



# **HOSPITALITY AND GAMING INDUSTRY**

**RESPONSE TO  
LAB PROPOSALS OF 13 MARCH 2000 AND 5 MAY,  
2000 AND ADDITIONAL MATERIAL**

**DATE: 9 JUNE, 2000**



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## 1 Executive Summary

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This response to the LAB request for comments on the 9 initiatives proposed at the LAB forum on 5<sup>th</sup> May, 2000 has been prepared by the principal gaming operators in New South Wales who have formed an industry group for this purpose and with the further objective of:

- (i) assisting the Government with pro-active proposals (beyond the LAB initiatives) to achieve clear harm minimisation objectives for gaming in New South Wales in a responsible manner;
- (ii) agreeing common goals and approaches for the gaming industry in New South Wales;
- (iii) providing a resource to the Government for assistance and co-operation in terms of harm minimisation and other objectives.

This document sets out a range of technical and operational measures that address both the needs of problem gamblers and those who control their gaming activities responsibly and compliments the recent legislative initiatives of the New South Wales Government in this area.

These are summarised on page 14 and 15.

The technical changes proposed are intended to target problem gambling in an effective and responsible manner while minimising the unnecessary impact on recreational players who enjoy the wide range of entertainment and hospitality provided by operators in New South Wales.



The operational changes proposed are intended to build on the existing 'responsible gaming' regime with the specific objective of improving the 'harm minimisation' elements of that regime.

The industry group has a number of questions regarding the harm minimisation agenda initiated by the LAB and would appreciate the opportunity to meet and discuss a number of the issues identified in this document.

The industry group is qualified to provide input on the key issues and is prepared to take responsibility for positive change.



## 2 Industry Group

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### 2.1 Industry Group

The industry group (“the industry group”) comprises AHA NSW, CLUBS NSW, the Leagues Club Association of NSW, CMAA, TAB and Star City.

The industry group has been formed to provide a single voice representing all New South Wales gaming industry operators, namely the operators who operate over 1,800 Hotels, 1,400 Clubs and Star City, who directly employ over 193,500<sup>1</sup> staff in New South Wales and who provide entertainment and hospitality services to the majority of the New South Wales population.

It is recognised by the industry group that community concerns regarding gaming in New South Wales mandate a responsible approach to gaming issues by the industry as a whole with a view to identifying the problems and tackling them on an industry-wide basis rather than on an individual basis. The formation of the industry group and the organisation of an industry-wide approach to the issues is regarded as a significant step forward in terms of addressing community and government concerns in this manner.

This industry group response addresses each of the nine proposals raised at the LAB Forum held on 5<sup>th</sup> May, 2000. However, it seeks to go beyond the nine LAB proposals by suggesting both alternative and additional technical measures which are considered to be more effective (from a problem gambling perspective) and suggesting further longer term

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<sup>1</sup> The industry group estimates that New South Wales hotels employ over 120,000 staff, New South Wales clubs employ over 67,000 staff, Star City employs over 3,500 staff and TAB Limited employs over 3,000 staff.



operational measures to further enhance the position of New South Wales as the leader in terms of innovative and effective gaming regulation.

The industry group has responded to and welcomes the Government's call for effective and appropriate self-regulation measures with a view to targeting problem gambling as the most important and urgent priority.

The industry group believes that the operators, supported by gaming machine manufacturers, are in the best position to suggest and implement the most effective harm minimisation measures.

The industry group accepts and welcomes the responsibility associated with assisting in the formulation and implementation of, arguably, the leading harm minimisation measures in Australia.

The industry group believes that New South Wales should not only lead Australia in terms of effective regulation but should, through each of the legislative, regulatory, operational and manufacturing arms of the gaming industry, press for implementation of these measures on a national standards basis.

## **2.2 The Nine LAB Initiatives**

The industry group has met on a number of occasions to consider the nine LAB initiatives and has now prepared this submission to outline its proposal that:

- (i) the nine technical initiatives proposed by LAB be considered in the light of the industry group's suggestions as to alternative and additional effective measures which are proposed on the basis that they will deliver more effective harm minimisation results with minimum impact on recreational players;



(ii) NSW gaming industry operators co-operate with the LAB and the DGR to organise and implement a series of state-wide 'harm minimisation' operational initiatives applicable to all gaming venues in NSW.



## 3 Background

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### 3.1 Problem Gambling

The industry group recognises that a small portion of the population of NSW has difficulty in controlling its gambling behaviour and that action needs to be taken to address the issue in a pro-active and effective manner.

However, the industry group also submits that proposed 'harm minimisation' measures which have no appreciable impact on 'problem gamblers', but which could impact significantly on recreational gamblers' enjoyment, should be rejected in favour of measures which 'target' problem gambling more effectively without impacting on recreational players.

### 3.2 Existing Harm Minimisation Measures

The industry group notes that the gaming industry in NSW is already the subject of extensive legislation and regulation (see Appendix A) much of which mandates harm minimisation measures.

