Consultation:

Proposed changes to gaming machine standards

Department of Internal Affairs

Te Tari Taiwhenua

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# What is this document about?

This document invites comments on proposed changes to the Gambling Act (Class 4 Gambling Equipment) Minimum Standard and the Gambling Act (Casino Gambling Equipment) Minimum Standard (the Standards).

## Consultation requirements

Section 372 of the Gambling Act 2003 (the Act) requires that, before standards are made, persons and organisations that are likely to be substantially affected by the standards must be consulted and given a reasonable opportunity to respond. Submissions will be given adequate and appropriate consideration.

## Sending us your submission

The proposed amendments will be assessed in accordance with the purposes of the Act. The Department of Internal Affairs (the Department) seeks your comment on all of the changes described within this document. Comment in relation to the purposes of the Act is particularly valued.

We ask you to make your submission with these particular purposes in mind.

Please send your submission to the Department by 8 June 2016.

Your submission can be sent by email to: bruce.manuge@dia.govt.nz

Alternatively, if you have any questions about this document please telephone Bruce Manuge on (04) 495 9343.

# Background information

## The National Standard and the NZ Appendix

The Australian / New Zealand Gaming Machine National Standard (“the National Standard”) was developed by a working party that includes participants from New Zealand and all Australian state regulators. The latest version of the National Standard (NS15) was recently subject to public consultation in New Zealand.

The purpose of the National Standard is to set out the core requirements, common to all jurisdictions, for the design of gaming machines and games for operation throughout Australia and New Zealand, and to guide testers in their testing for compliance with the National Standard.[[1]](#footnote-1)

Gambling legislation can vary considerably across the different Australasian jurisdictions. To reflect jurisdictional differences, each jurisdiction provides its own appendix to the above National Standard, setting out any additional or differing requirements for that jurisdiction.

In 2014 the Chief Executives of the different Australasian regulators agreed to initiate a review of the National Standard, to be led by the New South Wales regulator. This project is now complete, and resulted in the revised NS15 document.

The Department is now consulting on some amendments to the NZ Appendix, described within this document, to reflect the revised National Standard (NS15).

## 2. Scope

This document seeks your comments on proposed amendments to the NZ Appendices to the Australian/NZ Gaming Machine National Standard, and the requirements for linked jackpot systems.

The proposal involves three main areas of potential change:

1. Clarifying the Secretary’s discretion to approve and/or decline applications from equipment manufacturers for new games, features, and/or equipment.
2. Removing outdated or redundant requirements; minor wording changes for purposes of clarity.
3. Consultation on a stakeholder application for a USB cell phone charger on gaming machines.

## 3. Relevant legislation

Gambling in New Zealand is regulated by the Gambling Act 2003 (the Act). This includes the regulation of both casino gambling and Class 4 gambling. The Act’s relevant objectives include to:

* Prevent and minimise harm from gambling, including problem gambling; and
* facilitate responsible gambling; and
* authorise some gambling and prohibit the rest; and
* limit opportunities for crime and dishonesty associated with gambling and the conduct of gambling; and
* ensure the integrity and fairness of games.

**Section 326(1)** of the Act states that the Secretary may, by notice in the *Gazette*, declare that any particular gambling equipment or class of gambling equipment must be approved by the Secretary as complying with minimum standards relevant to the equipment before it may be used under a licence granted under this Act.

**Section 327** gives the Secretary the power to prescribe minimum standards for design, manufacture, and performance of gambling equipment, by notification in the *Gazette.* The Secretary is permitted to amend or revoke minimum standards at any time, provided that any changes are notified in the *Gazette.*

**Section 328(2) s**tates that if no minimum standard exists in respect of a particular item of gambling equipment, a person may apply to the Secretary for a minimum standard to be prescribed

**Section 372** of the Gambling Act 2003 requires that, before standards are made, persons and organisations that are likely to be substantially affected by the regulations must be consulted and given a reasonable opportunity to respond. Submissions will be given adequate and appropriate consideration

## 4. Effect on manufacture of new equipment

All *previously* approved equipment and games will remain unaffected by any changes to the standard. Any new and/or amended standards will become compulsory six months after they are prescribed. This position is set out in the upcoming revision of the National Standard, which states:

