



1 April 2011

Ms Lyn Beverely
Committee Secretary
Joint Select Committee on Gambling Reform
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ms Beverely,

Thank you for the opportunity to present to the Committee at its recent hearing in Sydney.

I have attached the questions on notice raised by Senator Xenophon to which Aristocrat agreed to provide a response.

I trust this will help the Committee's deliberations and please let me know if I can provide anything further.

Yours sincerely

Trevor Croker
Managing Director Australia and New Zealand

Design and development (Hansard GR11)

Senator Xenophon: Perhaps on notice you could provide details of how you break up that R&D in terms of the various jurisdictions. It is something you can provide to the committee at a later stage.

The breakdown of Aristocrat's research and development spend is as follows for the financial year ending December 2010.

- Developing and compliance testing new games – 54%
- Platforms and hardware development – 13%
- Developing gaming management systems – 21%
- Other (mostly overheads) – 12%

Of the game development costs:

- 56% is spent on games for the American market;
- 20% on games for Australia and New Zealand;
- 14% on games for Japan; and
- 10% on games for the rest of the world.

It is also worth noting that 36 per cent of around 760 global design and development staff are based in Australia developing games for the local and international markets. This is a significant export business and investment in local intellectual property.

Norsk Tipping – Norway (Hansard GR12)

Senator Xenophon: That would be useful, because my understanding was that they were taken off the market and then within a couple of years there were new machines that were reconfigured for these new safety features. If you could take that on notice, that would be great.

Norsk Tipping's pre-commitment features run on a server-based gaming system in which the games and pre-commitment features sit on a central server connected to "dumb terminals". All the terminals are controlled by one central system.

It's important to note that Norsk Tipping already had a server-based gaming system in place when the decision was made to install pre-commitment features. This meant that 2,000 terminals with these features were able to be rolled out in about two years. During the last year of this process there were no gaming machines in the market.

With 197,000 stand-alone machines, the Australian market is 98 times larger than Norway. The infrastructure is also different with all game outcomes determined within the machine. To further complicate matters in Australia, machines are connected to different monitoring systems in different states using nine different communication protocols.