**[Australia’s pokies addiction explained in four charts](https://www.afr.com/companies/games-and-wagering/what-will-happen-if-pokies-go-cashless-20221212-p5c5os)**

***The Perrottet government has unveiled a plan to phase out the use of cash in all poker machines across NSW. Here’s why taking this reform to the next election is such a big gamble.***

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Feb 13, 2023

Pub billionaire Arthur Laundy has been preparing for this day for more than 10 years. The Financial Review Rich Lister, worth $1.9 billion through his family-owned chain of pubs and hotels stretching the length of NSW, structured his business knowing in the back of his mind that regulations around poker machines could one day shift.

But now the Perrottet government has unveiled a pre-election plan to phase out the use of cash in all poker machines across the state and a $350 million package to help pubs and clubs cope with the transition, Mr Laundy is convinced that it’s the smallest players in the sector that will suffer most.

Arthur Laundy at the “Woolly Bay” pub: “I feel very sorry for the 70 per cent of publicans out there who will find this very tough.” **Louise Kennerley**

“I was always worried something like this would happen, and so I’ve tried very hard over the past 10 years to build a portfolio of hotels where I thought liquor would be the main earner for this reason,” Laundy tells *The Australian Financial Review*.

“But I feel very sorry for the 70 per cent of publicans out there who will find this very tough.”

Laundy, whose four children, including one-time federal Liberal frontbencher Craig Laundy, work for the Laundy Hotels group, spoke the day **after**[**sealing the biggest deal in his 61-year career, negotiating to pay up to $300 million to acquire a half share in five major hotels**](https://www.afr.com/property/commercial/laundys-splash-150m-on-nsw-pubs-and-byron-bay-s-the-farm-20230206-p5ciam). The deal will give him full control of Sydney’s Watsons Bay Boutique Hotel and the giant Northies Hotel at Cronulla. The latest deal takes the Laundys’ portfolio to close to 90 venues.

Perrottet’s so-called “Pokies Revolution” stands to up-end the March NSW election and fundamentally change the most popular form of gambling in Australia.

According to research by Morgan Stanley analysts, the introduction of cashless gaming cards, with a limit on how much a person can lose on the pokies per day, or month, could result in a 15 per cent to 25 per cent reduction in the amount gambled each year.

Does Australia have a pokie problem?

A Crime Commission report in 2022 found criminals were laundering billions of dollars in crime proceeds into poker machines in NSW pubs and clubs each year, with no effective controls or ability to prosecute those involved. It recommended a cashless gaming system and extra data collection measures.

Adding to the premier’s desire for pokie reform is the fact Australians, particularly in NSW, are world-beaters when it comes to gambling and the use of poker machines.

Australians spend (and lose) more money gambling across all formats compared to any other country in the world. Aussies spend on average $US1135 per person each year, according to UK-based gaming data firm H2 Gambling Capital. In Hong Kong, Singapore, Ireland and the United States, punters spend between $US500 to $US890 per person annually.

The largest chunk of the money is put into poker machines, where Australians spend $US469 on average per person a year, more than twice the next countries, Italy and Japan.

**What is being proposed in NSW?**

Currently, any person over the age of 18 can walk into a gaming room in a pub or club and put cash notes through a poker machine. Perrottet has proposed plans to make all machines across the state cashless, which would require people to load a special card up with money at the venue and then insert it into the machines to play.

The NSW government is also considering introducing limits on how much a person can gamble by capping losses at $1000 to $1500 a day, and cards would be linked to a particular person and bank account to prevent anonymous betting. No personal data from gamblers will be kept.

Perrottet has signalled the plan to make them cashless will roll out over five years and cost the state $344 million, with plans to buy back some poker machines to aid in the transition.

NSW Labor leader Chris Minns – a favourite to beat the premier in the March state election – has indicated he doesn’t support the full cashless proposal, citing lack of evidence it’ll work to reduce problem gambling.

Instead, he has said **Labor would cut the number of poker machines in venues, reduce signage for gaming rooms and introduce a trial of a cashless card on only 500 machines**. Minns’ plans have been criticised by gambling reform advocates,

Where is the most money lost gambling?

The most comprehensive longitudinal government survey on Australia’s gambling is called *Australian Gambling Statistics*, produced by the Queensland government. The survey’s most recent report for 2018-19 lays out the sheer scale of gambling on poker machines, particularly in NSW.

The report estimated that Australia’s total gambling turnover (meaning all money wagered including wins or losses) came to almost $226 billion for 2018-19, across everything from poker machines, bookmakers, racing, casinos and lotteries.

