

Gambling Reform Update

Gaming Machine Licensing

Key reforms for gaming licensees

November 2020

On 12 December 2019, State Parliament passed legislation to significantly reform the regulation of gambling in South Australia.

In support of these reforms, amendments have been made to the regulations under each of the gambling acts, changes made to advertising and responsible gambling codes of practice, and new gambling administration guidelines and community impact guidelines developed.

New requirements have been introduced relating to the use of facial recognition technology, to assist licensees to identify barred persons entering a gaming area. Other modern technology has also been permitted, including banknote acceptors and ticket-in ticket-out functionality on gaming machines.

New Regulatory Framework

On 3 December 2020, the *Gambling Administration Act 1995* will be repealed and a new administrative and regulatory framework introduced under a new Act, the [Gambling Administration Act 2019](#).

The new Act—

- sets out the powers and functions of the Liquor and Gambling Commissioner including the power to:
 - conduct an inquiry, proceedings or give directions;
 - prescribe advertising and responsible gambling codes of practice;
 - issue guidelines (the *gambling administration guidelines*);
 - appoint persons as Inspectors for the purposes of a gambling act;
 - take disciplinary action against gambling providers;

- introduces new welfare barring arrangements which will allow gambling providers to respond to requests or to initiate a barring order in relation to multiple venues and to impose a barring period of more than 3 months or for an unlimited period;
- requires the Commissioner to establish the new Gambling Advisory Council; and
- sets out various administrative requirements.

The Regulations to support this new Act, the [Gambling Administration Regulations 2020](#), will also commence on 3 December 2020.



New Code of Practice

CBS has completed its review of the advertising and responsible gambling code of practice for hotel and club gaming machine operators;

The Commissioner appreciates the valuable participation of key stakeholders, including industry bodies and help service providers in assisting with the review of this, and other codes.

The new code of practice for hotel and club gaming operators will **commence on 3 December 2020** and includes changes to—

- the way that gambling products and activities may be advertised in direct communications to customers, on private webpages and in printed point of sale material;
- times of day when gambling advertising is not permitted on radio or television (including subscription television and streaming services);
- the use of the Barring and Online Employee Notification (BOEN) system;
- prohibit a second-hand dealer or pawnbroker from conducting business on premises that are subject to a gaming machine licence;
- reflect the operation of gaming machines with banknote acceptors and cashable tickets (TITO) and cashable ticket redemption terminals (CRTs); and
- require a licensee to offer a customer payment of undisputed winnings or redemption of credits of \$500 or more by electronic funds transfer (EFT).

Licensees are reminded that a contravention or failure to comply with a mandatory provision of the code of practice is an offence.

To allow time for licensees to implement changes required to ensure compliance with new requirements, the Commissioner has determined that licensees will have until **1 March 2021** until full compliance will be enforced in relation to new requirements mandated in the code of practice.

A copy of the new code of practice for hotel and club gaming venues is available from the CBS website at www.cbs.sa.gov.au/gambling-reforms.

CBS will continue to work with industry bodies over the coming months to ensure that licensees understand their new responsibilities under the new codes of practice.

The Commissioner also intends to work with the new Gambling Advisory Council and consult with industry bodies and help service providers early in the New Year regarding additional changes to the codes of practice, including—

- prescription of permissible internal and external signage;
- restrictions relating to the sights and sounds of gambling from outside gaming areas; and
- new responsible gambling messaging.

New Gambling Administration Guidelines

On **3 December 2020**, new gambling administration guidelines (the “guidelines”) will replace prescription notices issued by the former Independent Gambling Authority (IGA) in relation to—

- account based cashless gaming systems;
- automated risk monitoring systems; and
- courses of training for employees.

New guidelines will also be issued to support other reform measures including—

- the approval of facial recognition systems; and
- the approval of ticket-in ticket-out (TITO) systems.

Copies of these guidelines are available from the CBS website at www.cbs.sa.gov.au/gambling-reforms.

New gaming machine licence conditions

On 3 December 2020, the Attachment A and Attachment B licence conditions, to which a gaming machine licence is subject, will be amended.

