

**Submission
No 5**

INQUIRY INTO IMPACT OF GAMBLING

Organisation: Gaming Technologies Association

Date received: 4/03/2014



4 March 2014

Select Committee on Gambling
Parliament House
Macquarie Street
Sydney NSW 2000

By email to: gamblinginquiry@parliament.nsw.gov.au

Re: Inquiry into Gambling in New South Wales

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

GTA wishes to comment on the following matters and inquiry terms of reference. The remaining terms of reference are primarily operationally focused and are appropriately the domain of hospitality venues and their representative organisations.

About GTA

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

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

All GTA's primary members are public companies or part of a public company and their primary focus is the development and supply of new games and poker machines.

GTA members supply all of NSW's new poker machines and games.

Background

Only two major jurisdictions worldwide have more than 50 years of experience of legalised gaming machine operations, being Nevada and NSW.

In 1931 the Nevada legislature permitted most forms of gambling, including slot machines and in 1956 NSW passed the *Gaming and Betting (Poker Machines) Act*. Nevada currently has just over 2 million adult residents and more than 184,000 gaming machines, equating to 11 adult residents per machine. NSW has 5.5 million adult residents and 95,000 gaming machines, which is 1.3% of the world's total and equates to around 58 adult residents per machine.

The modern poker machine

The base software and the game of a modern poker machine make up over one million lines of code, along with several million more for the operating system.

Every line of software, every component and every element of game mathematics and statistics must be comprehensively tested and quality assured by the supplier; submitted to independent licensed testing laboratories for audit and review at significant cost; and then submitted to the regulator for approval before the game or machine can be deployed to clubs, hotels or casinos. This applies equally to substantial changes to poker machine software, which results in major cost and effort for any significant reconfiguration in the field.

The development and supply process takes at least a year, sometimes several years, for each game to be approved.

Inquiry terms of reference

GTA wishes to comment on the following inquiry terms of reference.

b) The regulation of the number and location of electronic and high intensity gaming machines.

It is completely wrong to characterise NSW's poker machines as "high intensity". NSW has some of the world's slowest gaming machines because the reel spin cannot be interrupted – where re-hitting 'play' re-starts the reel spin in almost every other jurisdiction worldwide.

Proponents of the "high intensity" myth also claim that NSW's poker machines can be played 1,200 times an hour, which can very easily be proven wrong simply by visiting venues and playing. The reality is about 800 or so, at best.

NSW has a maximum bet of \$10 per spin – where most other jurisdictions worldwide have a much higher or unlimited maximum bet. Since 1984, the net worth of the \$10 maximum bet has fallen with inflation and is now of less than \$4 comparative value.

c) Voluntary pre-commitment technology and operational guidelines

Voluntary pre-commitment has not been proven to be an effective measure to seek to address problem gambling. A person who can afford to spend \$5 but regularly spends \$10 will still experience difficulties. In that instance, pre-commitment will not assist. Similarly, where a player sets very high limits but experiences difficulties within those limits, pre-commitment will not assist. Some suggest that outrageously high self-set limits might result in unintended consequences of exacerbating problem gambling by posing a target challenge for a problem gambler.

f) The regulation of telephone and internet gambling services in other jurisdictions in Australia and overseas

The emergence of smartphones, tablets Internet-accessible televisions, and other devices is vastly increasing the available opportunities to gamble – and Australians have vigorously embraced these opportunities. It is commonly agreed that this increase in available opportunities to gamble online is projected to continue growing strongly amongst Australians.

This digital access internet and interactive gambling has established a global market place, with a global audience, that ignores geographical and legal boundaries with impunity irrespective of whether those operations are conducted under existing legislative and regulatory frameworks or not.

GTA supports a level playing field where existing gaming operations and suppliers are enabled and encouraged to provide online 'for-money' and 'free-play' sites, mirroring the products and services available in their respective hospitality venues, subject to players demonstrating that their age is over 18 years and appropriate responsible gambling measures are implemented.

l) The effectiveness of strategies and models for consumer protection and responses to problem gambling in other jurisdictions in Australia and overseas

It is generally acknowledged that problem gambling prevalence and incidence are falling in NSW and in other jurisdictions in Australia and internationally. GTA believes that this is a result of many-faceted measures implemented primarily by industry over the last decade or so.

The prevalence of problem gambling is also falling internationally. For example, in the USA "the prevalence of pathological gambling – approximately 1 percent of the adult population – is no higher today than it was in 1976, when Nevada was the only state with legal slot machines".¹

The stakeholders which have the most to gain from reducing problem gambling are venues and industry organisations. Others will have said that indicators are trending down and in GTA's view, the role of government is to encourage and support the efforts that result in these outcomes.

¹ American Gaming Association 2010 White Paper, "Demystifying Slot Machines" page 2

Conclusions

- GTA members supply all of NSW's new poker machines and games.
- It is completely wrong to characterise NSW's poker machines as "high intensity".
- Voluntary pre-commitment has not been proven to be an effective measure to seek to address problem gambling.
- It is generally acknowledged that problem gambling prevalence and incidence are falling in NSW and in other jurisdictions in Australia and internationally.
- The stakeholders which have the most to gain from reducing problem gambling are venues and industry organisations.
- In GTA's view, the role of government is to encourage and support the efforts that result in problem gambling indicators trending down.

Yours sincerely,

Ross Ferrar
Chief Executive Officer