

Executive Summary

Thank you for the opportunity to lodge a submission regarding the Tasmanian Liquor and Gambling Commission's consultation on EGM Harm Minimisation Technologies.

The Tasmanian gambling regulatory regime has embedded strong gambling harm prevention measures - a strength when compared to other jurisdictions in Australia. There is still much scope for the Tasmanian government to continue to set best practice precedents to reduce gambling related harm and this consultation process provides an opportunity to improve the system based on best practice evidence and testimonies from those with lived experience of gambling harm.

The Alliance for Gambling Reform advocates for a public health approach to the regulation and operation of gambling. We seek to prevent and minimise the harm from gambling, whether experienced by a gambler or another person. We also recognise that the costs and harms from gambling impact not just individuals, but also our communities. Any significant review of the kind proposed by the Tasmanian government must put the public interest first. Licences to operate casinos or EGMs are not a right. There are social licences as well as regulatory licences, and the social cost of changes must be factored into any review.

We hold grave concerns around the uses to which the gambling industry, particularly casinos, put facial recognition technology (FRT). Existing applications are integrated into systems designed to keep customers at venues longer, and at machines and tables with fewer breaks and for longer periods of time. Privacy and consent issues are not well covered by Australian regulations, such as they are, around the use of FRT in gambling venues. We believe that if a well designed player card gaming system is integrated with mandatory pre-commitment, safe payment systems and linked to registers of banned or self/third party excluded patrons, there may be no need for facial recognition technology.

Recommendations

The Alliance strongly recommends the following reforms be developed in consultation with a range of stakeholders, including those with lived experience of gambling harm, beyond industry actors with financial conflicts of interest:

1. Regulations around the use of Facial Recognition Technology (FRT) that:
 - a. Require any FRT system to link with self and third party exclusion systems under an updated Responsible Conduct of Gambling regime
 - b. Strongly manage and regulate the potential to use FRT data within a venue to incentivise gambling through loyalty, bonus or marketing promotions
 - c. Incorporate Privacy Commissioner recommendations on acquisition, access, management, storage and sharing of data of individual customers and staff, including issues of consent, based on [Australian Privacy Principles](#)
 - d. Ban the use of biometric data systems which interact with customers to encourage, incentivise, or have the effect of, keeping the customer at a machine or table longer than they might have planned
 - e. Recognise that the gambling industry uses FRT and other biometric systems for purposes other than identifying individuals who have self-excluded and to manage this data in the public interest

2. Implement a pre-commitment system must be full, mandatory and binding:
 - a. Full - where all patrons must use the system
 - b. Mandatory - where all patrons must set pre-commitment limits
 - c. Binding - where patrons cannot keep gambling once their limits are reached
 - d. Have reasonable upper limits (see Norway case study)

3. Incorporate “Player card gaming” systems which include cashless payment mechanisms that prioritise harm reduction by:
 - a. having gambling harm prevention measures baked in¹,
 - b. reinforcing pre-commitment schemes
 - c. being linked to verified identities
 - d. Being linked to a central self and third party exclusion/banned patron register
 - e. guard against loss of saliency and
 - f. having features to end money laundering

¹ [Alliance for Gambling Reform Cashless Gambling Position Paper, 2020](#) and appendix.

Supporting Arguments & Details

Key evidence informing AGR's recommendations

1. What do you see as the benefits, costs and/or issues in implementing facial recognition technology in Tasmanian casinos, hotels and clubs?

a. For users?

Benefits:

For those who have taken the crucial step of self-exclusion, having a system that works is essential. Self-exclusion is a therapeutic tool available to a person after they have already experienced harm from gambling. It requires the person to acknowledge that they need to take action to deal with their gambling, and that one part of that is to physically remove themselves from gambling venues. Ideally, this should be done in conjunction with counselling. While robust studies from Australian jurisdictions are still needed, research has found in other contexts that pathological gambling decreased substantially from 61-95% before exclusion to 13-26% after exclusion. Rates of exclusion breaches varied from 8% to 59%².

To be effective, however, the venue must proactively participate.

It is sometimes assumed that a person who attempts or actually breaches their self-exclusion deed has failed, or that a self-exclusion system is a failure if there are breaches. This misunderstanding does not recognise that taking out a self-exclusion deed is the critical action. Subsequent breaches can be compared to multiple attempts by smokers to quit. Both reflect the difficulties of recovering from an addiction. Self-exclusion in itself is not a treatment, it is an action taken to enforce abstinence while treatment can be undertaken³.

Too many people give up when they realise venues do not take self-exclusion seriously enough to invest in recognising customers and/or intervening in appropriate ways. If the person can too easily breach the self-exclusion they not only lose money but feel even worse about themselves for breaching their deed.

² Kotter, R., Kräplin, A., Pittig, A. *et al.* 2019 A Systematic Review of Land-Based Self-Exclusion Programs: Demographics, Gambling Behavior, Gambling Problems, Mental Symptoms, and Mental Health. *J Gambl Stud* 35, 367–394 (2019). <https://doi.org/10.1007/s10899-018-9777-8>

³ Blaszczyński, A., Ladouceur, R., Nower, L. 2007 "Self-exclusion: A Proposed Gateway to Treatment Model", *International Gambling Studies*, Vol. 7, No. 1, 59–71, April 2007

Concerns:

Individuals rightly have concerns regarding data privacy for information derived from FRT systems. This includes the storage of the data (onsite, in the cloud), access to the data, the uses of that data and the potential for that data to be sold, rented or in some other way given to a third party for non-identification purposes⁴. Ransomware attacks on the Tasmanian casino last year show that data can be compromised⁵.

