



# NEW SOUTH WALES HOSPITALITY AND GAMING INDUSTRY



15 DECEMBER, 2000



RESPONSE TO:  
LAB PROPOSALS OF  
17 NOVEMBER, 2000





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## 1 Executive Summary

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The industry group made a submission to the Board on the Revision of Technical Standards on 9th June, 2000. The group has now been requested to respond further to the LAB Provisional Determinations (provided on 17 November, 2000).

The Board originally required a response by 15th December, 2000 but, in response to requests by industry stakeholders, agreed, on 8th December, 2000, to extend this date to 15 February, 2001 subject to *the agreed issues (being) notified by 15 December, 2000 and input (being) provided on 'matters for future consideration'*.

The industry group had prepared this response for submission to the Board on 15th December, 2000 prior to receipt, on 14th December, 2000, of notification of the Board's decision of 8th December, 2000 and has decided to submit this document as planned notwithstanding the extension.

The industry group wishes to continue to work in a participative and positive manner with the LAB and the NSW Government to facilitate the implementation of the harm minimisation objectives with which the LAB has been charged.

However, the 17 November, 2000 proposals ("the November proposals") include three measures which, if implemented as proposed, could well have a devastating effect on gaming in NSW, on the financial position of all gaming venues, on employment by those venues and on social and community activities supported by these venues.

Venues dependent on gaming revenue for their viability are distributed all over NSW. Both hotels and clubs in rural NSW are currently particularly vulnerable to such changes which would, if implemented, impact very adversely on both the



community support and employment opportunities offered in rural NSW.

The three measures in question are:

- reduction of max bet to one dollar,
- reduction of game speeds; and
- re-configuration of bill acceptors.

The industry group is so concerned about both the economic implications and the value of these three proposals from a 'harm minimisation' perspective that it wishes to undertake detailed studies of the proposals (as set out in the letter from Mr Ferrar to Mr Armati dated 7<sup>th</sup> December, 2000 (copy attached)) and respond separately in relation to these proposals by 31 May, 2001.

The group is also concerned that the impact on the recreational player has not received sufficient attention in reference to the three proposals in question.

The industry group is pleased that virtually all of its extensive responsible gaming package (as set out in its 9<sup>th</sup> June submission) have been endorsed by the LAB.

In its submission of 9<sup>th</sup> June, the industry group put forward a number of alternative proposals that have now been adopted by the LAB.

The industry group is concerned that these proposals have been adopted, not as alternatives, but in addition to the original proposals.

The industry group is also concerned that most of the original proposals have been strengthened and that additional proposals have been made without regard to the cohesive nature of the original 'package' put forward by the industry group and the fact that many parts of the proposals were 'alternatives' not 'additional' measures.



The interaction of the various measures is critical to the 'package' and this appears to have been overlooked.

As a result, this industry group response must remain provisional until the final determination of the LAB on the entire 'package' of harm minimisation measures is made.

The industry group's further research studies will address this interaction as well as the three proposals referred to above.

The industry group supports harm minimisation and wishes to continue to put forward proposals which will achieve the objective of assisting problem gamblers.

However, the industry group's view is that, whenever possible, this should be achieved without disrupting the enjoyment of recreational players.

Any disruption to recreational players should be minimised as:

- there is no 'harm' to minimise as far as recreational players are concerned;
- this could be extremely damaging to the gaming industry and the NSW economy;
- it is possible to frame harm minimisation measures to effectively target the very small group of problem gamblers without impacting on recreational players.



The industry group is particularly concerned about measures which alter the very essence of the NSW gaming machine as perceived by the average NSW recreational player.

It takes very little to convert an 'entertaining' machine into a 'boring' one and in the process prejudice the viability of the industry, employment and community activities without achieving any significant corresponding harm minimisation benefit.

Gaming is an entertainment product and should be viewed in a similar way to the racing industry.

Given the relatively small number of problem gamblers in NSW, it is simply not logical to risk destroying an entertainment product on the "off chance" that measures *may* assist these people or some of them.

No one has ever suggested that breweries make their beer less tasty to address alcoholism.



## 2 Industry Group

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The industry group was formed in May 2000 to address the original nine initiatives proposed at the LAB forum held on 5<sup>th</sup> May, 2000.

The industry group met extensively between May and June, 2000 to prepare its submission to the LAB of 9<sup>th</sup> June, 2000.

The industry group comprises AHA NSW, CLUBS NSW, The Leagues Club Association of NSW, CMAA, TAB Limited and Star City.

The industry group was formed to provide a single voice representing all NSW gaming industry operators; these operators directly employ nearly 200,000 full time and part-time staff in the NSW Hospitality and Entertainment industry and many more indirectly.

It has been estimated that one in twelve full time employees in NSW owe their employment to NSW clubs and hotels and to Star City.

The industry group provides entertainment, leisure activities and hospitality services to the majority of the population of NSW.





### 3 Industry Group Submission of 9<sup>th</sup> June, 2000

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#### 3.1 Industry Group's Harm Minimisation Proposals

The industry group's 9<sup>th</sup> June, 2000 submission proposed eight technical harm minimisation measures and six operational measures which the industry group conceived, as a 'package', to advance responsible gambling in NSW.

