

# NEW SOUTH WALES HOSPITALITY AND GAMING INDUSTRY

8th June, 2001

RESPONSE TO:  
LAB DETERMINATION &  
PROPOSALS OF  
2<sup>nd</sup> May, 2001





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## 1 Introduction

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This submission has been prepared by the Gaming Industry Operators Group (“GIO”) as a response to the “First Determination” and a preliminary response to the additional “Possible Changes” released by the Liquor Administration Board (“LAB”) on 2<sup>nd</sup> May, 2001.

The GIO reserves the right to make further submissions in relation to these “Possible Changes” in due course and individual GIO members may also make separate submissions.

## 2 Executive Summary

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The GIO generally supports the “First Determination” of the LAB on 2<sup>nd</sup> May, 2001 (subject to a number of suggested changes outlined in greater detail in this submission).

However, the GIO is very concerned about the “Possible Changes” proposed by the LAB in the same document.

The GIO believes that problem gambling is a complex behavioral issue which is unlikely to be addressed by speculative and misinformed proposals to change the manner of operation of gaming machines.

Such proposals are of great concern to the GIO because of the significant negative impact that they would have on the quality of entertainment currently provided by the NSW hospitality and gaming industry without, in the view of the GIO, addressing problem gambling in NSW in any material manner.



Moreover, the GIO believes that the negative revenue implications of the “Possible Changes”, in particular, involve risks to the livelihood and well being of thousands of people in New South Wales.

The proposals in question simply cannot currently be justified in the absence of ‘evidence based’ research proving that they will materially reduce problem gambling in this State.

The GIO strongly believes that problem gambling can only be effectively addressed through effective properly qualified treatment of problem gamblers rather than tinkering with gaming machines in the hope that it will have some impact on problem gamblers.

The GIO also wishes to express concern over a number of additional harm minimisation proposals set out in new standards released for comment by the LAB in relation to state-wide link gaming machines known as SAGD machines (“Specially Approved Gaming Devices”).

The GIO wishes to encourage the LAB to work with other state regulators to bring NSW into line with existing National Standards for gaming machines.

The GIO would be very concerned about further unilateral NSW action such as the adoption (or partial adoption) of SAGD as Standard X as this would give rise to further costs beyond the substantial costs already involved in the proposals under consideration.



The GIO notes that the NSW gaming industry has adopted and implemented a 'harm minimisation' and 'responsible gambling' philosophy which goes well beyond the current legislation, regulations and standards.

In particular, the NSW gaming industry:

- (a) has pro-actively suggested additional measures (many of which have been accepted and adopted by the LAB);
- (b) prepared key documents (ie the AGMMA PIB, COW format, the draft State Wide Standard Self-Exclusion Deed set out as Annexure A to this submission, the draft NSW Gaming Industry Advertising and Promotions Code of Practice set out as Annexure C to this submission and proposed new regulations set out in Annexure D to this submission);
- (c) advocated more effective 'harm minimisation' alternatives;
- (d) defined, scoped and funded complex research projects and economic studies;
- (e) pioneered a unique 'world first' problem gambling competencies project (Annexure B to this submission); and
- (f) worked in close co-operation and consultation with the LAB and the Department on a wide range of matters.

The LAB itself has acknowledged the input provided by the GIO<sup>1</sup>.

The New South Wales Government has taken 'responsible gaming' further than any other Australian or international gaming jurisdictions.

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<sup>1</sup> LAB First Determination, page 23



However, the GIO respectfully suggests that the “First Determination” announced by the LAB on 2<sup>nd</sup> May, 2001 still requires some refinement in terms of its ultimate form.

The GIO also believes that most of the “Possible Changes” foreshadowed by the LAB are unlikely to achieve any material “harm minimisation”.

The GIO accordingly requests that no changes other than those set out in the “First Determination” (modified as requested in this document) are implemented until the outcome of all the recent changes (which have established NSW as a world leader in this area) have been properly assessed in terms of their effectiveness in helping people who have a problem with their gambling.

In this regard, the GIO seeks a three (3) year ‘evaluation phase’ for the current extensive range of NSW ‘harm minimisation’ measures to permit such an effective evaluation to take place and to permit the treatment initiatives proposed in this submission to be implemented.

This will also permit the orderly implementation of the “First Determination” changes which, the GIO submits, also require evaluation over a further evaluation period of three (3) years commencing on the date of implementation together with any other improvements to the technical standards.

This submission sets out:

- the achievements of the LAB and the gaming industry in NSW over the last 24 months;
- the position, as it is understood by the gaming industry, in relation to problem gambling in NSW;





- the approach to gambling 'harm minimisation' recommended by the gaming industry as appropriate for NSW;
- the issues that the gaming industry has with the "First Determination";
- the reasons why the gaming industry objects to virtually all of the "Possible Changes";
- comments on SAGD and 'harm minimisation'.

The GIO notes that ClubsNSW has sought an extension to 30 September, 2001 to enable further consultation to take place once the results of the research become available. The GIO, too, wishes to reserve its rights to make further comments in relation to both the "First Determination" and "Possible Changes" following the completion of the Sydney University research work which will, it is anticipated, have implications in relation to many "harm minimisation" measures other than the specific three under consideration.



### 3 The Cost of Gaming in NSW

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The GIO wishes to note the average cost of gaming machine entertainment in NSW compared to other forms of entertainment:

#### HOURLY COST OF ENTERTAINMENT IN NSW

ENTERTAINMENT FORM CHOSEN BY CONSUMER	COST PER HOUR	COST DIFFERENTIAL COMPARED TO PLAYING GAMING MACHINE
CINEMA	\$7.00 <sup>2</sup>	10.24% MORE
MOBILE TELEPHONE	\$21.60 to \$66 <sup>3</sup>	240.16% to 939.37% MORE
GOLF	\$30 to \$40 <sup>4</sup>	372.44% TO 529.92% MORE
RUGBY LEAGUE	\$9.00	41.73% MORE
SQUASH	\$25.00	293.70% MORE
TENNIS	\$15.00	136.22% MORE
GAMING MACHINE	\$6.35 <sup>5</sup>	BEST VALUE ENTERTAINMENT!

<sup>2</sup> Based on a \$14 cinema ticket to see a 2 hour movie

<sup>3</sup> Based on B Digital Web Site Usage Costs (between .36 and \$1.10 for 30 seconds)

<sup>4</sup> Based on a notional 6 hour round of golf for one person including all fees

<sup>5</sup> GIO Submission of 9 June, 2000, page 11



The GIO also wishes to compare the average cost of playing gaming machines with the cost of an annual cable television contract.

Foxtel costs a minimum of between \$37.95 and \$47.95 per month (ie between \$455.40 and \$575.40 per annum).

The GIO believes it is important to consider annual as well as hourly costs.

<b>PRODUCT</b>	<b>COST PER ANNUM</b>	<b>COST DIFFERENTIAL COMPARED TO AVERAGE ANNUAL EXPENDITURE ON GAMING MACHINES</b>
<b>Average Packet of 25 Cigarettes (@\$9.20) per day</b>	<b>\$3,376.25</b>	<b>703.87% more</b>
<b>Average Cost of One Schooner (@\$3.00) per day</b>	<b>\$1,095</b>	<b>160.71% more</b>

What is the annual average cost of gaming to Australians?

The Productivity Commission estimated that the average spend on gaming machines by adult Australians in 1997-8 was \$420 per annum<sup>6</sup>.

This is between 7.85% and 27.01% cheaper than cable television, 160% cheaper than a schooner a day and 700% cheaper than a packet of cigarettes a day.

Gaming machines are greatly enjoyed by the *vast majority* of players who regard them as a highly competitive form of entertainment.

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<sup>6</sup> Productivity Commission Report, Volume 1, page 12 (this figure was for 1997-8).



## 4 The Achievements of the LAB and the Gaming Industry over the Past 24 Months

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### 4.1 Harm Minimisation

There has been an enormous change in the NSW gaming industry over the past 24 months.

Nothing remotely like these changes has occurred in any other Australian gaming jurisdiction or in any international gaming jurisdiction.

The changes were initiated by the NSW Government which responded to community concern over problem gambling and extensive media coverage of both the Productivity Commission findings and problem gambling issues.

The first and most significant NSW Government initiative was the Gambling Legislation Amendment (Responsible Gambling) Act, 1999 which set out a detailed programme for gambling reform in NSW. That legislation has not (yet) been followed by any other gaming jurisdiction to date and represents the leading legislative response to problem gambling in the world.

The legislation coined the term 'harm minimisation' in a legislative context and pioneered a wide range of measures to address problem gambling.

### 4.2 Gambling Legislation Amendment (Responsible Gambling) Act, 1999 ("GLARGA")

The GLARGA legislation, which received assent on 2<sup>nd</sup> November, 1999, amended virtually all of the gambling legislation in NSW.

The most significant changes comprised amendments to the Liquor Act, 1982 and the Registered Clubs Act, 1976.

The amendments imposed a new obligation on the LAB, the Department of Gaming and Racing (and other persons) namely an obligation to have *'due regard to the need for gambling harm minimisation and the responsible conduct of gambling activities'*.

The Legislation provided for regulations to be passed to *set 'standards to be observed for the conduct of responsible gambling activities'*.

The legislation set out the eight specific areas that regulations under the legislation were to cover.



These were:

- restricting or prohibiting the conduct of promotions and advertising;
- the standards to be set for the conduct of responsible gambling activities;
- courses of training to promote responsible practices;
- the prohibition or restriction of the offering of inducements;
- the information to be provided and signs to be displayed;
- the notices to be displayed with respect to counseling in respect of financial, social or other problems;
- requiring ATMs and EFTPOS machines to be located "in parts of the premises that are separate from parts of the premises where gambling activities are conducted";
- the provision of anonymity at the request of a gambler who has won a major prize.

The Act also:

- required the Minister to approve "an industry code of practice" for clubs and hotels within 6 months;
- prohibited "the offering of cash advances or any other form of credit for the purpose of enabling the other person to gamble" at the premises;
- permitted responsible persons "using no force than is reasonable in the circumstances" to prevent a participant in a self-exclusion scheme from entering premises used for gambling and to remove them and waiving civil liability in that regard;
- provided for "card operated amusement devices" and the establishment of regulations for such devices, "inducements to use cards" and "access to the information stored on cards".

The Department of Gaming and Racing and the LAB responded to these obligations by developing a set of Regulations for both Clubs and Hotels and this Regulation was gazetted on 14<sup>th</sup> April, 2000, some five months after the legislation was passed.

### 4.3 Responsible Gambling Regulation

The Regulation dealt with eleven principal matters namely:



- notices and information about four matters namely counseling, the use and operation of gaming machines, the chances of winning prizes and the chances for excessive gambling to cause financial social and other problems;
- time on clocks to be “readily viewed by any person” playing a gaming machine;
- limitation on cheque cashing;
- money prizes over \$1,000 to be paid by cheque and not cash;
- cash dispensing facilities to be “located in an area away from approved gaming devices”;
- limitations on Advertising: not to encourage a breach of the law, not to depict children, not to be false, misleading or deceptive, not to suggest prizes were “likely outcomes”, not to suggest that gambling is “likely to improve a person's social standing or financial prospects, not to suggest that a player's skill can influence the outcome of a game that is purely a game of chance, not to depict or promote the consumption of alcohol while engaging in gambling activities and not to advertise other than in accordance with decency, dignity and good taste;
- to prevent the publishing of the identity of winners of more than \$1,000 without their consent;
- to “prohibit the provision of certain inducements to gamble...(namely)...free or discounted liquor or free credits”;
- requiring an “approved training course” to be undertaken within 18 months for staff “whose duties are concerned in the conduct of gaming device activities” (and prohibiting the employment of new staff unless the course is undertaken);
- to provide for offences and remedial orders;
- to set out the seven minimum requirements for self-exclusion schemes namely:
  - ❑ venues not to *refuse* self-exclusion requests;
  - ❑ written undertakings not to gamble for specified periods;
  - ❑ opportunity to seek legal advice at own expense;
  - ❑ provision of information on gambling related counselling;
  - ❑ responsible persons to be able to “readily identify the participant whether by means of access to a recent photograph of the participant or otherwise”;
  - ❑ the availability of the scheme to be publicised;
  - ❑ participants to be prevented from withdrawing within 3 months of requesting participation.

The NSW Gaming Industry responded positively to these initiatives.

Both ClubsNSW and AHA NSW developed and submitted Codes of Practice and successfully submitted them for approval.



Both organisations also expedited and strengthened development of their separate responsible gambling programmes.

A ‘world first’ Responsible Gambling Course for all staff involved in gaming activities was developed and launched and continues to represent the ‘worlds best practice’ in this area of training.

The Australian Gaming Machine Manufacturers Association (“AGMMA”) developed a Player Information Brochure and a “Chances of Winning” format (for the disclosure of key information to players) and proposed these to gaming industry operators in NSW who promptly adopted the initiative as a component of their voluntary responsible gaming programs.

The NSW gaming industry has embraced responsible gaming in a manner which has not been duplicated in any other Australian or international gaming jurisdiction; in summary:

- warning notices have been affixed to machines,;
- clocks have been installed;
- cheque cashing has been limited;
- cash dispensing facilities have been relocated;
- advertising has been limited;
- promotions have been restricted;
- self-exclusion schemes and codes of practice have been developed and implemented; and
- the world’s ‘best practice’ in terms of responsible gaming training courses has been developed and is being provided to all gaming venue staff in the State.



## 5 Technical Proposals

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### 5.1 The Nine Initiatives Proposed by the LAB

Just over thirteen months ago, on 5<sup>th</sup> May, 2000, the LAB proposed nine “technical initiatives” to the NSW gaming industry.

These nine initiatives comprised the following:

- suitably Presented Plain English Information about specific player returns being incorporated as a gaming machine screen option"
- high Value (ie \$100 and \$50) Note Acceptors to be No Longer Acceptable (and consideration to be given to removing note acceptors altogether)
- addition of a prominent meter recording the value of a bet and a win in dollars and cents
- a random screen to appear asking players if they would like to continue playing - 'no' to exit (also on large wins - 250 times original bet)
- enhanced controls over artwork regarding unrealistic expectations etc
- slowing Down the Speed of Games
- shutting Down Machines for 10 Minutes Every Hour
- expediting deployment of smart card machines with \$20 limit on cards
- LED displays in a range of languages

### 5.2 Gaming Industry Operators Group (“GIO”)

The announcement of these ‘technical initiatives’ led to the formation of the Gaming Industry Operators group (“GIO”) which responded to the LAB proposals on 9<sup>th</sup> June, 2000, as follows:

#### **Player Information**

The first proposal was endorsed by the GIO which recommended (an industry initiative) that consideration should be given to the provision of the AGMMA ‘Chances of Winning’ data to players by way of a ‘second screen’ and that the AGMMA “Player Information Booklet’ (PIB) be provided to all NSW players.





The AGMMA PIB was launched by the Hon. Richard Face, Minister for Gaming, at the 2000 Australasian Gaming Expo, at the request of the gaming industry; the PIB has since been approved by the Minister as a 'Player Information Brochure' for the purposes of the Regulation.

It is now available to all players and can be downloaded from AGMMA's web site (AGMMA.COM) as a pdf file.

The PIB, a NSW Gaming Industry initiative, is now being actively considered for adoption in virtually all other Australian gaming jurisdictions, New Zealand and various international gaming jurisdictions.

### **Note Acceptors**

The GIO, however, did not endorse the LAB proposal to reconfigure note acceptors so that \$50 and \$100 notes were no longer acceptable 'with consideration to be given to removing bill acceptors altogether at a later time'.

The GIO pointed out that such a measure was unlikely to have any impact on problem gamblers and added that removal of bill acceptors is unlikely to have any impact on the intensity of machine use as machine use is actually more intense in South Australia (where there are no bill acceptors) than NSW.

The GIO noted that there was no evidence that elimination of note acceptors would have any impact on problem gambling.

It was suggested that the proposal should be reconsidered. A number of issues were raised including:

- the obvious oh&s issues that arose (in terms of the weight of coins that staff and players would need to move around);
- the cost of the measure was considered excessive (in terms of both the re-configuration process, the cost of note breakers and the write off of existing equipment); and
- the fact that some 88% of the value of bank notes in circulation are \$50 and \$100 notes.

### **Displays in Dollars and Cents**

The GIO endorsed the concept of displaying the win meter in alternating dollars and cents and credits.



### **Random Messages**

The GIO proposed the concept of 'pull through' harm minimisation messages every 30 minutes, when in excess of \$100 is inserted or when the cash input limit was reached.

### **Artwork**

The GIO questioned the proposed concept of 'enhanced controls' over artwork on the basis that artwork is already regulated, in detail, by National Standards.

It was suggested that as long as artwork was not misleading or deceptive, it should not be further restricted.

It was noted that to do so would differentiate gaming machines from all other forms of gambling where *great* latitude is permitted (the Lotto "Truckloads of Cash" advertising was specifically referred to).

### **Slowing Down Game Speed**

The GIO objected to this proposal on the basis that this proposal was unlikely to have any impact on problem gambling.

Indeed, it was pointed out that the nature of the game has changed significantly in recent years in that winning games now last much longer than previously.

It was pointed out that this historical (and virtually universal) change in game design already provides the player with a 'winning time out' which has already effectively slowed down the average rate of play. It was also pointed out that, like instant lotteries, recreational players have shown a preference for a 'speedy result'.

