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Date

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FORMAL SUBMISSION - Global Gaming Industries Pty Ltd

Introduction

Purpose

To offer comment on gaming systems within Australia and the operation thereof, comment on the misconceptions related to the use of smartcards, offer a different methodology to encourage players to adopt responsible attitudes while playing Gaming Machines.

Considerations

Take into account that in presenting this submission the effect of different State legislation and regulations pertaining to the operation of Gaming Machines and ensure that any proposal is compliant within such boundaries.

Parties to this Document

Global Gaming Industries Pty Ltd is a privately owned and licensed Gaming Machine and Systems Manufacturer. GGI supplies and operates Cashless Gaming Systems, Maxetag in venue Membership and Promotional Systems in over 1000 venues in NSW, SA, NT, QLD, ACT and New Zealand

GGI currently has a Responsible Gaming platform integrated within the Maxetag Rewards / Membership System in trial in two venues South Australia in conjunction with the South Australian Responsible Gaming Working Party. This trial is in phase two and has been operational for a period of 14 months.

Mr. Scott MacDougall – Managing Director - Global Gaming Industries Pty Ltd

Mr. MacDougall has been involved in the manufacture and operation of Cashless Gaming Systems and Gaming Machines since 1985. He has a diverse knowledge of the requirements of systems, system operation, Gaming Machine venue operation and management and player perception.

Mr. Earle Rowan – Maxetag Systems Analyst

Mr. Rowan is the Inventor of two patents in relation to Smartcard based Responsible Gaming Systems. He has been working on the design and testing of Cashless Gaming Systems since 1995, and the implementation of responsible gaming concepts within such systems. He has worked in the Smartcard industry since 1989, and has thorough knowledge gaming regulations in all Australian jurisdictions.

Gaming in Australia

The Gaming Industry in Australia has no definitive standard. In the main part the **Australian** and New Zealand **Gaming** Machine National **Standard** contains a plethora of addendums for each state. Added to this is the complexity of operating over three main communication standards

South Australia VLC - one way communication from machine to site controller (one port)

NSW -ACT 'X' protocol – direct communication with each machine (multiple ports)

NT, TAS, QLD, NZ – QCOM – bi-directional communications via the site controller. (One port)

VIC - VLC - one way communication from machine to site controller (one port)

(This is applicable only to Hotels and Clubs. Casinos use different communications standards)

One port means that each Gaming Machine has only one communications port installed and it is dedicated to a single purpose, usually government monitoring

This makes any proposal for a system which will operate seamlessly across state borders extremely difficult and costly to implement.

The lack of standardised regulations and the different communication standards is further compounded by the diversity of gaming machine metering specifications as there is little correlation from state to state.

Without replacing all Gaming Machines (at least in South Australia- Victoria), it is difficult to see how a national scheme which controls the operation of Gaming Machines could be implemented.

<u>Smartcard Systems</u>

Prohibition / Punitive Systems

We define a Prohibition System as one where a limit or limits are set by an individual or organisation at some time prior to commencing play by providing identification, filing out a form, and applying that limit for a time period.

That limit may prohibit the player from further play by locking the machine or disallowing benefits or any other punitive method.

In general smartcards can be very secure devices.

An individual's identity can be imprinted securely on such a device and defy all but the most strident attempts to break into it.

There is no argument that terminals can be placed on or by a Gaming Machine and values can be set on a card or device to be transposed to a Gaming Machine, in some Australian states

It can tell a security terminal the identity of the person carrying it but, without some form of bio-metric it cannot tell if the person presenting the card/device is the person whose identity is contained within it. Even then there is no perfect bio-metric.

It must be noted at this time that any proposal to place bio-metrics of any type on a gaming machine would be prohibitively expensive to implement and impossible to maintain.

If it is affordable, anything is possible with technology but the most important problem is actually a social one.

How does one police such a system?

What does one do with persons found cheating – if one borrows someone else's card, Fingerprint, Eye?

Do we fine them? Surely not. Ban them? If we could effectively do that we don't need a card, send a multiple offender to jail?

We are addressing an issue of persons with social problems punitive measures are surely not the answer, but without some form of control the system is useless.

This presents the most difficult part of such a systems operation. It is possible to identify individuals but how do you police this?

It is a fact that if all Gaming Machines were turned off tomorrow Internet Gaming would be the beneficiary and that is NOT controllable without draconian intervention to information system.

In the privacy of their homes there would be no other distraction or social interaction and no one to assist in the event of a problem until it was too late.

Prohibition and punitive systems are not the answer.

Educational Systems/ Reward Systems

At GGI we have taken a different approach to the issue of responsible gaming and this is exemplified in the South Australian trial.

Rather than punish players for not conforming to a responsible pattern of play we have taken the approach of offering a tool to allow a player to self educate to manage how much they spend.

This tool can also be used by interested parties to train a player to make sensible choices when playing gaming machines.

It is our firm belief that if a player can be encouraged to manage their spend before it becomes an issue we have a much better chance of preventing a problem from eventuating.

It has been our experience that players do not wish to be identified within in a Gaming Venue.

They have issue with filling out forms to provide identity for the purpose of responsible gaming.

It may be that the staff member taking the form is a friend or neighbour and this is a major disincentive to asking for assistance, or a report on their gambling profile. There may be countless other reasons but it is apparent that anonymity is a prime mover in a systems success.

There is also the issue of when should a limit be set, an individuals ability to safely spend money on any product may vary considerably from time to time.

Setting limits which are maintained for too long a period or too soon before play may mean that the limit is of no purpose as it was set at too high a value.

This has been addressed in the Maxetag System by allowing a player to set a limit on the Gaming Machine before commencement or at any time during play.