The eight technical measures proposed by the industry group included:

- Reducing the 'cash input limit' by 95% from \$10,000 to \$500 for clubs and hotels and by 90% to \$1,000 for Star City
- Limiting overall game speeds to the speed of current game cycles
- Increasing the minimum average long term percentage return to player from 85% to 87.5%
- Credit meter to display currency on screen
- "Pull Through" messages to scroll across the screen every 30 minutes
- "Pull Through" Harm Minimisation message to scroll across screen whenever \$100 is inserted
- "Pull Through" Harm Minimisation Message to scroll across the screen whenever proposed new \$500 'Cash Input Limit' is reached



- “Play Through” Feature to be disabled and buttons re-designed so that an individual push is required for each action.

The industry group also proposed six new operational measures:

- Plain English ‘Player Information Booklets’ developed by the NSW gaming industry (launched by the Minister on 2<sup>nd</sup> July, 2000 and now available on-line at ***agmma.com***);
- A Chance of Winning (“COW”) Card regime involving mandatory disclosure of key consumer data;
- Establishment of an Independent Industry Secretariat to develop common codes of conduct, education programmes, carry out research etc
- Development of a Joint Responsible Service of Gaming Programme
- Development of a Joint Uniform Voluntary Self-Exclusion Scheme
- Combined Accredited Counselling Services

These measures were suggested following consultation with the gaming machine manufacturers and represent a very significant step forward in terms of effective harm minimisation measures designed to specifically target the problem gambler.

These measures are unmatched anywhere in the world and, if implemented, would place NSW at the ‘cutting edge’ in terms of responsible gambling measures.



The Player Information Brochure alone has proved of enormous interest to problem gambling counsellors around NSW, interstate and overseas. Indeed, both Queensland and Victoria are in the process of developing their own Player Information Brochures based on the NSW document.

Subject to the concerns expressed in the Executive Summary, the industry group is pleased that the LAB has responded positively to these suggestions and wishes to continue to assist in the implementation and fine tuning of the proposed measures as will be evident from the remainder of this document.

### 3.2 Extent of NSW Harm Minimisation Achievements to Date

The industry group is concerned that the achievements of the NSW Government in terms of harm minimisation have not been recognised and that the impact of these harm minimisation initiatives on problem gambling have not been evaluated before either additional measures proposed by the industry group or the Board are considered.

The Gambling Legislation Amendment (Responsible Gambling) Act, 1999 introduced sweeping new harm minimisation measures which are unmatched anywhere in the world.

These measures have now been implemented (with the exception of the Player Information Brochure requirement which is to come into effect on 1 January, 2001).

The impact of these changes has not been evaluated nor, to the knowledge of the industry group, are there any studies in progress (or even proposed) to do so.



The industry group 'package' of proposals outlined above were proposed in response to the Board initiatives of May, 2000.

The impact of this package of initiatives on problem gamblers cannot be evaluated until they are implemented.

However, the Board has now proposed even more extensive measures without giving consideration to, firstly, implementing the industry proposals and evaluating their effectiveness.

The industry group supports the implementation of harm minimisation initiatives in a single specification as set out in more detail on page 43.

### 3.3 Sensationalised Press Coverage of Gaming Issues

Recent headlines in the daily press are unfortunate in that several articles sensationalised and quoted figures of turnover rather than what was actually spent.

The Daily Telegraph has recently suggested the average person in Canterbury Bankstown "spent \$181 a week on gaming machines". This figure is obviously turnover.

The average return to player on New South Wales gaming machines is 90.4%.

Using the Daily Telegraph figures for gaming in Canterbury/Bankstown, the average turnover of \$181 would mean a return to player of \$163.62 or an actual weekly spend of **\$17.38**.



The industry group also noted, in its June submission, that the Productivity Commission estimated that the average spend on Australian Gaming Machines by adult Australians was \$420 a year (\$8.07 per week) in 1997-8.

This personal entertainment compares very favourably to, say Pay TV, at \$840 per year, a 'once a week' movie ticket at \$780 a year and many other alternate entertainment activities.

### 3.4 Costs of Proposals

Gaming machine profits are much less than generally perceived by the community. As indicated in the industry group's submission of 9<sup>th</sup> June, 2000, most people would not be aware that the average net profit before tax earned by a gaming machine in NSW Clubs and Hotels (assuming a 16 hour trading day) is only \$6.35 an hour (\$10.83 an hour for Star City on a 24 hour trading day).

The cost of implementation of the proposed measures is likely to be significant, particularly since the replacement of every gaming machine and game in NSW is under consideration.

The industry group's ability to implement the changes envisaged is dependent, to a large extent, on its ability to fund these changes and this ability is likely to be seriously prejudiced if many of the changes go ahead.

Information has been sought from Manufacturers as to the likely costs of the proposals. This information will be set out in the further submission to be supplied to the Board on 31 May, 2001.

### 3.5 Three Proposals Requiring Further Research



The industry group believes that the proposed changes to max bet, game speed and bill acceptor configuration will have virtually no impact on the problem gambler.

There is simply no evidence – in the form of independent research – that either explicitly or implicitly demonstrates that the three proposals will achieve the harm minimisation envisaged by the Board.

Moreover, the proposals are likely to adversely influence the recreational player to such a significant extent that he or she would be likely to turn to other forms of gambling, particularly internet gaming.

The proposed changes are accordingly likely to reduce the earnings derived from gaming machines to such a significant extent (this will become clearer when the research work is completed) that the financial viability of many venues will be seriously prejudiced, the support provided to local communities will be impacted and employment will be seriously reduced.

The research work to be carried out by the industry group will demonstrate the precise impact of the three proposals.

