

**THE HOUSE OF ASSEMBLY SELECT COMMITTEE ON GAMING CONTROL MET  
IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART, ON FRIDAY 29  
OCTOBER 2010**

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DISCUSSION WITH Mr PAUL BENDAT BY TELEPHONE LINK.

**CHAIR** (Mr Booth) - The committee is now in session; we have a quorum. Paul, would you like to make some sort of opening remarks and tell us whatever you would like and then we can ask you some questions.

**Mr BENDAT** - Absolutely, and I do understand the weight and gravity of the evidence I am going to put forward. In opening, I understand that time is of the essence so I will assume that my submission is as read and just highlight some things very quickly.

Firstly, the most important thing is the quote from the Productivity Commission that I led off with. Their policies addressing business practices that generate harm, such as pollution and hazardous products, do not give much weight to the resulting revenue impacts of raised standards, and that is from the Productivity Commission's report on page 11.28.

It is my strong submission that the reduction to a \$1 maximum bet will have a minimal effect on recreational gamblers. I refer not only to the Tasmanian Gambling Commission's own report but through Charles, because when I found that it was a dead link I sent the lost statistical information upon which I based that submission.

**Mr GUTWEIN** - Paul, can I stop you there for one moment? Charles, I am at a bit of a disadvantage here. I have opened up the submission that I thought was going to be spoken to this afternoon and the one I have is Deborah Greenslade's file. Is that one of your -

**Mr BENDAT** - I was going to speak very briefly to that in about two seconds. Deborah's simply addresses the point that I made not all that well about pokie revenue being a transfer of expenditure rather than a new source of income, and a decrease in that expenditure - the pokie losses - is likely simply to go back to where it came from. I cite in support the report done for the Tasmanian Government by the South Australian people and also because there are additional sources in Deb Greenslade's doctoral thesis I thought that might be of assistance to the select committee, and that's why I sent it. But that is not my main submission; it's simply a document in support.

I only have two more points to make. I read on page 45 of the transcript a figure of \$55 million estimated to implement the \$1 maximum bet in Tasmania and under separate cover to Charles I forwarded an actual quote for a machine that I am assisting with the purchase from Monash University, which was just short of \$6 000. That is fully compliant with all Victorian gaming standards and legal requirements; it's a current machine called 'Dolphin Treasure', a very popular machine that comes with a warranty. I am more than happy to supply the committee with fuller information on all the places that one can buy to basically re-equip the whole of Tasmania with brand-new pokies for substantially less than \$55 million.

**CHAIR** - Can we ask you to provide that documentation, Paul - would that be a problem?

**Mr BENDAT** - No, I have given the actual quote that Charles Livingstone got. It's a bunch of links to people, one of whom is our former Premier, Mr Kennett, who is now in the business of selling pokies.

**CHAIR** - That will get him over his depression.

*Laughter.*

**Mr BENDAT** - Indeed it will. There are organisations that do this and some of them you will be able to go through and see the prices they're quoting.

**CHAIR** - That would be most helpful to us, Paul, if you could forward those links.

**Mr BENDAT** - Finally, in terms of next steps - it is on page 1 - to dispel a lot of the rumour and hyperbole around cost, I strongly suggest that an audit be taken of all the machines to see what it is we're talking about and there's just short of 4 000 machines in Tasmania.

I had a point about having the benefit of the transcript that perhaps other people don't have and I point to the estimates by the Productivity Commission in pages 11.28 to 29 which indicates that if you have a lot of lower-cost betting machines, one- and five-cent machines, the adaptation costs would be less.

**Mr GUTWEIN** - Paul, the gaming machine providers you've just spoken about, and you have sent some information through to Charles with that quote, are there links with that? Are there numerous gaming machine providers and is there any reason the committee couldn't make contact with one of them and ask them to provide a quote?

**Mr BENDAT** - Some of the websites are less attractive than others, but because we bought a machine between Monash University and myself for the purposes of researching these very questions I dug up a bunch of suppliers around the country, so I will pass on the links to those people and, like I said, Mr Kennett's organisation is one of them.

**Mr GUTWEIN** - Okay, very good, thank you for that.

**CHAIR** - Any other questions, Peter?

**Mr GUTWEIN** - I must admit I am really very interested in the committee following the trip. I think that has been very useful.

**CHAIR** - Paul, I think you sent evidence about how you've looked at the PAR sheets and so forth for these machines, but in a general sense, do you believe or do you have any knowledge of the difficulty of rewriting the software for current machines that would change their programs for them to run on a maximum \$1 bet limit? If that is the case, I guess you would have to then change the hardware by just disabling a couple of buttons. Thirdly, would those games, in your view - if you were able to answer this - provide the same level of interest for players?

