



This submission is made by the Gaming Technologies Association for consideration by the Consultant in preparing the fifth Social and Economic Impact Study of Gambling in Tasmania.

## The Gaming Technologies Association

The Gaming Technologies Association (**GTA**) is the peak representative body for Australian gaming machine technology suppliers.

GTA's members include the manufacturers of Electronic Gaming Machines (**EGMs**) and the suppliers of other technology to both venues and government regulators, such as some state government central monitoring systems.

As a part of this, GTA members supply a range of technology that support responsible game play. This can be technology that supports venue-based host responsibilities, including player intervention and recording of such interventions. It can also be through player empowerment, such as education and various forms of player directed self-limits, and self-exclusion.

The GTA's members provide gaming technology and equipment to hospitality venues in over 300 jurisdictions worldwide.

GTA's full members are Ainsworth Game Technology, Aristocrat Leisure Ltd, Aruze Gaming Australia, IGT (Australia), Interblock Asia Pacific, Konami Australia, Scientific Games and Tabcorp Holdings Ltd.

Associate members are Atlas Gaming, Independent Gaming, Paltronics Australasia, Utopia Gaming Systems and Wymac Gaming.

GTA hosts and operates the Australasian Gaming Expo annually at the ICC Sydney. Over three days, 7000 visitors browse everything gaming from over 250 exhibitors over 20,000 square metres.

## EGMs

EGMs are the purest form of random outcome gambling. No action by a player, a venue operator or regulator can influence the outcome of any individual play.

EGMs are for entertainment only and are designed to be entertaining. EGMS are only a single part of an entertainment experience enjoyed in pubs, clubs and casinos around Australia.

A player's choice of amount bet<sup>1</sup>, and speed of play, determines the length of entertainment purchased.

## History of Gaming Machines

The gaming machine was invented by Charles Fey, a Californian mechanic, in 1895. This spinning reel machine was the forerunner of all modern gaming machines.

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<sup>1</sup> There are maximum bet limits which vary in different jurisdictions and form part of the protections for players

The first machine was a wholly mechanical device operated by means of levers and gears. Versions of this 'slot machine' began appearing in Australia in the early 1900s.

In 1956 gaming machines were first regulated in Australia. The NSW Parliament regulated gaming machines for the exclusive use of New South Wales licenced clubs.

In 1978, the first spinning reel gaming machine to use microprocessor technology was produced in Australia, giving rise to a significant export industry which was established alongside an already strong manufacturing base.

In the following years, gaming machines were regulated in all Australian States and Territories.

### Current Gaming Machines

Modern gaming machines use computer technology to control and operate all functions from coin or note insertion, bet selection, game play, and so forth including determining the outcome of each game.

The vast majority of EGMs in operation in Australia are designed and built in Australia. Prior to COVID, approximately 2000 Australians were employed in this manufacturing endeavour.

Every aspect of an EGM requires intellectual property that is proprietary to the EGM manufacturer, including copyright, patents and designs. Among other aspects, artwork, sounds, and software are all created specifically so that ownership clearly sits with the manufacturer. Those employed to create EGMs include software engineers, mathematicians, artists, musicians and an array of technical and legal compliance experts.

Contrary to occasional salacious claims, manufacturers do not employ psychologists, neurologists, physiologists, hypnotists or others with alleged skills in mind manipulation.

A typical modern EGM will have over 20 million possible outcomes from any game play. The randomly generated outcome will typically range from a win of 2 credits (2 cents if the player has selected 1 cent play) to wins of up to thousands of credits, or of course no win.

To be approved for operation in Tasmania, an EGM must show information informing a player of the chances of winning, inter alia the maximum prize, as well as of no prize at all.

### Minimum and Maximum Bets

Every gaming machine is programmed to have a minimum and maximum bet, with the minimum bet on most machines set at 1 cent.

Each game has a maximum bet limit, which is \$5 in Tasmania. The purpose of having a range of bet size is to give the player choice.

Australia's maximum bet limits, which range between \$5 and \$10, are among the lowest in the world<sup>2</sup>.

Gaming machines are designed to return a standard proportion of money bet to players which in some jurisdictions is required by law to be more than 85 per cent. Most gaming machines in Australia operate at a higher rate of return, with an Australian average of approximately 91 per cent.

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<sup>2</sup> Refer to *World Count of Gaming Machines* which can be found at <http://gamingta.com/library/>

## The Speed of Gaming Machines

Gaming machines across Australia have a reel spin of about three seconds duration, and this is the mandated minimum reel spin in Tasmania. During the reel spin, the player is not able to interrupt the machine.