This research work is clearly of great significance to the industry and it is therefore proposed that the Board defer consideration of the three proposals in question pending receipt of the research work by May 31, 2001.



## 4 LAB Response of 17 November, 2000

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### 4.1 Measures the LAB does not propose to adopt

The industry group wishes to express its gratitude to the Board for responding positively to the industry group's comments regarding technical and operational difficulties associated with the shutting down of gaming machines for ten minutes every hour and the display of responsible gambling messages in a range of languages on LED displays.

### 4.2 The Gambling Legislation Amendment (Responsible Gambling) Act, 1999

The industry group notes that Section 2B of Schedule 2 of the Act and Section 3A of Schedule 6 of the Act require the Licensing Court and the Board to "*have due regard to the need for gambling harm minimisation and to foster the responsible conduct of gambling activities when exercising functions under the (Acts)*".

The industry group also notes that the statute requires that "*due regard is to be had to the need for gambling harm minimisation when considering for the purposes of (the legislation) what is and what is not in the public interest*".

The industry group notes the Board's view that "*any review it conducts should emphasize the positive social impact of any reforms and should not have regard to impact upon Government revenue nor the impact upon profit of clubs or hotels*".

It is also noted that the Board is of the view that "*the Board has neither a statutory duty to maximise Government revenue nor to minimise the cost to the industry*" and that "*gambling*



*harm minimisation requires consideration of the flow-on effects of gambling, for example the impact on gamblers, their families and the community and infrastructure costs”.*

The industry group believes that the introduction of three of the proposed new technical standards are unlikely to have an impact on problem gambling and have the potential to undermine the viability of the gaming industry in NSW.

The industry group proposes to make a further submission to the Board demonstrating that the proposals in question simply do not achieve ‘harm minimisation’ of the nature which the Board is charged with considering.

The industry group will support this further submission with independent research conducted external to the industry.

The industry group submits that measures of this nature should not be implemented lightly and suggests that ‘harm minimisation’ involves careful consideration not only of the perceived harm but of the effectiveness of the proposed measures (and alternative measures) before implementation.

### **4.3 Identifying Harm**

The industry group submits that the requirement that the Board have due regard to the need for gambling harm minimisation should be interpreted on the basis that harm minimisation is only required *where harm can be reasonably demonstrated to occur in the absence of those measures*.

It is suggested that as the vast majority of players are recreational players, not problem gamblers, who enjoy gaming machines and voluntarily choose to play them rather than taking part in other forms of entertainment, no ‘harm’ is occurring as far as they are concerned and no regard therefore need be had to harm minimisation.





The industry group accepts that there are people who are unable to exercise control over their gambling behaviour and that harm minimisation measures are both necessary and appropriate to assist these people.

However, the industry group believes that this objective can and should be achieved through measures which do not impact on the recreational player *unless it can be clearly demonstrated that the 'harm' can only be properly addressed through such measures.*

The industry group suggests that a number of the harm minimisation measures under consideration are likely to have a major impact on the recreational player and that such measures should be carefully reviewed to establish:

- whether alternative harm minimisation objectives which achieve similar goals, without impacting on the recreational player, are available;
- if so, whether such measures can be adopted in place of the measures which impact the recreational player.

It is generally accepted that little is known about the individuals who make up the group loosely described as 'problem gamblers' in NSW.

The Productivity Commission made a number of important statements in this regard and these are probably the most authoritative at this time:

- “it is difficult to measure problem gambling among populations and no existing single test instrument is perfect”<sup>1</sup>;

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<sup>1</sup> Productivity Commission Report Chapter 6, 6.1.



- “...around 1 per cent of Australian adults are estimated to have severe gambling problems (level 3 problems) – equivalent to 130,000 adults”<sup>2</sup>;
- “...a further 160,000 adults are estimated to have *moderate* problems which *may not* require treatment...”<sup>3</sup> (emphasis added).

If one accepts the Productivity Commission report as correct in relation to problem gamblers involved in all gambling activities throughout Australia (and the industry group is not in a position to accept or reject it at this stage), of these problem gamblers, it is clear that a portion of them have problem gambling problems which are not associated with gaming machines.

The Productivity Commission states that approximately 82% of Australians gamble but only 39% of Australians play gaming machines<sup>4</sup>

The precise number of Australian problem gamblers who have gaming machine related problems is accordingly not clear.

The industry group believes that before measures impacting seriously on recreational players, the gaming industry and employment, it is essential to achieve a better understanding of the group of problem gamblers in NSW who have problems with gaming machines.

The industry group seeks the assistance of the Board in terms of accessing information on problem gambling which the Board is relying on and to which the industry group does not have access.

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<sup>2</sup> Productivity Commission Report, Volume 1, 6.44

<sup>3</sup> Productivity Commission Report, Volume 1, Page 2



This will assist the industry group in terms of the formulation of alternative measures which are specifically intended to reduce the numbers of problem gamblers in NSW which, it is submitted, should be the real objective of harm minimisation.

#### 4.4 Fairness

The industry group acknowledges and endorses the Board's statement that "*as is only fair and sensible*", it will "*have due regard to the impact that any proposal it might implement would have upon clubs and hotels... (and) manufacturers.*"

The Board's request for comments in relation to "*the effect on turnover that the proposed measures will have*" is noted and will be addressed in the research to be carried out.

The industry group once again wishes to state that while it is extremely concerned about the impact of the max bet, game speed and note acceptor proposals on turnover, it will only be in a position to demonstrate this concern on an objective basis when the research it is undertaking has been completed.