It was suggested that the recreational player was accordingly highly likely to react very adversely to such a development in the context of existing game design preferences. The strong preference for gaming machines over draw poker machines (which are more challenging in terms of requiring greater skill and offer better odds) is indicative of the likely player response to the proposed measure.

The GIO suggested three alternatives to the LAB, namely:

- discontinuing the 'play through' and 'auto gamble' features of machines;
- redesigning button functions; and
- increasing the minimum long term theoretical percentage return to player from 85% to 87.5% (because it would take longer for problem gamblers to spend a given amount of money).



### **Shutting Machines Down for 10 Minutes Each Hour**

The GIO objected to this measure on the basis of its lack of effectiveness as far as problem gambling is concerned and its possible 'reverse effect' on such individuals or many of them.

The LAB agreed with the GIO submission and withdrew the measure.

### **Smart Cards**

The GIO has suggested further discussions in this regard and notes that these discussions are still to occur.

### **LED Displays**

Such a measure was not supported because such messages were considered likely to confuse players and the LED display is simply not a suitable means for display in multiple languages. It was also pointed out that it would not be possible to change the artwork on machines.

## **5.3 LAB Response of 17 November, 2000**

The LAB Response of 17<sup>th</sup> November, 2000 accepted the GIO submission in relation to shutting down machines for 10 minutes every hour and in relation to LED displays.

However, the LAB proposed two *new* measures (in addition to the remaining measures) which were (and remain) of great concern to the NSW gaming industry.

These are:

- (a) reduction of the Max Bet by 90% to \$1.00 and
- (b) slowing down the rate of play by 43%.

The GIO was surprised to find that its suggestion that "pull through" messages be adopted as an *alternative* to proposal 4 (a screen inviting players to 'cash out' at random intervals) were adopted *in addition* to that proposal.

The GIO was also surprised to find that its alternative proposals to 'slowing down game speed' (namely discontinuing 'play through' and 'auto gamble', redesigning button function, increasing the minimum long term average PRTP to 87.5% and limiting the cash input limit to \$500) were each also adopted as *additional* measures rather than as *alternatives*.



#### 5.4 GIO Response to LAB of 15<sup>th</sup> December, 2000

The GIO suggested, in its submission of 15<sup>th</sup> December, 2000, 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 reasonably be demonstrated to occur in the absence of those measures.”*

The GIO stated that it proposed to fund independent research into the effectiveness of the three measures of greatest concern to it<sup>7</sup> with a view to establishing both their effectiveness in terms of minimising problem gambling and their impact on recreational players.

The LAB has accepted this request although it did not expressly endorse the basis on which it was made, namely the view that the term ‘harm minimisation’ cannot have any real meaning unless some *specific* harm can be identified and demonstrated to be effectively ‘minimised’ or ‘reduced’ by the process.

The results of the independent research by Sydney University and the Centre for International Economics will be available on 30 September, 2001.

At that time, the measures can be considered in the context of that research work and the GIO accordingly does not propose to comment further at this time on those measures.

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<sup>7</sup> Maximum Bet of \$1.00. Reconfigured Bill Acceptors and Slowing Down Game Speed



## 6 Problem Gambling in NSW

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### 6.1 Prevalence of Problem Gambling

The GIO noted in its last (15 December, 2000) submission to the LAB that the Productivity Commission conceded that “*it is difficult to measure problem gambling among populations and no existing test instrument is perfect.*”<sup>8</sup>

It also noted that the Productivity Commission estimated that:

- “...around 1 per cent of Australian adults are estimated to have severe gambling problems (level 3 problems) – equivalent to 130,000 adults”<sup>9</sup>;
- “...a further 160,000 adults are estimated to have *moderate* problems which *may not* require treatment...”<sup>10</sup> (emphasis added).

While the GIO reiterates its view that ‘one problem gambler is one too many’, the relatively small number of problem gamblers revealed by the research work does suggest that it is sensible to pose the question: “what *is* being done and what *should* be done to *treat* these problem gamblers?”

### 6.2 Treatment of Problem Gambling in NSW

The GIO asked itself whether problem gamblers in NSW have access to proper *treatment* in relation to their gambling problems.

The research carried out by the GIO suggests that the position leaves much to be desired.

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<sup>8</sup> Productivity Commission Report Chapter 6, 6.1.

<sup>9</sup> Productivity Commission Report, Volume 1, 6.44

<sup>10</sup> Productivity Commission Report, Volume 1, Page 2



The position appears to be that virtually anyone in NSW can call themselves a ‘problem gambling counsellor’ and that there are *no established standards for treatment of problem gamblers*.

While there are a handful of acknowledged experts in the field, there are simply no established competencies or qualifications for the treatment of problem gambling in this state.

The position is the same in every other state and territory in Australia.

Given this situation, it is hardly surprising that problem gambling is an issue in NSW.

There has been no effort made by anyone to ensure that problem gamblers can seek effective competent treatment because no ‘competencies’ have been established.

Counsellors cannot therefore seek or be trained to any level of accepted competency and problem gamblers simply do not have access to effective treatment.

Attached as ‘Annexure B’ to this submission is a copy of a letter sent by the GIO to the Australian Psychologists Society (“APS”) with a view to establishing competency standards for problem gambling counsellors in NSW.

The GIO believes that this project should be funded by the industry *and each state government* with a view to addressing the absence of such standards and the consequent lack (with a few obvious exceptions) of competent professionals who can treat such problems.

The GIO believes that it is simply extraordinary that problem gamblers (who clearly require behaviour modifying treatment of a very sophisticated nature) are unable to obtain such treatment in NSW because there are no such standards and because there are no professional counsellors trained to the appropriate standards.

It also appears, from the GIO research work, that it is very difficult, if not impossible, for problem gamblers (who by definition are unlikely to have large amounts of surplus funds) to obtain financial support for such counselling and treatment because problem gambling is not recognised as an appropriate medical condition by Medicare and private health funds.

The GIO believes that it is essential that competency standards are established for problem gambling treatment, that suitable professionals are trained and that problem gambling treatment services are made available throughout NSW as soon as possible.

The limited jurisdiction of the LAB is recognised in this regard.



Nevertheless, the GIO would be grateful if the LAB would lend its support to this project which, the GIO suggests, comprises the ‘harm minimisation’ measure most likely to be effective in terms of reducing problem gambling in NSW.

## 6.3 Addressing Problem Gambling

### 6.3.1 “Most Useful Tools”

The GIO notes the LAB’s view that “...*one of the most useful tools available to address problems associated with gambling is a restriction upon the manner of operation of gaming machines.*”

The GIO suggests, with respect, that there is no evidence to support this view.

The effectiveness of the various measures discussed in more detail in this paper on problem gambling is simply unknown.

The GIO suggests that it is far more likely that problem gambling can be *effectively* addressed by psychological counselling and treatment.

However, the GIO also accepts that a number of the measures which are the subject of the “First Determination” are likely to be *beneficial* to players particularly in terms of addressing the issues of ‘informed consent’ and ‘consumer protection’.

Notwithstanding that these are worthwhile goals and that the GIO is pleased to have worked with the LAB to have achieved significant change in a short period of time, the GIO believes that these measures *should not be characterised as useful ‘harm minimisation’ measures as they address different issues.*

### 6.3.2 The Role of Research

The GIO believes that the only appropriate and reasonable way in which to approach “harm minimisation” is to ensure that (i) the specific “harm” is identified, (ii) that an effective *means* of reducing that harm is also identified and (iii) that such ‘means’ are then codified in an appropriate manner.

It is suggested that the approach followed by the LAB in relation to the research into the three deferred measures is precisely the correct approach to adopt.

The reason for this is that neither the industry nor the legislature nor regulators have sufficient internal expertise to identify the ‘harm’ and an effective means of reducing it.

It is suggested that the results of the research may well provide guidance in relation to other harm minimisation approaches and it is suggested that no further action be



taken until those results have been made available and have been thoroughly analysed.

The GIO suggests that such research should be agreed with the industry to ensure objective unbiased results and to target appropriate issues.

The GIO believes that the next round of research should be funded by the Casino Community Benefit Fund or the Government.

#### 6.4 Evaluation of Effectiveness of Measures

It is suggested that the last 24 months have involved such an extensive range of changes in terms of problem gambling that it is appropriate to pause to evaluate the effectiveness of the changes that have been made.

It may be the case that, contrary to the view of the GIO, several measures appear to be effective in terms of reducing problem gambling.

However, unless there is an evaluation process, it will simply not be possible to evaluate these measures.

The GIO suggests that such an evaluation process takes place by way of an annual survey of gaming venues and problem gamblers as identified by groups such as Betsafe, Clubsafe, Westmead Hospital (The Millenium Foundation etc).

It is suggested that such a survey should be prepared by an expert in the field.

The GIO notes that the Federal Government announced that it proposes to spend \$8.4 million on problem gambling research over the next four years.

The GIO urges the NSW Government to seek to ensure that a portion of the funds are spent on the following key questions and that the projects are scoped and commissioned as soon as possible:

- establishing the best methods of **identifying** and **effectively treating** problem gamblers and establishing a national treatment network with established required minimum competencies for treatment providers;
- investigating whether the current harm minimization tools (including jurisdictional, regional and venue caps) have **any material positive impact** on problem gambling, **prioritizing** them based on the study results and establishing whether **relaxation of ineffective measures** would present any problems.
- determining whether the Productivity Commission's estimates as to the **contribution to revenue made by problem gamblers** are correct.





## 7 The Recommended Approach to Problem Gambling

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### 7.1 APS Project

The GIO suggests that the key to problem gambling is *treatment* of problem gamblers rather than changes to the machines themselves.

The anecdotal evidence available to the GIO clearly suggests that the severe problem gambler will play *virtually any form of machine that might provide him or her with a return*.

If this is so, it would clearly be necessary to virtually destroy the attractiveness of gaming machines to the recreational player in order to effectively address the problem gambler's interest in machines.

And yet, even if such extreme measures were taken, the problem gambler would still have access to other forms of gambling.

The GIO believes strongly in dealing with the problem gambling issue by:

- (i) establishing proper competency standards for counsellors and treatment providers;
- (ii) training professionals to those competency levels, and
- (iii) establishing a network of treatment providers with an effective vertical referral system (as set out in the GIO proposal to the Australian Psychological Society attached as Annexure B to this submission).
- (iv) training all venue gaming staff in responsible service of gaming procedures and effective liaison with treatment providers in (iii) above.

It is likely that it will take some time to establish the ideal competency structure and network of problem gambling treatment providers.

However, it is suggested that it is likely to be far more productive to work on this project than to work on technical measures which, the GIO believes, will simply not have any material impact on problem gambling in NSW.

### 7.2 Assessment of Effectiveness of "First Determination"

The GIO accordingly suggests that the assessment of the effectiveness of the "First Determination" measures should take place over the next 36 months and that no



further technical measures should be introduced or proposed until that assessment is complete.



## 8 The LAB “First Determination”

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### 8.1 Player Information Displays

The GIO endorses the LAB’s Determination in relation to player information displays and suggests that these displays represent an important step in terms of ‘informed consent’.

A number of practical issues relating to the PID are addressed below:

- (a) ***“total theoretical return to player for the game including any progressive features in stand-alone progressive games”***
- (i) no research has been conducted on player behaviour and problem gamblers reaction in particular; whilst it is consistent with consumer protection principles to disclose RTP to players, no consideration has been given to whether such disclosure will *encourage* problem gambling; to show the RTP of games could well actually encourage problem gamblers to play;
  - (ii) the GIO notes that the theoretical percentage return to player (“PRTP”) for some games varies according to the bet and number of reels/lines played; the precise changes are quite complex and displaying them all would, it is believed, confuse players and undermine the utility of the PID.

It is nevertheless acknowledged that it is important that players are informed as to the RTP of gaming machines in general.

It is accordingly suggested that, subject to further research on (i), the applicable PRTP range should be specified in the PID.

(a) ***Link Contribution to PRTP***

The GIO also notes that when players are playing a linked machine, the PRTP for the base game can be quite low and can even be below the minimum statutory PRTP.

Players reading a PRTP for the base game may accordingly be misled into believing that another machine (which is not connected to a link) offers a higher PRTP than the linked machine if the only requirement is to disclose the PRTP for the base game.

It is accordingly suggested that the PRTP for the Link must be disclosed.



As the Link PRTP can be varied by the venue, it is suggested that the applicable *PRTP range* for the Link should be displayed in the PID, with a message indicating where the player can learn the actual PRTP contribution for the Link applicable at the time he or she is playing.

The GIO notes that the Board has indicated that it is necessary to clarify precisely what is meant by the top single five prizes and the 5 lowest prizes<sup>11</sup>.

The GIO suggests that the 'top single five prizes' should be the prizes capable of being won by betting the minimum number of credits on one line.

The GIO suggests that the 'lowest 5 single prizes' should similarly be based on the minimum credit bet on one line.

***(b) Pull Through Message Regarding PID Availability***

The GIO suggests that the proposed pull through message regarding PID availability should roll across the screen once every half hour of continuous play in the same manner that it does in relation to other pull through messages.

It is suggested that the measurement should be cumulative so that only one pull through message of any sort runs across the screen during any 30 minutes of continuous play.

The issue of a period of continuous play is addressed in (e) immediately below.

***(c) What is a Session?***

The GIO suggested in its submission of 15<sup>th</sup> December, 2000 to the LAB<sup>12</sup> that session information should *only* be made available to players in the PID and not in the proposed pull through message for the reasons set out in more detail in paragraph (f) below.

If, as the GIO proposes, session information is made available in the PID, the question arises as to what a 'session' should comprise.

If the approach is of 'zero credits' to 'zero credits' is adopted, a player who 'plays down' to zero and then 'tops up' will receive meaningless information relating to many different sessions and the cumulative outcome will not be made available to him or her.

It is also possible that a player may only want to know the outcome of each individual session.

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<sup>11</sup> LAB First Determination, page 27

<sup>12</sup> GIO Submission of 15 December, 2000, page 35



The GIO suggests that players who *want* to know the outcome of their total playing session should be entitled to choose this.

It is accordingly suggested that such players should be entitled to make this choice by calling up the PID in the normal way and, while in 'PID mode', become entitled to make a further selection by pressing a specific dual tasked button instructing the machine to retain session information for, say, one, two or three minutes *after the credit meter returns to zero* to enable the player to purchase further credits and preserve the session information.

The GIO also suggests that if a player makes this choice, the PID appearing after the choice is made should display a further choice permitting the player to *delete the session information at any time* (so that the player can leave the machine and preserve his or her privacy).

**(d) Session Information in PID not Pull Through Messages**

The GIO notes that the LAB has stated that it “may require (pull through messages) to contain (session information)”.

In its submission of 15 December, 2000, the GIO stated:

*“The GIO 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 GIO 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 GIO wishes to repeat its concerns in this respect.

The GIO believes that there is simply no justification for taking these risks.

Players *will* be made aware that information is available.

On any analysis that should be sufficient.

However, a method of overcoming the last concern is set out in paragraph (g).

***(e) Session Information – Timetable Considerations***

The GIO notes again that the proposed session information displays, namely ‘Money Played’, ‘Money Spent’ and ‘Average Cost’ will, by definition, be wrong in relation to most linked jackpot machines as only certain controllers transfer the information relating to mystery wins to the credit meter via the CCCE port.

As linked jackpot machines do not record mystery wins on the credit meter, the PID session information will not accurately display the correct ‘money gambled’, ‘money spent’ or ‘average cost’.

Players will accordingly be misled as to the money they have played, money they have spent and their average cost.

This may lead them to make decisions (in terms of playing other machines) based on incorrect information.

The GIO understands that approximately 22% of the machines in NSW are connected to a linked jackpot.

It is accordingly suggested that, because it would be confusing for players to see session information on some machines and not others, no session information should be mandated *until all linked jackpot controllers transfer the entire amount of any jackpot win (not merely amounts under \$200 as is the case at present) to the credit meter via the CCCE port.*



It is understood that this is technically possible now and it is simply a matter of submitting the relevant applications and obtaining the relevant approvals.

***(f) Availability of PID Screen***

The GIO notes that the LAB proposes that PID screens should be available “until a relevant button or touch screen icon is pressed to return to idle mode”.

The GIO is concerned about the possibility that players will run down a bank of machines awaiting players triggering the PID modes for each and leaving them in that mode.

It is accordingly suggested that while there are credits on the credit meter, the PID should remain on screen until the next button or touch screen icon is pressed by the player but that *when there are no credits on the credit meter*, the PID screen should disappear after five seconds.

***(g) Enforced Break***

The GIO notes that the LAB has proposed that, “whenever a player has a win of \$100 or more, there be an enforced break from play created by the prevention of the machine being played and the display of a message on the screen inviting the player to cash out by taking the action of pressing a button or using a touch screen”.

The GIO notes that in its submission of 15 December, 2000<sup>13</sup>, the GIO stated that it was inappropriate to ‘interfere with the essence of the entertainment experience unless it is absolutely critical to protect the problem gambler’.

The GIO has seen absolutely no evidence that such a message and break will have any impact whatsoever on the problem gambler.

The GIO believes that, until such evidence is available, there is no justification for such interference with recreational player enjoyment at such a critical juncture of the game.

The GIO accordingly seeks to have this measure deferred pending the evaluation of the balance of the current range of implemented harm minimisation measures.

If it transpires that it can be authoritatively demonstrated that such a measure will reduce problem gambling, it should, of course be trialed.