Despite the claims of the industry behind the technology, FRT systems contain biases leading to false positives and false negatives. They are most accurate if the subject is a white adult man. They are notoriously inaccurate with people with darker skin, and for women⁶. The inaccuracies compound for one-to-many testing, which is how FRT is applied in a venue to determine if the person in the image captured by the venue camera is on the venue's database of excluded persons. The result may well be that people who are (self) excluded or banned are missed, or people are refused entry having been falsely identified.

Consent from individuals to their biometric data being used by venues for any purpose, even ostensibly "caring" activities such as proactive self-exclusion monitoring, is generally taken to be implied if the individual remains on the premises where, somewhere or other, there is a notice that FRT is in operation. The phenomenon of "surveillance realism" does not mean that individuals are giving fully informed consent, particularly when the way a venue might use their data is completely non-transparent, and in many jurisdictions, including Tasmania, probably not well regulated⁷.

⁴ Kardos, V., 2021. Data Protection Challenges in the Era of Artificial Intelligence. In *Central and Eastern European eDem and eGov Days* (pp. 285-294).

https://ibn.idsi.md/sites/default/files/imag_file/P_-285-294.pdf

⁵ [Ransomware attack to blame for Federal Group's casino pokies outage in Tasmania](#), ABC, 13.4.2021

⁶ Hill, K. 2020 [Wrongfully accused by an algorithm. New York Times 24 June 2020](#); In 2019, the US National Institute of Standards and Technology tested 189 algorithms from 99 FRT developers. These falsely identified African-American and Asian faces "between 10 and 100 times more than Caucasian ones" [NIST Website accessed 4/5/2022](#)

⁷ Dencik, L. & Cable, J. 2017, The advent of surveillance realism: public opinion and activist responses to the Snowden Leaks, *International Journal of Communications*, 11, 763-781; Selwyn, N., O'Neill, C., Smith, G., Andrejevic, M. & Gu, X. 2021 "A necessary evil? The rise of online exam proctoring in Australian universities", *Media International Australia*, 2021 (pre-print provided by Gavin Smith)

b. For venues?

Benefits:

Venues have time and again failed to stop self excluded people from gambling and this is a significant concern. FRT implemented within a RCG system would allow a venue to proactively help prevent self excluded people from being able to gamble. It remains crucial that venue staff are well trained to ask people who are self excluded to leave the venue in a compassionate manner. An updated and advanced Responsible Conduct of Gambling regime is necessary to increase the chances that FRT is used for exclusion purposes and not alternative profit-making activities by venues.

Although not currently in scope, there is some evidence that FRT could be used, carefully, to monitor for under-age gambling. Given the higher levels of inaccuracy in FRT with younger faces, a non-identified gambling operator with physical outlets (probably TAB) has included protocols around its biometric age verification to prefer false positives. This means that it is better to incorrectly assume someone is under 25 than incorrectly assume they are over 25 (similar to many jurisdictions' Responsible Service of Alcohol practices)⁸.

The actual benefit, unless the Tasmanian Liquor and Gaming Commission tightly regulates the use of FRT, is that this technology will be allowed into venues, under the guise of assisting patrons seek to self-exclude, or providing better security by detecting banned persons, without any regulation on its other uses. This will allow venues to increase gambling revenues, through increased gambling. It is estimated that at the MGM Resort International in Macau, FRT linked with big data around customer behaviour increased profits by \$10-15m p.a.⁹

Costs:

The South Australian example is instructive. Recent changes in South Australia allowed venues to install note acceptors (increasing immediately the turnover and revenue) with the installation of FRT as the price. No concerns were publicly raised by the industry in South Australia about the cost of installation and it appears that many venues were prepared to incorporate that capital outlay in order to gain access to the increased revenue the new regulations allowed.

⁸ O'Neill, C., Selwyn, N., Smith, G., Andrejevic, M. & Gu, X. 2022 The two faces of the child in facial recognition industry discourse: biometric capture between innocence and recalcitrance, *Information, Communication & Society* DOI: 10.1080/1369118X.2022.2044501

⁹ Liu, M.T., Dong, S. & Zhu, M. "The application of digital technology in gambling industry", *Asia Pacific Journal of Marketing and Logistics*, 33/7, 1685-1705

c. Public interest

FRT is often proposed as a solution to failing self-exclusion systems, where venues claim to have difficulty recognising people who have self-excluded (or have been excluded or banned for other reasons). However, it is important to remember that FRT in itself cannot exclude a person, it merely probably identifies a person by capturing an image, determining that the image contains a face, and then matching the face (within probability limits) to a database of images previously supplied¹⁰. Action still needs to be taken by staff, within a venue culture which may not prioritise intervention. Regulation in the public interest, not the venues, will assist in this cultural change.