The most recent statutory harm minimisation initiatives in NSW have either just been implemented or are about to be implemented and it is submitted that the effect of these measures (which arguably comprise the most advanced harm minimisation measures in the world at present) need to be evaluated before major additional measures are introduced as many may simply be unnecessary.





In particular, the industry group wishes to draw the attention of the LAB to:

- (i) the Code of Conduct adopted by the AHA NSW (Appendix B), approved by the Minister for Gaming and Racing for the purposes of Section 125F of the Liquor Act on 1 May, 2000;
- (ii) the Code of Conduct adopted by CLUBS NSW approved by the Minister for Gaming and Racing on 1 May 2000 (Appendix C) and the forthcoming launch (on 27th June, 2000) by the Hon. Richard Face, Minister for Gaming and Racing, of the CLUBS NSW Responsible Gaming Program;
- (iii) the Responsible Wagering and Gaming Community Commitment Policy adopted recently by TAB Limited (Appendix D);
- (iv) the responsible gaming training courses which the CMAA and AHA have been developing since 1998 and which have been turned over to TAFE for finalisation and approval by the LAB and the 5,000 club staff who have undergone 'Betsafe' training.

### **3.3 Significance of Historical Development of Gaming in NSW**

The industry group notes that the maximum bet (\$10) and maximum prize (\$10,000) limits were set in 1986 and have not been increased since that time although lottery prizes and other prizes have increased since that time.

This effective 14 year 'freeze' of the maximum bet and maximum prize for gaming machines has acted as a 'harm minimisation' measure as problem gamblers have not been encouraged through any increase in these limits.



The industry group believes that the recent significant increase in 1c and 2c machines in NSW over the last four years has also acted as a 'harm minimisation' measure by giving all players the opportunity to play longer for smaller stakes and accordingly take lower risks.

Whilst in 1995, 1c and 2c machines made up 1.97% of all machines in registered clubs in NSW, these machines now make up 56.49% of all machines in NSW clubs (as of June, 1999).

In 1995, Hotels had AADs only. Of the current 21,476 poker machines in NSW Hotels (as of 30 May, 2000), 83% are 1c and 2c machines.

At Star City, 1c and 2c machines will shortly make up 38.4% of the floor.

Whilst it is conceded that this trend is a response to player preferences, it is suggested that the fact that players can now spend very small amounts on gaming machines is a significant harm minimisation measure as players can now choose to spend small amounts over longer periods thereby deriving greater value for money in terms of entertainment expenditure.

### 3.3.1 Gaming Machine Profits

Gaming machine profits are much less than generally perceived by the community.

Many people would not be aware that the average net profit before tax earned per machine in NSW Hotels and Clubs (assuming a 16 hour trading day) is only \$6.35 per hour.

The Tasmanian Gaming Commission's 'Australian Gambling Statistics' for 1998-1999 indicate that gaming expenditure in NSW for Clubs and Hotels was \$3,487,487,000. The LAB Report for 1998-1999 indicates that there were 94,280 machines in Hotels and Clubs in NSW during that period (23,784 in Hotels, 70,406 in Clubs).



Accordingly, the average annual profit before tax for a machine in NSW Clubs and Pubs was \$36,990.74 and the average hourly profit before tax for a machine in NSW Clubs and Pubs (assuming a 364 day year and a 16 hour trading day) was \$6.35.

At Star City, the average net profit before tax earned per machine per hour (on a 24 hour basis) is \$10.83 per hour<sup>2</sup>.

This data suggests that gaming machines deliver entertainment 'value for money' in a manner which permits (and encourages) players to play machines with relatively small stakes for longer periods.

The Productivity Commission Report<sup>3</sup> confirmed that the average spend on gaming machines by adult Australians in 1997-8 was \$420. This equates to \$8.07 per week.

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<sup>2</sup> Star City Holdings 1998 Annual Report, p.3.

<sup>3</sup> Productivity Commission Report, Volume 1, Page 12



### 3.3.2 Facts on Gaming Machine Numbers in NSW

The 1998-9 LAB report<sup>4</sup> indicates that there was a 4.7% decrease in the overall machine holdings of Hotels in 1999 (following a substantial increase of the previous two years)<sup>5</sup> and the number of machines in NSW Clubs increased by only 6.13% between June 1998 and June 1999<sup>6</sup>.and at an even lower rate (4.3%) in the year leading up to the freeze which took effect on 28 March 2000.

The number of machines at Star City is 1,500 (which has not increased since Star City opened in November, 1997)<sup>7</sup>.

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<sup>4</sup> Appendix E

<sup>5</sup> LAB Report, 1998-1999, Page 12

<sup>6</sup> LAB Report, 1998-1999, Page 13

<sup>7</sup> Star City



## 4 Proposed Industry Group 'Harm Minimisation' Package

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The industry group has given consideration to the range of measures that are available and now wishes to recommend a 'package' of operational and technical measures which are considered the most likely to be effective in terms of achieving 'real' harm minimisation objectives.