If, notwithstanding the GIO’s views, this measure is implemented, the GIO assumes that the mandatory minimum break will not exceed 5 seconds.

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<sup>13</sup> Page 34



## 8.2 Cash Input Limit to be Reduced from \$10,000 to \$200

The GIO notes that in its submission of 9 June, 2000 (when it proposed, as an industry initiative, the concept of reducing the current Cash Input Limit of \$10,000 by 95% to \$500 for clubs and hotels and by 90% to \$1,000 for Star City) that it only suggested that such a measure would ‘target’ problem gamblers more effectively than the proposed bill acceptor measure.

The GIO did not suggest that such a measure was an effective harm minimisation measure in that it would reduce problem gambling.

Indeed, the GIO now believes (based on further discussions and anecdotal evidence) that it is unlikely that the reduction of the cash input limit would have a significant impact (if any) on problem gambling.

The GIO suggests that research is warranted before this measure is introduced in the form proposed by the Board as the GIO is concerned that it would (if introduced as proposed) have a negative impact on some recreational players.

The GIO notes that the LAB, in its proposals of 17 November, 2000, did not justify the \$200 figure on the basis that it would address problem gambling more effectively than the proposed \$500/\$1,000 figures proposed by the GIO but on the basis that the adult weekly pre-tax wage is \$783.00

The GIO suggests that, if the average weekly wage is to be a criterion in terms of restricting how much money the people of NSW (not problem gamblers) are to be permitted to spend on entertainment, why are similar restrictions not warranted on virtually all forms of entertainment?

The GIO suggests that the limits it proposed are more than reasonable given that there is simply no evidence to show that problem gamblers will be assisted by this measure.

If research subsequently demonstrates that a \$200 figure is justified by clear benefits in terms of the reduction of problem gambling in NSW, the GIO would obviously reconsider its position.

However, given that the measure appears purely speculative in terms of its perceived ‘harm minimisation’ impact, the GIO respectfully requests the LAB to reconsider the \$500/\$1,000 proposal put forward by the GIO in its first submission on 9 June, 2000.





### 8.3 Maximum Amount to be Transferred Via a CCCE Protocol

The GIO notes that the LAB has determined that the maximum amount that may be transferred via a CCCE protocol be reduced from \$10,000 to \$200.

For the reasons set out in Paragraph 7.1(g) above, the GIO suggests that this restriction be reconsidered to permit session information to be accurately conveyed to players.

If this restriction is put in place, session information provided in respect of machines connected to links will always be inaccurate and misleading.

It need not be if the appropriate controllers are approved and the applicable standards are amended to permit transfer of this data.

### 8.4 Alternating Display of Dollars and Cents and Credits

The GIO notes that the LAB has determined that credit meters must display alternating credits and currency value when the machine is in idle mode.

The GIO supports this determination but suggests that manufacturers be given the option of providing *either* both meters *or* an alternating display as set out in National Standards Version 4.

### 8.5 Pull Through Message – Links

The GIO notes that the LAB has proposed that “whenever a machine is connected to a link system there be available a “pull through” message which states that the currency value displayed on the machine does not include the value of the win on the applicable link”.

As set out in Paragraph 7.1(g) above, the GIO suggests that it is possible to ensure that session information displays are accurate in terms of including amounts won on links.

It is suggested that it would be preferable to provide players with accurate session information rather than relying on such a notice to warn them that session information is not accurate.

Players would clearly be confused by such a message which raises the question “how do I obtain a record of my winnings on the link during the session?”.



## 8.6 Pull Through Messages

The GIO supports the LAB's determination in relation to pull-through messages subject to reiterating that session information should not, in its view, under any circumstances, be provided to players via a pull-through message for the reasons set out in Paragraph 7.1(f) above.

## 8.7 Gaming Machine Artwork

The GIO notes that the LAB has determined that art work which depicts the following be prohibited:

- encourages a breach of the law;
- depicts children;
- is false, misleading or deceptive;
- suggests that winning a prize is a likely outcome of participating in gambling activities;
- suggests that participation in gambling activities is likely to improve a person's social standing or financial prospects;
- suggests that a player's skill can influence the outcome of a game that is purely a game of chance;
- depicts or promotes the consumption of alcohol.

The GIO stated in its submission of 15<sup>th</sup> December, 2000 that such artwork controls "should apply to all forms of gambling and not just gaming machines".

The GIO wishes to repeat its views in this respect whilst acknowledging the limited jurisdiction of the LAB in this regard.

In particular, the GIO wishes to again record its view that "state lotteries continuously infringe these provisions with 'truckloads of cash' advertising" and similar advertising which *never* disclose the chances of winning (or, for that matter, the return to player).

The GIO suggests that it is fair and equitable that all gambling providers in NSW should be placed on a 'level playing field' in this respect.



## 8.8 Play Through and Auto Gamble

The GIO notes that in its original submission on 9 June, 2000, it proposed that play through be disabled and auto play prohibited.

The GIO endorses the decision of the LAB in this respect.

## 8.9 Minimum Return to Player

The GIO notes that the LAB has determined that “minimum return to player be increased from 85% to 87.5%”.

The GIO notes that this initiative was one proposed by the GIO in its submission to the LAB of 9 June, 2000.

The GIO seeks clarification of the determination to ensure that the minimum return relates to the entire return (ie the base return and return from links).

## 8.10 Multi Terminal Gaming Machines

The GIO notes that an express exemption has not been made for multi-terminal gaming machines which will not be able to accommodate a number of the aspects of the First Determination (ie these machines do not have CCCE ports and do not lend themselves to PID displays etc.

The application of the First Determination to MTGMs accordingly requires clarification.



## 9 The “Possible Changes” proposed by the LAB

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### 9.1 Introduction

As set out in the Introduction to this Submission, at this point, the GIO only wishes to make *preliminary* observations in relation to the “Possible Changes” proposed by the LAB. Both the GIO collectively and its individual members reserve the right to make further submissions in this regard.

### 9.2 Maximum Prize on Stand Alone Machines to be Reduced to \$1,000

The GIO notes that the LAB has proposed that consultation should take place on the “proposal that the maximum prize for a stand alone poker machine should be reduced to \$1,000”. The GIO is very concerned about such a proposal for the following reasons:

#### (i) No “Harm” Addressed

The GIO believes that this proposal has absolutely no merit from a ‘harm minimisation’ perspective. As the GIO suggested in its submission of 15 December, 2000:

*“The GIO 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 GIO 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 GIO 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”*

There is absolutely no evidence that a jackpot level of \$10,000 has any impact on problem gambling in NSW. There is also no evidence that jackpots, generally, attract problem gamblers or that reducing jackpots would have any impact on them. The compilers of the South Oaks Gambling Screen (“SOGS”) test did not even consider jackpot levels to be of sufficient importance to mention them in the test questions. The Productivity Commission research has not suggested any link between the size of jackpots and problem gambling. Even Tim Costello (in Chapter 7 in his book “Wanna Bet”<sup>14</sup> which examines the question of “Who Gambles and Why”) does not identify jackpot levels as a factor influencing problem gambling. There has been no suggestion, to the knowledge of GIO members, that the reduction of jackpot levels in this manner would have any material impact on problem gambling. If it was the case that problem gamblers were attracted by large jackpots, it would surely be the case that problem gamblers would be attracted to lotteries which, in NSW, typically offer the following jackpot prizes (which far exceed those offered by gaming machines):

#### **NSW LOTTO WEBSITE (15/5/01)**

<b>Games</b>	<b>Estimated Prize</b>	<b>Next Draw</b>
Lotto Monday	\$1,000,000.00	Mon 21/05/2001
Lotto Wednesday	\$1,000,000.00	Wed 16/05/2001
Lotto Saturday	\$2,000,000.00	Sat 19/05/2001
Lotto Strike	\$100,000.00	Wed 16/05/2001
OZ Lotto	\$1,000,000.00	Tue 15/05/2001
Powerball	\$3,000,000.00	Thu 17/05/2001
\$2 Jackpot Lottery	Jackpot value now	Drawn each Monday to Friday. Next draw 7425
\$5 Jackpot Lottery	Jackpot value now	Next draw 503
	\$4,550,000.00	

<sup>14</sup> Tim Costello and Royce Millar, “Wanna Bet?”, Allen and Unwin, 2000.



6 From 38 Pools \$1,440,000.00

Sat 19/05/2001

**(ii) Current Limit Over 15 Years Old**

The GIO notes that the current maximum jackpot of \$10,000 for stand alone machines in NSW was fixed in 1986, *more than 15 years ago*.

This means that the *real value* of that sum, in 2001 dollars, is actually \$5,607.

Looking at it another way, the real value of a 2001 figure of \$10,000 in 1986 was \$17,836.

The bottom line is that a maximum prize value in 2001 of \$10,000 is very modest by any standards.

**(iii) Impact on Recreational Players**

NSW gaming operators would be very concerned about reducing the level of the current maximum jackpot to \$1,000 as they believe that such a decision would have a significant impact on recreational players.

Consumers of gambling products focus on jackpots because, for the same reason that they buy lottery tickets, they enjoy the possibility of the 'big win'.

The GIO believes that removing that element of the enjoyment of playing gaming machines would have a significant impact on virtually all recreational players as a fundamental part of the entertainment element offered by gaming machines would be adversely impacted.

Operators believe that there is absolutely no reason for discouraging recreational players in this manner, particularly given the size of jackpots offered by state lotteries.

If there was a proven rationale for reducing the size of the jackpot for any form of gambling because it would *definitely* reduce problem gambling, the matter would clearly merit consideration.

However, not only has no such rationale been advanced by any authoritative source on the subject, but there is no evidence to suggest that the issue *even merits research*.

**(iv) Informed Consent**

The GIO suggests that *if* the proposal cannot be justified on the basis of minimising some 'harm' in terms of reducing problem gambling, it is unsustainable on any other grounds.



Players will now be capable of establishing jackpots, probabilities and returns to player from the new PID and this new ‘informed consent’ aspect of gaming suggests that players should in fact have a *greater* choice available to them.

#### (v) **Case for Increasing the Size of Jackpots**

Given the advent of a new era of ‘informed consent’ in the context of gaming machines, the size of jackpots offered by gaming machines in other jurisdictions (and on other forms of gambling) and the absence of any evidence of a connection between jackpot size and problem gambling, the GIO suggests that consideration should be given to increasing the current (15 year old) \$10,000 limit on stand alone machines to \$50,000 to enable venues in NSW to compete effectively with other jurisdictions and other forms of gambling.

#### (vi) **MTGMs**

The GIO suggests that MTGMs (which, the GIO believes, do not generally attract problem gamblers because of their character (ie the length of games and different return structure)), should be *exempt* from the proposed jackpot restrictions particularly in view of the significant cost of the systems to the venues that operate them and the technical problems of compliance.

### 9.3 **Limitations on the Gamble Feature**

The GIO notes that the LAB has formed the view that consultation should take place on the proposals that “any gamble feature is to be limited so that a win resulting from the gamble does not exceed \$500” and that “only one double up attempt is to be permitted for a single play of the game”.

The ‘gamble’ feature/‘double up’ are the *fairest bets* offered to a player in that they are 50/50 bets.

The player has exactly the same odds of winning as the operator.

What justification could there possibly be for restricting such a bet?

By doing so, the LAB would be depriving the recreational player of significant entertainment value and the ability to bet at the best odds available.

There is, as far as the GIO is aware, no evidence that problem gamblers are attracted to the ‘gamble’ feature or to ‘double up’ or would reduce their ‘problem gambling’ if these were restricted in the manner proposed.

Such features are traditional features of video gaming machines and are offered in virtually every gaming jurisdiction.



If they were to be restricted as proposed, recreational players' interest in machines is likely to be adversely effected. The GIO reiterates that unless 'harm' can be demonstrated to be reduced in a material manner by measures which are likely to have an adverse impact on recreational players, such measures should not be adopted.

#### 9.4 Standard Deviation

The LAB has proposed that "consultation should take place on the proposal that volatility should be limited by limiting the standard deviation to 15".

What is 'standard deviation'?

Standard deviation is the most widely used statistical measure of spread and, in a game design context, is used to measure the volatility of a game that is the extent to which the win distribution (both size and frequency) is spread across a period of game play.

The GIO is advised by AGMMA's technical experts that the proposed figure of 15 is acceptable in that it accommodates existing game designs. It is also noted that this provision has recently been included in National Standards Version 4.

The GIO nevertheless wishes to express concern at the introduction of a control parameter *without explanation of why this parameter is now to be regulated and without explanation of the analysis conducted by the LAB which led to this decision.*

The GIO believes that, if this is a 'harm minimisation' measure, it would be reasonable for the LAB to explain why it believes that this is a matter which should be regulated and what the precise 'harm' is that the LAB seeks to control.

Operators are advised that although the proposed standard deviation of 15 is acceptable to the industry, any attempt to reduce the parameter from that level could have significant and far reaching implications as far as player enjoyment is concerned.

There is no evidence that the standard deviation of a game has any impact on problem gamblers.

The GIO accordingly objects to the LAB proposal as operators are concerned that the proposal is unexplained and apparently attributes a significance (from a problem gambling perspective) to standard deviation that operators are unaware of.





The GIO understands that the matter will be raised by AGMMA in the context of National Standards Version 5.

### **9.5 Automatic Pay Out of \$1,000**

The GIO notes that the LAB has proposed that “any win which will cause accumulated credits to equal or exceed \$1,000 or more should be automatically transferred to the credit meter (no gamble feature should be offered) and a cancel credit condition should be effected. The total prize money should then be paid to the player by means of a crossed cheque.”

The GIO suggests that such a proposal will not achieve any material ‘harm minimisation’ because problem gamblers will either cash the cheques promptly (often at a significant discount) from third parties outside venues (there is anecdotal evidence of this practice from many venues) or will return to play either at the venue or another venue the following day.

The GIO suggests that this ‘measure’ would not achieve any material ‘harm minimisation’ as it does not address the causes of problem gambling or seek to treat the problem gamblers in an appropriate manner.

The GIO accordingly suggests that the proposal be rejected.

The GIO is also concerned at the likely impact on recreational players, operators, employment, industry contributions to the community and government revenues of such a measure as it would significantly reduce daily turnover from recreational players who would simply be unable to continue to play.

It would also be likely to inconvenience recreational players who may find their entire evening’s ‘entertainment money’ locked up in a crossed cheque for the evening.

### **9.6 Cancellation of Cancel Credit Mode**

The GIO notes that the LAB has proposed that “once a cancel credit condition has been effected by the gaming machine or initiated by the player for any reason, that condition may not be cancelled other than by payment of the total value of the credits on the credit meter.”

The GIO believes that this proposal has no merit from a ‘harm minimisation’ perspective and will simply inconvenience players when they decide – for whatever reason – to play on rather than to cancel credits on the machine, take a payout and leave.



Given the following proposal (which is endorsed by the GIO and which, indeed, the GIO seeks to expand), it is submitted that this proposal has no merit and should be dropped.

If the GIO's proposals in relation to the following proposals are accepted, players with up to \$500 on the credit meter will be able to obtain a payout without attendant intervention.

In such a situation, why should players who press the cancel credit button, not be able to change their minds and play on? How often is the cancel credit button pressed by accident?

What possible benefit is achieved through inconveniencing players in this manner?

This is particularly so when the amount on the credit meter is less than \$1.00.

## 9.7 Payment Without Attendant Intervention

The GIO notes that the LAB has proposed that "it must also be possible for a player to readily redeem an amount of up to \$100 of credit/win from a gaming machine, without an attendant's intervention, by means of at least one of the following:

- A hopper pay; or
- A printed ticket; or
- A CCCE transaction to a CCCE system."

The GIO does not object to this proposal but queries the substance of the 'harm minimisation' rationale for it and notes that the proposal will involve a considerable cost to some venues in terms of maintenance of a larger and unproductive 'float' including currency handling and storage issues..

The GIO also wishes to raise the question of the application of this proposal to MTGMs which, it suggests, should be exempt from the proposal (no hoppers in most cases).

## 9.8 Sound

The GIO notes that the LAB has suggested that the question of whether sound from the gaming area may constitute "an attraction to the gaming area (when other forms of advertising or enticement may be forbidden) and in particular an allurement to young people."

The GIO suggests that this proposal has no 'harm minimisation' value whatsoever.



There is no evidence that problem gamblers are attracted by sounds of gaming or that restricting the extent of sound leaving the gaming area would influence problem gamblers not to engage in problem gambling.

It is suggested that common sense dictates that if a problem gambler has gone to a gaming venue, the question of whether he or she is going to play or not will hardly be influenced by whether sound escapes from the gaming area.

In relation to the issue of young people, there are already strict restrictions on young people and gaming areas.

Reducing the escape of sounds from gaming areas will not, it is suggested, have any impact on the inclination of young people to play machines.

Indeed, the very act of 'hiding' gaming in the manner proposed could well prove an inducement to young people and, arguably, creates a mystique in relation to gaming by differentiating it from other forms of 'entertainment'.

It is suggested that it is actually preferable, from a 'harm minimisation' perspective for young people to be able to see and hear gaming areas so that it does not take on the biblical character of 'forbidden fruit' and avoids creation of a hidden 'mystique'.

The GIO also wishes to raise the question of equitable treatment of gaming and other forms of gambling.

Lotto is advertised by virtually every NSW newsagent.

There are limited controls on children participating in Lotto. The Lotto stand at the Royal Easter Show was extraordinarily popular with young people.

