

Did you know? – Poker machines

100 years of poker machines in Australia; in NSW clubs since 1956

Poker machines were imported to Australia as soon as they appeared in the United States of America around 1900.

In 1956, NSW became the first Australian state to permit the use of poker machines in registered clubs.

Problem gambling and poker machines

At 85–90%, poker machines return more money to players than most of the popular forms of gambling. Yet poker machines now account for the majority of money gambled and lost in Australia. That's because problem gamblers tend to play for long periods and frequently, and their overall losses grow the longer they play.

Most of the people who develop a gambling addiction play poker machines.

Poker machine probabilities

On a poker machine with five reels and 35 possible stops on each reel, there are 52,521,875 possible stop combinations. It is often the case that the jackpot symbol is only assigned to one stop on each reel so there is only a 1 in 52,521,875 chance of hitting the jackpot in any one play.

Australia's high proportion of poker machines

Australia has only about .34% of the world's population, yet it has 21% of the world's 'high intensity' (in terms of the speed with which money can be lost, and their risks to problem gamblers) poker machines.

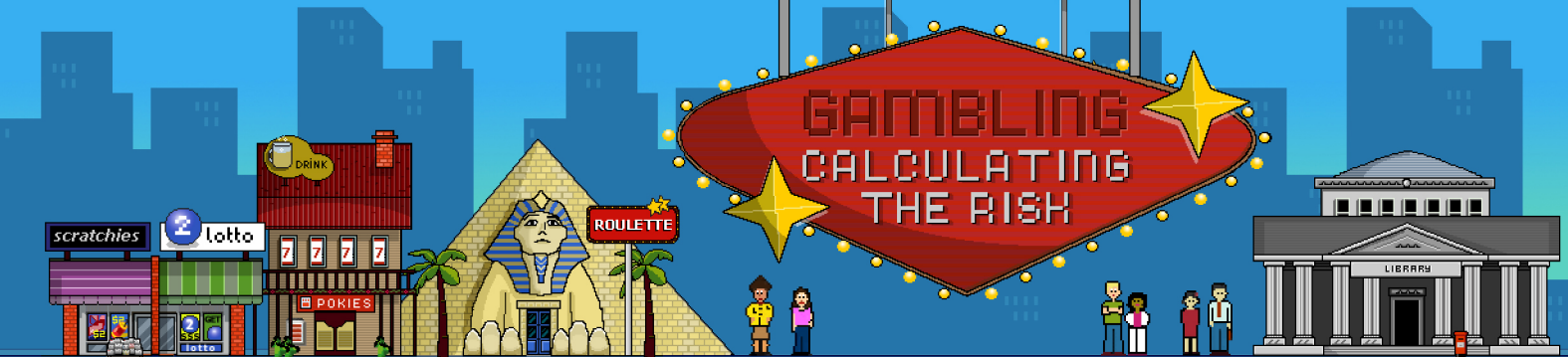
If you include the lower intensity machines such as the pachinko (pinball-style) gaming machines in Japan and the fruit machines in the UK, Australia's percentage of the world's gaming machines is more like 2.4% – still very high given Australia's relatively small population.

Poker machines and problem gambling

In 1999 more than half of all gambling losses in Australia were on poker machines.

An estimated 42% of poker machine revenue comes from problem gamblers.

Compulsive gambling can cause the criminalisation of otherwise good people. It is estimated that 25% of gambling addicts in Melbourne finance their habit from crime.



Easier to lose more on Australian poker machines

Australian poker machines are able to consume more money, more quickly, than any other poker machines.

The low-intensity British poker machines only allow small bets. Even the jackpot machines in British casinos have maximum bets of 50 pence (about A\$1.50) per game, compared with Australian machines in pubs and clubs with \$10 maximums.

Multiple line games in Australia are an even greater risk, with some machines making it possible to stake \$100 for one push of a button.

The maximum average loss rate per hour for Australian poker machines in Australian dollars is \$720 per hour compared to \$156 for New Zealand machines (outside casinos), \$130 for the United Kingdom machines, \$52 for Japanese machines and \$705 for United States machines.

