



10 December 2013

Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Re: Inquiry into the Social Services and Other Legislation Amendment Bill 2013

Thank you on behalf of the Gaming Technologies Association ("GTA") and its members for the opportunity to provide input to this Inquiry.

About GTA

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

GTA's primary members provide gaming technology and equipment to hospitality venues in well over three hundred jurisdictions worldwide, eight of which are in Australia. GTA's primary members include Ainsworth Game Technology, Aristocrat Technologies, Aruze Gaming Australia, Bally Australia, IGT (Australia), Konami Australia and WMS Gaming Australia.

GTA members supplied almost all of Australia's poker 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 poker machines.

GTA provided a number of submissions during the development of the *National Gambling Reform Act 2012* and would like to reiterate the following matters.

Introduction

The *National Gambling Reform Act 2012* requires 'gaming machines to have a pre-commitment system'. This has been interpreted by some as also requiring that mandatory pre-commitment then be available "at the flick of a switch".

Mandatory pre-commitment requires a networked, centralised monitoring system and major changes to the software operating in all Australian poker machines. The Act contemplates a trial of mandatory pre-commitment which (it was thought) might take place in the Australian Capital Territory, where there is no centralised monitoring system for poker machines.

The complexity of poker machine software

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 software, every component and every element of game mathematics and statistics must be quality assured by the supplier; submitted to independent licensed testing laboratories for audit and review at significant cost; and then submitted to jurisdictional regulators for approval before the game or machine can be sold and deployed to clubs, hotels or casinos. This applies equally to substantial changes to poker machine software.

Substantial changes are required to the software currently operating in every poker machine in Australia if they are to comply with the Act. The development and supply process takes at least a year, sometimes several years, for one game to be approved.

Cost

Where a machine is 3 years old or younger, the game software must be changed (the current cost of a game change averages \$5,000). Where a machine is between 3 and 5 years old, hardware upgrades are needed to support the game software change (with a cost of \$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 average age of machines in the field is around 8 years. Collectively:

- 21% of Australia's poker machines are 3 years old or younger, requiring a game change.
- 15% are between 3 and 5 years old, requiring hardware upgrades.
- 64% are older than 5 years and would have to be replaced.

The cost of an immediate reconfiguration of Australia's poker machine inventory would exceed \$2.5 billion if it were possible. However, where changed functionality is incorporated into the design of future games along with any other developments rather than reconfiguring old games, the cost of reconfiguration would diminish commensurate with the implementation schedule.

Conclusions

- Substantial changes are required to the software currently operating in every poker machine in Australia if they are to comply with the Act.
- The cost of changing Australia's poker machines to comply with the "flick of a switch" to mandatory pre-commitment would exceed \$2.5 billion.

Yours sincerely,



Ross Ferrar
Chief Executive Officer