Attachment A will be amended to insert new licence conditions requiring—

- *new condition (h)* – licensees to enter into a responsible gambling agreement;
- *new condition (i)* - licensees to provide for the purpose of gambling research, information recorded by certain systems approved to be operated in connection with gaming machines (e.g. automated risk monitoring systems etc.) when requested by the Commissioner;
- *new condition (ka)* – certain licensees with gaming machines that are able to be operated by the insertion of a banknote, must operate a facial recognition system; and
- *new condition (mb)* – licensees must ensure that gaming managers and gaming employees undertake a course of responsible gambling training.

A contravention of, or failure to comply with, a licence condition specified in Attachment A is a category A offence (Maximum penalty: \$20 000).

Attachment B will be amended to insert new licence conditions which are imposed on all licensees by the Commissioner requiring—

- *new condition (2.3)* – licensees to not conduct gaming operations between 2am and 8am unless Cash Redemption Terminals are disabled; and

- *new condition (2.4)* – licensees to display an up to date copy of their gaming machine licence at the principal entrance to the gaming area.
- *new condition (2.5)* – a licensee that is not subject to licence condition (ka) specified in Schedule 1 of the *Gaming Machines Act 1992* must not operate a facial recognition system for the purposes of identifying a barred person entering a gaming area unless that system has been approved by the Commissioner under section 40D of the Act and be operated in accordance with the operational requirements prescribed under regulation 28 of the *Gaming Machine Regulations 2020*.

A contravention of, or failure to comply with, new licence condition 2.3 specified in Attachment A is a category A offence (Expiation fee: \$1 200).

A contravention of, or failure to comply with, new licence condition 2.4 specified in Attachment B is a category D offence (Expiation fee: \$160).

A contravention of, or failure to comply with, new licence condition 2.5 specified in Attachment B is a category A offence (Expiation fee: \$1 200).

A copy of these licence conditions is available from the CBS website at www.cbs.sa.gov.au/gambling-reforms.

Gaming machine licence to be displayed

As referenced above, from 3 December 2020, it will be a condition of a gaming machine licence that an up to date copy of the licence be displayed in a prominent position at the entrance to each gaming area on the licensed premises or, if there is more than one entrance, at the principal entrance.

To assist with complying with this requirement, the Commissioner has determined that a licensee will have until **25 December 2020** to comply with this new licence condition.

Licensees should download a colour copy of their current gaming machine licence from the CBS website, either from the Liquor and Gaming online portal at www.cbs.sa.gov.au/liquor-portal or by using the find a licence holder link at www.cbs.sa.gov.au/find-a-licence-holder.

If you do not have access to a colour printer, email your details to CBS at cbsreforms@sa.gov.au so that a colour copy of your licence can be mailed to you.

Facial recognition technology

Facial recognition technology will further support and assist licensed venues meet their responsibilities of identifying barred patrons by alerting gaming venue staff when a barred patron is detected entering the gaming room.

From **3 December 2020**, the holder of a gaming machine licence must for the purposes of identifying barred persons entering a gaming area, operate a facial recognition system if the gaming machine licence for the premises authorises the operation of thirty (30) or more gaming machines (*being a reference to the number of gaming machine entitlements affixed to a licence*), where any one (1) of which may be operated by the insertion of a banknote.

Licensees not subject to this mandatory requirement may also voluntarily choose to implement this technology to support their responsible gambling operations.

Only facial recognition systems that have been evaluated against the gambling administration guidelines and approved by the Commissioner will be allowed to operate in gaming venues for this purpose.

A list of approved facial recognition systems and steps for engaging with a system provider are available on the CBS website at www.cbs.sa.gov.au/facial-recognition-technology.

Licensees must, by notice displayed at each entrance to a gaming area, notify each person who is about to enter that a record of the person's facial image will be made by means of the approved facial recognition system.

From **3 December 2020**, the notice to be displayed will be available to be downloaded from the CBS website at www.cbs.sa.gov.au/gambling-reforms.

Licensees are reminded that a facial recognition system must not be used for, or in connection with, any of the following:

- encouraging or providing incentives to a person to gamble;
- customer loyalty programs;
- a lottery within the meaning of the *Lotteries Act 2019*;
- identifying a barred person in respect of premises other than the licensed premises in relation to which the system is operating; or
- any other purpose notified by the Commissioner to the system provider or licence holder.