Everywhere else in the world, the player can interrupt the reel spin by re-pressing the PLAY button – which shortens the reel spin to potentially less than one-tenth of a second.

A player's choice of amount bet, and speed of play, determines the length of entertainment purchased.

## Electronic Gaming Machine Regulation

Australia's gaming machine industry is accountable to strict regulatory and compliance requirements of State and Territory governments across Australia.

All suppliers are obliged to routinely provide regulators with full access to every aspect of their operations.

All EGM suppliers must hold licences from the states and territories in which their machines operate. In order to receive licences, the operator must disclose their finances, their history and their activities in other jurisdictions in Australia and overseas.

Senior executives are personally licensed in each state and territory. This licensing process requires significant ongoing disclosure of financial records including tax and bank records and disclosure of their legal records.

All gaming machines – and the games which operate on them – are submitted to independently accredited facilities for testing. The machines are then assessed by regulators before approval is considered.

No EGM can legally operate anywhere in Australia unless it has previously been approved by the regulator on application by a licensed gaming machine supplier.

Our industry has a strong record of compliance with regulatory requirements and will continue to work to maintain confidence in the sector.

## Electronic Gaming Machine Standards

Apart from prevailing standards such as electrical safety certifications, all gaming machines are required to comply with the Australian/New Zealand Gaming Machine National Standards (**National Standards**).

The National Standards have been developed by Australasian regulators in consultation with Accredited Test Facilities, licensed dealers, governments, academics and stakeholders. The National Standards provide guidance for the design of gaming machines, game software and related equipment as well as guidance to ensure common regulatory requirements will be met.

Complying with the myriad of government requirements to approve a gaming machine is a process that takes a minimum of 12 months to complete; sometimes much longer.

This process includes submitting games and machines to independent and licensed testing facilities to ensure Australians play compliant gaming machines with legislated player protections.

## Tasmanian appendix to the National Standards

The Tasmanian Appendix to the National Standards, places additional restrictions on gaming machines which do not apply in other states. These additional restrictions include:

- A prohibition on Bank Note Acceptors (applicable to EGMs in hotel and clubs – Tasmania is now the only state where this restriction is in force);
- Provision of Player Information Displays (“PIDs” – only elsewhere in Victoria); and
- Close regulatory scrutiny of audible affirmations where the net win of any play is less than the total credits bet, as well as prohibition on “congratulatory” messages with regard to these events.

## Electronic Gaming Machine Testing

The technical requirements that every game and machine must satisfy before they can be approved for distribution and play are developed and enforced by State and Territory regulators.

Every game and machine is tested by independent Accredited Testing Facilities (ATFs) before being submitted to regulators for approval.

ATFs employ highly skilled, independent engineers, mathematicians, and other specialists to assess gaming equipment against the technical requirements and make recommendations to regulators.

These recommendations are presented in the form of a test report and provide regulators with the information they need to determine whether a game or machine meets the National Standards.

ATFs are themselves subject to ongoing review by regulators with the quality of testing and reporting output regularly scrutinised.

In Tasmania, ATFs are required by the Tasmanian Liquor and Gaming Commission to comply with the Code for Accredited Testing Facilities (the Code). The Code requires ATFs to:

- engage in ethical business practices;
- maintain comprehensive records;
- make records available to the Tasmanian Government upon request; and
- submit to regular inspections and notify the Government of any significant changes in internal governance.

Once gaming machines or related equipment have been approved by regulators and installed in venues, they are monitored to ensure ongoing compliance with the standards under which they were approved.

## Numbers of EGMs in Australia and the World

Australia has approximately 2.6 percent of world gaming machines, according to the 2019 global survey.

The World Count of Gaming Machines 2019<sup>3</sup> is a valuable source of factual data about global gaming machine numbers.

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<sup>3</sup> Refer to *World Count of Gaming Machines* which can be found at <http://gamingta.com/library/>

The 2019 edition of GTA's annual worldwide survey of gaming machine numbers once again dispels myths around the proportion of gaming machine numbers in Australia.

Information for this survey is sourced from regulatory bodies, government sources, private company research, gaming industry bodies and directly from locations where machines are installed. The data is verified across several authorities wherever available.

The machines that are counted in this survey are only those that are legally installed. The survey also includes additional information, such as Maximum Bet limits.

This survey confirms that Australian gaming machines have some of the world's lowest maximum bet limits which is consistent with previous surveys.

