



2 March 2012

Problem Gambling Taskforce
Department of Families, Housing, Community Services and Indigenous Affairs
By email to: gamblingreformbill@fahcsia.gov.au

Re: National Gambling Reform Bills

Thank you for the opportunity to comment on the *National Gambling Reform Bill 2012* and the *National Gambling Reform (Related Matters) Bill 2012* ("the Bills"). A number of matters arise upon which our Association would like to comment.

By way of introduction, the Gaming Technologies Association ("GTA") is a company limited by guarantee and was formed in 1990. Its members include Ainsworth Game Technology, Aristocrat Technologies, Aruze Gaming Australia, Bally Technologies, IGT (Australia), Konami Australia, Shuffle Master Australia and WMS Gaming Australia. All GTA's members are public companies which operate internationally and have collectively supplied almost all of the gaming machines in Australia.

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Please contact the CEO, Ross Ferrar at rferrar@gamingta.com or on 02 8216 0931 or 0418 686 075 if we can assist further.

First Priority: Research

In our opinion, the prior definition of baseline statistics and key projected outcomes is an essential prerequisite of any reform. As we understand it most parties agree that current Australian gambling statistics, particularly in the area of problem gambling, are not consistent between jurisdictions or over time. It is our view that the first priority of any gambling reform initiative must be independent and comprehensive research to establish current indicators against which any future outcomes can be compared. This is not evident from our reading of the Bills.

In particular, for the proposed field trial of mandatory pre-commitment to be proper, robust and independent as has been publicly declared, there must be prior baseline statistics in order to determine the success or otherwise of the trial.

Commentary on \$1 Maximum Bet

A number of parties have commented publicly on the Bills, indicating their views that limiting bets to \$1 is cheap and effective, citing a recent change from a \$10 Maximum Bet in Victoria to \$5. The cited change was certainly not cheap, requiring a "game change" for machines whose Maximum Bet was greater than \$5.

A game change currently costs around \$5,000 for a machine younger than 3 years. Where a machine is between 3 and 5 years old, hardware upgrades are needed to support the game software change (increasing the cost to \$9,000 or more per machine). Where a machine is older than 5 years it has to be replaced, because software support is no longer available (the current cost of a new machine can exceed \$25,000). The current average age of machines in the field is around 8 years.

A \$1 Maximum Bet is of arguable efficacy, based on experience in New Zealand where problem gambling rates are similar to Australia's and the Maximum Bet on gaming machines in clubs and hotels is \$2.50 (AUD 1.95).

National Gambling Reform (Related Matters) Bill 2012

In relation to the *National Gambling Reform (Related Matters) Bill 2012*, whilst GTA and its members hold strong opinions in relation to the imposition of levies on gaming machine revenue, these matters are properly the domain of the venue representative organisations and we respect and support their views.

National Gambling Reform Bill 2012

GTA would like to comment on the *National Gambling Reform Bill 2012* as follows:

Imports and exports

The Bill requires that new gaming machines that are imported must be capable of providing for precommitment, particularly in Chapter 5 (Section 78 is pertinent). GTA notes that all currently manufactured gaming machines are capable of providing for precommitment in the sense that they incorporate the hardware capacity to provide precommitment technology.

However, GTA notes that "machines that are imported" are typically shipped as hardware only (known as "neuter" in the gaming technologies industry). Accordingly, GTA seeks confirmation that the intention of the Bill is not to prevent the import of new gaming machines which are capable of providing for precommitment as outlined above.

GTA's members also export a proportion of the gaming machines which are manufactured domestically. Accordingly, GTA seeks confirmation that the intention of the Bill is not to prevent the export of new gaming machines which are capable of providing for precommitment as outlined above.

Meaning of "gaming machine"

Section 6 defines the term "gaming machine" in some detail. GTA is of the view that this definition, being very broad, is likely to inadvertently capture equipment which is not used for gaming or which is otherwise not intended to be captured by the definition.