Barring orders

On **3 December 2020**, changes will be made to the Barring and Online Employee Notification (BOEN) system, to meet new legislative and regulatory requirements, including functionality which will allow a gambling provider to make a barring order for any period, or for an unlimited period.

BOEN will be temporarily unavailable on Wednesday 2 December 2020 from 7.00AM until 9.00AM so that these changes can be made.

Since BOEN will not be accessible during the upgrade, we encourage venues to make sure they have access to a current consolidated barring listing, prior to the scheduled outage.

Furthermore, to support responsible gambling operations, licensees are now able to engage with the providers of approved facial recognition systems which alert gaming venue staff when a barred patron is detected entering the gaming room.

Employee training

From **3 December 2020**, courses of training for “gaming managers” and “gaming employees” must be approved by the Commissioner and comply with the course requirements prescribed in the gambling administration guidelines.

A course of training previously recognised under the *Gaming Machines Act 1992* will, on 3 December 2020, be taken to be an approved course of training under section 40B of the *Gaming Machines Act 1992* (as amended).

Gaming managers and employees must continue to undertake “basic training” and “advanced training” in accordance with the codes of practice.

A copy of the guidelines and codes of practice are available from the CBS website at www.cbs.sa.gov.au/gambling-reforms.

Early next year, the Commissioner, with the assistance of industry bodies and help service providers, intends to review the current training requirements to ensure that course outcomes continue to reflect contemporary harm-minimisation and responsible gambling expectations.

Cash facilities limitations

From **3 December 2020**, access to cash using any one cash facility on the licensed premises during a 24 hour period is to be limited to \$250.

This means that cash withdrawals using EFTPOS must be limited to \$250 per card per 24 hour period. Amounts accessed through EFTPOS will be in addition to the use of ATMs that also have a limit of \$250 per card per 24 hour period.

Licensees should contact their EFTPOS device supplier or other POS providers to ascertain what options are available in order to ensure compliance with this new requirement.

Licensees may also wish to speak with their industry representative body to discuss options for achieving compliance.

A contravention of, or failure to comply with, the cash facilities limitations is an offence (Maximum Penalty: \$35 000).

Minors not permitted in gaming areas

From **3 December 2020**, the following offences in relation to minors in gaming areas will now be able to be expiated:

- *a minor must not enter or remain in a gaming area or operate a gaming machine on licensed premises.*
(Section 56(1) Expiation fee: \$210)
- *where a minor enters or remains in a gaming area or operates a gaming machine on licensed premises, the licensee and the gaming manager on duty at the time are each guilty of an offence.*
(Section 56(2) Expiation fee: \$1 200)
- *a holder of a gaming machine licence or a gaming manager who permits a minor to enter or remain in a gaming area on the licensed premises, or to operate a gaming machine on the premises, is guilty of an offence.*
(Section 56(4) Expiation fee: \$1 200)
- *a person must not knowingly assist a minor or enable a minor to enter or remain in a gaming area on the licensed premises.*
(Section 56(4a) Expiation fee: \$1 200)

From **3 December 2020**, a minor who operates a gaming machine is not entitled to any winnings he or she may have made on the machine and those winnings are to be forfeited to the Commissioner and must be paid into the Gamblers Rehabilitation Fund (GRF).

Licensees will be able to lodge these monies with the Commissioner by using the Liquor and Gaming online portal on the CBS website at www.cbs.sa.gov.au/liquor-portal.

Sealing of gaming machines

From **3 December 2020**, the following offences in relation to the sealing of gaming machines will apply (and not be expiable):

- *a licensee must not cause a gaming machine to be operated by a person (other than an inspector or approved gaming machine technician) unless it has been sealed*
(Maximum penalty: \$5 000)
- *an approved gaming machine technician must, after installing, servicing or repairing an unsealed gaming machine, seal the gaming machine in the manner approved by the Commissioner*
(Maximum penalty: \$5 000).

Banknote Acceptors / Ticket Enabled Devices

On **3 December 2020** the [Gaming Machines Act 1992](#) will be amended to allow gaming machines in South Australia to be operated using banknotes as well as coin.

Banknote denominations of up to \$50 will be allowed to be inserted into a gaming machine, subject to a credit balance limit of \$100.