The proposed measures are divided into 2 groups for implementation purposes:



#### **4.1 Technical measures which the industry group recommends for consideration as the basis of a new specification for gaming machines**

- (i) 'Cash Input Limit' to be reduced by 95% from \$10,000 to \$500 for clubs and hotels and by 90% to \$1,000 for Star City
- (ii) Overall game speed to be limited to speeds of current game cycles
- (iii) Minimum Average Long Term Percentage Return to Player to be increased from 85% to 87.5% (giving NSW the highest statutory minimum return to player in Australia)
- (iv) Credit Meter to Display Currency on Screen
- (v) 'Pull Through' Harm Minimisation Message to scroll across screen every 30 minutes
- (vi) 'Pull Through' Harm Minimisation Message to scroll across the screen whenever more than \$100 is inserted
- (vii) 'Pull Through' Harm Minimisation Message to scroll across the screen whenever proposed new \$500 'Cash Input Limit' is reached in clubs and hotels and whenever the proposed new \$1,000 'Cash Input Limit' is reached at Star City
- (viii) 'Play Through' feature to be disabled and buttons to be re-designed so that an individual push is required for each action (they cannot be 'jammed' down to achieve an effective 'auto play' (recently prohibited)).



## 4.2 Operational measures

- (i) Plain English 'Player Information Booklet' to be launched on 2 July, 2000
- (ii) COW Card regime to be agreed with LAB mandating disclosure of key consumer data including average long term return to player for all new machines
- (iii) Independent Industry Secretariat to be established to develop common code of conduct, develop education programmes, carry out research, assist counselling services with provision of data/advice for treatment of problem gamblers
- (iv) 'Joint Uniform Responsible Service of Gaming Programme' to be developed and implemented (based on successful DGR 'Responsible Service of Alcohol' programme)
- (v) State-wide Joint Uniform Voluntary Self Exclusion Scheme to be agreed and launched by Industry Group
- (vi) Industry Group to explore possibility of combined accredited counselling service for all gaming venues in NSW



## 5 Specific Response to 9 LAB Proposals

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PROPOSAL ONE:

“Suitably presented, plain-English Information about specific player returns and the likelihood of payouts on individual gaming machines being incorporated as a gaming machine screen option – to be readily available to players through a clearly marked button or touch screen facility”<sup>8</sup>.

The Industry Group agrees that:

- (i) ‘Chances of Winning’ (COW) data for each variety of gaming machine should be made available by venues to players by disclosing the information recommended by AGMMA; this should be provided on a secondary screen; this level of disclosure will represent the world’s best practice in this area; it is suggested that this system should be implemented through amendment of applicable technical standards following further discussions with the LAB.
  
- (ii) ‘Player Information Booklets’ (PIBs) in the form prepared by AGMMA (the Australian Gaming Machine Manufacturers Association) and ‘signed off’ on by all manufacturers (Appendix F) should be made available to all players; these have now been approved by the Hon. Richard Face, Minister for Gaming, for launch at the forthcoming Australasian Gaming Expo (‘AGE’) when free copies will be made available to all venue operators attending the AGE. The booklet represents the world’s best practice in this area and will provide invaluable assistance to problem gambling

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<sup>8</sup> LAB





counsellors who will now be able to provide clear authenticated guidance to problem gamblers.

It is noted that links will increase the return to player and improve the chances of winning set out in the COW data but it will be up to venues to advertise the precise impact if they wish to do so.

COW data will simply recognise that if the machine is a linked machine the chances of winning will be better than those displayed in the COW data and the long term return to player will also improve.



## PROPOSAL TWO

“High value note acceptors (ie those capable of accepting between \$50 and \$100 notes) to be no longer acceptable, with consideration to be given to removing bill acceptors altogether at a later time”<sup>9</sup>.

The industry group submits that a far more effective measure in terms of harm minimisation would be to limit the maximum amount of cash that can be inserted into a machine at any time.

It is accordingly proposed that the current ‘cash input limit’ applicable in NSW (\$10,000) be decreased by 95% to \$500, for clubs and hotels, and by 90% to \$1,000, for Star City, so that a player will not be able to insert more than \$500 or \$1,000, respectively, into a machine at any one time (the bill and coin acceptors will not accept further bills/coins).

The industry group submits that re-configuring bill acceptors so as not to accept \$100 or \$50 notes is an ineffective harm minimisation measure because:

- (i) a problem gambler can simply insert 50 \$20 notes instead of 10 \$100 notes; if a machine declines to accept more than \$500 or \$1000, respectively, the player cannot continue to ‘load up’ the machine.
- (ii) the complete absence of bill acceptors has virtually no impact on the intensity of machine use: in 1997-98 in South Australia (where bill acceptors are not permitted), the total amount of gambling expenditure on gaming machines was \$394,629,000<sup>10</sup> for approximately 11,780 machines yielding an annual return per machine of \$33,499.92 (or \$644.23 per week).

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<sup>9</sup> LAB



In NSW, the total amount of gambling expenditure on gaming machines in 1997-1998 was \$2,989,084,000 for approximately 95,780 gaming machines yielding an annual return per machine of \$31,207.81 (or \$600.15 per week).

Gaming machine technical standards in NSW and South Australia are currently virtually identical in all major respects.

There is no evidence that elimination of bill acceptors in South Australia has reduced the incidence of problem gambling.