***“1.12*** *Any changes to the Standard will be communicated to manufacturers. When new requirements are adopted:*

*(a) a grace period of 6 months will be granted before new requirements come into force. However, where practical a manufacturer may adopt the new requirements before they come into effect;*

*(b) previously approved equipment remains unaffected and revisions to that equipment will be conducted under the requirements in force when the item was originally tested;*

*(c) equipment under test at the time the new requirements come into force will be tested against the requirements in force when the item was submitted for testing.”*

# Clarifying the Secretary’s discretion

## 1. Purpose

Gambling stakeholders have previously expressed some uncertainty about the Secretary’s discretion to decline applications for new games or equipment that are not specifically prohibited in the Standard. The current proposal is to clarify the Department’s current position, that the Secretary **does have** the discretion to decline any application that is inconsistent with the Gambling Act’s purpose and provisions to minimise harm, and also has the discretion to decline, if appropriate, any application for equipment where the current requirements are absent or insufficient.

It is particularly important that gambling equipment manufacturers understand this discretion, given the inherent unpredictability of new technical developments that will be applied for in the future.

## 2. The proposal to clarify the Secretary’s discretion

The requirements set out below are proposed for the casino and Class 4 Appendices, and minimum technical requirements for jackpot systems for both Class 4 and casino gaming machines.

***“DIA-1.6 Testing***

Refer NS 1.17 to NS 1.19

1. *Where, in the opinion of the gaming machine tester, there is non-compliance with the requirements of the Minimum Standard, the gaming machine tester must seek direction from the Secretary.*
2. *Non-compliance with the Minimum Standard must be reported to the Secretary.*

***DIA-1.7 Applications for new and innovative technology***

Refer NS 1.18 and see also NS 3.2

1. *Any matters of design, manufacture, and performance of class 4 gambling equipment that are not specifically addressed in the Minimum Standard will be considered by the Secretary as part of the approval process. For the avoidance of doubt, this applies to (but is not limited to) situations involving new technology or features, or in situations where innovative use is being made of existing features, or where the existing Minimum Standard is silent on whether a particular feature is permitted.*
2. *In considering an application under subclause (1), the Secretary may take into account matters of harm minimisation and prevention, and may decline an application due to matters of harm minimisation and prevention.*
3. *The Secretary may amend the Minimum Standard as a result of an application involving features not addressed in the Minimum Standard.*

*Note: Manufacturers and vendors of gambling equipment are encouraged to contact the Department of Internal Affairs in the course of developing new or innovative technology and features, in order to ensure compliance with the Minimum Standard and in order that any necessary amendments to the Minimum Standard may be made in advance of the equipment being submitted."*

# Tidying up the standards

## 1. Deleting redundant requirements

The Secretary proposes to remove some outdated requirements currently listed in the NZ Appendices. The proposal is to delete the following existing redundant requirements:

1. The section titled “DIA2.4 Hard Meters” (at Appendices A and C). The Secretary proposes to delete this section because there is no longer a hard meter requirement in the upcoming revision of the National Standard. Soft meters are considered adequate in today’s monitored environment.
2. The section titled “DIA3.1 Signature Algorithm” of the Class 4 Appendix (at Appendix A). These requirements are covered by the upcoming revision of the National Standard.
3. The section titled “DIA3.2 Metering” of the Class 4 Appendix (at Appendix A). This section is no longer needed because these requirements are covered elsewhere, for instance in the minimum technical requirements for EMS QCOM protocol.
4. The sections titled “DIA3.3 Display of Date and Time” of the Class 4 Appendix (at Appendix A) and “DIA3.1 Display of Date and Time” of the casino Appendix. These requirements effectively replicate another requirement covered by the upcoming revision of the National Standard.
5. The section titled “DIA3.8 Standard Deviation” of the Class 4 Appendix (at Appendix A). This section is no longer required because it has been incorporated into the upcoming revision of the National Standard (8.21).
6. The section titled “DIA8 Supplementary standards document” of the Class 4 Appendix (at Appendix A). This section is no longer required because it is covered by the upcoming revision of the National Standard.
7. The Secretary seeks your comments on whether sections on prize truncation and capping, and game play alteration are still needed for the proposed NZ Appendix, or should be deleted (see proposed DIA7.2 at Appendix B).