There is generally little discussion within Australian gambling public policy of concerns related to biometric surveillance. There is however, a substantial literature, given the use of FRT in immigration, policing, health, banking, security and workplace situations. This does not seem to have been reviewed in the research paper that supports this consultation process.

The definition of FRT being used for this consultation by the Tasmanian Liquor and Gaming Commission completely ignores the other uses of FRT, and data generated by it, by venues. It uses a frame of "caring" which is heavily emphasised by the industry, belied by the evidence that abounds in other jurisdictions and in trade publications, of the way FRT is combined with other technical installations to maximise revenue.

Venues are known to use FRT in combination with other digital tech for marketing (under the guise of 'enhanced customer experiences')¹¹ or under the cover of 'security' to monitor customers and staff. Security use is legitimate but the data it generates must be very tightly controlled and have a very short life-span.

The expansive use of surveillance technology in modern life - face ID or retina scanning to unlock phones, remote exam proctoring at universities, CCTV in public

¹⁰ Boldea, B.I. & Boldea, C.R. 2021 *Facial recognition technology used in the payment system*, Economic Security in the Context of Sustainable Development, Online International Scientific-Practical Conference, 2nd ed, Dec 17 2021, Chisinau, Moldova, 114-124

http://dSPACE.ase.md:8080/xmlui/bitstream/handle/123456789/1907/Bogdan%20Ion%20BOLDEA_Costin%20Radu%20BOLDEA_dep.TPE_2021.pdf?sequence=1&isAllowed=y

¹¹ Advertorial in The Drop (Hospitality and Gaming Network newsletter), March 2021 [Five Key Ways to Use Facial Recognition in Clubs](#)

places - digital technologies have been “domesticated”¹². Due to people’s apparent resignation around surveillance, it appears that regulators are assuming that customers are giving consent to having their biometric data captured, stored and used, without checking if this consent is fully informed.

The Alliance suggests that customers assume that if their face does not match any on a database that the image of their face is deleted, and therefore implicitly consent to the process. The image deletion may or may not be true, but the metadata about that face - the date and time it was captured, where else in the building it was detected, how long the person stayed in the venue, what they spent, what they did, may not be covered by regulations and is being made available to venues without informed consent. Indeed, in order to provide “enhanced customer experiences” it is essential that all that metadata - linked to an identity - is in fact retained. At that stage, the venue may no longer even have a need to keep an image of a face.

The Alliance is concerned that venues are proposing to obtain permission to use FRT using the ‘Trojan Horse’ of improved self-exclusion, security and customer satisfaction. This latter case would require the industry to press for regulations that allow them to keep facial images on file. They may then take advantage of inadequate regulations that only address self and third party exclusion, in order to embed FRT in other biometric technologies to develop an “intelligent ambience” to increase gambling activities. This is not in the public interest.

We would like to draw the Commission’s attention to the existing uses of FRT plus Artificial Intelligence in jurisdictions not covered by the Stenning & Associates Research Paper.

Konami, a major manufacturer of EGMs for use in casinos, announced integrated FRT into their machines, rolling out in Las Vegas in 2019¹³. Patrons need to agree to register their photos with the casino - for ‘enhanced customer service’. The media release surrounding this emphasised that the FRT was to detect people who shouldn’t be there (self exclusion/banning) or for security to detect people tampering with machines. This latter use of FRT requires it to be linked to an AI system that can interpret movement by the user and distinguish between normal use and suspect behaviour. There is no reason why that AI cannot be taught to

¹² Selwyn, N., O’Neill, C., Smith, G., Andrejevic, M. & Gu, X. 2021 “A necessary evil? The rise of online exam proctoring in Australian universities”, *Media International Australia*, 2021

¹³ [Major casino game company will add facial recognition](#), H. Samsel, Security Today, 29 October 2019

detect boredom or dejection in a user, and cause the EGM to interact with the user in such a way that they stay at the machine longer.

The same company released newer EGMs in 2020 which greet users who login on the machine, allowing real time marketing and bonuses based on loyalty¹⁴. The Executive VP described ensuring customers were properly informed of the implications of agreeing to using the FRT feature so they could opt-out as “challenging” and a “hurdle”. He noted in the promotional footage that card or key fobs, also used in casinos along with FRT, allowed venues to fulfil Know Your Customer obligations, but at the same time, acquire data about who uses which machine, how they like to use the machine and their demographics.

Konami is also integrating FRT + AI into table games, in order to allow patrons to obtain real time marketing, bonuses, and their favourite drinks, all without having to stop gambling¹⁵.

Closer to home, The Star Casino in Sydney used the excuse of addressing theft to introduce FRT as a security measure¹⁶. The incident that provoked this was the theft of a chip by a croupier, which was detected not by FRT but conventional CCTV. Star stated that the FRT system would be integrated with motion sensors, ID scanners and other ambient AI surveillance systems. Star's surveillance chief, was reported as saying the FRT would also “enhance” customer experiences by sending messages to recognised customers, telling them “their favourite drink is at the bar”. That can only happen if faces and metadata are kept on file.