Young people participate in horse racing, greyhound racing, trots and numerous other forms of racing on which bets can be made. There is sufficient legislation in place to restrict people under 18 years of age from placing bets.

There has been no suggestion that young people should be *prevented from attending* such venues nor should there be (either in relation to such tracks or gaming venues).

All such activities should be de-mystified whenever possible.

The GIO also notes that there has never been any suggestion that sounds from such racetracks should be restricted in any way based on the possibility of inducing people to play.



## 9.9 Types of Sound

The GIO notes that the LAB has suggested that the question of whether “sounds that suggest success or otherwise, such as cheers or bells or whistles or sirens, or “sympathetic” groans may arouse emotions, promote irrational responses, increase excitement, and/or constitute enticements to gambling or continue gambling.”

The LAB has also suggested that the question of whether “sounds similar to those used to maintain interest and excitement in arcade and computer games have a similar effect with gaming machines” requires investigation.

Finally, the LAB has suggested that the “effects of various types of sounds on vulnerable personalities” requires investigation.

The GIO believes that each of these suggestions demonstrates an excess of zeal on behalf of the LAB. There is simply no evidence that sounds of this nature attract problem gamblers, or, more significantly, that any changes to such sounds would discourage problem gamblers.

Moreover, the GIO believes that interference of this nature with the creative aspects of game design would represent an unparalleled, unjustified, irrational and totally inappropriate intrusion into the commercial nature of the gaming business.

There has been no suggestion that horses, dogs, trots, racing cars and other sports on which bets can be placed should only be permitted to emit sounds which do not maintain interest and excitement nor would one expect such a suggestion to be made.

Gaming machine manufacturers devote considerable resources to developing products that appeal to players in the same way that manufacturers of motor vehicles and consumable products do.

Manufacturers do not ‘target’ problem gamblers.

The marketplace determines which products fail and which succeed.

Operators design their gaming areas and venues to appeal to the player. Venues succeed or fail depending on their ability to provide an attractive entertainment experience for their customers.

The GIO agrees that matters which can be clearly demonstrated to address harm are properly the subject of consideration by the LAB.

How far should one go? Sounds, colour, smell?



There is a point at which common sense and the protection of recreational players' interests must override 'exotic' proposals of this nature championed in the name of 'harm minimisation'.

This is particularly so when there is absolutely no evidence that the proposals would be in any way effective in terms of reducing problem gambling or ameliorating its impact.



## 9.10 Artwork Lighting

The LAB has suggested that the question of whether “artwork lighting should be able to be seen outside gaming areas as it may constitute an attraction to the gaming area...and in particular an allurement to young people”.

The GIO repeats its comments in paragraph 2.12 above regarding the concealment of gaming from young people and its likely consequences.

Kenneth Graeme (1859-1932), a Scottish writer, stated that “it is the restrictions placed on vice by our social code which makes its pursuit so peculiarly agreeable”.

Is it not likely that placing restrictions of this nature on gaming would have exactly the opposite effect of what is intended by creating a mysterious hidden attraction?

The GIO also wishes to state that it believes that there is simply no justifiable “harm minimisation” rationale for such a proposal. There is no evidence that the visibility of artwork lighting from outside the gaming area attracts problem gamblers.

Nor is there any evidence that by spending large amounts of money to prevent artwork lighting being seen from outside the gaming area, it would have any impact on the extent of problem gambling in NSW.

The GIO believes that the ‘hiding’ of gaming areas would have more of an impact in terms of alluring young people than keeping them fully visible.

In any event, whether the visibility of lighting constitutes an allurement or not is surely an academic question at best because there are very strict laws about under age gaming in NSW and these are policed rigorously by operators who fully understand that their licenses are at risk if these laws are disregarded.

## 9.11 Advertising Restrictions

The GIO notes that the LAB has proposed that “gaming related advertising and signage” be, effectively, completely banned (club advertising to members and advertising by manufacturers to operators being the sole proposed exceptions).

The GIO regards such a proposal as an outrageous restriction on the freedom of operators to compete effectively for customers and one which has no “harm minimisation” justification whatsoever.

Problem gamblers clearly know where to go to gamble.



The GIO believes it is highly unlikely that problem gamblers would be influenced by the removal of all advertising and signage.

There is absolutely no evidence of the impact of advertising on problem gamblers. Nor is there any evidence of any likely beneficial impact of the restriction of advertising in the manner proposed.

This proposal also raises the serious question of commercial freedom of speech in Australia.

The matter of gambling advertising and commercial freedom of speech received attention in the United States very recently in Greater New Orleans Broadcasting Association Inc et al v. United States of America where the US Supreme Court decided *unanimously* in June, 1999 to strike down a Federal Government ban on broadcasting the availability of gambling casinos.

The US Government had argued that it was seeking to minimise the social effects of gambling through such an advertising ban.

The US Supreme Court held that the ban – enacted in 1934 – was an impermissible restriction on free speech. An earlier Supreme Court decision, the 1980 decision in Central Hudson Gas Electric Corp. v. Public Service Commission, was applied.

That case established a four part test for determining commercial freedom of speech issues. The test looks at whether the restriction on freedom of speech effectively advances a ‘substantial’ government interest and whether the advertising is lawful or misleading.

The Court decided in Greater New Orleans that, although minimising the social cost of gambling was a ‘substantial’ government interest, the law was so riddled with exceptions that the advertising ban could not be said to ‘advance it’.

The Court stated that “decisions that select among speakers conveying virtually identical messages are in serious tension with the principles undergirding the First Amendment”.

Australia does not have a First Amendment nor a Bill of Rights but Australians would like to think that they have as much freedom of commercial speech as Americans.

The reasoning underlying the Supreme Court Decision is fully applicable to this proposal.

The GIO suggests that it is simply not appropriate for the Government to discriminate against the freedom of a group of individuals to advertise in a lawful and non-misleading manner when identical advertising is permitted and even encouraged by the same Government in relation to other forms of gambling.



At least some evidence of the impact of advertising on problem gambling in NSW should be produced before such a far reaching ban is even proposed, let alone implemented. There is ample evidence that virtually all NSW gaming venues have been conservative in terms of their advertising to date and there is no reason to think that this policy will change.

Indeed, as set out in Annexures C and D, the GIO is advocating a legislatively based code to ensure that such a policy of conservative advertising is mandated for NSW venues.

The GIO regards its proposed code and regulations as an appropriate and responsible “harm minimisation” measure in the same manner that it accepts the ‘First Determination’ advertising restrictions proposed by the Board (as set out above and subject to the GIO’s comments).

However, the GIO believes that the proposed outright ban is outrageous and indefensible.





## 9.12 Promotions

The GIO notes that the LAB has proposed that promotions be limited through a cost cap of \$1,000 per week, not to be accumulated over more than a four (4) week period.

The GIO believes that such a proposal is almost as outrageous as the proposed advertising ban.

There is absolutely no proof that problem gamblers are influenced by promotions.

Promotions are of critical commercial importance to the gaming industry.

Many venues rely heavily on promotions to differentiate their businesses from competing businesses.

Over \$100M has been invested in player reward systems and promotional equipment by NSW venues.

Promotions are very popular with players in NSW. It is estimated that between 150,000 and 200,000 players participate in promotions in the 1,425 NSW Clubs, 1,844 NSW Hotels and Star City each day.

The GIO believes that the vast majority of these players are not problem gamblers:

Promotions are likely to be less attractive to problem gamblers than recreational players for the following reasons:

- problem gamblers focus on the gaming activity itself rather than any promotion which they tend to regard as a distraction which interferes with gaming;
- promotions inevitably slow down the 'normal' rate of play of individual participants because participants are required to listen to instructions, recognise and applaud winners, participate in games and socialise with venue staff and hostesses.
- problem gamblers prefer anonymity and are reluctant to participate in any activity which might lead to material being sent home or which may permit monitoring of their gaming activities; problem gamblers tend to fear 'being tracked by computer'.
- the vast majority of participants in promotions are recreational players who enjoy spending a small amount of money over a two to three hour period, to be entertained by the promotion and to have the chance of winning an additional prize to the prizes offered by the machines.

Participants in promotions tend to enjoy the 'value added' enhancement of the gaming entertainment experience, the socialising with other players, staff and the compere, the



slower playing rate associated with promotions (which involve many interruptions to participate in the promotion and to recognise winners).

They tend to spend small amounts over a long period of time. Many are regular participants.

Promotions have become an increasingly important part of the 'branding' process by which different providers of entertainment seek to differentiate their venue and entertainment from others. Clubs, Hotels and the Casino use promotions to compete against each other and to compete against cinemas, theatres, lotteries, harness racing, horse racing, internet betting and virtually all other forms of entertainment on offer in NSW.

To place financial restrictions on the providers of one form of entertainment (in terms of using promotions) and not others (particularly providers of gambling) would be grossly unfair.

The GIO regards the proposed limit as totally unrealistic.

However, NSW Operators recognise that certain practices in the area of promotions and player loyalty could be improved from a harm minimisation perspective and wish to make a number of suggestions in this respect.

The GIO wishes to suggest, as an alternative to both the proposed restrictions on promotions and advertising, a legislatively endorsed, Advertising and Promotions Code of Practice as set out below.

### **9.13 An Advertising and Promotions Code of Practice**

The GIO's proposal is set out as Annexure C to this submission.

It is consistent with the Productivity Commission's views regarding the need for 'legislatively based codes' specific to gambling relating to 'gambling advertising and promotion across all modes of gambling'.

It is proposed that the Code also cover loyalty systems.

NSW gaming industry operators propose that certain practices should be categorised as 'inducements' and prohibited.



It is suggested that these practices be distinguished from the acceptable promotion and player loyalty activities that form an important part of the normal commercial activity of clubs, hotels and the casino.

This submission also seeks recognition of the potential advantages inherent in player loyalty systems in terms of effective 'harm minimisation' measures (through card based and other systems) which could provide effective assistance and support to many problem gamblers if and when card based systems are introduced in NSW.

Paragraph 30W of the Registered Clubs Amendment (Responsible Gambling) Regulation 2000 (and the equivalent amendment to the Liquor Act) already prohibits a venue from offering either:

*“any free or discounted liquor as an inducement to participate, or participate frequently, in any gambling activity at the club”* or

*“free credits to players, or as an inducement to persons to become players, of approved gaming devices at the club, by means of letter box flyers, shopper dockets or any other means.”*

NSW Operators propose that consideration should also be given to expanding the ambit of the inducements prohibition in paragraph 30W (and the equivalent provision in the Liquor Act Regulation) by introducing a new Regulation 31 (Annexure D).

The GIO believes that the approach it has advocated is a reasonable and appropriate response to concerns expressed about both gaming advertising and promotions.

#### **9.14 Refreshments**

The GIO is very concerned by the LAB's suggestion that consideration should be given to whether “refreshments” should be “available in gaming areas”.

The serving of refreshments to patrons is an integral part of the entertainment provided by gaming venues to their customers and any suggestion that refreshments should not be made available or should be restricted is rejected as inappropriate, unjustifiable, misconceived and grossly unfair.

Any such restriction would have a devastating impact on NSW gaming venues as recreational players would, without doubt, be deprived of one of the key aspects of the hospitality and entertainment that they seek and currently enjoy as part of the gaming experience.



There is absolutely no evidence that problem gamblers are influenced by the availability of refreshments. It may even be the case that the availability of refreshments curtails problem gambling by providing an alternative source of entertainment to gaming.

Moreover, the implementation of strict new 'responsible service of alcohol' standards by all licensed premises in NSW has significantly changed the environment of all licensed premises and already protect, to the extent reasonably possible, all consumers of alcoholic beverages from themselves. This protection obviously also extends to the players of gaming machines. It has been acknowledged as being very effective.

What possible reason can there be, in these circumstances, for considering a restriction of this nature?

The direct impact on employment (bar staff, service hosts, cleaners etc.) would be considerable, not to mention the indirect consequences (beverage suppliers, brewery and spirit workers, transport services, glass supply etc).

If introduced, the "initiative" would have an immediate impact on the jobs of an estimated 12,000 persons employed in the hospitality and service industries, with a potential loss in wages of nearly \$340 million per annum (this figure is based on 4,000 venues with an average of 3 employees paid at \$27,000 per annum; it does not include the potential impact on service or other related industries).

### **9.15 Proposed Limit on State-Wide Links Jackpot to \$10,000**

The GIO notes that the LAB is considering whether "...a recommendation should be made to the Government that the maximum prize for multi-terminal machines and Statewide links should be reduced to \$10,000."

The GIO notes that there is no evidence that jackpot levels have any influence on problem gambling or that a reduction of jackpot levels would have any impact on the level of problem gambling in NSW.

It is suggested that such a proposal is, at best, speculative in terms of any 'harm minimisation' element.

The GIO also notes that MTGMs are highly unlikely to attract problem gamblers. The length of the games and the entirely different quality of entertainment provided are such that problem gambling simply does not seem to be an issue.

Anecdotal enquiries by the GIO have not revealed *any* cases of MTGM problem gambling known to GIO members.

The GIO also notes that the purchasers of MTGMs have invested very significant sums of money in that equipment and such investments were predicated on a return on that



investment which was based on the current jackpot framework. Any change to that framework, particularly of the drastic nature under consideration, would have a significant adverse impact on the venues who have purchased MTGMs.

The GIO suggests that there is absolutely no merit in the proposed suggestion and notes that it may even be the case that the provision of MTGMs – as an alternative to conventional gaming machines – should be encouraged, rather than discouraged, in terms of harm minimisation implementation.

In reference to the proposal regarding Statewide links, the GIO supports TAB Limited's objections to such a proposal and notes, again, that there is no evidence that a statewide link jackpot level has any material impact on problem gambling in NSW.

NSW clubs have operated in house link progressive systems since 1988 at a limit of \$100,000.

If the LAB has evidence that this has caused any "harm", it would be helpful if this evidence could be disclosed to and reviewed by the GIO.

#### **9.16 Proposed Number of Carded games Per Reel**

The GIO notes that the LAB has suggested that it should "investigate the number of carded games per reel and set a maximum number of cards on each reel".

The GIO regards such a proposal as entirely unnecessary.

The key parameters applicable to players will now be disclosed to them via the PID screens and this will permit players to play with 'informed consent'.

Provided a player knows the long term percentage return to player that the machine offers and the odds on the top five and bottom five prizes, that player is protected in terms of consumer information and should be free to enjoy the 'feel' of the game that the game designer has created.

The size of the virtual reels and the number of cards on the reels are key tools in designing entertaining video games. Interfering with the design process in this manner would have a very adverse impact on the entertainment quality that game designers can deliver.

There is no evidence that the size of the reels or the number of cards on the reel have any connection with problem gambling and the GIO believes that it is highly unlikely that any connection could be established.

The GIO is concerned, however, that such a measure could have a significant impact on the quality of entertainment offered to recreational players. The GIO believes that there is no merit in the proposal.



### **9.17 National Standards**

As set out above, the GIO endorses the need to develop National Standards and requests the LAB to use its best efforts to assist the industry to move towards this ideal.

### **9.18 ATM and EFTPOS Machines**

The GIO believes that prohibition of credit on ATM and EFTPOS machines is already adequately dealt with by existing legislation and regulations.

### **9.19 Responsible Conduct of Gaming – Club Directors**

The GIO does not wish to comment on this matter which is essentially a matter for NSW clubs to respond to separately.

### **9.20 Mandatory Self- Exclusion Schemes**

The GIO proposes that consideration be given to adoption of a standard form of self-exclusion document (an example for discussion purposes has been prepared and is attached as Annexure A).

The concept is that a person who wishes to self-exclude should be able to obtain a standard document for that purpose easily and quickly but must take responsibility for providing copies of that document and supporting material to each venue that the person wishes to self exclude from.

### **9.21 Standard Self-Exclusion Forms and Procedures**

As set out above, the GIO endorses the concept of standard self-exclusion documentation.

### **9.22 Multiple Venue Self-Exclusion**

The GIO is of the view that multiple venue self-exclusion must be the responsibility of the player seeking to self-exclude.

However consideration could be given to forming “accords” within a local areas where the licensed premises could co-operate to bring about a localised multiple venue self-exclusion scheme.

### **9.23 Cheque Cashing Facilities**

The GIO is of the view that existing legislation dealing with cheque cashing is sufficient and that no further regulation is required in this area.



## 9.24 Children and Toys

The GIO believes that toy gaming machines are not a matter which merits serious consideration in terms of reducing problem gambling in NSW.

There is no evidence that toy gaming machines influence children to become problem gamblers.

Any banning of such toys may well have the opposite effect to that intended by creating a mystique for children. It is suggested that this proposal should be dropped.

## 9.25 AUSTRAC

The GIO is not aware of any AUSTRAC issues that have arisen in relation to gaming machines but would be pleased to discuss any specific matters of concern.



## 10 SAGD

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### 10.1 SAGD Standards

The GIO notes that, on 22<sup>nd</sup> March, 2001, the LAB released a set of "proposed Draft Technical Standards for Specially Approved Gaming Devices".

The GIO notes that the LAB has kindly extended the deadline for comments on the SAGD Standards until June 8, 2001 to permit the GIO to comment on a number of harm minimisation measures embodied in the draft SAGD standards.

The GIO has also reviewed a letter from AGMMA to the LAB dated 8 June, 2001 which addresses both those harm minimisation issues and a number of other matters.

The GIO endorses and supports AGMMA's letter (a copy of which is attached as Annexure E) in this respect.

The principal issues of concern to the GIO are set out below.