Australia's high number of poker machines per capita

Australia has 133 machines per 10,000 adults compared to the United States' 29 and the United Kingdom's 59 (low intensity) machines. Australia has almost five times as many poker machines per capita as the United States.

Why there is a high association of poker machines with problem gambling

Venues with poker machines are often open for long hours so there are few limits to problem gamblers playing for a long time and spending and losing all the money to which they have access.

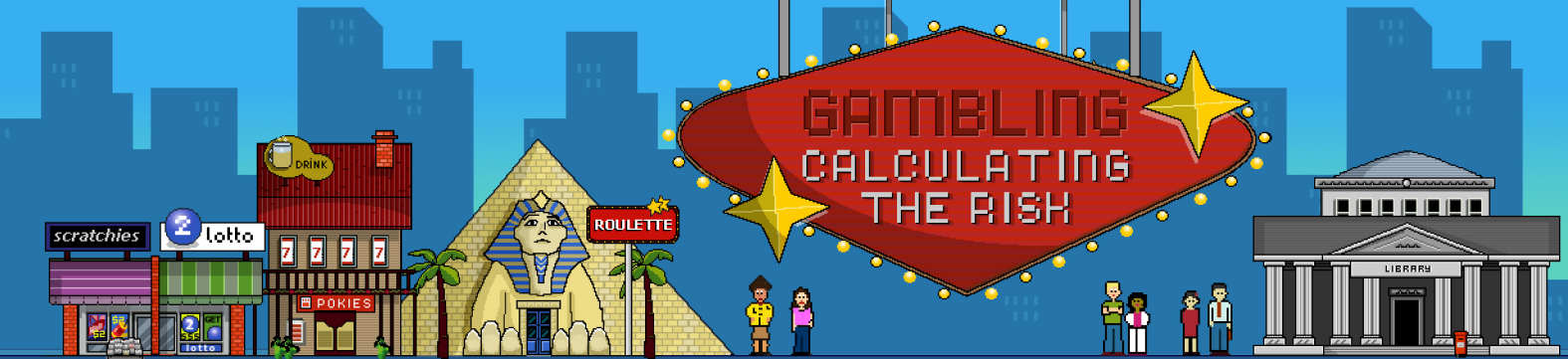
Poker machines are often in environments where there are no windows and no clocks, reducing players' awareness of time passing.

ATM machines are generally available so that players can access more cash with which to gamble.

Poker machine players tend to have wins along the way – intermittent rewards – which makes the players feel encouraged. When they lose money, they believe that if they keep playing, they can recoup their losses – but they are generally wrong.

Heaviest gamblers in New South Wales

People in New South Wales spend more money gambling than other Australians. In 1999 an average \$1068 per adult was lost on gambling in NSW compared with \$478 per adult in Western Australia. Most of this is spent on poker machines.



Poker machines – from wheels to computers

Poker machines used to have physical wheels which you could see spin into place – so you could see whether you had ‘just missed’ a winning row.

With electronic machines, there is just the appearance of actual spinning wheels; it may look as though there are quite a few ‘near misses’ on the screen, but the high winning combinations are programmed by the computer and are actually very rare.

The appearance of ‘just missed’ combinations is a key to the allure of poker machines.

Today’s video machines reward various ‘just missed’ combinations, and include secondary games, increasing the temptations to gamblers.

Licensed clubs

Although clubs have been an important part of Australian life since the 1800s, they were exclusive associations until the 1950s when new licensing laws and the legalisation of poker machines made social club membership widely available in NSW. Since 1990, all Australian states (except Western Australia) have permitted poker machines in clubs.

There are more than 3,000 licensed clubs in Australia. As the pioneer and heartland of the club movement, NSW is home to almost half of these clubs and to 2.5 million club members.

At 30 June 2004, 1370 NSW registered clubs operated 74,912 gaming machines. (Source: Department of Gaming and Racing 2003-2004 Annual Report).