There is no doubt that using AI with FRT would allow personalised messages, for instance, notifying people of the time and/or money they had spent¹⁷. However, far more money is invested by the industry in reducing churn - keeping people at machines or tables longer than they had planned, and at the same place for longer¹⁸. At this point, FRT is merely one part of an invisible web of surveillance using other technologies such as RFID, sensors, integrated mobile devices (casino apps) and digital assistants. These data sets commonly bypass ordinary understandings of privacy and consent¹⁹.

¹⁴ [Facial recognition and AI coming to Vegas casinos](#) - Associated Press, 4-5 January 2020

¹⁵ Liu, M.T., Dong, S. & Zhu, M. “The application of digital technology in gambling industry”, *Asia Pacific Journal of Marketing and Logistics*, 33/7, 1685-1705

¹⁶ [Sydney Casino Upgrades Surveillance](#), Casino News Daily 11/3/2019

¹⁷ Santos, H. M. d. L. d. , 2017, 'Artificial Intelligence: Are You Sure? Beware of What You Wish!', in D. Cvetković (ed.), *Simulation and Gaming*, IntechOpen, London. 10.5772/intechopen.71143. (p. 174)
<https://www.intechopen.com/chapters/57235>

¹⁸ Santos 2017 'Artificial Intelligence', p. 176

¹⁹ Santos 2017 'Artificial Intelligence' p. 176-177

Regulators in Australia have a duty of care to recognise that FRT is part of such intelligent ambient systems, and to ensure that when creating regulations around FRT use, that all possible applications are considered, not only the relatively limited potential to finally act responsibly on self-exclusion.

It should not be that when FRT is introduced ostensibly to keep people out of casinos, it is actually used to keep them in.

2. What do you see as the benefits, costs and/or issues in implementing player card gaming technology in Tasmanian casinos, hotels and clubs?

a. For users?

Player card technology that is built with gambling harm minimisation as the key focus has the potential to play a critical role in reducing gambling related harm. As outlined in the Alliance's position paper on cashless gambling (Appendix 1), there are obvious risks associated with cashless gambling, including the 'frictionless' nature of using a card/ digital wallet rather than cash²⁰. It is crucial any cashless system is not linked to credit cards and does not have an automatic electronic top-up.

It is more beneficial if the system encourages breaks from gambling, increases staff interaction, incorporates self or third party exclusion, provides automatic activity statements and has a mandatory pre-commitment scheme attached. When the Alliance refers to breaks from gambling it is possible to implement this in two ways; firstly, by encouraging people to step away from an EGM after two hours of continuous use as those that do gamble more than two hours are much more likely to be in the moderate risk or problem gambling category on the PGSI scale²¹. Secondly, by ensuring there is a system in place which means the money that is debited onto a card cannot be accessible for a set period before EGM use. The Alliance recommends 20 minutes as the default. The system should also not be connected to customer loyalty schemes as there is a clear conflict between reducing harm and enticing a person to gamble which is not suitable.

In contrast, if the 'player card' is linked to self-exclusion or banned patron registers, it should be coded to be blocked. This means that a person who is self-excluded

²⁰ [AGR Cashless Gambling Position Paper 2020](#)

²¹ Victorian population gambling and health study 2018–2019 (responsiblegambling.vic.gov.au)

cannot gamble, even if they are able to enter and remain on the premises. This is a further reason why the system should be universal across all gambling venues

Finally, it is important for users that the system is implemented as a centralised system across an entire jurisdiction. No venue, or casino should be allowed to offer cash-only or hybrid, as this would allow harm reduction and anti-money laundering mechanisms to be side-stepped.

One of the most important elements of a mandatory pre-commitment card is that it significantly reduces the **stigma** around utilising a gambling harm prevention tool. When the system is voluntary there is difficulty in asking for the card from venue staff, as it could be seen as a clear help seeking behaviour which people may not wish to share with venue staff due to fear of stigma. If it were mandatory for each individual it normalises setting limits and takes away any perceptions people may have about seeking help or gambling harm.

b. For venues

Player card technology has the potential to support venues and staff in reducing and preventing gambling harm, supporting people who have self excluded and gives an opportunity for staff to be engaging with people in the gambling room rather than being behind the cashier desk. Moving to digital innovations means staff will need to spend less time working behind a counter to access cash. Freeing gambling staff time to ensure they can walk the floor, engage with customers and mitigate potential gambling harm will ensure the venue has improved Responsible Service of Gambling.

c. Public interest

It's important to note, when it comes to the cost benefits of implementing such a technology (cashless mechanism that has mandatory pre-commitment and patron identification linked to self exclusion) there are lessons from other jurisdictions which show less significant results and therefore smaller overall benefits when the system is 'watered down' like YourPlay in Victoria. YourPlay cost nearly \$200 million to implement, but it is only associated with 0.01% of EGM turnover²². Unfortunately, YourPlay is a case study of a voluntary pre-commitment scheme which has not been overly successful. As highlighted in section 3, there are international examples of significant decrease in EGM losses and decrease in calls to gamblers helplines that

²² [Evaluation of YourPlay - Final Report | Department of Justice and Community Safety Victoria](#)

provide evidence that there is a cost benefit to implementing a system which is mandatory.

3. What pre-commitment feature or combined features would be the most effective in reducing gambling harm?

Evidence indicates that the most effective pre-commitment system that has shown a significant impact on user behaviour and a decrease in losses is **mandatory** pre-commitment²³. The Victorian case study shows a complete failure of a voluntary pre-commitment scheme (YourPlay) and the Norway example shows encouraging indicators of a successful full, mandatory, binding and reasonable upper limit pre-commitment scheme.