In the interests of fairness, the industry group believes that it is essential that the Board's determinations on these critical issues are deferred until that data is available and a further supplementary submission is made in relation to the issue.

The industry group estimates that it will be in a position to respond on these key issues *by 31 May, 2001.*

#### 4.5 Matters for Future Consideration

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<sup>4</sup> Productivity Commission Report, Volume 1, 1.2



It would be appreciated if the Board could supply additional material as to the rationale for the further measures under consideration.

The industry group proposes to address these matters in one or more subsequent submissions after consideration of the Board's detailed proposals.

#### 4.6 Industry Suggestions for Further Consultation

The Board's interest in consulting further with the industry group in relation to the establishment of a NSW Industry Group Secretariat, the development of a joint uniform responsible service of gaming program and the establishment of a statewide voluntary self-exclusion scheme is noted. The industry group looks forward to further discussions in this regard and notes, in relation to the latter, that a *pro-forma uniform self-exclusion deed* has been produced by the industry group and is currently being reviewed by the individual members.

The industry group has also, independently, raised concerns about player/venue disputes and the legislative machinery for dealing with such disputes in NSW which is believed to be inferior to that in other jurisdictions. The industry group looks forward to discussing this further with the Board.



## Summary of Proposals

<b>Original LAB Proposals (May, 2000)</b>	<b>Industry Group Response (June 9, 2000)</b>	<b>LAB Proposals (November 17, 2000)</b>	<b>Industry Group Response (December 15, 2000)</b>
1. Information	1. <b>Agreed.</b> Implementation Measures Suggested	1. Second Screen Display and Player Information Booklets	1. <b>Agreed.</b> 'PID' display details and timetable proposed
2. Note Acceptors	2. Does not assist Problem Gamblers – More Effective Measures Proposed	2. Prohibit Use of \$100 and \$50 Notes/Reduce Cash Input Limit to \$100	2. Not Supported. No evidence of benefit to problem gambler. Defer pending research outcome. Cash Input Limit of \$200 not agreed.
3. Prominent Meter	3. <b>Agreed</b> – Display of Currency and Credits	3. Proposal of display of currency on onscreen credit, bet and win meters	4. <b>Agreed.</b> Proposal of alternating credits and currency on credit meter.
4. Random Message	4. <b>Agreed.</b> "Pull Through" Suggestions	4. Harm Minimisation, Chances of Winning and Session Information Messages proposed with Enforced Break.	4. <b>Agreed.</b> Details proposed (including incorporation of session information in PID). Enforced Break not supported.
5. Artwork Controls	5. Already in Place	5. Specific Artwork Controls Proposed	5. <b>Agreed</b> subject to controls applying to all gambling activities.
6. Slowing Games	6. Alternatives Suggested – discontinue Play Through/Auto Gamble, redesign buttons, increase TRTP to 87.5%, Reduce Cash Input Limit to \$500/\$1,000	6. Minimum Reel Spin of 3.5 seconds proposed with 1.5 seconds idle time.  Reducing Max Bet by 90% to \$1.00 proposed	6. Not supported. Measures would diminish entertainment value for recreational players and, it is believed, would have virtually no impact on problem gamblers.
7. Shutting Down Machines for 10m each hour	7. Does not assist Problem Gamblers – More Effective Measures Proposed	7. Industry group's response endorsed by LAB. Measure withdrawn.	7. <b>Agreed.</b> LAB decision supported.
8. Smart Cards	8. More Information Sought	8. Consultation proposed.	8. <b>Agreed.</b>
9. LED Messages	9. Does not assist Problem Gamblers – More Effective Measures Proposed	9. Industry group's response endorsed by LAB. Measure withdrawn.	9. <b>Agreed.</b> Lab decision supported.
	10. NSW Industry Secretariat	10. Supported by LAB	10. <b>Agreed</b>
	11. Joint Uniform Responsible Service of Gambling Programme	11. Supported by LAB	11. <b>Agreed</b>
	12. Joint Uniform Voluntary Self Exclusion Scheme	12. Supported by LAB	12. <b>Agreed.</b> Uniform Deed being considered.



## 5 Specific Proposals

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### 5.1 Improving Player Awareness

#### **Player Information**

The industry group endorses the Board's proposal that the following information be displayed on a second screen of gaming machines:

- Total theoretical percentage return to player for the game, including any progressive features in stand-alone progressive games;
- Dollar value of the top five single prizes;
- The probability of winning the top five single prizes.

The industry group suggests that the probability of winning the 'lowest' five prizes should also be disclosed as this is likely to be more relevant to most players and will permit them to more accurately compare machines. It is suggested that this is information which players would like to see and that there is no reason to deny this to them.

It is suggested that this information be designated the "Player Information Display" ("PID").

The Board's proposal that player information booklets be used in conjunction with the data available on the screen is noted and endorsed.

The industry group notes that the Department's Gambling Consumer Information Brochures (which include a player information booklet approved by the Minister for



the purposes of the legislation which will be provided free of charge to venues) were launched by the Minister on 5 December, 2000 and have been approved for the purposes of the legislation (in relation to the gaming machine booklet) with effect from 1 January, 2001.

The industry group also notes that AGMMA's more comprehensive player Information Booklet, launched by the Minister at the AGE in July, 2000, is available for downloading on the **agmma.com** website. It is noted that AGMMA has sought Ministerial Approval of its brochure with effect from 1 January, 2001.

The industry group believes that these documents, when widely distributed and publicised (and made available to players by all venues in accordance with the legislation), will address this requirement.