(iii) problem gamblers can use modern coin acceptors to insert coins as fast – if not faster – than notes can be inserted through bill acceptors.

On the other hand, reducing the 'cash input limit' by 90% and 95%, respectively, *specifically* targets problem gamblers in a way that the 'blunter' measure does not. It would require a problem gambler to think each time that he or she inserts \$500 or \$1,000 into a machine.

The industry group suggests that this harm minimisation measure would be enhanced if a 'pull through' message scrolled across the screen each time that the \$500 or \$1000 'cash input limit' is reached in a similar fashion to the recommendation made elsewhere in relation to the insertion of \$100.

The industry group also believes that the removal of high value note acceptors is inadvisable for the following reasons:

(i) the additional security and OH & S issues associated with use of coins rather than notes; it should be noted that prior to the introduction of bill acceptors, there was a

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<sup>10</sup> Productivity Commission Report Volume 3, S.11



significantly higher incidence of work related injuries associated with lifting and moving hoppers and cash boxes which can be very heavy; it should also be noted that, unlike cash boxes, note validators permit *secure tamper proof* revenue validation; in addition, coins are considered to be a means of transmission of disease and encouraging greater coin handling accordingly carries with it questionable health implications for the general public;

(ii) venues have invested a large amount of money in bill acceptors and note counting equipment which would need to be written off. Venues would also be required to spend more on 'note breakers' to permit players to break down their high denomination notes into lower denomination notes;

(iii) as of 30 April 2000 (see Appendix G) \$50 notes are the most popular note (make up 45% of the value of all notes in circulation according to the Reserve Bank) and are often the default note issued by ATMs. \$100 notes make up 43% of the value of all notes in circulation.

Notes other than \$100 and \$50 notes therefore account for approximately 12% of the notes by value in circulation; even in terms of numbers of notes, notes other than \$100 and \$50 notes only account for 44% of the number of notes in circulation (Appendix G).

It is suggested that it is likely that a significant shortage of low denomination notes would arise if this measure was implemented.

(iv) such a change would give rise to costs both in terms of the disablement of bill acceptors, installation of note breakers and additional staffing at venues (cashiers/more frequent removal of notes from machines) which, it is submitted, cannot be justified in terms of harm minimisation benefits.



(v) player preference is clearly for note acceptors; virtually no complaints were received when the new technology was introduced and venues found that they had to introduce the new technology to retain players.

(vi) such a measure was not recommended by the Productivity Commission or other studies into the industry.



## PROPOSAL THREE

“The inclusion in the gaming machine display of a prominent meter which records – in terms of dollars and cents rather than simply units – the total monetary value of the credits available to players prior to each play, the monetary value of the bet which a player is making prior to each play and the monetary value of the win which a player wins”<sup>11</sup>.

The industry group accordingly suggests that, given that all machines already display prominent equivalence messages (such as ‘\$1 = 100 credits’) the simplest and most effective way of implementing this worthwhile harm minimisation measure would be for new machines to be required to display currency on screen while the machine is in idle mode with credits established and during game play.

The industry group agrees that players should receive such information to ensure that the cost of playing is adequately and constantly communicated.

It is submitted that the ideal solution is for credits to *also* be displayed because:

- (i) all machine artwork is denominated in credits rather than currency;
- (ii) machine play buttons are all denominated in credits/line;
- (iii) the display of bets and wins in currency bears no relation to the pay table or play buttons or the artwork.

It is accordingly suggested that, if *only* currency was displayed, it would confuse rather than inform the player. Moreover, it would be necessary to produce different artwork for

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<sup>11</sup> LAB



different denomination machines and this would substantially increase both costs and the risk of errors occurring (in terms of differences between artwork and machine function).

The industry group also suggests that the display of the bet a player is making is of little use as it is only effective when the player hits the button when it pops up, immediately disappears and cannot be reversed.



## PROPOSAL FOUR

“The introduction of a facility whereby – at random intervals – a screen will appear on the machine with the words in an approved form specifically asking players if they would like to continue playing, and to require the player to answer “Yes” or “No” with a “no” answer automatically exiting the player from the machine and crediting them with the remaining credits. A similar facility would be required to appear immediately after larger wins (eg a win which is 250 times the original bet)”<sup>12</sup>.

The industry group supports the display of harm minimisation messages on screen.

However, it is suggested that if any message appears ‘at random intervals’ it would disadvantage certain players particularly those playing mysteries or jackpot linked machines and endeavouring to win a particular jackpot.

The industry group accordingly proposes that consideration be given to introduction of requirements, in relation to new machines, that:

- (i) mandates a ‘pull through’ message that runs across the screen of each machine every 30 minutes;
- (ii) mandates a ‘pull through’ harm minimisation message that runs across the screen of each machine when in excess of \$100 is inserted;
- (iii) mandates a ‘pull through’ harm minimisation message each time the proposed new \$500 (hotels and clubs) or \$1000 (Star City) ‘cash input limit’ is reached.

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<sup>12</sup> LAB





The industry group believes that such 'pull through' notices will cause players to stop and think about the issues raised in the notice.