This means that no additional banknotes will be able to be inserted into the gaming machine until the cash value of the credit balance on the gaming machine drops below \$100.

The operation of a gaming machine that allows the insertion of a banknote if the cash value of the credit balance on the gaming machine is \$100 or more is an offence
(Maximum Penalty: \$35 000).

Licensees are reminded that if their gaming machine licence authorises the operation of thirty (30) or more gaming machines, where any one (1) of which is capable of being operated by the insertion of a banknote, an approved facial recognition system must be operated for the purposes of identifying barred persons entering a gaming area.

A list of approved facial recognition systems and steps for engaging with a system provider are available on the CBS website at www.cbs.sa.gov.au/facial-recognition-technology.

The operation of gaming machines by the insertion of a ticket (commonly known as 'ticket-in ticket-out' or TITO) will also be allowed, subject to the following limits on how much can be inserted and redeemed from a gaming machine—

- the insertion of a ticket must not cause the credit machine of a gaming machine to exceed \$149.99;
- the maximum value of a ticket from a gaming machine cannot exceed \$5,000; and
- unredeemed tickets expire after 12 months from issue.

These limits are prescribed by the [Gaming Machine Regulations 2020](#) and will be controlled at the machine through the IGC gaming machine monitoring system.

Further information on the technical requirements of TITO systems is contained in the Gambling Administration Guidelines available from the [CBS website](#).

Licensees should note that gaming machines (if capable of supporting banknote acceptors) may require software upgrades, or alternatively, new QCOM compliant gaming machines installed, if gaming machines are to be operated with banknote acceptors and ticket enabled devices.

Gaming machine manufacturers have been provided with the [specifications](#) for gaming machines which are allowed to be operated by banknote acceptor or ticket in South Australia.

The Independent Gaming Corporation (IGC) which operates the state based gaming machine monitoring system, will shortly be undertaking a trial with ten pilot venues having been randomly selected to operate gaming machines by banknote or through TITO.

Following the successful completion of this trial, the rollout of banknote and TITO functionality to all other venues is expected to be able to commence early next year.

Further information on the pilot venues and associated links for TITO (e.g. suppliers of TITO tickets) is available from the IGC website at www.igcltd.com.au.

Approval of games and gaming machines

On 30 July 2020, the fixed time limits on the approval of games and gaming machines (5 year and 10 year approval limits respectively) were repealed.

New measures will, however, now allow the Commissioner to vary or revoke the approval of a game or gaming machine.

Approval of certain systems to be operated in connection with gaming machines

Certain systems to be operated in connection with gaming machines (e.g. account based cashless gaming systems and automated risk monitoring systems etc.) must be approved by the Commissioner and must comply with the requirements of the Act and any applicable gambling administration guidelines.

From **3 December 2020**, the existing automated risk monitoring system (ARMS) will continue to be taken to be an approved system for the purposes of the Act.

*A contravention of, or failure to operate any gaming machine on the licensed premises otherwise than in connection with an automated risk monitoring system is an offence
(Maximum Penalty: \$35 000).*

On-screen messaging

On 3 December 2020, the mandatory requirement for all gaming machines to be capable of displaying on-screen messages on or after 31 December 2020 will be repealed.

This means that from **3 December 2020**, only gaming machines connected to an account based cashless gaming system (which therefore must provide pre-commitment) are required to be capable of displaying on-screen messages.

When implemented, these messages are to be of a kind prescribed in the relevant code of practice and will be able to be displayed either on the primary screen or on an ancillary screen.

*A contravention of, or failure to operate any gaming machine connected to an account based cashless gaming system contrary to the Act is an offence
(Maximum Penalty: \$35 000).*

Prohibition of links between dealers and other licensees

From **30 July 2020**, the prohibition on links between the holders of gaming machine dealers' licences and gaming machine service licences was repealed.

This change means that a gaming machine dealer is now able to apply to CBS to also hold a gaming machine service licence and to seek approval of persons to be gaming machine technicians to support the rollout of new gaming machines and technology.

Requirement to notify of changes in prescribed particulars

To ensure that gaming machine licence records remain accurate and up to date, licensees will, from **3 December 2020**, be required to notify CBS of any changes to—

- any address for service or other email address
- telephone number;

- street address or postal address; or
- any other particulars of a kind prescribed by the regulations.