Spending on poker machines by municipality

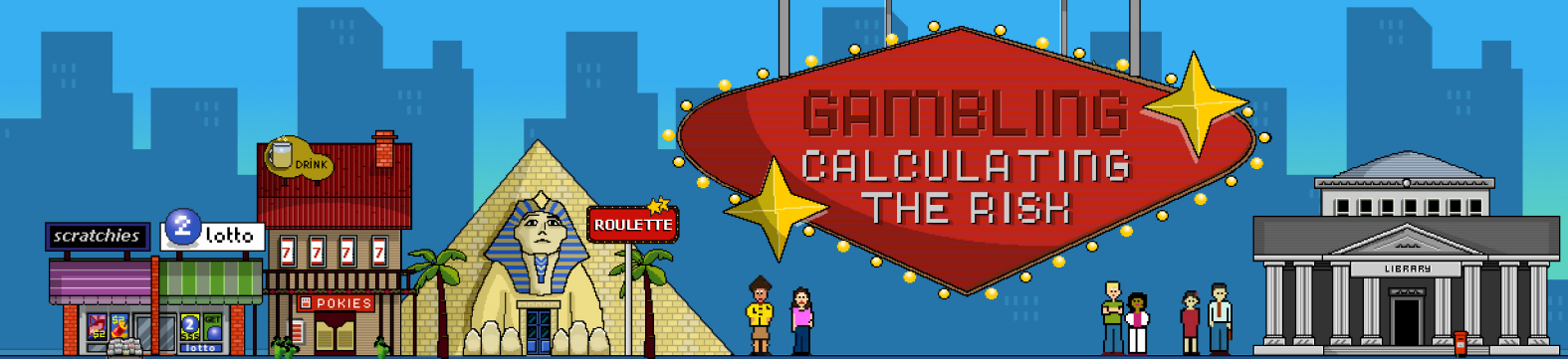
In 1999, households in the City of Boroondara in Melbourne’s inner east had a median weekly household income of \$868. Boroondara then had 261 poker machines and an average annual adult expenditure on poker machines of \$152 (about \$3 a week).

At the same time, in the industrial west of Melbourne, the City of Maribyrnong had a \$495 median weekly household income. Maribyrnong had 804 poker machines, and average annual adult poker machine expenditure of \$1118 (about \$21.50 per week – and about seven times more than in Boroondara).

The many and the few

In gambling the many must lose in order that the few may win.

~ George Bernard Shaw



The influence of intermittent rewards

Intermittent reward has been shown in psychological studies to produce the greatest persistence. In poker machines, which have an inbuilt bias in favour of the venue, this factor (ie, that you have a win from time to time) can lead you to keep playing until all your money is gone.

Irregular winnings or payouts cause some gamblers to think they can predict when the next payout or win will occur, but in games of pure chance this is impossible to do.

The poker machine's lights and the music it plays when you get credits encourage your persistent playing, making it even harder to stop.

The advance of the poker machine

In 1970 Australians could play poker machines only in non-profit clubs in NSW. Many Australians made special trips to NSW in order to play the pokies.

By 2000 poker machines could be played in every state and Territory except Western Australia, which allowed the machines only at Burswood Casino.

Outside casinos, poker machines accounted for nearly \$6 billion or 52% of total gambling expenditure in 1998, up from 29% just a decade earlier. If casino poker machines are included, spending on poker machines is about 60% of total gambling losses.

The 'no pokies' ticket winner

Poker machines had caused such social problems in their four years since being introduced in South Australia in 1993, that a suburban lawyer, Nick Xenophon, campaigned for and unexpectedly won an independent Legislative Council seat in South Australia on a 'no pokies' ticket; the first independent to enter the upper house since World War II.

Nick Xenophon was moved to do something to counter the social problems associated with compulsive poker machine playing after an intellectually disabled client of his lost a large sum of money through the pokies at his local hotel. He had been a visitor to the hotel over several years and was known to the staff. Yet over six months playing poker machines at that hotel, he was easily able to lose some \$28,000 of the \$30,000 he had received in a legal settlement (via another law firm).