The industry group would like to discuss the details of the messages with the LAB and the technical requirements associated with them.



## PROPOSAL FIVE

“The adoption of enhanced controls over gaming machine artwork with a view to ensuring that the design and content of the artwork does not tend to encourage or promote irresponsible gaming behaviour or induce in the player an unrealistic expectation that playing the gaming machine will result in significant financial gain”<sup>13</sup>.

It is suggested that the concept of ‘enhanced controls’ over machine artwork is unnecessary because it:

- (i) is unnecessary because artwork is already governed by the *Australia/New Zealand National Artwork Standards* which are uniform across all jurisdictions; to introduce different artwork requirements for NSW is inconsistent with the drive towards national standards across the field;
- (ii) is too subjective and vague to be enforceable in a consistent and fair manner by different individuals in relation to different manufacturers’ products;
- (iii) would place unique and unfair restrictions on gaming machines, differentiating them not only from all other forms of gambling but virtually all other manufactured products;
- (iv) would prevent manufacturers from designing ‘entertaining’ games; the industry group agrees that if a game is misleading or deceptive, regulators (and indeed the ACCC) are more than entitled to take appropriate action; however, if a game falls short of being misleading or deceptive, no action should be taken.

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<sup>13</sup> LAB



The industry group also suggests, as stated at the LAB Forum on 5<sup>th</sup> May, 2000, that given:

- (i) the existence of Trade Practices Act and other legislative protection of players from misleading and deceptive advertising, representations etc;
- (ii) the restrictions on advertising that have already been put in place through the Gambling Legislation Amendment (Responsible Gambling) Act, 1999 and the Regulation;
- (iii) the very limited amount of room available for artwork on gaming machines; and
- (iv) the latitude extended to other operators in the NSW gambling industry in relation to advertising (ie the 'truckloads of cash' television advertising campaign depicting a truck apparently full to the brim with notes which are clearly of a significantly greater value than can actually be won);
- (v) it is simply not equitable or reasonable to impose further restrictions on gaming machine artwork to discourage players from playing gaming machines without imposing identical requirements on other gambling providers.

The industry group also wishes to confirm the earlier AGMMA submission that Circular 1 of 1998 issued by LAB should be withdrawn as it prohibits the use of adhesive stickers which is inconsistent with the requirement for warning notices under the *Gambling Legislation Amendment (Responsible Gambling) Act Regulation*.



## PROPOSAL 6

“Slowing down the speed of games to add a few more seconds to the time of individual games”<sup>14</sup>.

While the basis for the above Proposal may appear well intentioned as a harm minimisation measure, it is the industry group’s view that a desire to manipulate game speed assumes that the current game speed is unacceptably fast, is purely aimed at increasing turnover, and in some way will assist problem gamblers.

The industry group submits that the current game speed does not mitigate responsible gaming and should not be adjusted.

### **Changes in Game Design**

The nature of games has changed substantially since the days of mechanical stepper machines.

Today, the most popular multi-line games offer a feature comprising a secondary bonus round or ‘game within a game’ after achieving milestones in the primary round.

Games also frequently involve ‘second screen’ features meaning that when a player hits a bonus combination on the video spinning reels, the image of the reels on the screen is replaced by a second screen which offers the player additional payoff opportunities as well as giving the player the opportunity to enjoy various entertaining options in the bonus round.

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<sup>14</sup> LAB



For example, in one game, chickens try to cross a road without getting run over by a truck that speeds into view. A bonus coin amount is added for each chicken that crosses the road successfully.

These aspects of the development of complex games have led to the game cycle being extended so that players are already finding that they are playing games for a longer period and deriving greater 'value from money' in doing so.

This trend towards extension of the game cycle is enhanced by such other design input as 'winning time out', the melodies that play to celebrate a player's win.

The result is that games can often last for five minutes and longer.

A further important consideration is that gaming machines have been developed as, and remain, a medium for entertainment. The evolution of machines has been directed at enhancing their entertainment potential and game speed has been a factor in this development. Like instant lotteries, players have shown a preference for a speedy result to a game, which as stated above, can be drawn out to cover quite a lengthy period.

To manipulate game times runs the real risk of diminishing the pleasure the majority of players derive from playing gaming machines and the industry group requests that consideration be given to other options which would more effectively target problem gamblers without overtly affecting the entertainment value of machines.



## Suggested Options

- (i) 'Play Through' and 'Auto Gamble' Feature to be Discontinued

The industry group supports the prohibition on auto gamble.

In addition, it is suggested that not allowing a player to short cut the pay cycle by simply playing the next game without waiting for the pay cycle to conclude may be effective in not only increasing the game time cycle but will allow further time for the player to consider whether to play on.

- (ii) Redesign Button Function

The industry group wishes to suggest that buttons on gaming machines be redesigned (for new machines) so that players are required to press each button separately to generate an action rather than 'jam down' buttons to cause the machine to operate continuously. It is believed that this is both consistent with the prohibition on 'auto play' and is a measure likely to be of direct assistance to problem gamblers.