Following the Royal Commissions into Crown Casino Perth and Melbourne recommendations were made by the Alliance to the respective governments on gambling harm minimisation. Both Royal Commissions made somewhat similar recommendations relating to pre-commitment^{24,25}. This includes that any pre-commitment system must be full, mandatory and binding:

- Full - where all patrons must use the system
- Mandatory - where all patrons must set pre-commitment limits
- Binding - where patrons cannot keep gambling once the limits are reached

The Alliance also points to the Norway model and highlights the impact reasonable upper limits have on preventing and reducing gambling harm.

Victorian voluntary pre-commitment scheme on EGMs:

An evaluation by the South Australian Centre for Economic Studies in 2020 looked at Victoria's voluntary universal pre-commitment scheme which was launched on the 1st of December 2015. The evaluation found that the IT system worked, stakeholder management was successful and gamblers who used YourPlay benefited. It was found that 23 to 28% of YourPlay users reported being more aware of their expenditure and 24 to 29% reported that YourPlay made it easier to stick to the limits they set for themselves.

²³ Sulkunen, P., Babor, T., Cisneros, J., Egerer, M., Hellman, M., Livingstone, C., Marionneau, V., Nikkenen, J., Orford, J., Room, R., & Rossow, I. (2018). *Setting Limits: Gambling, Science and Public Policy*. (1st ed.) (Oxford Medicine). Oxford University Press. <https://doi.org/10.1093/oso/9780198817321.001.0001>

²⁴ [The Report - RCCOL - 15 October 2021.pdf \(royalcommission.vic.gov.au\)](https://www.royalcommission.vic.gov.au/yourplay-reports/yourplay-report-15-october-2021)

²⁵ https://www.wa.gov.au/system/files/2022-03/PCRC_Final_Report_Digital_FINAL_%28Master%29_0.pdf

The usage of YourPlay however, in Victorian Hotels and Clubs is very low. In 2017/18 YourPlay cards were used in sessions amounting to 0.01% of poker machine turnover in Victorian hotels and clubs. It was also found that hotels and clubs were not complying with many of the requirements of YourPlay²⁶. The current upper limit for spending on EGMs using YourPlay is \$1 million a day, and time-wise is 23 hours and 59 minutes. Further, when a pre-set limit is reached you can easily click out of the pop up screen letting you know you've reached your limit and continue gambling with no additional warnings. It is a weak system that was watered down due to industry influence, a band aid solution to a major issue that the Productivity Commission raised and made firm recommendations on in 2010²⁷. The Productivity Commission also recommended there be a mandatory and binding pre-commitment scheme on EGMs Australia wide.

Norwegian mandatory pre-commitment scheme on Video Lottery Terminals (VLTs):

Norway introduced a full pre-commitment system in 2010 and prescribes a universal maximum loss limit per day and month (around \$100 AUD a day or \$425 AUD a week). Although a full, independent study is yet to be completed into the effectiveness of Norway's pre-commitment system, losses have fallen following the introduction of the VLTs with pre-commitment and calls to gambling helplines have reduced substantially²⁸.

Other international examples

We have not highlighted the Nova Scotia example of mandatory pre-commitment for the purpose of this submission, as the case study is now outdated and there were various technological issues which stunted the ability for the systems success (for example, that despite the card being mandatory, utilising the harm minimisation features were not and only had a 1% uptake²⁹).

The Norway example is more current and is showing clear indicators of success and could be considered global best practice. It is worth reiterating that Nova Scotia's

²⁶ [Evaluation of YourPlay Final Report \(apo.org.au\)](#)

²⁷ [Inquiry report - Productivity Commission \(pc.gov.au\)](#)

²⁸ [Review of electronic gaming machine pre-commitment features: Limit setting \(ucalgary.ca\)](#)

²⁹ Sulkunen, P., Babor, T., Cisneros, J., Egerer, M., Hellman, M., Livingstone, C., Marionneau, V., Nikkenen, J., Orford, J., Room, R., & Rossow, I. (2018). *Setting Limits: Gambling, Science and Public Policy*. (1st ed.) (Oxford Medicine). Oxford University Press. <https://doi.org/10.1093/oso/9780198817321.001.0001>

EGM gambling revenue dropped by 25% while the card was in use³⁰, which is a significant amount of money staying in the pockets of vulnerable people and going back into local communities.

It is clear that a voluntary pre-commitment system is not going to lead to the best overall cost benefit and community benefit and that any implemented system needs to capture all individuals to have the greatest positive impact.

4. To what extent will the proposed features and processes assist players to minimise the risk of experiencing harm from gambling?

Facial recognition technology:

FRT could be used in order to identify people at risk of experiencing harm from gambling when integrated into a robust Responsible Conduct of Gambling practice. Detecting that a person spends two hours or more gambling, or is a frequent gambler, or exhibits concerning behaviour are all well-documented triggers for intervention. All of those require FRT generated data to be stored by venues and interpreted by AI (or, less likely, staff).

