



Submission

Joint Select Committee on Gambling Reform

Inquiry into Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012

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1. Background

Aristocrat is a global company with almost 60 years industry experience and more than 2000 staff across the world. We hold a well-earned reputation for outstanding performance and strong brand equity in more than 200 jurisdictions globally. Our diverse product line-up extends from electronic gaming machines to complete gaming solutions, including gaming management systems, technical services, and ancillary equipment. Aristocrat has experience in designing and implementing pre-commitment solutions and welcomes the opportunity to contribute further to the national responsible gaming debate.

We believe it is critical for a robust evidence base to be established before any approach to problem gambling can be implemented.

Aristocrat supports measures that:

- Are proven to reduce problem gambling without unduly impacting the overwhelming majority of recreational gamers, or limiting their choices, amenity and enjoyment;
- Foster player empowerment, informed decision making and sovereignty;
- Are able to be implemented with a high degree of integrity, both from a technological and legal perspective; and
- Are affordable and viable for operators and ultimately consumers.

2. Executive Summary

As one of the leading manufacturers in Australia, Aristocrat strongly believes in an evidence based approach and as a consequence has already manufactured and conducted a trial of a machine that incorporates a number of responsible gambling features.

The Blue Gum™ Gaming Machine: An evaluation of responsible gambling features research study was overseen by researchers from the University of Sydney in several clubs across Southern Queensland last year. The findings provide real results that lay the groundwork for further research or trials in this area. We have included some of these results in this submission.

Aristocrat strongly believes, based on our own evidence, that an approach centred around player messaging and intervention is the most significant way to make an impact on problem gamblers while preserving individual privacy and choice. We don't believe restricting the functions of gaming machines as proposed for review by this committee will address problem gambling in fact we strongly believe it will have the reverse effect and potentially force problem gamblers to unintended solutions such as un-regulated gaming environments.

Finding the right balance in this approach is imperative. Any incoming solution needs to be affordable and address the technological complexities of the industry, as well as have the support of both players and operators if it is to succeed.

We strongly believe any proposed solution must face a robust examination before being implemented. It is critical that a fact based approach is developed through trials, like Blue Gum™, to gather the facts necessary to establish the parameters setting the way forward.

Aristocrat is committed to being part of a solution which is fact based and led by the industry. We will continue to work with the appropriate stakeholders to ensure the most effective solution is introduced to the community.

3. Aristocrat's trial of voluntary pre-commitment measures

Blue Gum™ aims to encourage players to gamble responsibly without unduly impacting personal choice for the majority of recreational players. After five years of development by Aristocrat's Design and Development team, Blue Gum™ went live on 1 July 2011 as part of a trial in Queensland after receiving approval from the Queensland Office of Liquor and Gaming Regulation. The product was located at five surf lifesaving clubs in Southport, Coolangatta, Kurrawa, Northcliffe and Tallebudgera and the trial ran for eight weeks. During this time research was conducted by Professor Alex Blaszczynski on the impacts to recreational and problem gamblers.

The features offered by Blue Gum™ included:

- Special messages and animations that encouraged players to gamble responsibly;
- A bank meter that allowed players to 'bank' any wins;
- An alarm clock to help players determine the amount of time they wished to spend playing;
- A "demo play" mode giving players the opportunity to experience the game;
- A special function that allowed players to direct part of any winnings to a registered charity – in the trial, this was the surf club within which the machine was located.

At the time, we hoped that the trial would contribute valuable insights and increase the evidence base available to all stakeholders around the effectiveness of various game features, including a pre-commitment option, in encouraging responsible gaming behaviours.

The specific aims of the study were to determine the use and effects of the responsible gambling features on player satisfaction and behaviour. The above features were each evaluated based on a trained observation and a questionnaire designed to elicit information about the awareness, usage, effect and satisfaction of the above features.

Professor Blaszczynski suggested that the results demonstrated the potential benefits of certain responsible gambling features in assisting patrons to moderate their gambling behaviour. Specifically, he noted that:

- The responsible gambling messages should be placed within easy sight and frequently changed to reduce habituation to their content and, from other research studies, he recommended that messages referring to problem gambling be separated and distinct from personal responsible gambling appraisal messages relating to the need to reflect on amount of money spent and need to take a break.
- Responsible gambling messages reduce the enjoyment of problem gamblers. The potential exists for the content of messages to be reframed to maximise the potential for problem gamblers to focus more on the negative impact of their behaviour.
- Few gamblers set time limits. However, the alarm clock should be retained for the minority that find it useful.