- (iii) Minimum Average Long Term Return to Player to be increased from 85% to 87.5%

As one of the proposed alternatives to 'slowing down' game speed, the industry group proposes that the current minimum long term return to player for all new gaming machines in New South Wales be increased from 85% to 87.5%.



This will not only give New South Wales the highest minimum statutory return to player in Australia but will act as a harm minimisation measure because it will mean players will take longer to spend a given amount of money.

In this respect, it is not dissimilar to the concept of ‘slowing machines down’.

(iv) Limiting the maximum amount that can be inserted to \$500 for clubs and hotels and \$1,000 for Star City

As set out previously, the industry group recommends that consideration should be given to limiting the maximum amount that can be inserted into a gaming machine to \$500 for clubs and hotels and \$1,000 for Star City.

It is suggested that this change, again, will slow down the rate at which players play games because of the tendency for some players – possibly problem gamblers - to ‘load up’ machines.

(iv) Significance of trend towards 1c and 2c machines

As set out previously, the strong trend in NSW towards low denomination machines is evidence that the industry is responding to consumer demand for longer playing time.

Players can control the length of play through the amount that they bet (see page 6 of draft AGMMA Player Information Booklet – Appendix F).

In summary, the industry group does not consider the current game time to exacerbate problem gambling as the game cycle of modern machines can be lengthy and is aimed at providing enjoyment to the vast majority of machine players. Harm minimisation would



be more appropriately addressed through other areas such as prohibiting 'play through', bet restrictions and increasing the return to player.





## PROPOSAL 7

“Shutting down a machine for 10 minutes every hour”<sup>15</sup>.

The industry group believes that this is not a practical or effective ‘harm minimisation’ measure for the following reasons:

If machines are switched off *individually* for ten minutes every hour, problem gamblers will be able to simply switch to another machine. It will annoy and disrupt recreational players (particularly if credits are locked up in a machine that is automatically switched off).

There is a strong likelihood that such a measure would give rise to disputes between players and venue management. The experience of some venues that have experienced power failures is worth noting. Chaos has generally reigned supreme and venues have been forced to pay out large sums to players with dubious claims.

If it is proposed that *all* machines in a venue are switched off for 10 minutes every hour, it will both annoy and disrupt the recreational players who are not problem gamblers and will also be ineffective in terms of targeting problem gamblers. Players with credits will simply wait by the machines for the ten minute break to end.

It is thought that a likely outcome for problem gamblers, in particular, will be that they simply wait at ‘their’ machines for the ten minutes and/or *vastly* increase their play rates while the machines are ‘on’.

The imminent closing down of machines would, it is thought, produce a ‘6 O’clock Swill’ mentality with players increasing their bets and play rate before the ‘cut out’. It is suggested that any ‘harm minimisation’ measure likely to comprise an incentive to both recreational

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<sup>15</sup> LAB



players and problem gamblers to *increase* their play rate at any time is not only ineffective but is so highly counterproductive as to be not properly describable as a 'harm minimisation' measure.

It is submitted that turning off all machines would not only be ineffective and counterproductive but would give rise to the following serious technical difficulties with links:

Links/Wide Area Networks:

Turning off all machines would mean a machine stopping or suspending the RNG in the controller whilst still allowing the controller to accumulate the jackpot.

If a link or a wide area network is involved with even slightly different 10 minute "breaks in play", players could be prejudiced by being locked out at times that other players could win.

Communications

Time lags in the communication between machines would make it difficult – if not impossible – for all machines on any link to close down at precisely the same time.

This time lag could result in unfair treatment to players as some players could find themselves locked out of a link before other players and could find that – when the machines start up, they are locked out for longer than other players.



## PROPOSAL 8

“Expediting the approval and deployment of smart card machines with a \$20 limit on card values”<sup>16</sup>.

The industry group members have been individually considering different smart card proposals which go well beyond gaming and would permit customers to purchase a range of goods and services from venues.

These may, subject to the appropriate approvals being forthcoming, involve co-branding and loyalty schemes.

The industry group would be pleased to discuss the ‘smart card’ concept further with the LAB but does not currently have sufficient information in terms of a specific proposal to respond in a meaningful manner given the different proposals under consideration across the industry.

The implementation of such systems is a matter that requires careful consideration in order to ensure that the real goals of assisting problem gamblers can be achieved while also providing a useful enhancement that benefits recreational players, venues and government.

The capital cost of such systems is significant and it is important that the right solution is found. The industry looks forward to discussing this matter further with the LAB.

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<sup>16</sup> LAB



## PROPOSAL 9

“LED displays displaying in a range of languages”<sup>17</sup>.

The industry group submits that displaying messages on screen in a range of languages is both impractical and likely to be counterproductive from a ‘harm minimisation’ perspective as:

- (i) it is likely to confuse all players who find themselves receiving instructions/data in a foreign language. It is suggested that any measure which unnecessarily over-complicates screen displays is undesirable.
- (ii) an LED display is not a suitable means of communication in multiple languages because, even with the shortest of messages, it takes too long to recycle: players will not wait for ‘their’ language to appear. It is submitted that the provision of summaries of player information booklets in a range of languages is the most effective and useful way of informing non-English speakers about the characteristics of machines and how they operate.
- (ii) it will not, of course, be possible to change the artwork on machines to be consistent with the range of foreign language messages envisaged as appearing on the screen. The industry group wishes to register concern over the possibility of inconsistencies between the artwork and foreign screen messages.
- (iii) the provision of a single display in multiple languages may be technically impractical.

