Question No: AET 3

Topic: Gambling reform and pre-commitment

Hansard Page: Written

Senator Cash asked: What do you estimate to be the total cost of implementation of a mandatory pre-commitment across the country? How is the estimate calculated/derived?

Answer:

The answer depends on the implementation approach.

To implement pre-commitment, some important changes would be made at the point of manufacture. A more gradual implementation lowers costs by allowing harm minimisation measures to be integrated into regular cycles of product development and production (page 19.17-19). Notably, the gaming machine industry noted that voluntary pre-commitment and dynamic messaging could be incorporated into machines at the point of manufacture at 'negligible incremental cost' (page 10.23). The technological changes required to achieve full pre-commitment are not significantly different from those required for voluntary pre-commitment (for example, a card or other player ID, a record of transactions and limits, and so on).

Moreover, gaming machines are sophisticated technologies, with their development paths headed towards more versatile platforms offering better gaming options for customers and potential cost savings for venues (as in cashless gaming). Server-based gaming or similar technologies are on the horizon. Such technological trajectories are compatible with pre-commitment.

If pre-commitment (and other harm minimisation) technologies are supported at the point of manufacture, the costs are likely to be very modest because:

The *bulk* of existing machines would not need to be upgraded or scrapped

The biggest costs would be fixed costs from software and hardware development, which would be very low when divided by total machine numbers. Some of the complementary arrangements underpinning the Commission's pre-commitment proposal would be likely to reduce game development and production costs. On the manufacturing side, the additional production costs are likely to be low. Many machines already come with card readers or compatible technologies, and appropriate communication ports. Queensland already requires a share of its EGMs to be fitted with card readers (these card readers are available but had not been mandatory). Regis Controls indicated that card readers could be installed for $30 per machine (p. c.24).

Upgrading to a sufficiently advanced communications protocol and monitoring system is relevant in NSW, ACT and South Australia. Casinos in all jurisdictions aside from Queensland would also have to change their monitoring system. Given that MaxGaming runs a monitoring system in Queensland (capable of pre-commitment) and in NSW (not capable of pre-commitment), they would be well placed to estimate what costs would be, but the costs run into millions, not hundreds of millions.

Sometimes it is asserted that unemployment would also represent a major cost of the adoption of pre-commitment. The Commission judges this to be unlikely. Staff in clubs and other gambling venues are usually of high quality, with many skills valued in the hospitality sector. The sector has drawn attention to impending staff shortages. Modelling produced by the gaming machine industry also suggested that reductions in gambling would not have significant adverse employment effects.