Joint Select Committee on Gambling Reform

Inquiry into the prevention and treatment of problem gambling

Public hearing Wednesday, 2 May 2012 – Question on notice

Proof Transcript of Evidence, page 54:

Senator XENOPHON: I think Mr Ferrar will provide some details on how he arrived at that breakdown of costs. And I invite him to consider again the question of what his members say can be lost on the machines. It seems that I cannot get a direct response in terms of the $1,200 average hourly loss that the Productivity Commission refers to.

At no stage has the Productivity Commission referred to a "$1,200 average hourly loss" on poker machines.

The Productivity Commission hypothesised that expenditure on a machine could be $1,200 if every bet was $10 and if it could be played every 3 seconds for an hour and if the Return To Player was 90%, ie: $10 x 1,200 x 10% = $1,200.

This hypothesis is flawed, firstly because the Maximum Bet in Queensland, Victoria, Tasmania and the Northern Territory is $5. Secondly, the average Return To Player is typically 91% or more. If every bet was $5 and if a machine could be played every 3 seconds for an hour and if the Return To Player was 91%, then the hypothesis would have been $5 x 1,200 x 9% = $540.

A recent controlled test at a GTA member's premises confirmed that it is not possible to place a bet on a typical Australian poker machine every 3 seconds for an hour.   Breaks in play, game notifications, human dexterity limits and entertainment factors dictate that a player cannot operate a gaming machine every 3 seconds for an hour.

Breaks in play include free spins which might be of 90 seconds duration or more and are likely to occur at around every 125 games on average.

Game notifications include substantial wins which frequently result in on-screen meter increments of several seconds duration or more where the larger the win, the longer the meter increments.

Human dexterity means that it is not possible to instantaneously press the play button when a play cycle completes. For example, in Queensland the time between the start of a play and the end of a play must be at least 3 seconds.[1] Even under extreme circumstances, it is not possible to commence the subsequent play without a pause.

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[1] A/NZ Gaming Machine National Standards Qld Appendix Version 10.1.2, page 11 sQ3.33

Many variables dictate the extent to which the potential frequency of play is longer than 3 seconds including each game Original Equipment Manufacturer's implementations, the different hardware platforms and the different game designs. These factors will also vary from game to game within a single Original Equipment Manufacturer's product range.

In 2001, the Centre for International Economics estimated an average spin rate of 5.5 seconds[2]. This frequency would result in the hypothesis outlined above being $5 x 655 x 9% = $295.

However, it should be noted that such an hypothesis does not reflect reality in the same sense that a motor vehicle's maximum possible speed is highly unlikely to be reflected in the manner in which it is actually used.

It is also noteworthy that, apart from in New Zealand, gaming machines worldwide can be operated at much more frequent intervals than 3 seconds, because a player can 'play through'[3] the reel spin, achieving frequency of one second or less if they choose to do so.

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[2] Centre for International Economics October 2001, "Gaming machine revenue at risk" page xi.
[3] 'Play through' the reel spin means to re-press the 'Play' button to immediately initiate the next play.