The concerns raised by the Alliance earlier about the uses of customer big data by venues also apply to these situations. We suggest that further consultation, including people with lived experience, be conducted to determine the correct balance between detection and privacy and to reduce the potential further harm that could be inflicted if this technology were used to further incentivise gambling.

Card/ digital wallet gambling:

If a cashless system was introduced and a card based/ digital wallet is implemented in consultation with those who have a lived experience of gambling harm, and best practice research and evidence on prevention of gambling harm, it is highly likely to reduce potential harm. However, preventing harm needs to be the primary objective of the system or there is the even greater possibility of increasing harm.

Pre-commitment system:

As explored in detail in section 2, if a pre-commitment scheme is full, mandatory, binding and has reasonable upper limits there is the potential to see a significant decrease in poker machine related harm.

³⁰ Ibid

5. Are there any other considerations the Commission should be aware of in implementing either technology?

In the development phase of the technology, it is crucial there is an additional consultation with those who have a lived experience of gambling harm. The Alliance can assist with this as we believe it is critical to ensuring the most meaningful and effective action is taken in preventing and reducing gambling harm.

Background

Who We Are

The *Alliance for Gambling Reform* (The Alliance) is a national health organisation formed out of an urgent need to address the harmful and unfair impacts of gambling and its normalisation in Australia. We work with over 60 organisations and thousands of individuals who share the objectives of preventing and minimising harm from gambling.

We take a public health approach to gambling reform. We believe it is essential to have, at the centre of our work, people with lived experience of gambling harm. We do this on the principle that those closest to the harm are often those closest to the solutions. We seek to collaborate meaningfully with elected representatives, local councils, service agencies, faith and community groups to prevent and reduce harm through policy change. The Alliance also provides coordination, expert advice and practical resources to our supporter organisations, community groups and the media.

Language Guide

For the purpose of this submission we will not use the word 'players' as it adds to the narrative that Electronic Gaming Machine (EGM) gambling is naturally or ordinarily not harmful; instead we will use the word 'user.'

A widely used, standard definition of disordered gambling is that "Problem Gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community"³¹. While there is no agreement on definitions of "difficulties" or the scale of "adverse consequences" that would constitute harm, the Alliance believes that any difficulties and any adverse consequences are harmful. We avoid the use of the term "problem gambler" as it is stigmatising and victim-blaming. We recognise the Problem Gambling Severity Index is widely used in research and clinical settings, but consider that even those gamblers characterised using that system as being at low or medium risk, can in fact experience significant harm.³² The Alliance aims to prevent or reduce harm from gambling, regardless of the risk factor of individual gamblers, and particularly with regard to their families, carers, colleagues and community, who are also impacted by gambling.

³¹ Neal, P., Delfabbro, P., & O'Neil, M. (2005). *Problem gambling and harm: Towards a national definition*. Commissioned for the Ministerial Council on Gambling. Prepared by the SA Centre for Economic Studies with the Department of Psychology, University of Adelaide. November 2005.

<http://www.adelaide.edu.au/saces/gambling/publications/ProblemGamblingAndHarmTowardNationalDefinition.pdf>

³² Browne et al 2016 *Assessing gambling-related harm in Victoria: a public health perspective*, Victoria Responsible Gambling Foundation

Appendix

[Alliance for Gambling Reform Cashless Gambling Position Paper 2020](#)

The Alliance for Gambling Reform (the Alliance) supports public policy and regulatory regimes that prevent and minimise gambling harm. We believe that this is best achieved through a public health approach which places responsibility for harm caused by dangerous products onto the manufacturers and distributors of those products.

For this reason we prioritise policies and actively campaign for change that prevents harm being inflicted in the first place. We do, however, recognise the importance of programs to assist those who have been harmed to be safer and to recover. We insist on making venues accountable and responsible for the role they play in causing gambling harm.

Our positions are developed in consultation with people who have been harmed by gambling based on the principle that those closest to the harm are closest to the solutions.

In the past, the Alliance has spoken against cashless gambling transactions, principally due to concerns related to tokenism - the disjuncture between the actions of gambling and money being spent. As the online gambling sector has evolved, and taking into account the disjuncture between actions and spending that large cash load-ups allow in EGMs, the Alliance has revised its position.

Cashless gambling is becoming an increasingly attractive policy response for governments and venues to manage the public health risks associated with COVID-19. While there are risks associated with cashless gambling, if implemented thoughtfully, it has the potential to empower those who gamble while also reducing gambling harm.

For the purposes of this position paper, cashless gambling can be taken to mean any card, app or digital wallet which allows a person to gamble with their own money on any terrestrial form of gambling. Where the word "card" is used here it should be taken to mean any system.

Principles

The Alliance supports the introduction of cashless gambling which is designed to help people manage their money, protects their data, and assists in ending money- laundering.