The GIO recognises that these matters are only currently relevant to state wide link machines but understands that the wording of the draft Standards may be followed if any of the Standards are subsequently sought to be applied to Standard X machines and accordingly regards the matter as more important than simply a state wide links issue.

### 10.2 Disclosure of Percentage Return to Player When Bet Varies

The draft standard proposes that where the PRTP can vary depending on bet or game options/features, this variation must be conveyed to the player.

As indicated in Paragraph 7.1(a) above, the GIO recommends that the preferable approach is to stipulate the *range* of PRTPs applicable to the game and to any relevant link in the PID.

Supplying further information by way of the PID both risks confusing the player and will not be particularly useful.





### 10.3 Standard Deviation

The GIO note that the SAGD Standards again provide for a standard deviation limit of 15.

The GIO wishes to express concern at this proposal on the same basis that it has done above and wishes to add that it understands that a standard deviation of 15 may be a difficult 'ask' in the context of state-wide jackpots.

There is no evidence that volatility of games has any impact on problem gambling. Nor is there any evidence that restricting volatility will reduce problem gambling in any way.

Yet flexibility in terms of volatility is required by game designers in relation to designing attractive and interesting games for the recreational player.

The GIO suggests that this measure be dropped notwithstanding its inclusion in National Standards Version 4.

### 10.4 Maximum Probability for Prizes

The GIO notes that the SAGD standard proposes limiting the maximum probability for prizes to one in 15 million.

The GIO believes that now that odds are disclosed to players, the issue becomes one of informed consent. If a player wishes to make a bet at odds of 1 in 20 million, why should he or she be deprived of the opportunity?

Are Powerball players to be deprived of the opportunity to play Powerball at the extraordinary (and undisclosed) odds of one in 55 million applicable to that game?

It is also suggested that there is no evidence that such a measure would have any impact on problem gambling in NSW. Furthermore, it seems extremely unlikely that reducing the maximum probability would have any impact in terms of reducing or ameliorating problem gambling in any manner.

The GIO accordingly suggests that this measure be dropped.



## 10.5 Limiting Number of Gamble Attempts

The GIO notes that the SAGD standards propose to limit the number of gamble attempts to 5 (as opposed to one gamble attempt as proposed in the LAB's First Determination<sup>15</sup>).

As set out above, the GIO believes that this is one of the fairest betting opportunities offered to players and sees no reason whatsoever to limit it in any way.

Doing so, in fact, limits the opportunities of the player to make bets at the most favourable odds.

This is clearly contrary to the LAB's role as the protector of player interests.

Moreover, as set out in Paragraph 8.2 above, there is no evidence that problem gamblers are attracted by the gamble feature or that they would alter their betting behaviour in any way if this measure was adopted.

If anything, this measure would arguably be likely to be detrimental to problem gamblers as it would cause them to lose money faster.

As such it is at odds with other 'harm minimisation' measures (such as increasing the minimum PRTP to 87.5%)

The GIO also notes that the wording of the Standard involves placing a limit on the prizes that can be won over a sequence of games. The GIO supports the view expressed by AGMMA that this is inappropriate.

## 10.6 Maximum Non Progressive Win to be Fixed

The GIO notes that the SAGD standard proposes fixing the maximum non-progressive win at \$10,000 (as opposed to the \$1,000 proposed for consideration by the LAB in the First Determination proposals).

The GIO wishes to refer to its comments in Paragraph 8.1 above and reiterate that there is a good case for increasing the maximum non-progressive win rather than reducing it or leaving it at \$10,000.

## 9.10 No \$2.00 Games

The GIO suggests that no 'harm minimisation' goal is achieved by banning \$2.00 games and suggests that this matter be reconsidered.

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<sup>15</sup> LAB First Determination, Page 4



### **9.11 Cash Only to be Accepted in Idle Mode**

The GIO is very concerned by the proposed standard which prescribes that coins and bank notes are only to be accepted by machines when the machines are in idle mode.

This is a significant change as it would prevent players from purchasing credits during game play. This will cause confusion and concern when note acceptors fail to accept notes because the machine is not in idle mode.

The GIO believe that the rationale underlying this standard is the same underlying the proposed \$1 maximum bet, slowed reel spin and reconfigured bill acceptors proposals namely an attempt to slow game play.

Operators believe that all such measures are likely to have a catastrophic effect on recreational play but question the likely impact on problem gambling.

There is, as far as the GIO is aware, no evidence to suggest that such a requirement will reduce problem gambling. The GIO accordingly suggests that the matter be reconsidered.

### **9.12 Maximum Number of Lines to be Fixed**

The GIO notes that the proposed SAGD standard seeks to fix the maximum number of lines that can be played.

There is no evidence that the ability to play any particular number of lines attracts problem gamblers nor that a restriction on the number of lines played will reduce problem gambling.

However, the ability to bet a small stake on a large number of lines clearly increases the entertainment value for the recreational player and operators are accordingly concerned about such a proposal.



## 11 Conclusion

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The GIO appreciates the opportunity to make this submission on the “First Determination” and proposed regulatory measures.

The GIO believes that the measures it has endorsed demonstrate the commitment of the NSW Gaming Industry to responsible gaming.

However, the GIO believes that the LAB is now proposing measures which go beyond its obligations to foster responsible gaming.

A number of the proposals set out in the LAB’s “First Determination” do not reflect any research into harm minimisation and suggest that they have been proposed on the basis of anecdotal evidence at best.

Given the media environment relating to this issue, the suggestion of measures in this manner is unlikely to be helpful to problem gamblers as the media is likely to adopt the proposals as being authoritatively endorsed measures which are critical for problem gamblers notwithstanding the absence of any supporting research.

The GIO believes that the technical harm minimisation measures proposed by the LAB are unlikely to assist problem gamblers in any material way.



The GIO suggests that the time has come to pause (for the 36 month period suggested above) to evaluate the effectiveness of the measures now implemented and to consider the far more promising treatment proposals raised by the GIO in Paragraphs 5 and 6 above which the GIO believes are likely to be *significantly more important* in terms of really helping problem gamblers than the technical measures currently under consideration.



**Annexure A – Proposed Self Exclusion Deed  
State Wide Standard Self-Exclusion Deed**

**NSW GAMING INDUSTRY OPERATORS  
SELF-EXCLUSION DEED POLL**

This document changes your legal rights. If you are not sure what it means then you should get independent legal advice before signing it. This Deed Poll is signed in favour of each of the Gaming Venues you nominate and gives rise to legal rights and obligations between you and each of such Gaming Venues when you provide a copy of this Deed Poll to the named Gaming Venue.

Gaming Venues in New South Wales cannot refuse a request from you for self-exclusion.

If you request self-exclusion then the Gaming Venue will also provide you with information about the availability of gambling-related counselling and treatment services.

This Deed will operate as a request for a voluntary self-exclusion order from Star City if you also complete the Request in Schedule 1.

**SELF EXCLUSION PERIOD:** From the Date of this Deed until the \_\_\_\_\_  
of \_\_\_\_\_, 20\_\_\_\_.

**DATE OF DEED:** \_\_\_\_\_, 20\_\_\_\_.

BY:.....of  
.....  
.....  
.....  
.....  
(print full name and address)  
.....



I am a patron of the following Gaming Venue or Gaming Venues

.....  
 .....(the Gaming Venue(s))

*(print the full name and address of the Gaming Venue or Venues – if insufficient space, complete Schedule 1)*

- (b) I acknowledge that self-exclusion is my decision, my responsibility and that it is entirely voluntary. I am prepared to give the authorisations set out below which may assist me to adhere to my self-exclusion decision. I also acknowledge that this Deed places **NO OBLIGATIONS, DUTY OR RESPONSIBILITY ON ANYONE OTHER THAN MYSELF.**
- (c) This document authorises the Gaming Venue to exclude me from the specified area(s) or premises. However, I accept that the Gaming Venue (other than Star City, if nominated as a Gaming Venue to which this Deed applies) does not have any legal duty or obligation to make sure I am excluded or that I do not gamble.
- (d) I am aware that signing this Deed will affect my legal rights. I am aware that it would be sensible for me to obtain independent legal and other professional advice before signing this document, about this document and also about my gambling.
- [(e) *(Delete if inapplicable)* I wish this Deed to operate as a request for self-exclusion from Star City and have therefore also completed Schedule 2.]
- (f) I am aware that I can obtain independent advice before signing this document, free of charge, from a legal centre such as the Redfern Legal Centre in Sydney, or any office of the New South Wales Legal Aid Commission, both of which are listed in the telephone book. I have obtained any independent advice that I require before making my decision to sign this document.

## SELF-EXCLUSION ARRANGEMENTS

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### Self-exclusion – Minimum 12 Month Period

**I will not go into the Gaming Venues which I have specified on page 1 and will not gamble at such Gaming Venues through third parties.**

My self-exclusion from such Gaming Venues (other than Star City) is to continue for the period specified on page 1 of this document and for a minimum of twelve (12) months from the date of this document. I can end my self-exclusion after that minimum twelve (12) month period, by giving one month's written notice to each of the Gaming Venues (other than Star City) specified on page 1.

In the event that I choose to apply to Star City to exclude me from Star City by making an exclusion order (I note that I will need to complete Schedule 2 and submit the application to apply



for such an order), and Star City makes such an order, I note that Star City will not consider revoking such order until it has stood for 12 months from the date of the order. I also understand that if the order remains in force for 24 months or more, my application for revocation of the order must be accompanied by a statement from a counsellor or medical practitioner stating that he/she is aware of my intention to request a review.

### **Photos and Identity**

I understand that the Gaming Venues need to help Gaming Venue staff to identify me. I will provide each Gaming Venue referred to above with four passport size colour photos of me as well as anything else which the Gaming Venue reasonably requires to better identify me. I acknowledge that provision of such photos to the Gaming Venue does not place any obligation on the Gaming Venue to do anything more than make the photo available to staff to refer to.

### **Authorisations**

I authorise any Gaming Venue referred to in this Deed to:

- ◆ prohibit me from entering or remaining in any area which I have specified on page 1;
- ◆ ask me to leave, or remove me from, any area which I have specified on page 1;
- ◆ refuse to let me participate in any gambling activity at the premises of the Gaming Venue;
- ◆ cancel or terminate any gambling activity I am involved in during the period of my self-exclusion, at any time on any conditions the Gaming Venue considers reasonable;
- ◆ keep and use records and photos of me for any internal purpose which the Gaming venue considers appropriate.

### **Professional Consultants, Problem Gambling Service Providers and Family**

- (a) *[Delete if not required]* I authorise the Gaming Venue to discuss my situation with any professional consultant or problem gambling service provider. In so doing, the Club may identify me and provide details of my circumstances. However, the Club may only talk about me with those people if the Club thinks they might help me
- (b) *[Delete if not required]* I authorise the Gaming Venue to discuss my situation with any person who identifies themselves as my spouse or near-relative (by blood or de facto relationship). That authorisation does not apply to anyone who a Gaming Venue staff member knows is not my spouse or near-relative.





## RELEASES

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### Gaming Venues: General Release

I release all Gaming Venues nominated by me in this Deed from all claims in relation to my self-exclusion decision or this document. I understand that the Gaming Venues do not benefit from this Deed and accordingly accept all responsibility for any outcome of the application of this Deed by any employee of any such Gaming Venues by way of an attempt to enforce any provision of the Deed.

### Specific Releases

I also release any such Gaming Venue from claims.

- (a) regarding any interview with me in relation to this Deed or proposals for this Deed;
- (b) for omitting or failing to act as authorised by this Deed;
- (c) for anything which the Gaming Venue does in good faith under the authorisations I give to the Gaming Venue in this Deed;
- (d) for omitting or failing to act on my wish to be excluded from the specific area or premises or my wish not to participate in gambling activities.

### Extension of Releases

- (a) The above releases extend to all claims of any nature described above which I have or would otherwise have had against the Gaming Venue, including claims based on allegations of negligence, breach of contract or misleading or deceptive conduct.
- (b) The above releases do not extend to any claim that I have or may have against the Gaming Venue for any breach of any statutory duty (if any) arising which cannot be excluded or modified.
- (c) References to a Gaming Venue include its officers, staff, contractors, consultants and advisers and where the context permits, also includes any industry representative body and its officers, staff, contractors, consultants and advisers.

## INDEMNITY

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I will indemnify and keep indemnified any Gaming Venue referred to in this Deed (and its employees) against all liabilities, costs and expenses in respect of any and all claims which may be made against or incurred by any such Gaming Venue or any of its employees in connection with this Deed or any action taken by any employee of such Gaming Venue in enforcing this Deed or any statutory provision or regulation in connection with this Deed or my gambling activities. This



indemnity is without prejudice to any other remedies or other rights provided by law or this Deed.

## ACKNOWLEDGEMENTS

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I acknowledge that:

- ◆ The contents of this document have been read to me at a self exclusion interview which took place on the date of this Deed;
- ◆ I will not be entitled to re-enter any Gaming Venue that I have nominated in this Deed until those venues have been informed in writing that the Self-Exclusion Period set out on page 1 of this Deed has expired or I have complied with Clause 1.2 or 1.3 (as applicable).
- ◆ I have been advised to seek legal advice as to the effect of this Deed on myself and my estate and administrator; I have had adequate opportunity to do so; I am not signing this Deed under any pressure or compulsion;
- ◆ No assurances of confidentiality have been made to me in connection with any matter;
- ◆ My self-exclusion will be irrevocable for a minimum period of 12 months;
- ◆ This Deed imposes no obligations of any sort on the Gaming Venues in whose favour I have executed it;
- ◆ I have been provided with details of local problem gambling service providers.

## GENERAL

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### Governing Law

This Deed is governed by the laws of the State of New South Wales. I submit to the jurisdiction of the Courts exercising jurisdiction there.

### Notices

All notices, requests, demands, consents, approvals or other communications to a Gaming Venue pursuant to this Deed must be in writing, signed by the sender and delivered to the address of the Gaming Venue.



**Copies**

Any copy of this Deed shall be as effective for all purposes as the original.

**Termination**

This Deed will remain in effect for a period of \_\_\_\_\_ years notwithstanding any action taken to end the period of self-exclusion pursuant to Clause 1.

**Interpretation**

In this Deed unless the context indicates a contrary intention:

- (a) words denoting the singular number include the plural and vice versa;
- (b) any expression defined in any provision bears the same meaning in relation to any other provision in this Deed;
- (c) headings are for convenience only and do not affect interpretation;
- (d) references to clauses and sub-clauses are references to clauses and sub-clauses of this Deed;
- (e) words denoting any gender include all genders; and
- (f) reference to any legislation or any section or provision includes any statutory modification or re-enactment or any statutory provision substituted and any ordinances, by-laws, regulations or other statutory instruments issued.

.....  
 (Signature)

Signed sealed and delivered by me as my Deed in favour of the Gaming Venues named in this Deed or Schedule 1 to it in the presence of:

.....  
 (Witness' signature)

.....  
 (Witness' full name and address)



## SCHEDULE 1

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NAMES OF GAMING VENUES IN WHOSE FAVOUR THIS DEED HAS BEEN EXECUTED:



## SCHEDULE 2

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Star City: Application for an Exclusion Order



**Annexure B – GIO Letter to APS**  
**GIO Letter to Australian Psychological Society Regarding**  
**Competency Project**

11<sup>th</sup> April, 2001

Associate Professor Alan Ralph  
Australian Psychological Society Director of Training and Standards  
Room HA 218, Humanities 1, Douglas Campus  
School of Psychology  
James Cook University  
Townsville QLD 4811

Facsimile No: (07) 4781 5117  
Email: Alan.Ralph@jcu.edu.au

Dear Professor Ralph

Establishment of Competency Standards for Problem Gambling Counselling and Treatment in Australia

Introduction

Further to your conversation with John Carr-Gregg, the Secretary of the Gaming Industry Operators' Group ("GIO") in New South Wales, I am pleased to confirm that the GIO wishes to explore a project to establish competency standards for problem gambling counselling and treatment in Australia.

The GIO will give consideration to funding such a project in whole or part once an acceptable budget and timetable is set and subject to individual GIO members procuring expenditure approvals from their respective Boards.

Following discussions with Professor Alex Blaszczynski, a prominent problem gambling counselling expert and Professor Trevor Waring, the President of the NSW Board of the APS, it has been recommended to the GIO that we write to you to outline the GIO's objectives and to seek the assistance of the APS in achieving those objectives as expeditiously as possible.



## GIO

The GIO comprises representatives of the principal gaming operators in NSW namely, ClubsNSW, the Leagues Club Association of NSW, the Club Managers' Association of Australasia, the Australian Hotels Association, TAB Limited and TABCORP Limited.

### *Problem Gambling*

As you would be aware, gambling and, in particular gaming machines, have become very popular in Australia.

The increase in popularity of gambling has been accompanied by increasing numbers of people who, unfortunately, do not know when to stop. This gives rise to significant consequences for those people and their families.

### Problem Gambling Counselling

The GIO was surprised to find, when looking into the treatment of problem gamblers, ***that one does not need to have any qualifications to call oneself a 'problem gambling counsellor' in any state in Australia.***

While there are clearly a number of highly qualified psychologists who are specialists in this area, the absence of competency standards, structured university level training courses and professional rules is of great concern to the GIO.

The limited availability of Government funding for problem gambling counselling is also of significant concern to the GIO as problem gamblers are, almost by definition, unable to fund their treatment. The GIO accordingly proposes – as outlined in this letter – to work with the APS to secure appropriate funding both in terms of training professionals to deal with the issue and in terms of actually providing the counselling to problem gamblers.

