



Regis Controls Pty Ltd Submission to the Joint Select Committee on Gambling Reform for Inquiry
the National Gambling Reform Bill 2012

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We wish to thank the Committee for allowing Regis Controls to lodge this submission.

Ben Chifley Speech - The light on the hill

When I sat at a Labour meeting in the country with only ten or fifteen men there, I found a man sitting beside me who had been working in the Labour movement for fifty-four years. I have no doubt that many of you have been doing the same, not hoping for any advantage from the movement, not hoping for any personal gain, but because you believe in a movement that has been built up to bring better conditions to the people. Therefore, the success of the Labour Party at the next elections depends entirely, as it always has done, on the people who work.

I try to think of the Labour movement, not as putting an extra sixpence into somebody's pocket, or making somebody Prime Minister or Premier, but as a movement bringing something better to the people, better standards of living, greater happiness to the mass of the people. We have a great objective - the light on the hill - which we aim to reach by working the betterment of mankind not only here but anywhere we may give a helping hand. If it were not for that, the Labour movement would not be worth fighting for.

If the movement can make someone more comfortable, give to some father or mother a greater feeling of security for their children, a feeling that if a depression comes there will be work, that the government is striving its hardest to do its best, then the Labour movement will be completely justified.

End quote...

Before we begin with our comments regarding the proposed Bill contents, as it currently stands, we wish to state from the outset that we are “apolitical” and our company mission is solely focused on bringing forth socially responsible technology for the benefit of our fellow Australians, specifically in this case for Problem Gamblers and their families.

Robert Menzies

The long-established and noble rule of Law, one of the greatest products of the character and tradition of British history, has suffered a deadly blow. Blackmail has become respectable.

John Howard

We want to assert the very principle that truth is absolute, truth is supreme, truth is never disposable in national political life.



Executive Summary

Having stated the above, containing the ethics and principles of these great visionary leaders of Australian politics from different political parties, we together with the Australian public take these declarations as the basis for our comments on the Bill in order to ensure the safety and trust of all Australians. We now provide our submission for the consideration of all concerned in the final outcome of this Bill ensuring the safety of the public, which has some 5 million Australians affected by Problem Gambling.

We believe as a socially responsible company that we have a moral and ethical obligation to help in ameliorating the plight of Australian families who have loved ones caught up in addiction to gambling machines. That is why our team set about to devise the technology of “pre-commitment” with the sole purpose of allowing addicted or at risk gambling machine players the ability to finally protect themselves and their families.

We suggest that most Australians are not born poker machine addicts but rather are recreational players continually brainwashed daily and who fall prey to the machines by being targeted by sophisticated visual and sound effects carefully designed to induce hundreds of thousands of patrons into addiction. The evidence of the Productivity Commission is very clear that hundreds of thousands of future addicts will continue to arise unless harm minimisation measures are put in place.

Our technology was highlighted in the Productivity Commission recently completed enquiry into gambling, as being a model for “mandatory pre-commitment”.

The Parliament of the Commonwealth of Australia “NETBETS” report by the Senate Select Committee on Information Technologies March 2000 stated that, If the smart card was the only means by which EGMs and online gambling could be accessed, then any gambling limits and player exclusions would be wide ranging. * see attachment.

Some 13 years ago, bipartisan Commonwealth Government parliamentarians acknowledged that “Mandatory pre-commitment” was a fundamental means of protecting Problem Gamblers.

The poker machine owners associations know that mandatory pre-commitment will address Problem Gambling far more effectively than voluntary pre-commitment, but refuse to acknowledge this and their paradigm mantra continues to be “business as usual” . The industry stance is that they see no Problem Gamblers, hear no evidence and therefore will do nothing unless made to by law.

Therefore this submission is advocating the adoption of genuine business rules to finally break the carefully planned addiction practices established by poker machine operators who have for far too long made most of their profits from addicts and their long suffering families.



