



DOLLAR BETS FOR POKIES

Reducing problem gambling

Plans for poker machine reform

Australians lose billions each year on the pokies. Many of these losses come from problem gamblers who cannot afford it. Placing bet limits on high-intensity machines will help curb these losses without impacting on recreational gamblers.

There is an abundance of evidence that gambling - and pokies in particular - causes enormous harm in the community. Genuine gambling reform is an issue governments cannot shy away from any longer.

Because of the potential for harm caused by the high loss rate of Australian machines, the Greens will limit bet rates on all pokies to bring losses under control.

> LIMITING LOSSES, LIMITING HARMS

Under the Greens' policy, all Australian poker machines will have the following limitations:

- **A maximum bet limit of \$1 per spin.** Given that 88% of recreational gamblers already spend less than \$1 per spin when playing pokies, this policy will not affect the average punter playing the pokies for an hour or two on a night out.ⁱ
- **A load up limit of \$20.** Limiting the amount of money that can be loaded into a machine at any one time will not affect recreational gamblers but will slow problem gamblers down.ⁱⁱ
- **Jackpots of no more than \$500.** Limiting jackpots reduces the volatility of the machines and therefore their addictiveness.ⁱⁱⁱ
- **A staged introduction to 2020.** To give the industry time to adjust, all new machines must support bet and jackpot limits by 2018, with the limits enforced by 2020.^{iv}

By ensuring that all poker machines are limited to "low-intensity" losses of around \$100 per hour, the need for mandatory pre-commitment technology is removed and the costs of implementation become negligible. Limiting machines to lower intensity is a simple reform that won't affect most players, but will help problem gamblers limit their losses.

This common-sense change will bring the cost of playing poker machines back into line with other forms of recreational activity, and will do so over a timeframe that is realistic, affordable and fair to industry.

> THE PROBLEM OF POKIES

Australians are the world's most prolific gamblers. We spend a remarkable \$1200 per capita every year on bets.^v Of the \$19 billion gambled by Australians every year, 60% (or \$12 billion) goes into poker machines.^{vi} This means Australians lose more money per adult on gambling than every other developed country.^{vii}

About 4% of the adult population, or 600,000 people, play pokies at least weekly. Up to 15% of the people who gamble weekly are considered "problem gamblers" who have difficulty controlling their play and expenditure. These problem gamblers account for about 40% of all pokies losses.^{viii} This means that those who can least afford it are losing the most.

The cost to the community of problem gambling is high. It takes an enormous toll on families, drives people to crime, and imposes social costs of \$4.7 billion on the nation every year.

Australia's "casino style" poker machines are infamous. They have been carefully engineered by the industry to be highly addictive, to disguise losses as wins, and to efficiently empty the pockets of their customers. Some of these machines can churn through thousands of dollars in a single hour. Yet they can be found in high numbers in nearly every Australian community.

> HIGH INTENSITY LEADS TO HARM

Reform of poker machine regulation has been extensively examined by the Productivity Commission. The Commission found that action should be taken to curb the harms of problem gambling and recommended several steps to curb the harm of the "high intensity" poker machines that are found across the country.

Australia's poker machines are unusual by world standards. At the present time in Australia, there are no low-intensity machines where bets are restricted to ranges consistent with normal, recreational play. This contrasts with other jurisdictions around the world such as New Zealand and the United Kingdom, where certain venues are restricted to machines with low limits

on the maximum stake and maximum prize. In the United States, high-intensity machines are generally limited to casinos.

It is possible to quickly lose large sums of money on the typical Australian poker machine. In states where a \$10 maximum bet applies and the spin rate is unregulated, a gambler could expect to lose \$1200 per hour - with possible losses significantly higher.

Because of the risks that high-intensity machines pose, the Productivity Commission made several recommendations for reform in the area of electronic gaming machines.

- That low intensity machines be offered (loss rates of about \$120/hour), with \$1 bet limits and a \$20 load-up maximum.
- No change to note acceptors on machines based on the above.
- More research into the effect of jackpots.
- Mandatory pre-commitment for high-intensity machines whereby users specify a loss limit before gambling on poker machines and have that limit enforced via technological measures.

> REAL CHANGE NEEDS REAL REFORM

Neither the Coalition, nor the Labor Party, are committed to this reform. Despite legislating modest gains during the Gillard government as part of the hung parliament negotiations, the Labor Party then joined with the Coalition in 2014 to repeal this legislation. Despite clear evidence that gambling is a social and health threat to Australians, both parties have refused to tackle real reform.

It is worth noting that the ALP are owners of significant numbers of poker machines and direct beneficiaries of many millions of dollars of income derived from problem gamblers.^{ix} Both the Liberal and Labor parties receive substantial donations from the hotels and clubs industries to fund their election campaigns. Given this reliance on gambling revenue and the close relationship with industry, it's unsurprising the old parties have failed to show any leadership on this issue.

During the hung parliament, the Greens secured the establishment of the Australian Gambling Research Centre, which remains in place today. The Centre has provided clear evidence of the benefits of specific measures to tackle problem gambling, illustrating that taking action on bet limits is likely to make a real impact on how much problem gamblers lose.^x

Achieving reform is not easy with powerful lobbies like Clubs Australia determined to block any reform that limits the flow of cash through Australia's 200,000 poker machines. But a reform that that could prevent crime, keep families together, and even stop suicides – all known consequences of unrestricted gambling – is one the Greens are proud to fight for. We have the courage to stand up to the Pokies lobby for a more caring society.

> PREVENTING HARM SAVES MONEY

High-intensity poker machines are designed to be addictive and maximise losses. Gambling is no longer a bit of harmless fun, but has become a huge industry whose sole purpose is to extract as much money from punters as quickly as possible.

Costs to industry will be negligible. By phasing in the limits over 4 years – the average lifespan of a poker machine – changing the software will not place an undue burden on local clubs.^{xi}

Poker machines that can churn through thousands of dollars an hour have no place in a typical night out. Introducing reasonable bet limits will slow the losses of problem gamblers and limit the billions in harms to society these losses cause.

While the old parties continue to profit from misery, it is only the Greens that are standing up for action on problem gambling.

ⁱ Productivity Commission, Gambling, vol. 1, Commonwealth of Australia 2010 p. 11.12.

ⁱⁱ Productivity Commission p. 11.2; p. 56.

ⁱⁱⁱ Productivity Commission., p 11.23.

^{iv} Productivity Commission., pp. 11.29 – 11.30.

^v €902 (\$1208.75) per year according to The Economist, reported in <http://www.smh.com.au/national/its-a-sure-thing-australians-are-far-ahead-in-the-gambling-world-20110520-1ewls.html>

^{vi} Productivity Commission, p. 2

^{vii} <http://www.smh.com.au/business/the-economy/australias-gambling-obsession-in-one-depressing-chart-20150901-gjd2w1.html>

^{viii} Productivity Commission., p. 48.

^{ix} <http://www.crikey.com.au/2012/01/23/big-compo-for-alps-pokie-clubs-but-industry-declares-no-conflict/>;

<http://www.abc.net.au/news/2015-07-17/steketee-gambling-pays-off-for-australian-governments/6625170>

^x Australian Gambling Research Centre (2016) 'Review of electronic gaming machine pre-commitment features: limit setting', available at <https://aifs.gov.au/agrc/>

^{xi} The Australia Institute, *Rubbery Figures: An examination of the claimed and likely costs of poker machine reform in Australia 2012*.