### The Proposed Role of the APS in Setting such Standards

As you would be aware drug and alcohol, problem gambling and financial counselling is provided in Australia by a number of counsellors who are not qualified psychologists.

The GIO regards the continued involvement by such counsellors as critical in terms of providing the necessary broad safety net for problem gambling.



The GIO would also like to seek and obtain the support of this large group of counsellors in this project.

It is accordingly proposed that the APS extends the scope of its normal functions beyond that of looking after the interests of psychologists alone in establishing competency standards for problem gambling counsellors.

Indeed, the GIO, at this stage envisages at least four tiers of problem gambling counselling.

#### **Tier 1: In Venue Contact**

This work would be carried out by one or more members of staff who would not be trained counsellors but would have some training in how to deal with problem gambling issues.

The key aspects of their training would be the referral process of problem gamblers to either the second tier of counsellors or, in extreme cases, the third tier of counsellors.

Availability of counselling services in their localities, referral practices, the availability of state and federal funding for counselling (and how to secure that funding), follow up procedures and continuing contacts with counsellors would all form part of such training.

#### **Tier 2: Basic Problem Gambling Counselling**

It is envisaged that the counsellors currently providing much of the counselling for problem gamblers who are not psychologists would continue to provide such counselling but would be required to complete a course to qualify as a Tier 2 Counsellor in order to provide counselling which is funded on that basis.

The objective is to ensure (i) that a minimum basic level of competence in providing problem gambling counselling is held and (ii) that referral to Tier 3 and Tier 4 Counsellors takes place efficiently and promptly when required. In other words, Tier 2 Counsellors would be trained to recognise symptoms that mandate referral to 'higher levels' of treatment.

#### **Tier 3: Psychological Treatment**

It is recognised that the 13,000 qualified APS members across Australia are in a position to provide focused psychological treatment – as opposed to counselling – to problem gamblers.





It is noted that psychologists train for between 4 and 8 years to develop specific skills which permit specific behaviour changes to be elicited. Notwithstanding this training, the GIO believes that specific competencies should be established for psychologists in this area and only psychologists who are so qualified should provide such services.

This will ensure that only the highest quality problem gambling treatment is provided in Australia.

It is suggested that Tier 3 psychologists would be trained to recognise symptoms that mandate referral to 'higher levels' of treatment.

#### **Tier 4: Clinical Psychologists and Psychiatrists**

Finally, it is desired to establish competency standards for the highest level of problem gambling treatment so that the most complex mental health problems requiring tailored and specialised interventions receive the appropriate uniform high standard of care.

#### *APS Referral Service*

The GIO notes that the APS free referral service (available on (03) 8662 3300) permits people to obtain referrals to local psychologists who can provide the appropriate counselling.

The GIO would like to see the free referral service supplemented with a 1 800 number which specifically, in due course, focuses on problem gambling assistance (all four Tiers).

#### *The Role of Psychologists' Registration Boards in Each State*

The GIO envisages that the Boards in each State should become involved in the project with a view to obtaining a statutory endorsement of uniform standards and of the project in general.

#### *The Competency Standards Envisaged by the GIO*

The GIO believes that the proposed competency standards should:

- be *occupational* standards which clearly describe what is required of people working in various jobs;
- be nationally recognised;



- set out the criteria necessary to establish whether a service provider is performing competently;
- set out the underpinning knowledge, understanding and skills which are essential for competent performance at each Tier level.

It is envisaged that the Competency Standards should include a Training Package for each of the four Tiers.

Each Training Package should, it is suggested, include:

- National Competency Standards for that Tier
- Assessment Guidelines (how assessment should be managed etc )
- National Qualifications

It is suggested that each of these should be APS endorsed and, possibly, State Board endorsed). It is envisaged that each Training Package will also include the following non APS endorsed components:

- Learning Strategies including curriculum, training, mentoring, supervised face to face counselling pre-requisites and so on;
- Professional Development Materials to assist educators to implement training correctly;
- Assessment Materials to ensure fair, valid, current and reliable assessment against established Competency Standards.

The Competency Standards should, it is suggested, be established within the Australian Qualifications Framework (AQF) so as to specify a Qualification Pathway for each of the three Tiers. As you may be aware, the AQF is a comprehensive nationally consistent framework incorporating all qualifications recognised in post compulsory education throughout Australia

This will permit Registered Training Organisations (RTOs) to develop and offer the necessary courses. It will be necessary to open discussions with RTOs to alert them to the process with a view to inviting them to give consideration to scheduling appropriate courses into their education timetables for 2002/2003. It is proposed that early contact with the Australian National Training Authority is made in this regard.



### *Ownership of Competency Standards*

The GIO wishes to ensure that the Competency Standards are made available to interested parties interstate and overseas.

It accordingly wishes to ensure that no proprietary interest in the Competency Standards is asserted by any member of the project team or by the APS.

### *Anti-Gaming Issues*

Whilst it is understandable that health care professionals who treat problem gamblers and their families may have reservations about gaming, it is also the case that gaming is enjoyed by the vast majority of players without ill-effect.

The GIO is anxious to ensure that the Competency Standards Project is not coloured by any anti-gaming personal views held by members of the working group and requests APS to ensure that the Competency Standards deal with counselling and treatment of problem gamblers rather than general anti-gaming sentiments.

### *On Going Training for Each Tier*

It is desired, as part of the competency standard setting procedure, to provide for mandatory continuing problem gambling education (MCPGE) for all service providers to ensure that new treatments and case studies are circulated and that all service providers are aware of these.

### *The Way Forward*

The GIO would like to move the matter forward by requesting APS, initially, to appoint a working group of problem gambling experts and education experts to scope the Problem Gambling Counselling and Treatment Competency Standards Project and, in particular, determine a timetable, task allocation and budget for the project.

Whilst the GIO is keen to fund the project, each of its members will need to secure separate approvals for funding based on such a budget and timetable.



### *Funding*

Total Australian Government Revenue from gambling was \$4.1 billion in 1998/1999.

State and Federal Governments received some 33 cents of every dollar gambled in Australia.

It does not seem unreasonable that additional funds should be allocated to the treatment of problem gambling through the approval of increased rebates for service providers who have qualified themselves to provide the Tier 2, 3 and 4 services in accordance with the proposed competency standards.

In addition to establishing the Competency Standards, the GIO would like to open discussions with APS with a view to establishing a sensible approach by Medicare and Private Health Funds to the provision of funding for the services envisaged.

We look forward to hearing from you in this regard.

Yours sincerely

**Ross Ferrar**

(Convenor – Gaming Industry Group, NSW)



## **Annexure C – Proposed Advertising and Promotions Standard**

### **PROPOSED NSW GAMING INDUSTRY ADVERTISING AND PROMOTIONS CODE OF PRACTICE**

#### **1. Advertising and Promotions**

“Advertising and Promotions” for the purposes of this Code includes advertising and promoting of gaming in NSW in any medium including print, radio and television, advertising and through leaflets, promotions, competitions and internet advertising.

#### **2. Basic Principles**

- All forms of advertising and promotions should be legal, decent, honest and truthful.
- Advertising and promotions should not suggest that winning any gaming activity is anything other than a matter of chance even when there is an element of skill involved.
- Advertising and promotions should not misrepresent or exaggerate the chances of winning in any gaming activity. Any statement regarding the chances of winning must be accurate.
- Advertising and promotions should not exploit an individual’s financial anxieties
- Advertising and promotions should not encourage excessive or reckless playing or feature large individual bets.
- No advertising or promotion should depict violent or sexually exploitative themes.



- Gaming should not be presented as an alternative to work or as a way out of financial difficulties.
- Advertising and promotions should not be of an overtly political or religious nature.

### **3. Under 18 Year Olds**

- No advertising or promotion (whether in terms of style, tone, content, medium, location or other factors) should be directed at or appeal primarily to under 18 year olds whether or not such advertising relates to artwork or games approved by the Liquor Administration Board.
- No advertising or promotion should feature any characters, real or fictitious, who are likely for any reason to appeal primarily to under 18 year olds.
- No suggestion should be made in any advertising or promotion that anyone under the age of 18 can participate in gaming activities.
- Under 18 year olds should not be featured in advertisements or promotions.
- No advertising or promotion should be designed to persuade under 18 year olds to participate in gaming activities.
- Paid or fixed advertising should not be within 200 metres of school entrances.
- Advertising should not appear in any publication which is directed at people under 18 years of age or use treatments likely to be of particular appeal to them.
- Cinema advertising should not be screened during film programmes directed at people under 18 years of age or use treatments likely to be of particular appeal to them.



- No advertisement or promotion is to feature any personality whose example people under 18 years of age are likely to follow or who has particular appeal to them.
- All advertising and promotions must clearly set out the under 18 restriction.

#### **4. Treatment of Recognisable Social Categories**

- Advertising and promotions should not exploit the young, the immature, those with a mental or social incapacity, people of a particular sex, class, race, region, religion or people falling into any other recognisable social category.

#### **5. Winners**

- The names, addresses and other details of winners and their families must, except to the extent that they are required by law to be published, displayed or announced, be kept strictly confidential and must not be made available to any third party without the written consent of the winner being obtained.
- No advertising or promotions or public relations should feature or make reference to the winners of any game unless their written consent is obtained., except to the extent that they are required, except to the extent that they are required by law to be published, displayed or announced, required by law to be published, displayed or announced.
- When consent of winners is sought, it should be made clear to them that they will be involved in the specific advertising or public relations activity proposed.
- In the event that any winner subsequently decides that he/she does not wish to be featured in the advertising or public relations, this request must be honoured as far as is reasonably possible, except to the extent that it is required by law to be published, displayed or announced, notwithstanding that approval had originally been obtained.



## Annexure D – Proposed Regulation

### PROPOSED NEW REGULATION

#### Registered Clubs Amendment (Responsible Gambling) Regulation, 2000

##### Subdivision 3 Inducements and Player Reward Credits

#### 31 Prohibitions on Inducements

(1) In this clause:

***NSW Gaming Industry Advertising and Promotions Code of Practice*** means the Code of Practice in the form approved by the Minister.

***Inducements*** means the following:

- (a) any offer to a person to play a gaming device which is misleading or deceptive,
- (b) any offer contrary to the NSW Gaming Industry Advertising and Promotions Code of Practice,
- (c) any offer of credits for use in playing an approved gaming device extended to any person by means of any promotion, leaflet or advertising outside the premises of the club other than credits that may be earned through an Approved Player Loyalty System, and
- (d) any offer to a person prior to playing an approved gaming device involving receipt of a specific reward prior to playing as an incentive or solicitation to play the approved gaming device other than a reward earned through an Approved Player Loyalty System.
- (e) any offer contrary to clause 30W.





- (2) The offering of inducements by licensed gaming venues is prohibited.

## 32 Player Reward Credits

- (1) In this clause:

***Approved Player Loyalty System*** means a player loyalty system which complies with the NSW Gaming Industry Advertising and Promotions Code of Practice.

***Approved Player Reward*** mean a reward earned through purchases of beverages, meals and goods, credits awarded to a player of an approved gaming device as a result of gaming activities pursuant to an Approved Player Loyalty System or earned through participation in other forms of entertainment.

- (2) The offering of player rewards by clubs other than Approved Player Rewards in relation to gaming activities is prohibited with effect from [ \*].
- (3) Approved Player Rewards awarded as a result of gaming activities may only be redeemed for cash at a limit of [\$200] per day except in the case of an overseas visitor with a valid return airline ticket.
- (4) An Approved Player Loyalty System involving the use of cards must, if it is technically possible for that system, permit players to make choices in terms of limiting their expenditure on approved gaming devices on the basis that such choices are entirely private and will not be recorded by the venue for any purpose in reference to that particular player.

# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

## **Annexure E – SAGD Letter from AGMMA**

8th June, 2001

Mr David Armati  
Chairman  
Liquor Administration Board  
Level 6, 323 Castlereagh Street  
SYDNEY NSW 2000

Dear Mr Armati

### **Technical Standards for Specially Approved Gaming Devices (“SAG-D”)**

#### *1. Introduction*

The Australian Gaming Machine Manufacturers’ Association (“AGMMA”) refers to the “*proposed Draft Technical Standards for Specially Approved Gaming Devices*” released for comment by the Board on 22<sup>nd</sup> March, 2001.

AGMMA understands that it is proposed that the SAGD Standards Volume 6 will apply only to state-wide link machines (ie “Specially Approved Gaming Devices”) and this letter has been prepared on that basis.

The principal concerns of AGMMA are the costs associated with the implementation of the standards and the apparent ‘harm minimisation’ rationale underlying a number of proposed new initiatives.

AGMMA believes that these should be raised and considered in the context of the package of ‘harm minimisation’ proposals currently under discussion with the LAB (most recently addressed in the LAB “First Determination” released by the LAB on 2<sup>nd</sup> May, 2001).

Several of the ‘harm minimisation’ measures in the SAGD standards (those addressing the concept of slowing down game play generally) are the subject of ongoing studies commissioned from Sydney University and the Centre for International Economics by the Gaming Industry Operators Group (“GIO”) and AGMMA.

# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

AGMMA believes that there is no evidence that the new SAG-D ‘harm minimisation’ measures (marked with an asterisk in this letter) will have any impact on problem gambling.

However, AGMMA believes it is very likely that a number of the new SAG-D ‘harm minimisation’ measures may impact significantly on recreational players (particularly in terms of the *collective* impact of these measures) by reducing the entertainment value of the machines. It is believed that such reduction of entertainment value will translate immediately into reduced venue income, lower taxation revenue, reduced employment by venues, diminution of operators’ capability to make community contributions and a generally negative impact on the economy.

AGMMA believes that it is essential to review all ‘harm minimisation’ measures *collectively* as it believes it is not possible to effectively evaluate them either individually or in groups.

AGMMA also respectfully questions (as set out in detail below) the underlying rationale for many of the changes which are regarded as unnecessary and/or inconsistent with National Standards Version 4 and which will add to the cost of machines without benefiting either recreational players or problem gamblers in an material way.

## *2. Disconnection of Machines from CMS (page 2, paragraph 1.1)*

It is proposed that machines “*must not operate*” unless connected to the CMS.

AGMMA believes when SWL machines cease to be connected to the CMS, a warning should flash advising players that connection has been terminated and the SWL prize is no longer available but the machine should continue to function *as long as it otherwise complies with Technical Standards*.

## *3. Percentage Return to Player (page 4, paragraph 2.1)*

*The draft standard proposes that where the PRTP can vary depending on bet or game options/features, this variation must be conveyed to the player.*

*That variation may be complex and difficult to explain accurately in simple COW terminology.*

# **AGMMA**

**THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION**

A.C.N. 060 130 770

*There is a high chance of misleading and confusing the player in terms of different technical approaches taken by different games and different manufacturers.*

*Further confusion may arise if the player seeks assistance from venue staff who may not understand the complex mathematics underlying the game.*

*AGMMA accordingly recommends that, in order to ensure that only meaningful and useful information is conveyed to the player, the applicable range of percentage returns applicable to the game is displayed in the PID.*

*This will indicate to the player the range of percentage returns that the player can expect to receive from the base game.*

*The variation will generally be minor but it is believed that it is important that the range be communicated.*

*AGMMA suggests that the range of contributions in terms of PRTP from any applicable link should also be set out in the PID together with simple wording which lets the player know that the link contribution is set by the venue or SWL Operator and will fall within this range.*

*The player should be advised that, to establish the precise contribution applicable to that machine at the time he is playing, he should go to a particular location in the venue where that information is displayed or can otherwise be made available on inquiry.*

#### **4. Standard Deviation (page 5, paragraph 2.1.1)\***

It is noted that a new requirement is proposed to the effect that the “overall” standard deviation of a game plus any additional game components must not exceed 15.

AGMMA cannot see of what use the standard deviation will be in relation to link progressive systems particularly.

It is suggested that the proposed Standard was determined to have been of no use, from a regulatory perspective, in relation to non-progressive machines years ago which is why it was dropped.

From a technical perspective, it is not clear if, in the case of ‘standard’ progressive systems, the standard deviation calculations are to include the ‘start-up’ values of the various jackpot levels. It should be made clear.

# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

*It should also be noted that it may well prove to be mathematically difficult (if not impossible) to design SWL games with large jackpots and a standard deviation not exceeding 15.*

*AGMMA also suggests that there is no evidence that the measure will have any impact on problem gaming.*

AGMMA requests that the measure be evaluated to establish whether any ‘harm’ is minimised by the measure before it is implemented.

If it is established that no ‘harm’ is addressed in a material manner (in terms of reducing problem gambling), it is suggested that it should be reconsidered if there is no other rationale for the measure..

AGMMA queries the need for this measure and suggests that it is unnecessarily restrictive and complex.

AGMMA accordingly requests that consideration is given to dispensing with the measure.

## *5. Probability of Maximum Advertised Prize (page 5, paragraph 2.1.2)\**

The draft standard proposes a maximum probability on prizes of one in fifteen million.

AGMMA has been advised that stipulating a minimum probability for SAGD will make it very difficult, if not impossible, for game designers to innovate SWL games.

Moreover, together with the standard deviation requirement, it may in fact not be possible to offer jackpots of a magnitude appropriate to an SWL system.

Given that “responsible gambling” and “gambling harm minimisation” provisions will *ensure* that the player has or can obtain adequate information about the probability in question, it is suggested that there should be no need to stipulate a minimum probability and that to do so would virtually undermine the SWL.