We hope that this Bill is still open to be influenced by genuine and truthful debate based on facts rather than the threats and falsehoods emanating from the gambling industry.

Members of Parliament know in their hearts that voluntary pre-commitment will not work. The Productivity Commission has made this absolutely clear. The current version of the Bill is a cynical exercise designed to appease the gambling industry and those handful of politicians who really should stand up for what is in the best interests of all Australians.

Introduction

The Honourable Jenny Macklin MP said Problem gambling ruins lives and destroys families – in fact up to **“five million Australians”** are affected by problem gambling.

End quote.

Yet the industry alliances state that the number of problem gamblers is tiny.

The alliances state that the numbers of Problem Gamblers (addicts) in their premises are small in numbers. Yet the patrons who have developed problems to machines (addicts) contribute up to 60 per cent of the owner's profits. This is not a small problem.

Over the last 13 years \$65 billion “amount identified by the Productivity Commission” has been taken by gambling machines from Problem Gamblers. Yet the owner's representatives state that they don't want addicts or their money in their venues.....

This year a further 5 billion dollars (specifically from addicts) will disappear through the gambling slots, which should be spent on baby milk formula, rent, mortgage repayments, pensioners' food and medicine. More broken marriages will occur, crimes will be committed and life savings will disappear and the source of the \$5 billion will continue to be “unidentified” by trained staff.

Not only addicts and their families are the losers but society is the biggest loser.

The poker machine industry, 13 years later (since the first Productivity Commission report in 2000) has pocketed \$65 billion dollars from addicts and has cost the community a further \$60 billion in social expenditure e.g. Centrelink payments, jail, emergency food and rent, homelessness etc.

Dispelling the semantics

The cost of supplying and implementing a mandatory pre-commitment system compared to the proposed industry's voluntary one is basically the same; therefore the system cost cannot be used as a basis for an argument in choosing one over the other.

Voluntary pre-commitment won't work as proven by trials conducted by the industry and government with a success rate of around 1 per cent proven outcome. There is no evidence whatsoever that voluntary pre-commitment has worked anywhere in the world in fact the opposite has been proven.



With the current industry influenced solution poker machine addicts can continue gambling after the voluntary limit has been reached using cash. Therefore the only protection provided by the Bill in its current form is for the industry's \$5 billion per annum from Problem Gamblers.

Mandatory pre-commitment is working very successfully in Finland, Norway and Sweden and is used by millions of citizens providing the empirical evidence of cost effective and consumer accepted usage. Las Vegas and South African based casinos use smartcards proving further this method is cost effective.

We would like to reassure the Committee that the industry hysteria about the proposed cost of mandatory pre-commitment is false as the cost of voluntary pre-commitment is virtually identical. The difference is that a significant amount of the \$5 billion from Problem Gamblers will be reduced.

A mandatory pre-commitment system involves applying business rules and **has no effect on the actual games played on machine games.**

In fact not one game would be touched or altered, therefore all costs and concerns outlined below by the gambling industry spokespersons are **not relevant** to any decisions this Committee makes in regards to the proposed Bill.

The following claims were taken from Aristocrat and IGA submissions and again we state that not one of these claims would need to be carried out for a mandatory pre-commitment system to be implemented and operate. N.b. the bold type is ours.

Not applicable to a mandatory pre-commitment system - 25,000 separate games have to be redeveloped (change to existing games or statistics or mathematical equations) and submitted to regulatory approval if pre commitment is implemented. Every line of gaming machine software, every component and every element of game mathematics and statistics must be submitted to independent licensed testing laboratories at significant cost; and then to jurisdictional regulators for approval before any game or machine can be deployed to Clubs, Hotels or Casinos."

Not applicable to a mandatory pre-commitment system - Machines 3 years old or younger will require their game software to be changed (the current cost of a game change averages \$5,000);

Not Applicable to a mandatory pre-commitment system - Machines between 3 and 5 years old will require hardware upgrades to support the game software change (increasing the cost to \$9,000 or more per machine); and

Not Applicable to a mandatory pre-commitment- machines older than 5 years must be replaced as their software support is no longer available (the current cost of a new machine can exceed \$25,000).