- One potential approach that warrants further research is to improve the communication of information to target at-risk gamblers without impacting on the recreational play of patrons gambling within their limits.

Based on these findings, Aristocrat is in the process of designing Blue Gum™ II which will aim to refine the responsible gaming features mentioned above. We are proposing to be in a position to trial these features in late 2013, pending regulatory approval of new features.

Aristocrat is proud of the Blue Gum™ study which is unique in providing value from fact-based research beyond theory. While it is clear this single study produced real results, Aristocrat believes more research needs to be done to ensure we address the concerns raised regarding problem gamblers.

4. Complexity and cost for industry

There are approximately 200,000 gaming machines in venues Australia-wide, with Aristocrat products making up close to 60% of them.

The overriding factors that make replacing and/or upgrading either game hardware (machines) or software (the games) difficult are technical complexity and age. 'Changing' a game is not as simple as has been proposed by proponents of maximum bet/jackpot proposals.

The Gaming Technologies Association, of which Aristocrat is a member, outlined the issue:

"The base software and the game of an average modern poker machine make up over one million lines of code, along with several million more for the operating system. Every line of gaming machine software, every component and every element of game mathematics and statistics must be submitted to independent licensed testing laboratories at significant cost; and then to jurisdictional regulators for approval before any game or machine can be deployed to Clubs, Hotels or Casinos."

The 200,000 games across Australian venues range in age. The Gaming Technologies Association defined their ages:

- Machines 3 years old or younger will require their game software to be changed (the current cost of a game change averages \$5,000);
- Machines between 3 and 5 years old will require hardware upgrades to support the game software change (increasing the cost to \$9,000 or more per machine); and
- Machines older than 5 years must be replaced as their software support is no longer available (the current cost of a new machine can exceed \$25,000).

The costs of an immediate reconfiguration of this inventory would be more than \$2.5 billion.

Outlined in the bill the proposed bet and win structure is fundamentally different to the existing bet and win structure of the majority, if not all gaming machines in Australia including Aristocrat gaming machines. A series of entirely new mathematics models would need to be created based on \$1 maximum bet and \$500 maximum win.

Currently there are approximately 400 Aristocrat titles installed in the Australian gaming environment and in order to maintain this level of variety for venues and players, a large amount of work would need to be invested in the manufacturing of the combination of mathematics models, artwork and feature sets. The expected time frame to cover this work for Aristocrat, which would involve the engagement of all our global resources, could be up to 14 years.

Every new game from Aristocrat has to be modified to meet 11 different protocols across the country, a problem that cannot be overlooked heading into new national standards. Manufacturers will need time to gain regulatory approval for compliant solutions, estimated at three months per game per jurisdiction.

A long term phased in approach is also a necessity for venues, especially smaller venues, which need sufficient time to absorb the costs associated with overhauling their entire machine and game fleet. Importantly, a phased approach will also allow policy makers to respond to the evidence base that emerges from trials.

5. Conclusion

It is clear from political and, often, media-driven public debate on these issues that there is a lack of dialogue taking place between the Government and regulatory bodies of all levels and the gaming industry. Aristocrat strongly advocates for the creation of a more formal high-level process that provides for greater interaction between policy makers, industry bodies, manufacturers, legislators and their regulatory bodies.

As Australia's leading manufacturer of EGMs, Aristocrat remains committed to being part of the solution and playing a critical role concerning the future of the industry. Aristocrat has played an active role in this industry for almost six decades and is very supportive of finding a solution encouraging responsible gaming, providing it is fact based, practical, affordable, has the support of players and operators and is led by industry.

There are many issues facing the introduction of gaming measures in this country. It is critical to the future of many Australian businesses and the communities they support that those issues are not ignored in order to introduce quick and overarching schemes that lack any evidence based research to support them.

Through trials such as Blue Gum™ we believe player messaging and intervention is the key, however more work needs to be done in this area to ensure a robust solution is provided.

There is much more that needs to be discussed and Aristocrat is committed to being part of these discussions to ensure the path forward delivers the needs of all stakeholders involved in this national debate.