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<sup>17</sup> LAB



## 6 Summary of Industry Group Response to LAB initiatives

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Proposal	Details	Industry Group Response
1	Information	Agreed. Implementation Measures Suggested.
2	Note Acceptors	Does not assist problem gamblers; more effective alternative proposed
3	Prominent Meter	Agreed to display of currency and credits
4	Random Message	Agreed to messages and suggest triggered “pull through”
5	Artwork Controls	Artwork controls already in place
6	Slowing Games	Agreed to an expanded series of measures.
7	Shutting Down Every 10 Minutes	Does not assist problem gamblers; more effective alternative proposed
8	Smart Cards	More information is required
9	LED Messages	Does not assist problem gamblers; more effective alternative proposed



## 7 Further Industry Group Initiatives

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The proposed industry group 'harm minimisation' package outlined on page 2 includes a number of proposals which the industry group would like to discuss further with the LAB with a view to settling and implementing such proposals as soon as possible.

These initiatives include:

- (i) Establishment of a NSW Industry Group Secretariat to oversee these initiatives and others and to work with the Minister, the LAB and the Department on these issues.

It is proposed that a new industry group secretariat be established to work on these initiatives and others (including a uniform code of conduct for all venues in NSW). It is envisaged that the secretariat would provide advice to the government and would respond to media and community concerns over the gaming industry. It would provide the NSW gaming industry with a 'single voice' and facilitate communications with Government.

In addition to developing a common code of conduct, it is envisaged that this secretariat could support education programmes, carry out research and support counselling courses.

The industry group recommends that minimum qualifications (including a basic understanding of gaming machines and venue operations) should be established for 'problem gambling counsellors' who, once qualified, should be licensed.

It is suggested that licensed counsellors should be required to collect and submit data (with due respect for privacy) to a central data collection pool – maintained by the



Secretariat – for analysis and reporting particularly in terms of the perceived effectiveness of harm minimisation measures.

It is suggested that DOCS and CCBF funding should be conditional on this data being regularly forwarded to the secretariat as it is only through a better understanding of problem gambling and its response to harm minimisation measures that real progress can be made.

(ii) Joint Uniform 'Responsible Service of Gaming Programme' to be developed and implemented based on successful DGR 'Responsible Service of Alcohol' programme.

The industry group recommends that a joint uniform responsible service of gaming programme be developed with the Department for application in all sites across the State. Whilst it is recognised that Star City has different resources and issues to a local country pub, it is suggested that core elements of a program can be identified and applied on a uniform basis. It is thought that the proposed Secretariat – which would cover all venues in NSW – is the appropriate body to develop such a programme with the Department and the LAB.

The success of the DGR 'Responsible Service of Alcohol' programme suggests that consideration should be given to adopting many of the elements of that programme as a model.

Star City, CLUBS NSW and AHA NSW have developed training courses for their staff. The industry group recognises that it is sensible for each course to contain common key elements which have been discussed with and approved by the relevant regulatory authorities.



A standard core TAFE 'Responsible Gaming' course – approved by the DGR - should, it is suggested, be the common element in each of the courses. The industry group proposes that this be launched following approval of the TAFE course by the LAB.

The industry group looks forward to developing this initiative with the LAB and the DGR.

(iii) State-wide Joint Uniform Voluntary Self Exclusion Scheme to be agreed and launched by Industry Group

At this time, Star City, AHA NSW and CLUBS NSW have developed and either have implemented or are implementing their own individual self-exclusion systems. The industry group believes that it is desirable to agree on a uniform system. It will not be possible to circulate details of every person who wishes to self-exclude across the state and 'police' self-exclusion as there will be too many persons to check and venues do not have the resources to do so. However, a uniform scheme involving standard documents and standard procedures is clearly a step in the right direction. The industry group looks forward to further discussions with the LAB in this regard.





## 8 Retrospectivity

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At the LAB Forum which took place on 5<sup>th</sup> May, 2000, the issue of whether the proposed measures will be retrospective was discussed.

It was indicated by the LAB that these measures would not be retrospective.

This comment is welcomed by the industry group which suggests that consideration be given to incorporating all of the proposed changes to new machines in a new specification for gaming machines to be phased in by the LAB.



## 9 Pro-active Approach to Harm Minimisation Measures

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The industry group submits that its very formation is a significant step in the right direction for the gaming industry in NSW.

It will permit all operators in the State to work together with manufacturers, regulators and the legislature to enhance the lead that NSW has already taken in the harm minimisation area regarding gaming machines.

The proposals set out in this document are, it is suggested, indicative of the potential benefits that are achievable through such co-operation.