Not Applicable to a mandatory pre-commitment system - Currently there are approximately 400 Aristocrat titles installed in the Australian gaming environment and in order to maintain this level of variety for venues and players, a large amount of work would need to be invested in the manufacturing of the combination of mathematics models, artwork and feature sets. The expected



timeframe to cover this work for Aristocrat, which would involve the engagement of all our global resources, could be up to 14 years.

Not Applicable to a mandatory pre commitment system - Every new game from Aristocrat has to be modified to meet 11 different protocols across the country, a problem that cannot be overlooked heading into new national standards.

Not Applicable to a mandatory pre commitment system - Manufacturers will need time to gain regulatory approval for compliant solutions, estimated at three months per game per jurisdiction. A long term phased-in approach is also a necessity for venues, especially smaller venues, which need sufficient time to absorb the costs associated with overhauling their entire machine and game fleet. Importantly, a phased approach will also allow policy makers to....

Again the committee is advised that having a mandatory pre-commitment system implemented would save the industry billions of dollars as none of the above is needed to be attended to as no game in any way would be affected by its implementation...

Conclusion

We advocate to Committee members that they have an ethical and moral “responsibility” for to finally, once and for all, properly address the huge social blight of Problem Gambling and to put to rest the distortion peddled by the industry and its promoters.

This essentially is the last chance to bring in meaningful reform and to give peace of mind to 5 million Australians (many of whom are children who face the daily reality of addicted parents) whose lives have been devastatingly impacted by the poker machine industry for decades.

If the proposed voluntary pre-commitment legislation is passed rather than mandatory pre-commitment, it will be forever on the conscience of legislators when they continue to read about suicides caused by and crime committed to support Problem Gambling.

The only winners will be the gambling industry who will continue to reap some \$5+ billion per year from addicts from the poorest suburbs. Government will continue to have to provide some \$4.7+billion in social costs per year as a consequence.

There are now only “two solutions” for the committee to consider if \$1 bets and \$120 per hour maximum limit have been ruled out.

*Continued page 8



Solution One

Endorse voluntary pre-commitment whereby when the limit is reached the addicted patrons will undoubtedly continue playing with cash or plays with cash and do not need to have a card in the first place, as is the current practice. As noted above this industry based voluntary system has been trialled by both the industry and government and empirical evidence shows it to have a **1 per cent** success rate

Solution Two

Endorse Mandatory pre-commitment whereby when the limit is reached the player is locked out for 24 hours or longer, cannot use cash to play further and is prevented from further gambling at any poker machine venue. This has not only been trialled but is operational in other countries proving to be effective both in cost and harm minimisation.

Furthermore the costs that would be incurred by the industry would be the same for either a voluntary or mandatory pre-commitment system therefore again it is not a choice based on cost but a choice based on “responsibility” of which affords the greater protection. The costs associated with projected modification of games software has also been shown to be minimal as is the case in Norway.

In our view it would be a dereliction of responsibility for the Commonwealth of Australia to allow operators to be exempt (comply by 2020) and allowed to continue making huge profits by exploiting families via addiction to their machines and to continue to do so for 8 more years. This compliance date obviously needs to be brought back some years.

The trial of mandatory pre-commitment is a positive one but will be negated by the enactment of a law for voluntary pre-commitment. Therefore we ask the Committee to do all it can to change this legislation and eliminate “voluntary” and substitute mandatory in the Bill.

The final issue is laundering of crime money which has been shown to be billions of dollars in Australia. A voluntary system will not address this but a mandatory one will. It is interesting to note that venues cannot detect either billions of dollars in money laundering carried out in gambling venues or identify the sources of \$5 billion from Problem Gamblers each year.

Yours sincerely

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Aristocrat submission 9 pages 4 and 5

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