POKER MACHINES FACT SHEET

POKER MACHINES

Poker machines are a specialised version of Electronic Gambling Machines (EGMs). Originally manually operated to spin reels that replicated hands of poker, these days they are entirely digital – programmed to still appear to have spinning reels, but managed by algorithms including a formula for how much of the money that has been bet will eventually be returned – and it's always less than 100%[i]. You cannot, over time, come out ahead.

Australia has 76% of the world's non-casino poker machines – that is, the machines in pubs and clubs[ii]. Half those are in NSW. There are none in Western Australia.

Australians lose over $24billion a year on a range of gambling products[iii]. Half those losses (FY2019: $12.5billion) are through poker machines.

In NSW, $18.5million is lost **every day** of the year through pub and club pokies[iv]. In Victoria, it's $7.4million[v], and in Qld, $8.4million[vi].

In NSW, using the 2019/2020 figures, the average machine in a club takes over $50,000 a year, and the average machine in a pub takes over $115,000.

Many clubs and pubs in the eastern states of Australia have now found themselves in the grip of an unsustainable business model – their venues depend on the revenue of addiction.

THE ADDICTION STRATEGIES:

RANDOM REINFORCEMENT

Pigeon and rat experiments[vii] in the 1950s found that providing an occasional, unpredictable reward for pressing a lever resulted in the rats obsessively pressing the lever, hoping for food. This behavioural psychology also applies to humans and is the foundation of what makes poker machines addictive.

LOADED DICE

Today's computer programmed machines are designed to mislead users by 'weighting' the virtual reels, or making them of unequal lengths, so that 'near misses' appear to occur more frequently.

NEAR MISSES

These are designed to give users the impression that they almost won. In fact they are no 'closer' to a win than any other push of the button; this feature is designed to give users false hope that if they keep gambling, they are more likely to win.

LOSSES DISGUISED AS WINS

A gambler places a bet of $1 using multiple lines and hits the button. While they don't hit the 'jackpot', they do get a match of symbols on one line and are told that they've 'won' $0.20. Lights flash and applause rings out from the machine – but in truth the gambler just lost $0.80. This visual and audio reinforcement triggers chemical reactions in the brain.

CONTINUOUS GAMBLING

In other forms of gambling, you have to wait at least a few minutes for the horse race to finish or the roulette wheel to stop spinning. On a poker machine you can place a bet every few seconds. A $10 bet on the Melbourne cup means you could lose $10 on cup day. Placing $10 bets on poker machines results in average losses of $1200 an hour[viii].

A SERIOUS PUBLIC HEALTH PROBLEM

When a person loses on poker machines, it's more than just money. These losses often continue until everything is gambled away – disposable income, savings, and then the family home. The harms associated with gambling can be mild, but real, including difficulty sleeping, or increased anxiety. However, it can range up to financial disaster, bankruptcy and loss of assets, divorce, separation and its harmful impacts on children, family violence, mental and physical ill health, crime, drug and alcohol abuse, and self-harm. For these reasons, 'gambling disorder' is recognised as a serious addiction and a mental health condition with major health impacts on the person gambling and those around them.

Victorian research has been investigating harms from gambling using a public health methodology[ix], and use the following categories: financial, relationships, emotional or psychological distress (mental health), physical health, work/study, cultural and crime.

The scale of the damage done is large. People who gamble in any way (eg buy a lottery ticket, play bingo, bet on sport, wager on horseracing or use poker machines) at least once a month are considered regular gamblers. It is estimated that there are around 6.8million regular gamblers in Australia[x]. Of those, 1.1million are, or are at significant risk of, experiencing gambling-related problems. By comparison 24,600 Australians were admitted to hospital due to a car accident in the last year[xi]. For every person directly harmed by gambling, between 5 and 10 friends, family and others, including employers, are also affected. This means that up to 6 million Australians could be negatively affected.[xii]

In 2015 "Gambling disorder" was listed as a mental disorder in the "bible" of psychiatry, the Diagnostic and Statistical Manual (DSM 5)[xiii].

POKER MACHINES ARE LOCATED IN DISADVANTAGED AREAS

Poker machine operators, whether clubs or large corporations like Woolworths, often locate machines in the suburbs with the lowest incomes and the least capacity to cope with the losses caused by poker machines.

For example, in FY2019, Fairfield in Sydney's west lost $1.4million a day, every day.[xiv] Victoria's least affluent suburbs lose six times more to poker machines than the most affluent postcodes. The gambling operators are clearly exploiting communities that are already highly stressed, and that can least afford the additional problems poker machines create.

POKER MACHINES CAUSE THE MOST HARM

The most recent survey in the ACT found that gambling on poker machines was the most reliable predictor of developing severe problems, and the more time spent gambling on poker machines, the higher the risk of harm.[xv]

Recent surveys in Victoria estimate that seven out of ten poker machine users experience some level of harm, two out of ten at high levels.[xvi]

Increasingly, we are recognizing that not only does gambling, especially using poker machines, cause harm, but that people who are vulnerable because of other sources of mental ill health, are at higher risk of using poker machines as self-medication, and then developing an addiction.[xvii]

These machines are a con-job, not a fair bet, and certainly not just a harmless punt. Predatory poker machines are like cigarettes - addictive and harmful – but profitable for the industry that creates them. Like tobacco, it's time government stepped in with strong laws to keep us safe.

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