## 5.2 Existing Machines vs New Machines

The industry group has been advised by AGMMA that, for many manufacturers, there is no facility on old platforms to add an additional button to the existing design.

Manufacturers advise that the hardware implications make it virtually impossible to 'backwards engineer' the necessary input/output circuitry, wiring harnesses and door modifications required to provide either a dedicated button or a dual function button to achieve this goal.

AGMMA also states that it is not possible to introduce touch screen capability to machines that simply do not have the inherent support for both the requisite PID hardware and software.



AGMMA has advised the industry group that there is insufficient software capacity in virtually all old platforms to make the desired changes. However, AGMMA has also advised that either touch screens and/or buttons can be added to most new machine platforms.

It is understood that, for most current platforms, a number of the existing player buttons (such as, for example, the TAKE WIN or GAMBLE buttons) are generally not functional during idle mode and therefore may provide access to the PID.

AGMMA has suggested to the industry group that, alternatively, the RESERVE button could provide access to the PID through holding the button down.

Significant redesign of circuitry, harnesses, door modifications and software still required and additional costs will be incurred by manufacturers and passed on to venues through increased prices.

### 5.3 Design Flexibility

Industry operators have been advised by AGMMA that machine manufacturers seek to preserve as much design flexibility as possible in terms of how the second screen is called up by the player as this will permit manufacturers to decide whether to offer touch screens or not and how to design the button, software and hardware configuration.

This is supported by the industry operators.

The industry group accordingly suggests that the Board give consideration to mandating:

- the inclusion of a separate or dual function PID button or screen icon in machine design (but not a mandatory touch screen);





- the content of the second screen (as above and with instructions of how to return to the game);
- the content of a 'pull through' message advising of the availability of the second screen information (perhaps this could be part of every 'pull through' message);
- the requirement that the PID is only accessible in idle mode (ie after transfer of credits to the credit meter and before the next bet) as this will avoid confusion during game cycle when dual function buttons need to retain their original function;
- the requirement that the PID should be available for five seconds or until the relevant button or touch screen icon is pressed again to return to idle mode.

#### 5.4 Timetable for Change

The NSW gaming industry has just completed an upgrading process whereby all gaming machines have been converted to "X" standard.

This process commenced in December 1993 with the approval and publication of the "X" standards.

In excess of 65,000 gaming machines will have been replaced by 1 January 2001 (the timeframe for this process was 7 years which included development of the new product, manufacture and replacement of existing products).

The cost of this process is not inconsiderable and provides a guide to the cost of the proposed changes. If one assumes a replacement cost of \$13,000, the total 'raw'



cost of replacing these 65,000 machines can reasonably be estimated at well in excess of \$800 million dollars.

The new requirements are likely to also involve significant modification to existing machines.

It will be necessary to determine the progressive cost of implementing each of the requirements to the gaming industry.

The industry group accordingly requests the Board to give consideration to mandating:

- that the changes be incorporated in a single new specification for new machines on the basis that manufacturers will have 24 months from the date (i) on which the new specification, standard or regulation is published and (ii) all requisite approvals obtained to implement the changes to manufacturers' current platforms (subject to exceptions to be negotiated by individual manufacturers with the Board) are obtained;
- that all venues must have updated machines within seven years.

The industry group seeks such a timetable in relation to all technical changes arising from these technical changes (see para 13.2).

#### **5.5 Cash Input Limit of \$200 to be adopted**

The industry group submission of 9 June, 2000 proposed that an alternative more effective harm minimisation measure to the proposed note acceptor reconfiguration would be the reduction of the current \$10,000 cash input limit by 95% to \$500 for clubs and hotels and by 90% to \$1,000 for Star City.



The industry group notes that the Board has accepted the industry group's suggestion that the cash input limit be reduced as an additional rather than an alternative measure.

The industry group also notes that the Board has taken the view that, because the average adult weekly pre-tax wage is \$783, it is more appropriate to set a cash input limit of \$200 together with the same limit on CCCE transfers on machines.

The industry group believes that the \$500 cash input limit proposed by the industry group is reasonable and requests the Board to reconsider the industry group's proposal.

The Board is requested to take into account that the industry group proposed a very significant reduction, a **95% reduction**, in this limit for clubs and hotels and an equally significant **90% reduction** in this limit for Star City.

The industry group believes that this is more than reasonable.

If a 'high roller' wishes to insert \$500 in a machine, that high roller should be allowed to do so.

The \$10 Max Bet limit operates to control actual betting.

There is absolutely no evidence that problem gambling is limited by the cash input limit.

Star City, it will be recalled, submitted that the cash input limit at the Casino should be reduced from \$10,000 to \$1,000 due to the special circumstances of the casino.



Star City submits that the cash input limit for the Casino is a matter for discussion between Star City and the CCA.



## 6 Note Acceptors

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The industry group notes that:

- the Board's provisional determination is to 'prohibit the use of \$100 and \$50 in note acceptors and keep under review the question of prohibition of note acceptors' and
- the Board is "much influenced by the likely beneficial impact on problem gamblers and the lack of negative impact on social gamblers".

The industry group believes there is absolutely no evidence of any 'likely beneficial impact on problem gamblers' and seeks assistance from the Board to access any evidence of which the industry group is unaware.

The industry group is very concerned about this proposal as it believes that, although it will have no impact on problem gamblers, it will have a significant impact on recreational players who will become bored and who will move away from gaming machines to other gambling activities and, in particular, unregulated online gambling which has no such restrictions.

