



21 June 2012

Secretariat
Commerce Select Committee
Select Committee Office
Parliament Buildings
WELLINGTON 6011
NEW ZEALAND

Submission on the Gambling (Harm Reduction) Amendment Bill, no: 209-1

Thank you on behalf of the Gaming Technologies Association and its members for the opportunity to provide input to the Committee's deliberations.

We oppose the intent of this Bill because it does not appear to consider a range of fundamental issues.

We wish to make the following comments:

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About the Gaming Technologies Association (“GTA”)

GTA is a not-for-profit company limited by guarantee, established in 1990 for the purpose of promoting the development of the region’s manufacturing resources.

GTA’s primary members provide gaming technology and equipment to hospitality venues in over three hundred jurisdictions worldwide, including New Zealand. GTA’s primary members include Ainsworth Game Technology, Aristocrat Technologies, Aruze Gaming, Bally Gaming, International Game Technology, Konami Gaming, Shuffle Master Australasia and WMS Gaming.

GTA’s members supply all of New Zealand’s new “pokie” machines. All GTA’s primary members are public companies or part of a public company and their primary focus is the development and supply of new games and gaming machines.

All GTA’s primary members have been consulted in the preparation of this submission.

Background

GTA and its members have amassed vast experience over more than 50 years in all matters surrounding gaming. However, many of the matters raised are appropriately the domain of venues, societies and their representative organisations. GTA is a member of the Gaming Machine Association of New Zealand whose members are primarily venue and corporate society representative organisations, with which GTA and its members have consulted over many years.

GTA would like to submit the following in relation to the *Gambling (Harm Reduction) Amendment Bill* (the “Bill”).

Fundamental omissions in the Bill

The Bill does not appear to consider:

- That the gaming machines in question represent significant assets which are owned by corporate societies.
- That the prevalence of problem gambling in New Zealand has fallen significantly in recent years.
- That gaming machines already provide Player Information Displays (“PIDs”).
- That the number of gaming machines in New Zealand’s hotels and clubs has reduced by 29% since the *Gambling Act 2003* (the “Act”) was passed¹.
- That opportunities to access unregulated “pokies” have increased manyfold since 2003 with the advent of smartphones, tablets and Internet televisions.
- The cost and resources required to equip gamblers with “pre-commit” cards.

¹ From 25,221 at 30 June 2003 to 17,939 at 31 May 2012

Specific Clauses in the Bill

GTA would like to comment upon the following clauses:

Clause 6 Content and conditions of class 4 operator's licence

Clause 6 (1) amends section 53 (1) of the Act, requiring that at least 80% of proceeds be distributed in the same territorial authority district. It is noteworthy that at least 37.12% of proceeds must currently be distributed directly for community purposes.

Clause 6 (2) amends section 53 (2) of the Act, requiring a class 4 operator's licence include conditions requiring the use of player tracking devices, pre-commit cards or other devices designed to permit responsible gambling.

Depending on the specification of such devices, this would require very substantial investment in the infrastructure necessary to provide the required functionality. Any change to existing gaming machines or their software requires their redevelopment. The base software and the game of an average modern poker machine make up over one million lines of code, along with several million more for the operating system. 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 regulatory authorities for approval before any game or machine can be sold and deployed to venues. This development and supply process takes at least a year, sometimes several years.

New Zealand's gaming machines already provide Player Information Displays PIDs, which were mandated without consultation and which are currently the subject of a Ministry of Health research project entitled "*Investigation into the Effect of Gambling Game Characteristics, PIDS and Pop-up Technology on Gambling and Problem Gambling Behaviour*". The Final Report is scheduled to be provided on 20 June 2013 and should add to the combined knowledge base in relation to devices designed to permit responsible gambling.

GTA opposes clause 6 (2) until specification of such devices is unambiguously finalised and the party supporting the cost of redevelopment is clearly known.

Clause 10 New sections 110A and 110B

Clause 10 inserts new sections including 110B after section 110 of the Act, requiring corporate societies to be succeeded by council and local board committees.

The gaming machines are currently owned by the corporate societies. The Bill does not establish how ownership would be transferred to council and local board committees, for what consideration or what arrangements would be made for a range of matters including maintenance of the gaming machines. GTA opposes this clause because the unclear responsibility for the maintenance and operation of the gaming machines is, in our opinion, likely to compromise operational integrity.

Conclusions

The Bill should not proceed because:

- The realities of equipment ownership and maintenance have not been considered, such that the operational integrity of gaming machines in clubs and hotels is likely to be compromised.
- Opportunities to access unregulated “pokies” have increased manyfold since 2003 with the advent of smartphones, tablets and Internet televisions. Such unregulated gambling is vastly more likely to exacerbate problem gambling than “pokies”.
- Relevant research into PIDs is currently under way.