We consider the prime criteria for a successful system to require the following parameters,

1. Player Anonymity – A player should be able to set limits and obtain Gaming reports without third party intervention.
2. Immediacy – A player should be able to set a limit before the start of play or at any time during play
3. Operation – The method of setting a limit should be simple and clear for the player
4. Fixed – The set -limit should be fixed for all machines in the venue for that play session
5. Alerting – A player should be alerted when a limit is exceeded or approached. This could be by several methods, audible, textual or interventional, where deemed necessary
6. Reporting – A player should be able to obtain an anonymous report on their session spend at any time without third party intervention.
7. Reward- A player should be rewarded for active use of the system.

It is understood that rewarding a player may seem controversial at first glance but it not a proposition to reward the player for playing the Gaming Machine, but for using the Responsible Gaming System.

This is a significant part of the proposition, to educate players to be aware of how much they are spending, rewarding players for positive actions is much better than punishing them for negative actions.

The point is to present a system which is easy for the player to use, does not interfere with their right to choice, and informs rather than punishes for positive actions.

MAXETAG SYSTEM

Detailed Methodology

The system described in patent application **2005211607** has been applied to the existing Maxetag Rewards System in South Australia.

This can be integrated into any Maxetag System in New South Wales, Northern Territory, Queensland or ACT

Requirements

The Maxetag System uses a passive non-contact electronic TAG/CARD or Card device to identify venue members, carry prize information and responsible gaming limits.

This system is described in Australian patent application **2005211599 Cashless Gaming System** and Method and US patent application **No. 11/232630.**

The following describes the system and the component parts which will be used in the harm minimisation trial.

1. Each participant is issued with a TAG/CARD or Card device.
2. Each Gaming Machine will have a Player Interface Module (PIM) installed and software linked to that Gaming Machine's identification number.
3. Each user interface will communicate with a central computer (server) or Gaming Machine (State Specific)
4. Each user interface will have a clearly legible keyboard for player limit entry and YES / NO buttons
5. The central computer will be interfaced to the Government Data port and extract information relating to machine turnover and individual plays. (State Dependant)

Operation

A participant will be required to have a TAG/ CARD issued to them by the venue. The TAG/CARD will have an encrypted identification number which will identify the participant to the system.

This information will be stored on an exclusive sector of the TAG/CARD memory.

The participant on approaching a Gaming Machine can elect to set a limit for today's play.

This limit will remain in force relative to the TAG/CARD for the full period that the venue is open.

Resetting on the following day when the venue re-opens.

The Maxetag System has a special purpose keyboard to allow a participant to easily set limit, the following describes the keyboard actions required.

1. To Set a Limit – Place TAG/CARD on Maxetag PIM
2. Decide - On visual prompt Press the YES Button or NO Button
3. If NO selected – Continue play
4. If YES selected - Use multiple key presses on the $5, $10, $20 buttons to increment the displayed value until the required session limit is reached.
5. If YES selected - Press the YES/SELECT Button to accept set value.

All of the above functions are prompted on a BLUE high visibility LCD panel mounted in the user interface.

When a limit is set to the PIM, it will send a message to the central server (PC) identifying the TAG/CARD and the required limit. This limit will be stored in an encrypted form in the central database with a reference index using the TAG/CARD exclusive number.

All information regarding player actions is logged for the purpose of detailed analysis. This information is anonymous and has no link to the actual player's identity.

Should a player wish to stop play on that Gaming Machine the player can log off by placing their TAG/CARD back on to the PIM or simply LOG ON to another Gaming Machine.

The set limit is through out the venue for the full period of play regardless of which machine is played, and providing that a player LOGS ON to each machine with their TAG/ CARD.

The action taken on a limit value being reached is an audible buzzer but can be varied in co-operation with the venue and any interested party or by specific government legislation.

It may take the form of an audible signal, a message, a stop play signal to the gaming machine, any combination of these parameters or other method deemed appropriate.

A player may at any time, go to a foyer terminal and identify themselves with their TAG/CARD to receive a printed report on their gaming activities.

This report will contain Total Dollars Spent, Total Dollars Won, Total Time Played, if any set limit was exceeded and the difference between the limit set and the actual amount played.

This limited information has been selected as appropriate as too much information given to a player may actually have an adverse effect.

As play information is logged for all players, players who elect NOT to set a limit can still obtain a printed report on their days gaming activities.

Offering a printed report from the foyer terminal allows a player to monitor their gaming activities without requesting information from a staff member which in some circumstances may be an impediment to this action.

Summary

All actions requiring a player to participant in the Maxetag Responsible Gaming System have been chosen after many years of research into the use of electronic devices for this purpose.

We believe that this is the best possible choice of parameters to encourage player participation.

We also believe that limits, even with the most stringent machine control, are not a workable solution.

The proposal to use educational methodology rather than punitive methods is well supported by current and historical evidence in other fields.

It is our responsibility to support prevention rather than cure.

Patent References:

PROTECTING AGAINST IMPULSE EXPENDITURE
Patent Application Number – 2001268825 (68825/01)
PTC Number – PCT/AU01/00776
WIWO - W002/01427
Applicant - World Smart Technology
Inventor - Earle G. Rowan
Priority Date – 29th June 2000

CASHLESS GAMING SYSTEM AND METHOD
Provisional Application Number – 2004903853
Applicant - Global Gaming Industries Pty Ltd/SGM Systems Pty Ltd
Inventor - Earle G. Rowan
Priority Date – 9 July 2004

A GAMING SYSTEM WITH SPENDING CONTROL AND A METHOD OF GAMING WITH CONTROLED SPENDING
Provisional Application Number – 2004904005
Applicant - Global Gaming Industries Pty Ltd /SGM Systems Pty Ltd
Inventor - Earle G. Rowan
Priority Date – 15 July 2004