More than half of that $226 billion was spent in poker machines ($153 billion). Almost one third of money gambled across the country was on NSW poker machines ($86 billion).

How many poker machines are there in NSW?

The NSW Crime Commission’s landmark Project Islington report on the poker machine industry last year found there was a threat of bad actors using machines to put through wads of dirty money and withdraw clean cash.

The report found $95 billion was gambled in poker machines for the year ending June 2021.

The commission found there were almost 100,000 poker machines in NSW – about one poker machine for every 81 people – with more than 86,000 in operation in gaming rooms across the state.

Research has also highlighted how poker machine losses hit lower socio-economic areas the hardest. A report for the Centre for Western Sydney found areas like Fairfield, Canterbury-Bankstown and Cumberland lost $862 million on poker machines in the first half of 2022.

Western Sydney areas were responsible for 63 per cent of poker machine losses in Sydney, whereas only making up just over half of the city’s population.

“If you want to do an analysis of the distribution of losses, then it’s a very regressive distribution (a high percentage of income is taken from lower-income earners),” says Dr Charles Livingstone, a gambling regulation expert from Monash University,

“A hefty proportion of the total is coming from the most disadvantaged suburbs and most disadvantaged people.”

How much money do clubs, venues and NSW government make from poker machines?

It’s hard to quantify how much each pub across NSW makes from poker machine revenue. But registered clubs, which often have large gaming rooms, stand to receive a large portion of their revenue from pokies.

Take Bankstown Sports Group, which operates a slew of clubs, including the Bankstown Sports club, Bankstown Sports bowls and Baulkham Hills Sports club. Financial results show the vast majority of the revenue comes from poker machines.

The clubs made $101 million in total revenue in 2022, according to the group’s annual report. The revenue from gaming was $73 million for the year.

The NSW government coffers are also flush with cash from taxes on poker machines. The NSW budget shows the state will make more than $2.25 billion from taxing poker machines revenue this year – that makes up more than 5 per cent of all annual tax revenue in NSW.

According to budget papers, the government predicts poker machine tax revenue to steadily increase by more than 10 per cent every year for the next five years. The government has not revealed the tax hit to making the machines go cashless.

What would be the effect on revenue if pokies go cashless?

Research by Morgan Stanley analysts estimates cashless gaming, with spend limits, could result in a 15 per cent to 25 per cent reduction in annual electronic gaming spend.

“We expect cashless gaming to [deter] a current cohort of users, who are opposed to registered play and reduce spend of high-frequency players, if loss limits are imposed,” the analysts said in their report.

“However, increased ease of use potentially opens up a younger cohort of users and increases play – both of which act as an offset to these headwinds.”

Just what the fall in revenue from poker machines would be, depends on what daily spending limits and loss limits are implemented.

Morgan Stanley estimates that imposing a loss limit of between $1000 and $1500 a day, would affect revenue from electronic gaming machines by about 10 per cent (with revenue from problem gamblers falling by about 25 per cent).

On the other hand, the analysts forecast that a $100 per day loss limit, and $500 a month loss limit, as enacted by the Tasmanian government, will have a 70 per cent impact on revenue (with revenue from problem gamblers falling by about 94 per cent).

Are there cashless gaming cards elsewhere in the world?

Those pushing for poker machine reforms regularly point to the example of Norway and the effect it had on gambling patterns there.

According to an academic paper by the Norwegian Institute for Alcohol and Drug research in 2016, Norway had 5.75 EGMs (electronic gaming machines) per 1000 people in 1997 – among the highest rates in the world.

Across several years in the mid-2000s, Norwegian policy-makers banned “note acceptors” from the machines, making them cashless, while creating a government monopoly to control EGMs. They went further, banning the machines for 18 months as a way to break the country’s use of the machines.

When the ban was lifted in 2009, the Norwegian government monopoly rolled out new cashless machines, with people requiring a personal gambling card to use them.

The researchers found the policy restrictions, including making them cashless, resulted in a “large net decrease in gambling turnover”, with only a small increase in gambling on other formats. The Norwegian monopoly also financially compensated many owners of the EGMs who suffered from loss of revenue.

“There is evidence to suggest that the restrictions have impacted not only upon gambling turnover and gambling frequency, but also on the prevalence of at-risk and problem gambling,” the authors concluded.

According to Morgan Stanley, the Norwegian government’s move to impose gambling loss limits of 2700 krone per day (about $400) and 4400 krone (about $640) per month saw gambling revenue plummet.

The company estimated gambling revenue in Norway fell by about 80 per cent between 2005 and 2011.

Norwegian academics also found calls to the national help service for problem gamblers fell 62 per cent in the first six months after the machines were made cashless.

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