The industry group wishes to make a full, comprehensive and considered submission to the Board following completion of the research required in this regard and accordingly requests the Board to defer consideration of this measure pending submission of and consideration of that submission by 31 May, 2001.



## 7 New Machines to Display Currency on Screen while in Idle Mode

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The industry group notes that the Board has agreed with the industry group's proposal regarding the display of currency on screen while the machine is in idle mode with credits established and during game play.

The industry group accepts without reservation the "need for a player to operate with informed consent".

The industry group seeks clarification of one aspect of this proposal from the Board.

The Board's November Proposals state that "the Board agrees that the alternative recommended by the Industry Group is appropriate, provided that the onscreen credit and bet and win meters for the last game played are displayed in dollars and cents while the machine is in idle mode."

The Board's proviso suggests that the credit meter, bet meter and win meter should display currency only at game end.

The industry group notes that:

This would mean that the value displayed at game end on all meters would bear no direct relationship with the wins displayed on-screen and the machine pay table artwork (which is denominated in credit units);



This would effectively prevent a player making an easy comparison of a given reel combination, the values on the pay table and the value on the win meter;

This would make it difficult for players to determine their win entitlements and the relative value of individual winning combinations;

This fixed display could mislead players and give rise to player/venue disputes and encourage legal actions against venues;

Values displayed on the pay table are for one credit bet per line and these values are multiplied by credits bet per line. Players would need to perform additional mental calculations to convert credits for each win back to currency to satisfy themselves that the value on the win meter coincided with their entitlements as per the pay table.

Furthermore, the display of the bet meter in currency at game end in idle mode would mean the value displayed bears no relationship to the machine pay table artwork or the machine play buttons, both of which display their values in credits and credits bet per line.

Another negative consequence is that the Last Play Recall screen would be different to the idle mode display screen.

The industry group suggests that it would be far less confusing for players if, at game end, the relationship between the win meter, the pay table, the bet meter and the play buttons was maintained in credits rather than introducing another conversion factor for players to contend with when determining win entitlements. The industry group understand that when the November Proposals were presented (as part of a National Standards Proposal) at the *Annual Gaming Machine Manufacturers and Operators Forum – Australia/New Zealand National Standards for*



*Gaming Machines*, held in at the Rex Hotel in Sydney on 17 November 2000, representations were made by industry technical representatives in response to the proposal to display the credit, bet and win meters in both credits and currency.

It is understood that these representations were to the effect that it would be preferable if *only the credit meter* displayed alternating currency and credits in idle mode (ie between bets).

It is understood by the industry group that this proposal was accepted, in principle, by the National Standards Working Party at that forum.

The Board is accordingly requested to give consideration to determining that only the credit meter should display alternating credits and currency in idle mode (ie between bets).

The industry group notes that there is potential for players to be misled through references to currency as the currency display may not include all wins (ie on a link, whether local, wide area or state) so players may be misled by the currency figure (while the credit figure, in itself, is not misleading).

It may therefore be appropriate for one of the 'pull-through' messages to state (when such a link is involved) that currency displays on the machine do not include the value of any win on the applicable link.

The industry group also recommends that, for security purposes, the alternating display in idle mode should only remain on the credit meter until the credit meter is cleared.





## 8 On Screen Player Messages

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### 8.1 Harm Minimisation Messages

The industry group notes that the Board “is of the view that harm minimisation messages generated by the gaming machine should be displayed at random intervals not exceeding 30 minutes and when the \$200 cash input limit proposed by the Board is reached.”

The industry group endorses the introduction of harm minimisation messages to be displayed at 30 minute intervals generated by the gaming machine.

However, the industry group has been advised by AGMMA that it will not be possible to upgrade many old machines to permit this.

The industry group suggests that, rather than prescribing that the Harm Minimisation Messages appear at ‘random intervals’, it should be prescribed that messages scroll across the screen at least once during every 30 minutes of continuous use.

It is also recommended that messages should be consistent with the existing range of harm minimisation messages so players do not become confused.

To enable these messages to appear when required, which could be either during a game cycle or while the machine is in idle mode (ie between bets), messages must appear in such a manner so as not to obscure player meters, fault information, status information or the reel area.



Several solutions are possible, the preferred one being scrolling the harm minimisation messages across an otherwise unused area of the screen.

As the harm minimisation message must also appear on the screen with other messages (ie the PID), it is suggested that the screen area for harm minimisation messages should be distinct from the screen area for other messages.

The industry group does not support the proposed \$200 cash input limit. It is believed that the proposed \$500/\$1,000 limit is fair and reasonable (refer para 5.5).

## 8.2 Chances of Winning/Losing Message

The industry group notes that the Board “considers that players should have an enforced break and be shown a message about the chances of winning/losing whenever they have a significant win to allow them to give full and rational consideration as to whether or not they wish to gamble their winnings.”

The industry group notes that the original proposal put forward by the Board (Proposal 4 of the original 9 Proposals) envisaged a random message asking players whether they would like to continue playing and giving them the opportunity to stop playing.

It is also noted that the industry group responded to the Board by noting that such messages would disadvantage players playing mysteries or jackpot linked machines who are endeavouring to win a particular jackpot. This issue was also raised by the industry group in the context of Proposal 7 (Shutting Down Machines for 10 Minutes Every Hour) which has been rejected by the Board.