AGMMA notes that the State Government has clearly endorsed the long odds applicable to ‘Powerball’ and other lottery variations (which are not fully disclosed to the public nor restricted in the manner proposed) and queries why the odds on gaming machines, which will be fully disclosed, should be restricted in this manner.

# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

There is, AGMMA suggests, no good ‘harm minimisation’ rationale for such a limit and suggests that consideration be given to dispensing with this measure.

## *6. Statistical Variations Permitted (page 8, paragraph 2.4)*

AGMMA suggests that the proposed limit be framed on the basis that a game is defined as *a specific combination of lines and bet variation* so that 8 variations are allowed, for example, of a 200 credit and a 500 credit version of the same game.

It is suggested that it must also be made clear whether each of the “statistical variations” includes or excludes the link progressive components, namely, the start-up percentage and increment percentage for each jackpot level.

## *7. Number of Gamble Attempts (page 11, paragraph 3.3)\**

AGMMA suggests that placing a limit on the sum of the prizes won over a sequence of consecutive gambles, rather than on each gamble attempt – as is the case now in all jurisdictions (except NZ clubs and hotels) – is unfair to the player and based on confused logic.

A prize limit makes sense only if it is applied to each distinct probabilistic attempt or trial.

If the limit is placed on the sum of prizes over the sequence of trials, then the player’s normal entitlement will have to be curtailed in one way or another.

Such a proposal would, if implemented, significantly complicate the software and increase the risk of errors.

AGMMA recommends that the prize limit (if there is to be one) should remain as a limit on each probabilistic attempt or trial, in accordance with the logic of the matter, current policy and the National Standards.

AGMMA also notes that the issue is completely independent of SAGD, since it has no connection with link progressive factors.

AGMMA requests that consideration be given to dispensing with the proposed limit as there is no justification for it.

# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

## *8. Metering (page 11, paragraph 3.4)*

The proposed requirement regarding metering makes an incorrect reference to “double-up” in line 3.

This should be a reference to “gamble”.

## *9. Maximum Win (page 11, paragraph 4.2)\**

This proposed requirement is in conflict with National Standards, previous standards on the subject and the accepted approach to the issue (which involves looking at each game as a separate entity).

It is also in conflict with the definition of Parameter/Limit Values on page 109.

AGMMA also suggests that the wording in the last paragraph of 4.2 (the ‘one play’ definition) raises the same issue discussed in paragraph 7 above.

The proposed Standard confuses the nature of a game, as a probabilistic entity, with the way the software implements it.

A game that can be played directly, without the occurrence of some preceding event of some other game being required as a pre-condition to play it, can be called a “primary” game.

Other games, the playing of which are conditional on defined events having occurred in “primary” games, can be called “secondary” games.

A secondary game is dependent on a primary game only in so far as the playing of the secondary game requires that a given event has occurred in the primary game.

Otherwise, the secondary game is an independent game with its own probability structure, prizes and rules.

Therefore, the maximum prize should apply to the defined events of a secondary game, just as it does to the defined events of a primary game.

The maximum prize should *not* apply to a sequence of events of the secondary game, just as it doesn’t apply to a sequence of events of the primary game.

# **AGMMA**

**THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION**

A.C.N. 060 130 770

The fact that, for practical purposes, the software has to deal in a particular way with the relation between the primary and secondary games is logically independent of the maximum prize question.

AGMMA accordingly requests that this proposed standard be dispensed with.

## *10. Base Credit Value (page 11, paragraph 4.3)\**

The proposed standard precludes the introduction of \$2 games.

At least one manufacturer has developed a number of \$2 games.

AGMMA suggests that there is no reason to preclude them and it is accordingly requested that the provision be altered to deal with this.

If this is a 'harm minimisation' measure, AGMMA wishes to understand the rationale for it. AGMMA suggests that there is simply no evidence that \$2 games have any impact on problem gamblers.

## *11. Cash Accepted (page 12, paragraph 4.5)\**

The proposed standard prescribes that coins and bank notes are only to be accepted by machines when the machines are in idle mode.

This is a significant change as it prevents players from purchasing credits during game play. This will cause recreational players confusion and concern.

AGMMA believes that the rationale underlying this standard is the same underlying the proposed \$1 maximum bet, slowed reel spin and reconfigured bill acceptors proposals namely an attempt to slow game play.

AGMMA believes that all such measures are likely to have a catastrophic effect on recreational play and questions the supposed beneficial impact on problem gambling.

There is, as far as AGMMA is aware, no evidence to suggest that such a requirement will reduce problem gambling.

AGMMA accordingly requests that consideration be given to deferring this measure until the results of the Sydney University research are available.

Following the results of the research all of the measures dealing with reducing the speed of play should, it is suggested, be considered together.



# **AGMMA**

THE AUSTRALIAN GAMING MACHINE MANUFACTURERS ASSOCIATION

A.C.N. 060 130 770

However, in addition to the policy element, a technical issue arises.

A typical note acceptor takes *8 seconds to accept a note*.

Even though it is inserted during idle mode, the note acceptor may accordingly seek to 'accept' it during the game cycle.

This could cause a major disruption to play.

AGMMA accordingly suggests that this draft standard be dispensed with.

## *12. SAGD Timing Constraints (page 12, paragraph 4.7)\**

AGMMA notes that these requirements are the subject of the GIO/AGMMA funded Sydney University/CIE Research Project and suggests that if such independent research reveals in due course that these measures (or any of them) have no material impact on problem gambling (but may have a significant adverse impact on recreational players), such measure(s) should be dispensed with.

In any event, AGMMA suggests that term "SPINDURATION" is misleading where other types of games are concerned, eg Draw Poker. It is accordingly suggested that "GAMEDURATION" would be a more appropriate term.

More importantly, it is suggested that no "IDLEDURATION" should be prescribed, as it serves no reasonable purpose, especially in view of the fact that the player will have to press the play-button for each play.

AGMMA presumes that the purpose of requiring such a minimum duration is to reduce the rate at which the player spends money in the long run. If so, it is suggested that it would only be necessary to prescribe a minimum "GAMEDURATION" period.

This would be the minimum period between bets on the primary game (or, more generally, bets taken from the credit meter).

## *13. Maximum Number of Lines (page 13, paragraph 4.8)\**

AGMMA believes that the rationale underlying this requirement is a "harm minimisation" requirement and suggests that there is no evidence that the number of lines has any impact on problem gambling.

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If the rationale is not a 'harm minimisation' rationale, AGMMA believes that it should be dispensed with as limiting the number of lines will restrict game design and innovation severely and unnecessarily.

It is the equivalent of requiring that lottery tickets are printed in black and white and are the size of postage stamps. One manufacturer already offers an effective 243 line game.

AGMMA accordingly requests that this standard be dispensed with.

#### *14. Ticket Printers (page 13, paragraph 6.1)*

AGMMA understands that the requirement set out in the Registered Club Regulations – Schedule 2 – Part 3 – “Additional Conditions Applicable to Gaming Machine Tickets” 16 “Information on gaming machine tickets”, part (c) is no longer enforced. It is suggested that conformance with part (c) should not be required if this is the case.

#### *15. Ticket Printers (page 14, paragraph 6.1(e))*

AGMMA suggests that It is not clear what the term “SMALLPAY” refers to.

Its definition on page 109 states that it is the “minimum” amount that must be paid to the player without attendant intervention and the table on page 108 gives its value as \$200.

But if \$200 is the minimum that can be paid without an attendant, this would mean that \$50 would require an attendant, which doesn't make sense.

So the definition should say “maximum”.

AGMMA suggests that it is still not clear how it is related to parameters such as “MAXHOPPERPAY” – surely this would count as the maximum that can be paid to the player without an attendant?

#### *16. Residual Credit Removal (page 16, paragraph 9.1)\**

The new standard prevents further play once the 'collect' button is pressed.

Occasionally, for one reason or another, players are kept waiting after pressing the collect button and may change their minds and decide to continue playing.

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This is often the case when the amount on the credit meter is under a dollar.

Occasionally, the button is pressed by mistake.

Players may become very frustrated to find that they cannot 'play off' an amount on the credit meter if they change their mind. They are also likely to become very frustrated if they find they cannot correct their 'mistake' (ie mistakenly pressing the 'cancel credit' button).

Generally, and certainly in both of those cases, it is very difficult to even conceive a proper 'harm minimisation' rationale for the measure. What 'harm' is being minimised?

If venues are required to re-evaluate staffing levels as a result of the economic impact of these measures, the proposed measure may, in fact, add a significant and unjustified cost to venue operations.

AGMMA questions the rationale for preventing recreational players from changing their mind and deciding to continue to play.

Should a lottery ticket purchaser be prevented from returning to the newsagent after buying a lottery ticket and then deciding to return to buy another?

Is this another 'harm minimisation' measure? If so, AGMMA believes that it should be justified by research to demonstrate that the measure has a positive impact on problem gambling.

AGMMA's view is that it represents an unjustified interference with the player's freedom to make decisions in relation to his or her playing and should accordingly be dispensed with.

## *17. Name of the Game Display (page 17, paragraph 10.1)\**

AGMMA notes that the new standard requires the name of the game to be 'displayed to the player on the gaming device "hard" and "soft" artwork at all times. AGMMA believes that it is unnecessary to mandate display on 'soft' artwork if it is displayed on hard artwork.

There is simply no reason to duplicate the information supplied to players in the manner proposed. National Standards 4.1.14 states "*the name of the game being played must be visible to the player.*"

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AGMMA suggests that this is sufficient and requests that consideration be given to changing this draft standard accordingly, perhaps by substituting “and/or” for “and” in line 2 of paragraph 10.1.

AGMMA does, however, see a rationale for such a requirement in relation to a multi-game machine and agrees that if this standard related solely to multi-game machines, it would be in order.

## *18. Multi-Terminal Gaming Machines (page 18, paragraph 12)*

It is noted that the standard prohibits multi-terminal gaming machines altogether.

AGMMA suggests that the standard should be revised to permit such machines *if specific requirements can be met* (ie if the PRTP can be calculated easily).

## *19. Hard Meters (page 23, paragraph 2.1)*

AGMMA questions why hard meters are mandatory and why detailed and expensive requirements are specified given that all gaming machines are now on the CMS.

Should this not be an option for operators?

It does not seem logical, efficient or otherwise in any way appropriate to require SAGD venues read the hard meters when they will be paying fees for the CMS monitoring.

On the other hand, if venues are not required to read the hard meters at installation of the SAGD and regularly thereafter, it would be wasteful to require hard meters.

## *20. Option Settings (page 25, paragraph 2.4)*

The draft standard prevents venue staff from having access to the option settings unless the credit meter is zero. AGMMA suggests that such a standard is impractical in a number of respects.

For example, in the case of hopper failure or printer failure, it is important for venue staff to be able to change the ‘Cancel Credit Level’ or ‘Enable Ticket Printer’ options with credits on the meter.

The options in question allow the software to correctly disable the hopper payout or ticket printer routines to permit a cancel credit payment to be made in the

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event of hopper failure or printer failure. The only alternative would be for the machine to require a full RAM Clear and loss of all meters to clear the credit meter.

AGMMA recommends that the standard should permit disabling of the hopper and/or printer operation through the configuration menu in these cases.

AGMMA understands that a 'Cancel Credit Option' while the machine is configured for hopper and/or printer operation and has credits on the credit meter is not a recommended method and is not practical from a software perspective.

## *21. Critical Memory Requirements (page 25, paragraph 2.5.2)*

The draft standard gives rise to a potential security issue where SAGD critical memory contents are contained in a 'portable' device as that device could be swapped from one SAGD to another thereby swapping identity.

AGMMA cannot see any justification for a removable memory device in a SAGD.

An alternative requirement would be that the information is to be retrievable from a SAGD Logic Unit by the manufacturer (even when the unit is defective).

## *22. Program Storage Device (PSD) (page 28, paragraph 2.6)*

This draft standard requires all machine components containing gaming device programs or fixed data to be located in a logic cage.

It also requires that PSDs must be physically removable from the device and ROM, EPROM, and FLASH ROM must be socketed to facilitate this requirement. However, peripheral components such as the note acceptor contain Flash ROM that is not socketed. Furthermore, such components cannot be located in a logic cage and therefore should be excluded from this requirement. AGMMA requests an appropriate amendment in this regard.

## *23. Flash ROM (page 29, paragraph 2.7.1.2)*

The draft standard is defective (contradiction between (a) and (c)) as it requires software to have a detection mechanism which is prohibited (a write function that is not allowed).

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The draft standard also raises a significant issue in relation to effective prescription as to the use of patented processes or mechanisms. AGMMA suggest that the Board should not prescribe that patents *must* be used by manufacturers unless an arrangement has been put in place to license the use of that patent for an agreed nominal sum.

In this case, a (IGT) hardware write protection patent is involved.

Further, AGMMA suggests that for APSDs "write protection" function, that *either* one of:

- a) Removal of software "write function" or
- b) Hardware write disabling

should be employed, *but not both*, as it does not serve any purpose and would be costly.

#### *24. Hard Disk/FlashDrive type Devices (page 30, paragraph 2.7.1.3)*

The draft standard again mandates the use of either an expensive write protected SCSI drive or an IGT patented hardware write filter on IDE drives.

AGMMA suggests that regulations should not prescribe (or effectively prescribe) that *patented devices* must be used unless an appropriate reasonable licensing arrangement is in place. Further, AGMMA suggests that for APSDs "write protection" function that *either* one of:

- a) Removal of software "write function" OR
- b) Hardware write disabling

should be employed, *but not both*, as it does not serve any purpose but an additional cost/time burden.

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## *25. File Structured APSD Verification*

AGMMA believes that the proposed verification process may breach patents (Silicon Gaming/IGT) and that it is far too rigorous in comparison to current requirements for the EPROMs.

If the APSD is housed in the logic area and it is "write protected", the security requirement should be the same as for EPROMs, a CRC check at startup. Otherwise, the EPROMS will be the weakest link in APSD security.

## *26. Copy Process (page 31, paragraph 2.8.1.1)*

The draft standard prescribes that a continuous verification process must take place with the secondary copy of APSD verifying itself against the primary copy every two minutes.

It is suggested that it would be reasonable to mandate such verification every 5 minutes. AGMMA accordingly requests such a change.

## *27. Translation Process (page 31, paragraph 2.8.1.2)*

AGMMA suggests that the term 'translation' needs to be clarified.

What precisely is meant by this term?

## *28. Door Open, Cage Open Detectors (page 32, paragraph 2.10)*

AGMMA suggests that this requirement is excessively sweeping and assumes that there are no further security measures that could apply to the banknote acceptor and related space once the belly panel door is opened.

Thus, for example, there might be another lock that protects the banknote acceptor, after the belly panel door has been opened.

Moreover, the "two independent techniques" were introduced years ago to make it more difficult to 'set up' winning combinations on gaming machines with *mechanical free-spinning reels* (the reels were not controlled by the software).

The requirement for "two techniques" is now actually excessive even for main doors of machines with video monitor displays (or stepper reels).

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All that is needed now is one “technique” to detect access to the space in question. There is simply not much that can easily be done by way of falsifying results or other factors once access has been gained to that space.

Consequently, there is no need for the costly requirement of “two techniques” at all; and there is even less need for the belly panel door to have “two techniques”. It is also suggested that the requirement should be clarified in relation to note acceptors which have to be accessed by venue staff to clear jams.

## *29. Sensors for Logic Cages (page 32, paragraph 2.10.2)*

The draft standard requires logic cages to have detectors which monitor and report their status whether the mains is on or off.

AGMMA notes that it is not physically possible for a detector to report on open/closed status while the mains power is off.

It is accordingly suggested that the words ‘and report’ should be dispensed with.

## *30. Cash Input Systems (page 32, paragraph 2.11)\**

The draft standard proposes that cash input is only allowed while the machine is in idle no-lock-up mode.

It requires the machine to ‘disable’ all cash input whilst in game cycle or a lock-up condition.

As set out in paragraph 10 above (see page 5), AGMMA believes that the rationale underlying this standard is the same underlying the proposed \$1 maximum bet, slowed reel spin and reconfigured bill acceptors proposals namely an attempt to slow game play.

Serious technical issues also arise (as set out on page 5).

AGMMA accordingly suggests that this draft standard be dispensed with.

## *31. Coin Input – Construction and Operation (page 33, paragraph 2.11.1)*

The proposed standard prescribes (paragraph (a)) that ‘straight through’ coin paths are *not acceptable*.



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AGMMA seeks further clarification in this regard.

The requirement regarding “straight through” coin paths was opposed by manufacturers in discussions which took place in about 1995.

The main problem with the proposal is that, although it *appears* specific and clear, it is in fact completely vague from the point of view of designing, testing and determining how bent or un-“straight through” the coin path should be in order not to be failed.

Manufacturers have advised AGMMA that (i) they rely on experience and general principles when designing and implementing such components as coin paths and (ii) take into account the possibility that some people may want to perform dishonest activities utilising any unforeseen weakness in the design or construction.

Manufacturers have advised that they also take into account the legitimate aspect that neither the operator nor the player want coin jams and related problems to happen too frequently. Existing coin paths have performed well in numerous jurisdictions for years.

What does the Board regard as a ‘straight through’ coin path? Why is the standard being changed?

If new methods of cheating should come to light, then manufacturers should be required to investigate a solution to combat them.