Within this construct, Section 6 describes a "gaming machine" as a device (whether an actual or virtual device...) which GTA believes might inadvertently capture equipment not intended.

Accordingly, GTA suggests consideration of referring the meaning of gaming machine to applicable definitions in existing State and Territory legislation.

s16 Application of manufacturing and importing requirements

Section 16 requires that any gaming machine manufactured or imported on or after 31 December 2013 is subject to the requirements in Chapter 5.

The process of gaming machine manufacture commences well before the moment when the game or machine is first offered for use. Normal design and development processes will typically exceed one year and can only commence when detailed and unambiguous functional requirements are defined.

Accordingly, GTA suggests that this date be amended to 31 December 2014.

s20 When a gaming machine is not compliant

Section 20 contemplates a gaming machine being **not compliant** where a system to which it might be connected does not exist or does not comply; or is not approved by the Regulator.

From the moment a gaming machine "leaves the factory", the supplier has limited or no control over systems to which it might be connected. GTA notes that Chapter 3 appears to recognise that a supplier is not subject to breach in this instance.

s37 Dynamic warnings

Section 37 requires that a gaming machine must provide warnings electronically but includes no further specification of the form or content of such warnings.

GTA is of the view that to be effective, electronic warnings must be provided:

- a) on the game play screen.
- b) in the context of the game, i.e. using text and language similar to the game.
- c) at the conclusion of a game play cycle.
- d) specific to the player, i.e. based on current gaming activity for that session.

Further, GTA is of the view that:

- e) messages broadcast across an entire venue or jurisdiction are highly likely to be ignored and thus, ineffective.
- f) messages delivered on an ancillary screen located adjacent to the game play screen are extremely likely to be ignored and thus, ineffective.
- g) messages should be driven by information accumulated within a session, thus applying to all play whether identified to an individual or not.

s45 Applications for approvals

Section 45 states that a licensed provider of a precommitment system (the **applicant**) may apply to the Regulator for approval of a precommitment system for a State or Territory.

The interaction of systems connected to games and machines is complex and subject to a great deal of testing and independent accreditation before regulatory approval can reasonably be provided. GTA notes that games and machines are critical components of this set of systems, which raises many issues for GTA's members.

GTA notes that systems approved by the proposed Federal regulator would operate in concert with games and machines approved by the State or Territory regulator and this will require significant investment by all parties to ensure the operational integrity of the final configuration in each venue.

Similarly, Section 54 contemplates licensed persons who may provide precommitment systems or who may operate, repair, maintain or install precommitment systems. GTA is concerned that the demarcation of regulatory authority might cause considerable confusion within a venue and between venues in some circumstances. Section 146 is also pertinent in this instance.

Part 5 and Part 6

Part 5 Monitoring and Part 6 Investigation contemplate an authorised person entering any premises under certain circumstances.

GTA notes that its members hold licences in many jurisdictions worldwide and that activity such as entry to premises for the purposes of monitoring or investigation, are serious and notifiable matters in relation to various international licensing regimes.

Summary

- i. The first priority of any gambling reform initiative must be independent and comprehensive research to establish current indicators against which any future outcomes can be compared.
- ii. Limiting bets to \$1 is certainly not cheap and is of arguable efficacy.
- iii. All currently manufactured gaming machines are capable of providing for precommitment.
- iv. GTA seeks confirmation that the intention of the Bill is not to prevent the import or export of new gaming machines which are capable of providing for precommitment.
- v. GTA suggests consideration of referring the meaning of gaming machine to applicable definitions in existing State and Territory legislation.
- vi. GTA suggests that the date from which any gaming machine is subject to the requirements in Chapter 5, be amended to 31 December 2014.
- vii. GTA holds strong views about what is required for dynamic warnings to be effective.
- viii. GTA is concerned that the demarcation of regulatory authority might cause considerable confusion.