Licensees can keep their contact details up to date, by using the Liquor and Gaming online portal on the CBS website at www.cbs.sa.gov.au/liquor-portal.

A contravention of, or failure to notify CBS of a change of particulars is an offence (Maximum Penalty: \$2 500 or Expiation fee: \$210).

Designated applications and community impact assessment guidelines

On **3 December 2020**, the Social Effect Inquiry Process and Principles which were prescribed by the former Independent Gambling Authority (IGA) to govern applications for new gaming machine licences will be replaced with a new assessment based on the concept of Community Impact, consistent with the test implemented through recent amendments to the *Liquor Licensing Act 1997*.

From this date, the Commissioner will only be able to grant a “*designated application*” (being an application for a new gaming machine licence, or an application which has been determined by the Commissioner to be a designated application), if satisfied that to do so is in the community interest.

To make this assessment, the Commissioner is required to take into consideration:

- harm that might be caused by gambling – whether to a community as a whole, or a specific group within that community
- cultural, recreational, employment or tourism impacts
- social impact in the community.

If an application is determined by the Commissioner to be a designated application, applicants must provide evidence that demonstrates that the application would be in the community interest.

Members of the community are also able to make submissions to the Commissioner, explaining why they believe a designated application should, or should not, be granted.

In determining whether an application is deemed to be a “*designated application*”, the Commissioner may have regard to (but is not limited to only having regard to):

- Net Gambling Revenue (NGR) data;
- Social profile information, such as the Socio-Economic Indexes for Areas (SEIFA) scores at the Statistical Area Level 2 (SA2) and the LGA;
- NGR SEIFA data published by the Australian Bureau of Statistics at the SA2 and LGA for the statistical area where the proposed premises are to be located;
- the extent of the increase in the number of gaming machines;
- the scale of the proposed gaming operations relative to the other business to be conducted at, or in connection with, the premises;
- the length of time the premises has been licensed to operate gaming machines;
- overall capacity of the licensed premises.

The Commissioner has published Community Impact Assessment Guidelines to assist with the application and submission process for designated applications, which is available from the CBS website at www.cbs.sa.gov.au/community-impact-assessment.

Removal of a gaming machine licence (relocation)

From **3 December 2020**, a gaming machine licence will be able to be removed and gaming machine entitlements reallocated from one set of premises to another with the associated liquor licence if both premises are in the same ‘locality’.

If an application is determined by the Commissioner to be a “designated application”, for example due to a significant increase in the number of gaming machines on the premises, the applicant will also be required to satisfy the new community impact assessment.

A guide to ‘locality’ is provided in the Community Impact Assessment Guidelines which is available from the CBS website at www.cbs.sa.gov.au/community-impact-assessment.

Typically however, the definition of ‘locality’ has been determined as being—

- **Adelaide Metropolitan Area:** the area within a 2km radius of the site of the relevant premises
- **Outside the Metropolitan Area:** applicable to country cities, town or communities, unless remotely located, the area within a 5km radius of the site of the relevant premises.
- **Regional:** the applicant should, choose an appropriate locality keeping in mind that the locality of a premises is the area most likely to be affected by the grant of the application.

Special provisions relating to gaming machine licences held by clubs

From 3 December 2020, new administrative measures governing the amalgamation and transfer of certain gaming machine licences and gaming machine entitlements held by clubs will be introduced.

Amalgamation of clubs

If—

- (a) two or more associations incorporated under the *Associations Incorporation Act 1985* amalgamate under that Act, and
- (b) the amalgamated club is to carry on business at the premises of one of the amalgamating clubs, and

- (c) an application is made to the Commissioner to amalgamate the liquor licences of the clubs under the *Liquor Licensing act 1997*, and
- (d) one or more of the amalgamating clubs holds a gaming machine licence,

the Commissioner can, on application, issue a replacement copy of the gaming machine licence for the amalgamated club and reallocate the gaming machine entitlements to the amalgamated club provided the premises of the amalgamated club are the premises to which the gaming machine licence relates.

The Commissioner may, on receiving an application for amalgamation, determine that the application is a “designated application” which would also require the applicant to satisfy the new community impact assessment requirements..