1. Any cashless gambling scheme should be designed from the perspective of reducing gambling harm, rather than for the convenience of venues.
2. The Alliance does not support any system where there is, or there is a potential for, a disconnect to occur between money lost and gambling actions. This includes significant cash pre-loading (for instance of the current levels in NSW and Victoria of \$7,500 and \$5,000 respectively)
3. The Alliance does not support linking any cashless gambling system to credit cards, for initial loading, or top-ups.
4. The Alliance does not support automatic electronic top-up of cards (for instance as is possible in NSW with Opal transport cards). The person should be required to actively decide to top up their card each time the card runs out of money.
5. In order to enforce a break in gambling, we do not support direct debit, online or cashless purchase of chips, tokens or credits at gambling tables or machines.
6. Cashless gambling should be combined with other harm reduction measures particularly those which empower individuals such as:
 - a. encouraging breaks from gambling,
 - b. increased staff interaction,
 - c. self or third party exclusion schemes
 - d. Individual expenditure limits and
 - e. automatic delivery of activity statements
7. Cashless gambling schemes should be managed independently from the gambling industry; from the registration of cards to the protection of data privacy.
8. Cashless gambling should never be connected to customer loyalty schemes as these systems provide users with conflicting messages about their spending. On the one hand, they reward the gambler for increasing their spending, while on the other hand, they offer a tool intended to assist them to constrain spending.

9. Winnings should not be credited to the card but paid out in cash/cheque in the current manner.
10. Cashless gambling should only be implemented as a centralised system across an entire jurisdiction. No venue should be allowed to offer cash-only or hybrid cash-or-card machines, as this would allow harm reduction mechanisms to be side-stepped.
11. Cards should be easy to obtain, register and load up with initial amounts to encourage their acceptance, so that they are not seen as a punitive measure. Cards must be registered to a verified individual user.
12. Although not directly related to the prevention or reduction of gambling harm, the Alliance also notes cards with verified identity of the person gambling reduces the risks of money laundering.

Minimum Acceptable Design Features

1. Cashless gambling schemes must be managed by an independent authority or organisation, unconnected to the gambling industry, and if necessary, funded by a levy on gambling revenue or directly from gambling taxes.
2. Cards must link to self or third party exclusion register(s), preventing any gambling if the card-owner is on the register
3. Age and identification verification should be completed before cards are issued and registered.
4. Cards should not be linked to credit cards
5. Cards should not automatically top up
6. Winnings should not be credited to cards
7. Cards cannot be linked to a loyalty scheme

8. Individuals should be able to independently specify their own budgets or expenditure limits through their account settings, but the top-up/transaction cap should be limited by the scheme. Budgets should cover 3 monthly time periods.
9. Total budgets or expenditure limits should not be able to be increased until the budget time period has elapsed, but can be decreased at any time.
10. Cards should have a low top-up/transaction cap, similar to limits on withdrawals on ATMs at venues or average monthly spending, for instance \$200³³ per top-up
11. Card top-up should occur away from the EGM, to encourage breaks in play, similar to the way individuals now leave machines to obtain more money from ATMs. Venues should not be allowed to bring top-up devices to people while seated at, or standing near, machines.
12. Top-ups should only be allowed from bank accounts in the same name as the card, or by cash
13. Data should be protected by the Privacy Commissioner. There should be no possibility of the data being used to encourage people to lose more money or monetizing the data generated from such schemes. The only access to the data would be in the following cases:
 - a. De-identified data should be available to be used for research or policy development to assess and develop harm minimisation measures.
 - b. Card-owners should be automatically emailed or mailed regular activity statements to allow them to see their spending patterns.
 - c. Except where obliged by the courts, the data of an individual's spending or gambling patterns should not be released to any other person, business or government body.
 - d. In the event of public health contact tracing, data related to the activity and duration of gambling at a venue may be released to health authorities, but not the amounts gambled, won or lost.
14. In the event a person leaves their registered card elsewhere, a temporary card can be issued by venues with the same restrictions as an ordinary card and in addition:
 - a. A temporary card cannot be bought using credit cards

³³ *Based on average monthly expenditures and average withdrawals from EFTPOS machines as revealed in the NSW Gambling Survey 2019 and the Victorian Population Gambling Health 2018-2019 reports, respectively*

- b. It would have to be registered, with a ID check on the exclusion register, before being activated;
 - c. any patron buying a temporary card would be limited to one card per 24 hour period in NSW (ie it is not possible to buy a temporary card at multiple venues within the 24 hour period)
 - d. It would have a maximum amount of \$200 (or the top-up amount, if different)
15. It should be possible to freeze lost or stolen cards, or to freeze a card as part of a self-exclusion undertaking. Registered card owners might have to apply to the managing authority to have funds on the lost/stolen card transferred to a new card

Research

The Productivity Commission (2010) identified the risks that cashless gambling can disguise the fact that people are losing 'real money' and cashless systems may reinforce anonymous, intense and uninterrupted gambling, which increases the likelihood of the person gambling being harmed. It may also increase the speed of use.³⁴ The Commission recommended that governments introduce a \$20 cash input limit that could be replicated in a cashless environment to address this concern.

In investigating voluntary pre-commitment schemes, the Commission noted that "there are cost savings to venues from an exclusively cashless system"³⁵. Participants in a trial reported that cashless gambling helped them to think about their expenditure, more people set limits on expenditure than on time, and daily spending decreased for those who used the cashless system.³⁶

Credit

The use of credit for gambling is widely recognized as dangerous. In April 2020 the UK banned all use of credit for all forms of gambling. [The Alliance](#) and the VRGF made submissions to the ABA Consultation on the use of credit in gambling in early 2020, both strongly urging the banking sector to remove access to credit for gambling. The ABA was considering credit in the context of wagering and betting, but the same concerns apply for other forms of gambling. The 2010 Productivity Commission detailed the high correlation of

³⁴ 10.42 Productivity Commission, 2010, vo1 1.