It is noted that the industry group responded to the original proposal by suggesting, as an alternative, that “pull through” messages would be as effective and advocating three different varieties of “pull through” messages for consideration.



It is noted that the Board has adopted two of the three “pull through” alternatives recommended by the industry group but has also tightened the original proposal to incorporate the concept of an “enforced break”.

The industry group notes that the Board has stated that “(a)ny such system should, however, not disadvantage a player from participating in mystery or other jackpots or losing other playing benefits of machines”.

The industry group has been advised, by the manufacturers, that it is simply not possible to avoid such a disadvantage if the original proposal of “enforced breaks” is pursued.

The industry group is concerned that the triggering of harm minimisation messages on a win of \$100 (or any amount) will interfere with the entertainment experienced by a winning recreational player and is akin to punters who have just watched their horse win being immediately interrupted, during their ‘win celebration’, with a similar message.

It is suggested that it is inappropriate to interfere with the essence of the entertainment experience unless it is absolutely critical to do so to protect the problem gambler.

The Board is accordingly requested to reconsider the issue and reject the concept of an “enforced break” and the “chances of winning/losing” message concept in favour of the “pull through” messages recommended by the industry group.

Such messages would achieve virtually the same goal as the original proposal as they would (among other things) draw players’ attention to the availability of the PID screen and a variety of effective harm minimisation messages each of which



may lead to the player deciding to 'cash out' through one key stroke (in exactly the same manner as the Board's proposal).

The only difference is that players are not disadvantaged from participating in mystery or other jackpots (a goal endorsed by the Board).

In summary, the industry group requests the Board to give consideration to reconsidering the three proposals put forward in the 9<sup>th</sup> June submission (which include the triggering of a "pull through" harm minimisation message when in excess of \$100 is inserted into the machine).

The industry group suggests that this is likely to be more effective, from a harm minimisation perspective, than the Board's proposal that a message is triggered when a significant win occurs because the problem gambler is parting with money rather than winning it.

In the industry group's view, not only has the effectiveness of the Board's proposal not been demonstrated, but it appears likely that it would be significantly more effective to remind a problem gambler that he (or she) is parting with funds when placing bets in excess of \$100.

### 8.3 Session Information Messages

The industry group notes that the Board is of the view that "*all of these messages*" should contain session information of the nature specified on page 13 of the November Proposals.

The industry group suggests that the Board should give consideration to determining that such session information should be incorporated in the PID referred to on Page 7 (ie should be available for players to call up) rather than be incorporated in other messages for the following reasons:



- It is believed that players will react adversely to their session information appearing at random on the screen (ie with a harm minimisation message or a \$100 win) to be read by any passers by or persons looking over their shoulder. Players value their privacy and do not wish passers by to know how much they have won or lost in a session.
- Security is also an issue. Why facilitate robberies of winners? It is suggested that the session information should, for this reason, be reset to zero as soon as the credit meter is cleared to ensure that third parties cannot access the previous player's session data.
- Session Information will necessarily be incomplete and misleading on some machines because winnings on some links will not be displayed. If it is to be mandated by the Board, the industry group suggests that, to avoid misleading players, it is important that the session information to be provided should make it *very clear* that it does not include winnings on many types of links.

The industry group suggests that the Board give consideration to modifying some of the session information field descriptions to more correctly reflect their function:

- “Money Gambled” – should read “Money *Played*” (ie turnover). The term ‘money gambled’ will otherwise be confused with money ‘staked’ during ‘GAMBLE’ (double up) attempts.
- “Money Spent (Gambled Less Won)” should read Money Spent (*Played* less won) (subject to proviso regarding links).



- “Average Cost” should read Money *spent* per hour (subject to proviso regarding links).



## 9 Enhanced Controls over Artwork

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The industry group endorses the Board's suggestions regarding artwork controls but strongly believes that changes of the nature proposed should apply to all forms of gambling not just gaming machines.

It is suggested that state lotteries continuously infringe these provisions with 'truckloads of cash' advertisements and similar advertising which never disclose the chances of winning.

If gaming machines have to display return to player and be subject to such artwork controls so should all other forms of gambling in NSW.

There is already extraordinary discrimination against gaming machines in NSW.

Why, for example, should credit card betting be permitted for virtually all forms of gambling other than gaming machines?

Only 39% of Australians play gaming machines while 82% of Australians gamble (according to the Productivity Commission).



## 10 Slowing the Speed of Games

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### 10.1 Serious Concerns

As set out in the Executive Summary (and in Ross Ferrar's letter to Mr Armati dated 7<sup>th</sup> December, 2000), the industry group is very concerned about the Board's determination that:

*"it is appropriate to slow down the speed of play and thus reduce the rate of loss per hour...by requiring a minimum wheel spin time of 3.5 seconds and a minimum of 1.5 seconds in idle mode during which at least one standard data block must be transmitted."*

The industry group takes issue with the Board's findings and wishes to respond fully to this Provisional Determination following the completion of research work into the effectiveness of such a proposal for problem gamblers.

The effect of the proposal on recreational players and the overall impact on the gambling industry also requires research and evaluation.

The industry group suggests that before measures of this nature are implemented, appropriate research and trials must be carried out.

### 10.2 Deferral of Measure pending Research and Further Submission

The industry group accordingly requests the Board to give consideration to announcing a deferral of this proposal pending receipt of further evidence in the form of research work to be carried out and submitted by the industry group by 31 May, 2001.