**Mr BENDAT** - Let me answer the third question first. Based upon what I have seen from both your own gaming commission and the 1 000-person survey done in Victoria, the answer is that recreational gamblers will largely be unaffected. With respect to the first question, which is the most difficult, I question Professor Harrigan - who is the source of it. First, it's hearsay. I am not a programmer; I did question Professor Harrigan about it and I questioned Charles Livingstone through his association with Richard Woolley at the University of Western Sydney. There are anonymous whistleblowers providing us with information, several from within Aristocrat and also within the industry. All of their answers have been independently asked and all have said that these are minor software modifications. It's not a totally satisfactory answer to me, but if you showed me software instructions I wouldn't know what they meant anyway. I made the strong suggestion that that very question might be beneficially tested by getting in touch with Charles Livingstone directly.

**CHAIR** - I mentioned some changes to the hardware and so forth.

**Mr BENDAT** - Not all the submissions I have put to the parliamentary commission were accepted, but I am very much guided by the fact that they took in a lot of this information. Dr Lattimore said to me - whether it's on the transcript or off - that they did get access to PAR sheets through the investigations of the Productivity Commission. Those suggestions that I attached to Charles today, on pages 11.28-29, are the results of the Productivity Commission's own investigations into this very matter. I had to say you guys were on this for a very long time and you wouldn't be putting something in your report that you didn't feel had some real substance. They did go into it and their answer is that it is a minor box alteration. I have been looking round, not in Tasmania, but in Victoria and New South Wales and the denomination of the machine is generally done within the electronic display rather than a hard-painted thing on the machine itself. It is a factor that points to the minimal cost of conversion.

**Mr GUTWEIN** - You mentioned a survey of 1 000 Victorians.

**Mr BENDAT** - Yes, I attached the raw data of that in an e-mail to Charles today. It really goes to how you would feel as a recreational gambler about being able to bet on fewer lines or being able to bet less credits on fewer lines. You are going to get the fullness of it. It does talk about precommitment and other things. The point being that the primary entertainment feature is the bonus spins, the anticipation of that sort of animation and whatever else that denotes. Reducing to a \$1 button push doesn't affect those things in any way, shape or form.

**Mr GUTWEIN** - Thank you.

**CHAIR** - Paul, with regard to maximising losses to \$120 an hour by not only the \$1 dollar bet limit but also changes to the volatility rates and the spin rates, is there anything within that that you would see as being problematical in terms of implementation, given that one of our terms of reference is looking at the cost of implementation? If in fact the desired outcome were to maximise losses at \$120 hour, would you need to introduce volatility controls and spin rate controls? Would you see it as a problem from a software point of view or from a practical point of view to maximise it at \$120 an hour losses?

**Mr BENDAT** - Put simply no. I have set out the range of people that I have spoken to on these very issues. In terms of volatility, Tasmania is already different from everybody else in terms of its standard deviation rates. Again the best evidence on this is actually in Tasmania from Margie Law. The Tasmanian standard deviation is 18 as distinct from other places where it is 15. That is a factor to do with volatility. Secondly, Professor Harrigan said that volatility could be reduced by having prizes more frequently and there being smaller prizes. I questioned him very closely on this because I certainly did not want to be putting something to the Productivity Commission that did not have some substance. His conclusion, and it is in his report, is that this was not a significant matter.

**CHAIR** - Do payback percentages vary with the size of the bet or the number of lines?

**Mr BENDAT** - Only because I have been looking at the standards for other reasons, I believe that is against the standards for that to happen. I am not professing to be a lawyer on this one but I believe that you cannot make a bigger bet and get better odds.

**CHAIR** - Paul, I am just going to ask Danny Moore, an expert from the Tasmanian Audit Office on crunching these statistics, to ask you a question.

**Mr MOORE** - On the technical side of these machines, I asked that question about the payback percentages because it would seem to me that a simple hardware modification on some machines would be simply to disable some of the higher betting limit buttons. One of the reasons I was told that was not possible was that the payback or the overall percentages inside the machines vary depending on the bet that is actually placed, but you are saying that is contrary to the standards.

**Mr BENDAT** - The answer, I believe, is in your standards but I would have to look. I am a little bit out of my depth on that one.

**CHAIR** - So you could get back to us with the answer on that?

**Mr BENDAT** - Yes. If Danny could put it to me by e-mail I will endeavour to get something back. I know there is a desire to get these recommendations out very quickly and I will not be working on anything else, so I will speak to those who are assisting me almost straightaway.

**CHAIR** - Thank you very much. We'll get Charles to e-mail that through to you.

**Mr MOORE** - A similar question would be: how easy is it to reduce the number of lines on most of these machines?

**Mr BENDAT** - That one I can answer by pointing you to the Tasmanian Gambling Commission's own report indicating that that could happen in 12-18 months. In my submission I give you the exact page reference where they stated that.

**CHAIR** - Thank you very much for your submission and input.

**DISCUSSION CONCLUDED.**