<https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume1.pdf>

³⁵ C.6 Productivity Commission 2010, vol 2.

³⁶ C.11 Productivity Commission 2010, vol 2.

credit card use with those who have severe problems with their gambling, at a time when online gambling was limited.

Digital Payment Methods in Gambling Contexts

Digital payment transactions are increasing in all areas of daily life in Australia. This trend may well have been enhanced by COVID-19 health concerns about handling cash. Digital wallets, tap and go cards, PayPal, credit and debit card use has expanded. In those circumstances, it is prudent to consider the ramifications for the gambling sector.

Enforced breaks in gambling, which cash gambling requires, once a gambler has exhausted the funds to hand, could be created by good cashless gambling system design.

The University of Sydney's *Gambling Treatment and Research Clinic* has recently proposed minimum design standards to ensure that cashless gambling minimises harm³⁷. Their proposal includes the use of digital wallets as a cashless gambling mechanism.

They recommend:

- Mandatory age verification
- Mandatory delays between deposits and access in accounts
- Default limits on the maximum that can be transferred to an account
- No delays on withdrawals from gambling-linked accounts
- Ban on withdrawing cash from gambling-linked accounts in venues [presuming that venues have a hybrid cash and cashless machine mix]
- Accounts must be linked to exclusion register(s)
- Account holders should be able to set time and money limits with increases to limits involving a time delay, but no delay on reductions
- Individuals should be able to set "time-outs"
- Maximum limits on money should be facilitated by financial institutions, just as ATM limits are set
- Player activity statements should be available in realtime, with clear graphic representations of net wins and losses
- Systems should include capacity to send SMS messages to devices or to EGM screens when agreed risk indicators occur

³⁷ Gainsbury & Blaszczyński 2020 *Digital Gambling Payment Methods*

Limits on Eftpos/Card Load Up

NSW Data

NSW Gambling Survey, (CQU/Engine) for the NSW Responsible Gambling Fund, 2019

Section 7.1 (pp 58-62) detailed the usual monthly spend on gambling.

Of regular gamblers, 59% spent less than \$20 a month, and 86% spent less than \$100 per month. Only 6% spent more than \$200 a month (noting that this is self-reporting, and may not be accurate). Young men were more likely to spend more than \$200 a month than any other demographic group. However, those more severely impacted were much more likely (76%) to spend more than \$200 a month, with only 2% of non-problem gamblers (0 on PGSI scores) spending at that level. No difference was observed by income. Median monthly spends varied from \$10 for non-problem gamblers to \$800 per month (figure 4.1). Adjusting the self-reporting by using Huber's M-estimator, the typical annual spend per gambler varied from \$226 for non-problem gamblers to \$12,093 for the severely impacted.

Section 8.7 Attitudes to pre-commitment (p. 83)

88% of people agreed that people should limit themselves to an amount they nominate before they start gambling.

Victoria Data

Victoria Population Gambling and Health Study 2018-2019, VRGF, March 2020

When asking about EFTPOS withdrawals, the study showed that for most respondents withdrawing money at a venue to continue gambling, the majority withdrew less than \$100, and even for those most severely affected, the median withdrawal was \$200. (Table 20, reproduced below, pp 41-42).

Table 20: Extra money withdrawn through EFTPOS for gambling on pokies, by PGSI

		PGSI			
	Respondents who withdrew extra money for gambling on pokies (n=263)	Non-problem gamblers (n=92)	Low risk gamblers (n=67)	Moderate risk gambler (n=65)	Problem gamblers (n=39)
Up to \$20	18.5%	21.6%	14.8%	25.9%	2.7%*
\$21 to \$50	29.6%	48.8%*	20.4%	23.6%	7.5%*
\$51 to \$100	25.5%	16.6%	38.8%*	27.7%	21.4%
\$101 to \$200	16.0%	12.2%	13.7%	15.0%	31.7%*
\$201 or more	10.4%	0.7%	12.3%	7.8%	36.7%*
Mean	\$127.26	\$70.05	\$166.11	\$116.73	\$227.41
Median	\$60.00	\$50.00	\$100.00	\$60.00	\$200.00

Over the past 12 months, when you have withdrawn extra money, how much did you typically withdraw per session? Base: Respondents who withdrew extra money for gambling on pokies through EFTPOS (n=263)* significant differences from mean proportion of all 263 respondents who withdrew extra money, p < .05.

Bibliography

<https://aifs.gov.au/agrc/publications/pre-commitment-systems-electronic-gambling-machines-preventing-harm-and-imp>

Productivity Commission. (2010). *Gambling (Report no. 50)*. Canberra: Productivity Commission

Victorian Responsible Gambling Foundation, 2020. *Submission to the Australian Banking Association Consultation on the use of credit cards for gambling transactions*, March 2020

Gainsbury, S. & Blaszczynski, A. 2020 *Digital gambling payment methods: harm minimisation policy considerations*, *Gambling Law Review* 24.7, p 466-472