The industry group acknowledges that it needs to take a pro-active role in the harm minimisation area and believes it has demonstrated this through the original and far reaching proposals set out above.

The industry group looks forward to working with the LAB to develop the initiatives proposed in this document, and others, in a timely manner.



## 10 Conclusion

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Finally, the industry group wishes to thank the LAB for arranging the consultative process over these measures.

The industry group wishes to progress discussions on these issues with the LAB on these issues and has appointed a representative sub-group for discussion purposes.

Please contact Ross Ferrar at TAB Limited (tel. 9218 1180) to organise a meeting with this group.



Signed on behalf of AHA NSW, CMAA, CLUBS NSW, Leagues Club Association of NSW, TAB Limited and Star City

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AHA NSW

Michael Campbell

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Leagues Club Association of NSW

Wayne Kendrigan

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CMAA

Jim Henry

---

TAB Limited

Ross Ferrar

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CLUBS NSW

Mark Fitzgibbon

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Star City

David Charles



## APPENDIX A

### Principal Gaming Industry Legislation in NSW

#### Legislation

REGISTERED CLUBS ACT  
REGISTERED CLUBS REGULATION  
BANKING ACT  
CASINO CONTROL ACT NSW  
CHARITABLE FUNDRAISING ACT  
CHARITABLE FUNDRAISING REGULATION  
CONTRACTS REVIEW ACT  
CRIMES ACT  
CRIMES (CURRENCY) ACT  
CRIMINAL ASSETS RECOVERY ACT  
CONFISCATION OF PROCEEDS OF CRIME ACT 1989 No. 90 NSW  
PROCEEDS OF CRIME ACT 1987 Commonwealth  
CURRENCY ACT  
FAIR TRADING ACT  
FINANCIAL TRANSACTION REPORTS ACT COMMONWEALTH  
FINANCIAL TRANSACTION REPORTS REGULATIONS  
FINANCIAL TRANSACTION REPORTS ACT NSW  
GAMBLING (TWO-UP) ACT  
GAMBLING LEGISLATION AMENDMENT (RESPONSIBLE GAMBLING) ACT  
NSW  
GAMING AND BETTING ACT NSW  
INSURANCE ACT  
LIQUOR ACT  
LIQUOR REGULATION  
LOTTERIES AND ART UNIONS ACT NSW  
LOTTERIES AND ART UNIONS REGULATION  
PUBLIC LOTTERIES ACT  
RACING ADMINISTRATION ACT  
TOTALIZATOR ACT



TRADE PRACTICES ACT  
UNLAWFUL GAMBLING ACT

## Department of Gaming and Racing Publications Related to Conduct of Gambling

- 6/99 - Management of Registered Clubs
- 5/99 - Gambling Legislation Amendment (Responsible Gambling) Act 1999
- 2/99 - Centralised Monitoring System
- 1/98 - Registered Club Taxation Changes
- 2/98 - Commencement of Amendments – Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998
- 3/98 - Club Best Practices – ‘Use Your Auditor to Check on Key Matters’
- 4/98 - Community Development and Support Expenditure Guidelines
- 5/97 - Guidelines for Completion of the ‘Standalone Gaming Device Applications’
- 6/97 - Information Sheet on Liquor and Registered Clubs Legislation amendment (Monitoring and Links) Act 1997  
Government Duty on Commercial Gaming and Wagering  
Commercial Gaming Programs  
2.1 Signs in Registered Clubs
  
- 6/99 - Guidelines for responsible gambling (largely superseded by subsequent legislation)
- 6/99 - Community Gaming ready reference sheet
- 12/97 - Credit betting/cash advances (does not take account of the amendments to the Registered Clubs Act which commenced on 10/12/99)
- 9/98 - Charitable Fundraising
- 7/99 - Best practice guidelines for charitable organisations
- 6/99 - Regulation of charitable fundraising activities
- 12/98 - Social housie
- 2/98 - Two-up on ANZAC Day
- 9/98 - Club Bingo
- 2/98 - Lucky envelopes chocolate wheels
- 6/99 - Mini-numbers
- 3/99 - Gaming nights
- 6/99 - Raffles
- 2/98 - No-draw lotteries
- 6/99 - Sweeps and calcuttas
- 6/99 - Art unions
- 6/99 - Promotional raffles in registered clubs
- 7/99 - Trade competitions
- 3/99 - Card jackpot games
- 6/99 - Fundraising housie
- 6/99 - Community development and support expenditure guidelines

## **AHA NSW CODE OF CONDUCT**



APPENDIX C

**CODE OF PRACTICE OF CLUBS NSW**

APPENDIX D

**TAB RESPONSIBLE WAGERING AND GAMING COMMUNITY  
COMMITMENT**

APPENDIX E

**Extract from LAB Annual Report, 1998-9**

APPENDIX F

**AGMMA PLAYER INFORMATION BOOKLET**

**(NOTE: THIS IS A DRAFT DOCUMENT WHICH HAS NOT RECEIVED  
MINISTERIAL APPROVAL UNDER THE REGULATION)**

APPENDIX G

**RESERVE BANK OF AUSTRALIA CURRENCY DATA**