## 2. Other changes to tidy up existing requirements

### i) Introductory information

The information set out in DIA1 of the current NZ Appendices (see DIA1.1-1.4 at Appendices A and C) has been rewritten in the proposed NZ Appendices (see explanatory notes at DIA1.1 – 1.5 at Appendices B and C). The intent behind these changes is to clarify and improve the wording of these sections, and to better inform the reader on how the document is to be applied.

### ii) New sections

***New Section: DIA-2 Definitions***

To ensure the meanings of the document’s key terms are clear, a definitions section has been added (see Appendices A and C).

### iii) Other amendments

The following proposed amendments aim to clarify and improve the wording of these sections:

* *Feature exit:* See current “DIA3.6 Feature exit” of the current Class 4 Appendix (at Appendix A) and proposed “DIA-3.1 Automatic feature exit” at Appendix B.
* *Win truncation:* See current “DIA3.5 Win truncation” of the current Class 4 Appendix (at Appendix A) and proposed “DIA-3.2 Prize truncation” at Appendix B
* *General artwork requirements (Maximum accumulated win message):* See current “DIA4.1 General artwork requirements” of the current Class 4 Appendix (at Appendix A) and proposed “DIA-4.1 Maximum accumulated win message must be displayed” at Appendix B.
* *Cash Boxes:* See current “DIA2.5 Cash boxes” of the current Class 4 Appendix (at Appendix A) and proposed “DIA-5.2 Cashbox requirements” at Appendix B.
* *Keying requirements:* See current “DIA2.2 Keying requirements” at Appendices A and C and proposed “DIA-5.3 Locks and keys” at Appendix B, and “DIA-3.1 Locks and Keys” at Appendix D.
* *Logic seals (Logic area):* See current “DIA2.3 Logic seals (Logic area)” at Appendices A and C, and proposed “DIA-5.4 Logic seals (Logic area)” at Appendix B and “DIA-3.2 Logic area” at Appendix D.
* *Banknote acceptance specifications:* See current “DIA5 Banknote acceptance” at Appendices A and C, and proposed “DIA-5.5 Banknote acceptance specifications” at Appendix B and “DIA-2.3 Banknote acceptance” at Appendix D.
* *Cabinet identification:* See current “DIA2.1 Cabinet identification” at Appendices A and C and proposed “DIA-6.1 Identification of gaming machines” at Appendix B and “DIA-4.1 Identification of gaming machines” at Appendix D.
* *Configuration of multi-game gaming machines:* See current “DIA3.7 configuration of multi-game gaming machines” of the current Class 4 Appendix (at Appendix A) and proposed “DIA-6.2 Configuration of multi-game gaming machines and permitted reconfiguration”(at Appendix B).
* *Bet and win limits:* See current sections “DIA3.4 Bet and win limits”, “DIA3.5 Win truncation” and “DIA3.6 Feature exit” of the current Class 4 Appendix (at Appendix A) and proposed section “DIA-7 Limits and parameters” (at Appendix B).
* *Harm prevention and minimisation / player information displays:* See current sections DIA9.1 – DIA9.6 (at Appendices A and C) and proposed sections DIA-8.1 –DIA 8.8 (at Appendices B and D).

### Amendments to requirements for linked jackpot systems

Minor changes have been made to the Minimum Technical Requirements for Linked Jackpot Systems (see Appendixes E and F) to clarify wording and to minimise inconsistencies between the casino requirements and the Class 4 requirements. These changes are not intended to change the meaning or interpretation of these standards.

# Application for USB cell phone charger

## 1. Background information

The Department received an application from a gambling equipment manufacturer to add a USB charging port to the front of gaming machines to allow to players to charge their phones.

## 2. Framework for analysis

The Department seeks your comment on this application. Comment in relation to the purposes of the Act is valued, with particular reference to whether the proposal will impact on the purposes to:

* Prevent and minimise the harm from gambling, including problem gambling;
* Facilitate responsible gambling; and
* Ensure the integrity and fairness of games.

