been gifted to the industry by this government.

One large club in Fairfield, Mounties, has increased its poker machine numbers to over 600.

With each machine in Fairfield raking in over \$85,000 per year⁷ the club is growing at the expense of the Fairfield families that have to deal with the consequences of problem gambling.

Disadvantaged areas across the state have been targeted by clubs and hotels looking to increase their market share.

An astonishing 26 clubs have amalgamated since the 2012 law changes that removed the requirement to forfeit poker machines when transferring between connected venues⁸. Machines located in relatively wealthy areas such as Sydney's east or north can be transferred to venues owned by the same parent company in the west or south without needing to lose any machines.

¹ NSW Parliament Select Committee on the Impact of Gambling 2014, p 6.

² Gaming Technologies Association, World Count of Gaming Machines 2013, p 7.

³ Sproston, K. et al. 2012, Prevalence of Gambling and Problem Gaming in NSW, Ogilvy Illumination: NSW. p 26

⁴ 2014-2015 Budget Papers, NSW Government, p 6-13.

⁵ Productivity Commission, 2010. Inquiry report on Gambling, Australian Government, Canberra. p 5.33.

⁶ ABC News, May 2011, "Key Facts: Gambling in Australia" Available online: <http://www.abc.net.au/news/2011-05-25/key-facts-gambling-in-australia/2730414>

⁷ Safi, M. 28 August 2013, "Full-Service Gambling: Addiction Treatment on the House", The Global Mail. Available online: <http://www.theglobalmail.org/feature/full-service-gambling-addiction-treatment-on-the-house/689/>

⁸ Legislative Council Select Committee on Gambling, May 2014. Hearing transcript and answers to questions taken on notice – Office of Liquor, Gaming and Racing, p 5. Available online: [http://www.parliament.nsw.gov.au/Prod/Parliament/committee.nsf/0/140ee4df88e0e1c9ca257cdd0082712d/\\$FILE/Office%20of%20Liquor%20Gaming%20and%20Racing%20-%20Answers%20to%20questions%20on%20notice%20-%2010%20April%202014.pdf](http://www.parliament.nsw.gov.au/Prod/Parliament/committee.nsf/0/140ee4df88e0e1c9ca257cdd0082712d/$FILE/Office%20of%20Liquor%20Gaming%20and%20Racing%20-%20Answers%20to%20questions%20on%20notice%20-%2010%20April%202014.pdf)

State government measures such as this and consistently weak Local Government powers have created a particular abundance of machines in disadvantaged, low socio-economic or high NESB areas.

Local Government Area	EGM Entitlements (Dec 2013)	Tax (Year End May 2013)	Profit (Year End Aug. 2013)
Fairfield	3,366	\$69,882,576	\$298,032,493
Wollongong	2,734	\$19,195,098	\$121,278,465
Penrith	2,584	\$23,986,525	\$114,428,797
Newcastle	2,507	\$20,288,463	\$103,542,831
Wyong	2,456	\$22,360,645	\$119,051,522
Bankstown	2,351	\$33,737,046	\$152,218,632
Blacktown	2,184	\$29,538,812	\$131,832,337
Lake Macquarie	2,173	\$10,798,243	\$73,424,872
Tweed	2,072	\$16,356,203	\$83,816,313
Canterbury	1,816	\$33,108,297	\$145,461,872
Sutherland Shire	1,769	\$13,702,413	\$76,909,741
Campbelltown	1,731	\$19,349,046	\$88,155,481
Gosford	1,680	\$13,955,956	\$77,384,885
Parramatta	1,492	\$18,997,178	\$91,082,188
State-wide LGA average	495	\$4,427,797	\$23,480,818

Table 1: LGAs with greatest EGM numbers.

(Data source: Answers to Budget Estimates Question on Notice, 2014)

The costs of gambling are being borne by those who can least afford it.

For every problem gambler 10 others are directly impacted and 60 per cent of all problem gamblers who have sought counselling services have talked of committing suicide⁹. When attempting to increase their poker machine numbers by 60, Mounties themselves acknowledged that each new machine "will produce approximately 0.85 of a problem gambler... which in total means an additional 50.47 problem gamblers being created."¹⁰

Taxes from the machines in clubs and hotels accounted for over \$1.2 billion or just over 5 percent of the state's entire taxation revenue in 2013-14¹¹.

⁹ Australian Parliament, August 2012, About the House Magazine: Waiting for the wins. P 28. Available online: <http://www.aph.gov.au/~media/05%20About%20Parliament/53%20HoR/537%20About%20the%20House%20magazine/45/PDF/Waiting.pdf>

¹⁰ Quote from Mr Russell from Russell Corporate Advisory who assisted Mounties with their Local Impact Assessment Class 2 that went with the increase application. Statement was made at a meeting regarding the Mounties application held on 4 April 2013 at Casula Powerhouse. Transcript: http://extras.theglobalmail.org/uploads/Mounties-Transcript_5-April-13.pdf

¹¹ 2014-2015 Budget Papers, NSW Government, p 6-13.