### 10.3 Maximum Bet of \$1.00

Of all the proposals put forward by the Board, this is the proposal which causes industry operators the greatest concern due to the perceived impact on recreational players and the perceived lack of corresponding ameliorating impact on problem gamblers.

The industry group believes that this measure is likely to have nothing short of a catastrophic impact on the recreational player who would become so disenchanted with and frustrated by gaming machines that he or she would switch to other less restricted forms of gambling which, of course, include unregulated internet gambling.

### 10.4 Deferral of Measure Pending Research and Further Submission

The industry group, again, wishes to prepare a full and considered submission incorporating the results of research work to be carried out over the next few months to address this proposal and, in particular, the effectiveness of this measure from a harm minimisation perspective when compared with other available measures which can be demonstrated to have a less draconian impact on the recreational player.



## 11 Shutting Down Machines for 10 Minutes Every Hour and LED Displays

The industry group endorses the Board's decision in this respect and thanks the Board for giving appropriate consideration to its June submission.

The industry group believes that it is unlikely that operators will introduce card based play in the foreseeable future as the costs significantly outweigh the benefits.

However, the industry group notes the Board's further research activities and desire for further consultation.



## 12 Proposals to be Announced

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### Announcement of Further Harm Minimisation Measures

The industry group suggests that consideration be given to announcing the following measures:

- The addition of a PID facility (also incorporating the session information data referred to above) to new machines with effect from a date 24 months after the standard or regulation is published and all requisite approvals given;
- The implementation of the proposed \$500 and \$1,000 cash input limits for hotels and clubs, on the one hand, and Star City on the other with effect from a date 24 months after the standard or regulation is published and all requisite approvals given;
- The credit meter of new machines to display alternating credits and currency when the machine is in idle mode (ie between bets) with effect from a date 24 months after the standard or regulation is published and all requisite approvals given;
- On screen harm minimisation messages to scroll across the screen of new machines at least every thirty minutes during continuous play, with effect from a date 24 months after the standard or regulation is published and all requisite approvals given;



- On screen harm minimisation messages referencing the availability the PID (and session information) to appear when \$100 or more is inserted into a machine with effect from a date 24 months after the standard or regulation is published and all requisite approvals given;
- Enhanced controls over artwork with effect from a date 24 months after the standard or regulation is published and all requisite approvals given to be announced for new machines (and other forms of gambling);
- 'Auto play' to be removed and buttons to be re-programmed such that they have to be pressed then released in order for a game to commence with effect from a date 24 months after the standard or regulation is published and all requisite approvals given.



## 13 Proposals to be Deferred pending further Research

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### 13.1 Deferral

The industry group requests that the bill acceptor, game speed and max bet measures be deferred pending consideration of a further industry group submissions to be prepared and submitted to the Board by 31 May, 2001.

This submission will address:

- the likely impact of slowing game speed and/or reducing max bet to \$1 and/or reconfiguring/abolishing bill acceptors in the manner proposed by the Board on the industry and on problem gamblers;
- the alternative more effective means of addressing problem gambling available to the Board which do not have the significant adverse impact on recreational players that the other measure involves.

### 13.2 Timetable for Change

As indicated in reference to Player Information (para 6.4 at p 22), the industry group is concerned about the timetable for implementation of changes given the costs associated with the changes and the likely impact of the changes upon venue revenue.

The Board is accordingly requested to give consideration to prescribing, in relation to all changes, that



- all changes should be incorporated in a single new specification for new machines on the basis that machines produced, 24 months after the date (i) on which the relevant standard or regulation is published and (ii) after all requisite approvals are obtained for such changes, must incorporate such changes; and
- all machines in NSW must meet the standards within 7 years of that date (in the same manner that the 'X' standard changes were achieved).



## 14 Matters for further consideration

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The industry group requests the LAB to provide it with a paper setting out the work and the logic behind each of these proposals to permit the industry group to prepare a detailed submission on each of the 'matters for further consideration' referred to on page 5 and 6 of the November Proposals namely:

- Prohibiting Service of Drinks
- Reducing Maximum Permissible Win
- Possible Reduction in Win Amounts on Linked Jackpots
- Possible Elimination of Double Up/Gamble Feature
- Forced Payment of Wins
- Impact of Music
- Promotions





## 15 Conclusion and Recommendation

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The industry group appreciates the opportunity offered by the Board for consultation before measures which could have such a potentially significant impact on the NSW gaming industry are implemented.

Three of the measures proposed in the November Proposals are of great concern to the industry group which believes that they would not assist problem gamblers and, moreover, would have a very adverse impact on the gaming industry in NSW, namely on the entertainment offered to players, on employment and on the economy.

The industry group wishes to emphasise that it is committed to the reduction of problem gambling in New South Wales and anticipates that its next submission will provide the Board and the Government with clear authoritative recommendations as to the harm minimisation measures required to achieve this goal.

The industry group believes that this guidance will indicate how harm minimisation can effectively be achieved without damaging the NSW Hospitality and Gaming Industry, the livelihoods of the many people in metropolitan and rural NSW who work in the industry and the community support provided by the industry.

The industry group accordingly requests that consideration be given to:

- Announcing the eight measures detailed above; and



- Deferring the three proposals while further research is carried out and documented in submissions to be made to the Board in 2001.



Signed on behalf of the industry group by:

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**Mark FitzGibbon, CLUBS NSW**

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**David Banks , Star City**

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**David Costello, The Leagues Club Association of NSW**

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**Ross Ferrar, TAB Limited**

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**Terry Condon, CMAA**

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**Brian Ross, AHA NSW**