After receiving your submissions on the application, the proposal will be assessed to ensure it does not derogate from any purposes of the Gambling Act 2003. To guide the assessment reference is made to the Department’s internal guidelines on Harm Prevention, Harm Minimisation and Responsible Gambling. The guidelines are derived from the Act and associated regulations, the principles and processes of administrative law, and best practice in regard to good regulation. These guidelines require the Department to take an evidence based approach in the first instance. However, in the absence of evidence, a precautionary approach will be taken in decision making where there is reasonable concern that significant and/or widespread harm may occur. In the absence of evidence, the Department assesses this proposal against known harm determinants. It is considered that the proper base for making this assessment is to measure those considerations against the potential for harm that already exists under approved games.

A copy of these guidelines can be found on the Department’s website at:

[http://www.dia.govt.nz/pubforms.nsf/URL/GamingOperationalPolicy.pdf/$file/GamingOperationalPolicy.pdf](http://www.dia.govt.nz/pubforms.nsf/URL/GamingOperationalPolicy.pdf/%24file/GamingOperationalPolicy.pdf)

## 3. Description of device

The Department received a request from a gaming machine manufacturer “to add a 5 volt USB [cell-phone] charging port to the front of our new hardware platform as a service to players to charge their phones.” The manufacturer emphasised that there would be no data connection between gaming machines and cell phones.

There were some preliminary concerns with this proposal as to whether the presence and use of this device had potential to encourage continued play. However, a possible benefit is that ensuring that player’s cell-phones are charged allows patrons to receive host responsibility messages, at least from casino staff.

The application is for both Class 4 and casino gaming machines.

## 4. Questions for submitters

Do you think the gaming machine standards should be amended to allow for this technology, or alternatively, prohibit?

# Addendum to NS2015 Consultation

NS2015 as a new standard is already in use in some Australian States.  The Industry Advisory Group representatives have recently met to discuss and resolve some outstanding issues that have subsequently arisen with the new standard.

The resolution of some outstanding issues, in consultation with the Industry Advisory Group, with the new Standard has resulted in minor amendments to:

* Introduction (new requirement 1.6);
* Artwork (requirement 5.4);
* Physical Security (requirement 6.11);
* Power Supply (requirements 6.28-6.30); and
* Hidden Touch Points (requirement 6.47).

These agreed changes have been submitted to the Australasian Casino and Gaming Regulators CEO’s Forum for their ratification. It is expected that this might occur prior to NS2015 being prescribed in New Zealand.

If this ratification does take place the substantive document incorporating these changes would be designated NS2016 with some minor clause re-numbering. In all other respects NS2016 would be no different to NS2015 which forms the basis of our recent consultation.

The Department would accept the above amendments unchanged if ratified, though a note may be included to the effect that New Zealand laws would apply with respect to the new requirement NS1.6.

If the CEO’s Forum ratifies the agreed amendments, the consultation feedback on NS2015 and the new NZ appendices would be incorporated and Gazetted with the Australian/New Zealand Gaming Machine National Standard 2016.

Please find attached at Appendix F the proposed NS2016 with amendments in tracked changes. Rather than delay release of consultation until this ratification occurs we invite your additional comment on these proposed amendments at this early stage.

# List of Appendices

***Appendix A:***

Current Class 4 Appendix: New Zealand Class 4 Gaming Machine Appendix to the Australian/New Zealand Gaming Machine National Standard Revision 10.0

***Appendix B:***

Proposed Class 4 Appendix: New Zealand Class 4 Gaming Machine Appendix to the Australia New Zealand Gaming Machine National Standard 2015

***Appendix C:***

Current Casino Appendix: New Zealand Casino Gaming Machine Appendix to the Australian/New Zealand Gaming Machine National Standard Revision 10.0

***Appendix D:***

Proposed Casino Appendix: New Zealand Casino Gaming Machine Appendix to the Australia New Zealand Gaming Machine National Standard 2015

***Appendix E:***

Proposed Class 4 Jackpot requirements: Minimum Technical Requirements for Linked Jackpot Systems (Class 4).

***Appendix F:***

Proposed Casino Jackpot requirements: Minimum Technical Requirements for Linked Jackpot systems

***Appendix G:***

Revised National Standard: Australian/New Zealand Gaming Machine National Standard 2015

***Appendix H:***

Addendum: Proposed National Standard: Australian/New Zealand Gaming Machine National Standard 2016

1. See Appendix G for the revised National Standard [↑](#footnote-ref-1)