AGMMA suggests that it would be absurd to fail a coin path that provided good practical security from external cheating, just because it was “straight through”. And yet this is just what an ATF would be faced with if this standard was adopted. AGMMA suggests that the requirement should be replaced with one that highlights to manufacturers that they must be duly aware in designing coin paths that the paths need to be protected from possible dishonest activities. Perhaps examples of known areas of concern should be given.

### *32. Banknote Acceptor Self Test (page 38, paragraph 2.11.2.12)*

This draft standard prescribes that a manual signature check must be available on a peripheral device although there is no such requirement for the machine software.

AGMMA suggests that the National Standards’ requirement for banknote acceptor self tests is adequate:

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## *“Signature Requirements on Distributed Processing*

5.3.3 *There must be some means whereby signature verification of all software resident on all processor boards associated with the banknote acceptor is able to be verified by a secure signature checking method.*

### *Banknote Acceptor Self Test*

5.3.4 *If the signature requirement is to be met by the self checking method, evidence is to be provided by the banknote acceptor supplier that the self check is performed and details of checks performed.*

5.3.5 The banknote acceptor device must perform a self test at each power up. In the event of a self test failure, the banknote acceptor must automatically disable itself (i.e. enter banknote reject state) until the error state has been cleared.”

*AGMMA suggests that there is no justification for the introduction of a more onerous and costly requirement in relation to bill acceptors for SAGD machines.*

*AGMMA also notes that this new requirement is completely independent of the nature of SAGD machines.*

### *33. Cash Output Systems (page 39, paragraph 2.12)*

AGMMA suggests that it is not clear why two separate conditions, “extra coin out” and a “hopper run away”, are stipulated. Both these terms describe the case where excessive coins are paid out (ie one or more coins are paid out after the last coin that causes the credit meter to go to zero).

### *34. Sequential Ticket Number (page 44, paragraph 2.12.3.10)*

The draft standard proposes the re-introduction of a requirement for a random number which was dropped in “Data Interface Specifications for Interconnection of Approved Poker Machines and Subsidiary Equipment in NSW Revision 2 (Draft Amendment – Feb 2000).”

As such, currently approved ticket printer AGDs do not implement the random number requirement.

AGMMA wishes to inquire as to the rationale for such a standard or to seek to have it deleted.

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AGMMA believe that it could cause confusion and disputes and is simply unjustifiable.

## *35. Clock (page 47, paragraph 2.16)*

The draft standard prescribes that a clock must be used for certain purposes.

These are onerous and impose a significant obligation to ensure accuracy which may not be achievable.

AGMMA requests that consideration be given to adopting reasonable standards in this regard. It is simply not possible to ensure 100% accuracy (paragraph 2.16.1) unless centrally coordinated by an external device which requires X-Series protocol changes

## *36. Critical Memory Requirements (page 25, paragraph 2.5.2)*

The draft standard requires that “at least one device must be a suitable independent non-volatile device (ie can be removed without loss of data)”. This is a new requirement which will impact significantly on manufacturing and cost.

It is suggested that no material advance in terms of security is achieved through this requirement because two of the three sets of critical meters must agree in terms of determining what the ‘correct’ data is. AGMMA accordingly requests that this draft standard be dispensed with.

## *37. Doors (page 49, paragraph 3.1.5)*

The draft standard prescribes that doors must be front opening only. What about slant top machines which have top opening doors?

Could the standard be amended in this respect?

## *38. Logic Cages (page 50, paragraph 3.3)*

AGMMA suggests that it is difficult to distinguish between “logic cage” and “security cage”. Item 2.2 on page 24 indicates that logic cages are where main boards and subsidiary boards that perform sensitive functions are contained, but then what does a “security cage” contain?

How can it be determined whether a “logic cage” or a “security cage” is required?

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It appears that the reference to the item on seals in 3.3 (v) should be to “3.6”, not “3.4”.

## *39. Security Cages (page 51, paragraph 3.4)*

The draft standard prescribes that it must not be possible to reset the security cage open state by either hardware or software means if the security cage sensor(s) indicate the security cage is still open.

This is not technically feasible and is an unnecessary requirement given that security cage access is not monitored while the machine is switched off.

It appears that wording has been adopted from National Standards 2.3.43 which refers to the logic cage being open.

The wiring for the logic door detector is enclosed in the logic area and is not accessible to venue staff or unauthorised persons.

It is only accessible after opening the logic area.

## *40. Keying (page 51, paragraph 3.5.2)*

The draft standard requires separate keys to be provided for Audit Mode and Cancel Credit.

The same venue attendant will require access to both keys.

Why is it necessary for them to be different?

## *41. SWL Jackpot Key (page 51, paragraph 3.5.3)*

The draft standard prescribes that the SWL Jackpot key is to be located within the logic cage of the machine.

It is questioned why it is necessary to mandate opening the logic cage.

It is suggested that it would be simpler (and would achieve the same security and access safeguards) if the standard mandated ‘logic cage open status’ when a conventional cancel credit key on the *exterior* of the device is used to key off an SWL Jackpot Win.

Alternatively, it could be located inside the secure area of the cabinet.

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In reference to “SWLJACKLIM”, what happens when the win equals this value? Only the ‘greater than’ and ‘less than’ cases are discussed. Other limits may suffer from this uncertainty also, and should be checked.

AGMMA suggests that the standard be amended accordingly.

#### *42. Video Display (page 52, paragraph 3.7.1)*

The draft standard requires monitors and associated shields to be securely mounted suggesting that shields are required. The current National Standards (2.4.34) only refers to shields on the basis that the standard is applicable if shields are installed. AGMMA suggest that shields should not be mandated and requests that the standard be revised accordingly.

#### *43. Jackpot Transfer (page 59, paragraph 4.2.8.2)\**

The draft standard proposes a JACKCCCELIM (Jackpot CCCE Transfer Limit) of \$200.

AGMMA suggests that this is insufficient.

If the objective is a ‘harm minimisation’ objective (slowing the rate at which wins are transferred), the matter should be considered as part of the overall debate relating to slowing gaming down rather than dealt with in this manner. AGMMA suggests that there is simply no good reason for imposing such a restriction and suggests a JACCCCELIM of \$10,000.

#### *44. Maximum Prize Value (MPV, Non Progressive) (page 59, paragraph 4.2.10)*

AGMMA suggests that the definition of “primary game” is obscure.

There is no distinction between the game as a probability structure with rules and prizes and a trial within the structure that results in ‘success’ (prize) or ‘failure’ (no prize). AGMMA also suggests that the confusion with the software implementation is repeated in the last line of the second paragraph (see comments in paragraphs 7 and 9 above).

AGMMA suggests that the Maximum Prize Value (“MPV”) requirement should be discarded as it is a source of confusion and serves no practical purpose.

However, if it is to be retained, its definition should simply be, as indicated at the beginning of the item, the largest non-progressive prize advertised with respect to

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the “primary game”. It should also be made clear whether the value of the prize is for minimum or maximum bet.

#### *45. Probability of Maximum Advertised Prize (page 60, paragraph 4.2.13)*

AGMMA notes that it is not clear whether the term “maximum advertised prize” includes progressive jackpots or not. AGMMA also suggests that it is not clear what “actual probability” means – is it the ratio of the cumulative number of occurrences of the prize to the cumulative number of trials or plays? How are the probabilities (theoretical or “actual”) to be displayed – as decimal fractions to a number of decimal places, eg. *0.00000145762351*; or in terms like “approximately x chances in y”?

#### *46. Cancel Credit (Book Pay) (page 67, paragraph 5.2.3)\**

As set out in paragraph 16 (page 8 above), AGMMA believes that there is no justifiable ‘harm minimisation’ rationale (ie it does not in any way target problem gamblers) for this proposal.

Rather, it is a nuisance.

If a player decides to keep playing, why should he not be permitted to change his mind?

#### *47. Subsidiary Equipment Play Suspended (page 71, paragraph 5.3.12)*

AGMMA suggests that this paragraph is confusing. In particular, paragraph 3 states that play must not be suspended until completion of the “game cycle” on ports P1 to P6, if SEF signal failure is detected but this seems to contradict paragraphs 5 and 6 on page 72.

#### *48. Power Save (page 72, paragraph 5.3.13)*

AGMMA inquires as to the meaning of an “incandescent display”?

#### *49. Banknote Acceptor CRC Failure*

AGMMA inquires whether this proposed standard means that in the MMDB bit 2 of byte 12 and bit 2 of byte 13 should be set? Only the former is identified in this item by the term “banknote acceptor failure”. It is suggested that this condition, as well as all other conditions should be defined much more precisely and unambiguously by reference to the relevant bits and bytes of the data blocks in question.

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## *50. Extra Coin Out/Hopper Runaway (page 77, paragraph 5.3.30/31)*

The draft standard envisages two separate conditions and mandates that both flags being set in the event of a hopper runaway. There appears little point in differentiating the conditions if both flags are to be set at the same time.

It is suggested that the two conditions should be merged into one ('Excess Payout'). This simplified approach is consistent with the 'Excess Payout' and 'Coin Error' message.

## *51. Amount Won and Amount Bet (page 83, paragraph 6.4.12/13)*

The draft standards provide for an 'amount won' and an 'amount bet' meter displayed in both dollars and cents as well as credits.

These proposals were dropped as impractical and confusing at the 2000 National Standards Manufacturers Forum.

AGMMA requests the Board to give consideration to dispensing with these meters on that basis.

Given that the credit meter is to be shown in both dollars and credits, there is simply no need to display the win and bet meters in both types of units.

Indeed, there is the likelihood that the screen will be so overcrowded with 'information' that it will create confusion rather than clarification. The movement of the credit meter itself will provide the player with a ready reference as to the rate of his or her spending and winning.

AGMMA suggests that National Standards should be followed in this regard.

## *52. Number of Games Required (page 89, paragraph 7.2.1.1)*

The draft standard requires that game recall memorises all games played under a single game initiation. However, because games can 're-trigger' free games (causing an indefinitely long sequence of events in feature games), this standard theoretically requires game recall to memorise a potentially unlimited number of games.

This is not technically possible.

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It is accordingly proposed that a limit be placed on the game recall requirement so that if ten consecutive free game sequences are triggered, the National Standards '99% Rule' should apply.

## *53. SWL Standard Jackpot (page 93, paragraph 8.2.3.1)*

The draft standard provides for a message to be displayed regarding jackpots which is hardly user friendly and which players will find confusing. It is suggested that a more user friendly message be adopted.

## *54. CCCE Transfer Successfully Completed (page 95, paragraph 8.2.5)*

The draft standard requires that a number of messages be displayed to players. AGMMA doubts whether players would understand the meaning of the messages. Most players would not know what CCCE refers to. Many players would not know what SWL refers to. It is suggested that a more user friendly format be adopted. It would appear that the second word ought to be "should", not "would".

## *55. Coin Error (page 96, paragraph 8.2.15)*

The draft standard provides for a substantial number of different coin error messages. It is suggested that there are simply too many.

One message ('optic fault') is redundant as modern coin validators do not need external optics.

The messages 'hopper jam' and 'hopper empty' are often indistinguishable ('hopper jam' is not defined anywhere).

The messages 'extra coin excess payout' and 'hopper runaway excess payout' have been commented on in paragraph 34 above (page 12).

AGMMA requests that this standard be reconsidered and simplified.

Perhaps 'coin in error', 'coin out error' and 'hopper empty' is sufficient."

## *56. Progressive Win (page 99, paragraph 9.1)*

It is suggested that "progressive jackpot levels" should be inserted after "(4)" in the second sentence.



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## *57. Procedures for RAM Clear (page 101, paragraph 11.2)*

AGMMA notes that the use of a logic cage key is proposed for the first time (in paragraph 2).

This exemplifies a major problem with the clarity of the document itself.

The requirements are often scattered in various places without proper cross-referencing.

Sometimes repetitions occur that create a sense of *déjà vu* and an uncertainty in the reader as to whether all instances of a topic have been taken into account. This means that it is significantly probable for the reader (manufacturer and ATF, in particular) to miss a key requirement.

The “logic cage key”, for example, should have been included in “3.3 Logic Cages”, or “3.5 Locks and Keys”. AGMMA suggests that it is unfortunate that the structure and content of the document itself have not been rationalised, as the lack of such rationalisation will make interpretation more uncertain.

## *58. Port Management (page 106, paragraph 16.2)*

AGMMA suggests that Port P2 should be stated to be reserved for CMS.

## *59. Applications and Information (page 106, paragraphs 16.3 and 16.4)*

AGMMA suggests that these are not technical matters but legal ones, and, strictly speaking, have no place in technical standards.

AGMMA also suggests that the statements are actually misleading, since they suggest that a letter (from the club or hotel) is sufficient.

However, formal LAB authorisation is required both for the installation and the removal of subsidiary equipment such as progressive controllers.

## *60. General Requirements (page 112, paragraph 1.2)*

AGMMA suggests that it is not certain that the term “stand-alone” is appropriate in relation to SAGD. “Stand-alone” is a term commonly used to distinguish a gaming machine that is intrinsically not designed for connection to a link progressive system from one that is.

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## *61. Port P1 (page 116, paragraph 4.1.1)*

AGMMA suggests that since the CCCE transfer “IN” limit now differs from the “OUT” limit (see item 18, page 108), the last paragraph of this item needs to be clarified.

It is noted that the terminology to distinguish between money transferred to the credit meter from a cash register or account, and money transferred as a result of a link progressive jackpot win needs to be kept consistent (see item 8.2.5 on page 95, for example, where the word “Account” is included). In connection with the use of the word “Account”, is it intended that all CCCE (as defined in the legislation) transactions must involve an account?

## *62. General (page 116, paragraph 4.1.3)*

AGMMA understands that the proposed optical isolation of the ports’ line drivers and receivers is not technically feasible.

## *63. Hardware (page 117, paragraph 4.2.1)*

It is suggested that Pin 1 on the “Connection Diagram” seems incorrect.

## *64. Overview (page 117, Paragraph 4.2.2.1)*

AGMMA has been informed that the requirement that the MMDB is to issue no sooner than 200 ms after the last byte of the SDB is transmitted seems to contradict the statement in the preamble to the draft GTB MMDB circulated for comment to manufacturers in February 2001. Could this be clarified?

## *65. CCCE Status Conditions (page 121, Paragraph 4.2.2.3)*

This paragraph is confusing.

For example, “Type 2” and “Type 5” byte and bit states seem to be the same, yet “Type 2” is declared to be only for “Account Decrement” and “Random Progressive Increment” (but bolded description states only “Account Transactions”); whereas “Type 5” is declared to be for “Random Progressive Increment” only.

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Moreover, the bolded description of “Type 4” includes the words “Standard Progressive Game Only”, but the concluding paragraph says that “Random Progressive Increment is the only available CCCE class.”

Also, the meaning of “Normal Game” in the bolded description of “Type 5” is not understood. AGMMA suggests that the whole of this item should be closely reviewed and clarified.

## *66. Hardware (page 129, paragraph 4.3.1)*

AGMMA has been advised that the arrow heads are missing from the lines beginning at (-3) and (-7) in the “Connection Diagram” and that the bolded words below the diagram have run into the text. Could this be corrected?

## *67. Standard Data Block (SDB) (page 130, paragraph 4.3.2.2)*

AGMMA suggests that the note at the bottom of this page is confusing. It seems that the terms “MMDB” and “SDB” have been interchanged.

In fact, it is suggested that the note should not be where it is, in view of the analogous note to item 4.3.2.4.

It is suggested that a close review of the timing and precedence aspects of the data blocks needs to be done and the matter should be clarified.

## *68. Conclusion*

AGMMA notes that individual manufacturers and GIO members may also be making separate submissions on a number of issues and that GIO members may also be making separate submissions.

The issues outlined in this letter are of fundamental importance to the NSW gaming industry and AGMMA would accordingly be grateful for the opportunity for further consultation before the standards are finalised.

AGMMA supports the concept of National Standards for Australian gaming machines and would be grateful if the Board could explain how the proposed standards fit into the overall plan to establish such a set of National Standards.

AGMMA notes that it has always been its understanding that the principle underlying SAG-D was to allow the TAB NSW the opportunity of bringing into

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NSW a machine specifically designed for their State Wide Link as opposed to a machine that merely complied with the X-series standard.

One of the major reasons behind this was to be the provision of a new two way protocol for those machines based on the protocol used in the GMIC.

There is no mention of this in the SAG-D proposal which reads like an amendment to the X-Series standard, rather than a replacement of it, which we believe was the original intention of SAG-D.

AGMMA is concerned about how the two standards will co-exist and how SAGD will impact on further changes to X standard. It seems that two co-existing standards will inevitably give rise to difficulties for venues with machines operating concurrently on two very different standards.

AGMMA wishes to recommend that consideration be given to adopting QCOM 2 in NSW as this standard appears to offer the flexibility, two way communication capability and other features considered essential by gaming machine manufacturers in today's gaming environment.

AGMMA strongly believes that this is a more desirable 'way forward' than the current approach taken by the Board to standards in NSW. There are a number of issues applicable to QCOM 2 which still require consideration and discussion but AGMMA believes that QCOM 2 is a preferable 'starting point' for such discussions.

AGMMA welcomes the opportunity to have contributed to the process of developing the SAG-D standards and looks forward to continuing to work closely with the Board on this issue.

However, AGMMA believes that a great deal more work is required to resolve some of the issues outlined above.

Yours sincerely

**Ross Ferrar**  
Executive Officer  
AGMMA