Transfer of gaming machine entitlements

The holder of a club licence that also holds a gaming machine licence will now, be able to transfer gaming machine entitlements, absolutely or for a limited period, to another holder of a club licence that holds a gaming machine licence, under an arrangement approved by the Commissioner.

The Commissioner may, on receiving an application to transfer gaming machine entitlements, determine that the application is a “designated application” which would also require the applicant to satisfy the new community impact assessment requirements.

Applicants will be able to submit applications to amalgamate licences or transfer gaming machine entitlements using the Liquor and Gaming online portal on the CBS website at www.cbs.sa.gov.au/liquor-portal.

Approved trading system—intention to reduce gaming machine numbers

The South Australian Parliament has signaled its intention in these reforms to maintain the reduction in the number of gaming machines operating in South Australia, by including within the *Gaming Machines Act 1992* a “statutory objective” prescribed by regulation (i.e. to reduce the number of gaming machines to a number not exceeding 13,081).

As part of the implementation of these reforms, a review of the current trading system will be undertaken next year, with the review required to be completed and a report provided to the Government by 12 December 2022.

In the meantime, the current trading system will remain available to licensees to buy and sell gaming machine entitlements. Further information about the approved trading system is available at www.sa.gov.au/gmetrade.

Approval of responsible gambling agreements

Amongst the changes to the Attachment A gaming machine licence conditions, there will be a new requirement that gaming operations must not be conducted unless the licensee has entered into a responsible gambling agreement with an approved industry body.

Under changes made to the *Gaming Machines Act 1992*, the Commissioner must also approve the form of a responsible gambling agreement to be entered into by any approved industry body and the holder of a gaming machine licence.

Club Safe and Gaming Care, which are industry bodies currently recognised under the *Gaming Machines Act 1992*, will continue to be taken to be approved industry bodies for the purposes of the Act.

While existing agreements will continue to remain in force at this time, a form of new responsible gambling agreement to be used by industry bodies will need to be approved by the Commissioner and then every licensee sign an approved agreement with their respective industry body.

To assist with complying with these changes, the Commissioner has determined that once the new form of responsible gambling agreement is approved, licensees will have until **1 March 2021** to comply with this new licence condition and enter into a new responsible gambling agreement with an approved industry body.

Licensees may wish to speak with their industry representative body to discuss options for achieving compliance.

Loyalty Programs

Under the Codes of Practice a loyalty program is an acceptable loyalty program if it is a structured program which—

- (a) is conducted in accordance with published terms and conditions;
- (b) is advertised in a manner consistent with the advertising requirements for the licensee's gambling products;
- (c) offers rewards proportionate to gambling activity (including non-monetary privileges attached to tiers in a stepped rewards system);
- (d) offers regular activity statements; and
- (e) it has been approved by the Commissioner in terms of its rules and conditions, risk monitoring processes and the manner in which it is to be advertised and promoted.

The Commissioner has determined that an acceptable loyalty program approved under the codes of practice in force immediately before 3 December 2020 **will continue** to be taken to be an acceptable loyalty program under the new codes of practice from 3 December 2020.

The Commissioner also intends to review the rules, conditions and risk monitoring processes of each acceptable loyalty in the New Year to assess compliance with the new codes of practice.

Recovery of administration costs

The reform package includes a requirement that the Commissioner must, on an annual basis, recover from licensees the costs associated with administering and regulating the *Gaming Machines Act 1992*.

Details surrounding a cost recovery model will be developed next year, with implementation of a model expected to be deferred until after 12 December 2021.

Lottery and trade promotion licensing

In the New Year, changes will be made to the way that various lotteries and trade promotions are licensed.

The current provisions under the existing *Lottery and Gaming Act 1936* will be repealed and a new licensing and regulatory framework established under the *Lotteries Act 2019*.

Stakeholders will be consulted on these changes including the drafting of new regulations which will govern the conduct of lotteries and trade promotions under the new *Lotteries Act 2019*.

Further information

We encourage you to visit the CBS website at www.cbs.sa.gov.au/gambling-reforms which will be regularly updated with important information about these reforms.

For industry advice, representation or advocacy concerning these reforms, please contact your relevant industry body.

For any queries relating to gambling regulation, enforcement or barring orders, please contact CBS on 131 882 or gamblingadministration@sa.gov.au.