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## **POKIE TAX INCREASES COST NSW \$1.6B**

A recent report shows that over the next five years the NSW economy will take a \$1.6 billion hit as the State Government's poker machine tax increases on clubs reverberates throughout NSW.

The report was prepared by KPMG, after being commissioned by ClubsNSW last year, and assesses the financial health of clubs in light of the State Government's significant increases in poker machine tax rates for clubs.

The report estimated that by 2014, the effect of the poker machine tax increases combined with the downturn caused by the indoor smoking bans could result in:

- An approximate decline of \$1.6 billion in gross state product (GSP)
- An approximate average of 3,912 jobs lost in the NSW economy annually

The report also found:

- 190 clubs may face the prospect of closure in the period to 2012 (105 clubs have already closed or amalgamated since the tax rates were increased in September 2004)
- Club contributions to community groups and charities may be reduced by between \$219 and \$343 million over the period to 2012.

ClubsNSW Acting CEO Anthony Ball said the report was compiled using data from both Government and more than 500 clubs, including financial histories of clubs who volunteered their books for analysis and staff to interviews.

"This report shows that the tax increases forced on clubs by 2014 could cost the NSW economy \$1.6 billion dollars. By over-taxing, the government has actually hurt the NSW economy and their own financial coffers.

"One hundred and five clubs have closed or amalgamated and 8,431 jobs gone from the Club Industry since the tax rates were increased. We will be seeking an urgent meeting with Kristina Keneally, asking that some of the tax increase be wound back.

"Even before the tax rates were increased, NSW clubs were already the third largest tax payer in the state. Unfortunately, by overtaxing, the State Government has sent club employment, capital investment and support for community and charities into a rapid decline.

"We are fast approaching the point of no return for many clubs. The KPMG report shows that by 2012, even some of our largest clubs may be at a level that places them in, or at risk of financial distress.

"Every town, every suburb has lost at least one club in the past few years, each one leaving an economic and social hole in the local community. The evidence is there for all to see.

"Clubs should be growing their business and supporting their local and state economies. Instead clubs are cutting staff, selling land, all just to pay their tax bills," Anthony Ball said.

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