## Responsible gambling

### AGC Resources

GTA is a member of the Australasian Gaming Council, and supports the work undertaken by the AGC to promote responsible gambling.

The AGC publishes a wide range of information on understanding the rules and processes for various forms of gambling, assistance available for those experiencing problems with their own gambling, and for operators of gambling.

The AGC has established the AGC Strategy for Responsible Gambling. The Strategy can be found at: <https://www.austgamingcouncil.org.au/responsible-gambling/our-commitment>.

The GTA notes that the AGC is making a separate submission and supports the AGC Submission, especially in the context of Responsible gaming, and the AGC's submission on gambling prevalence and the prevalence of problem gambling.

In particular, the GTA notes Figure 3 and Figure 4, on pages 6 and 7 respectively, in the AGC submission. These evidence that, while Tasmanians continue to enjoy gaming as a legitimate recreation, and venues continue to generate valuable income from EGM operations, the share of Tasmanians wallets going to gaming is **not** increasing. On the contrary it is gradually declining.

### GTA resources

The GTA has developed a series of Responsible Gaming videos and Fact Sheets for public information. These can be found at: <http://gamingta.com/responsible-gaming/>. The Responsible Gaming videos are intended to promote appropriate use of equipment supplied by GTA members.

The GTA website also has fact sheets explaining the operation of gaming machines for player education.

## Economics of Gaming in Tasmania

### Tasmania

The AGC submission to the SEIS has set out extensively the employment outcomes for Tasmanians linked to gaming. The GTA adopts these in their entirety.

The GTA specifically notes the AGC submission that counting only the FTE employment outcomes is misleading as to the employment benefits of gaming. As the AGC submission notes, many Tasmanians are employed for less than full time hours because that suits those workers. To reduce the number of Tasmanians employed, by wrapping up the hours worked to FTE, ignores the benefit employment brings to a large number of Tasmanians.

The 2019-20 State Budget Papers forecast Casino and Licence gambling tax revenue to the State Government of approximately \$50 million per annum over the forward estimates. From the analysis contained in the Fourth SEIS it is clear that the overwhelming majority of this is derived from EGM operations.

The AGC submission covers the contribution of gaming to Tasmanian taxation in greater detail, and the GTA adopts the submissions of the AGC in their entirety.

## Future of EGM regulation in Tasmania

### Tasmania is unique in requiring coin play on EGMs

Tasmania is now unique among the Australian states and territories in not permitting bank note acceptors (**BNAs**) for EGM play in hotels and clubs. South Australia, the only other Australian jurisdiction which did not permit BNAs, recently updated their regulatory regime to allow BNAs for EGM play.

As Australians increasingly move from cash to digital payments in the vast majority of their lives, coins are increasingly more obvious as an anachronism.

Coin operated EGMs are a significantly more expensive for the venue operator, are a workplace injury risk to venue staff and are an unreasonable inconvenience to players.

Coin operated EGMs are more likely to breakdown than EGMs using BNAs, as the physical nature of the coin mechanics are unavoidably harsher. Coin operated EGMs require significantly more frequent monitoring and top up/clearing than EGMs with BNAs. The value of coins means more time is taken for counting and recoding than a similar value of notes.

The weight of coins, compared with their monetary value, means staff maintaining coin hoopers deal with significant weights. Even when conducted with care, this raises issues of carrying and lifting which can be avoided altogether with BNA operated EGMs.

While some customers enjoy the nostalgia of coins play, most players find the weight, and volume, of coins inconvenient. This is born out in player feedback from jurisdictions where BNA operated EGMs have been introduced. Phasing out coin slots in newer EGMs has led to negligible player comment.

### Cashless EGM Play

Prior to COVID-19, the shift in community use from cash to digital payments was already a medium-term issue for the future of EGM play.

The shift from cash in Australian has undoubtedly been hastened, or at least step shifted, by the community response to COVID-19.

Cashless gaming machine play presents a range of responsible game play control options, not available, or as easily available as with cash.

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While some EGM players will for various social or cultural reasons continue to prefer to use cash, it is likely that many will continue to shun handling cash even after the COVID-19 pandemic is controlled. Staff safety in reducing cash handling is also a significant factor in this change.

A cashless payment process could also enable larger EGM payouts to be made direct to a customer's bank account, in place of cheques. It is likely that some customers will soon find their banks unwilling to easily process cheque deposits. Many younger customers will have no experience of dealing with cheques.