Federal Group

SUBMISSION

Player Card & Cashless Gaming – *Public Consultation*

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Executive Summary

This submission addresses the Commission's public consultation on the proposed Player Card system for gaming venues in Tasmania. After careful consideration, Federal Group has determined that the proposed system is fundamentally unworkable in both design and functionality. It fails to account for the daily operations of venues, is practically incompatible with existing technology, and is not designed with the end user (customers and venue staff) in mind. Given the proven effectiveness of Tasmania's current harm minimisation measures—which have significantly reduced problem gambling rates as evidenced by various Social and Economic Impact Studies—the proposed system is an unjustified and bureaucratic burden that could jeopardise the industry's viability and is unlikely to work.

According to the State Government's fifth Social and Economic Impact Study into Gambling (SEIS), Tasmania's problem gambling rate dropped to 0.4% in 2021[1]—a 43% reduction from the 0.7% recorded in 2011.[2] This decrease not only highlights the effectiveness of the existing system to genuinely *minimise harm* but reinforces that Tasmania's current practices are responsible, effective, and proportionate.

Federal Group and the wider gaming industry supports the targeted use of appropriate harm minimisation technologies. This includes technologies that target those most at risk of experiencing gambling related harm, rather than the approach outlined in this consultation paper that targets all customers but is likely to have the biggest impact on casual and recreational players. The support for targeted and appropriate use of harm minimisation technologies is demonstrated by Federal Group's current trial of facial recognition technology in its casino and pubs. This technology has proven itself in other jurisdictions and the Federal Group trial has demonstrated it would be an effective tool in Tasmanian gaming venues.

Despite ongoing assertions that the Player Card system will have "*minimal*"[3] or "*no impact*"[4] on recreational players, there has been no rationale to support these claims. On the contrary, independent research suggests the opposite: the system is likely to be perceived by recreational players as an onerous bureaucratic process. The highly bureaucratic and interventionist approach outlined in this consultation

paper would have the most impact on recreational players who are not experiencing any gambling related harm.

The Player Card system disproportionately overreaches at the expense of the flexibility essential to recreational play. Disproportionate, because it treats all users as problem gamblers, despite 99.6% of Tasmanian adults determined not to be such. It imposes cumbersome administrative barriers that will frustrate recreational players. The heavy-handed approach undermines the flexibility of recreational play, creating enough friction to dissuade many players from participating at all.

The Player Card system outlined in this paper is having a very negative impact on industry certainty and future viability. The bureaucratic and cumbersome approach outlined will bring massive frustrations for customers and is highly likely to have a very negative impact on gaming activity; Morgan Stanley assessed the reduction in gaming revenue at around 70%.[5] Added to this, the system will impose significant but uncertain costs, with these likely to be borne by venues who can ill afford it. There will be very significant (but uncertain) capital up-front costs for all venues, very high (but also uncertain) daily fees per gaming machine, and significant (but also uncertain) increases in labour and venue costs to manage the proposed system. These huge costs, combined with dramatic revenue reductions, would drive most venues to the wall. Such disproportionate regulation, whether intentional or not, is inherently antagonistic toward the industry, threatening the long-term viability of pubs, clubs, and venues reliant on diverse patronage. Venues depend on the engagement of casual players, and the Player Card's intrusive and restrictive nature will inevitably reduce this engagement to a point of undermining the sustainability of many venues' business models.

This threat to venue sustainability is compounded by significant operational and administrative burdens that the consultation paper neglects to address or identify. Key aspects of implementation—such as how the system will integrate with existing venue operations, the increased staff workload and training required, and the additional labour costs involved—are ignored. Venues will face frequent staff interactions for Player Card management, increased complexity in data handling, and the need for costly modifications to their physical spaces, all without clear support or compensation from the proposed scheme. These negative impacts will overwhelm venues and degrade the patron experience, jeopardising the sustainability of what is proven to be a responsible gaming industry in Tasmania.

Adding to these concerns is the ongoing failure to adequately acknowledge the complexity of the financial and information system architecture required to implement and maintain the proposed Player Card system. It is important to note that the approach outlined in the consultation paper has not been successfully implemented anywhere in the world, let alone one of the smallest jurisdictions like Tasmania. The system demands real-time integration and communication between a centralised financial platform and over 90 venues, involving the secure handling of funds, player account management, and data transfers. This complexity introduces significant challenges and risks, including ensuring data security, seamless real-time data streams, and compliance with financial regulations. Any disruptions, inefficiencies, or complications will directly impact the venues and the entire network. The consultation paper fails to address the feasibility of integrating multiple, differentiated information streams concurrently and securely, nor does it provide any cost analysis or modelling.

It remains a huge weakness of the Player Card system that such a significant change in the policy environment has not been the subject of any thorough assessment or modelling to determine impacts on businesses, customers, the economy, or government finances.

In reality, Tasmania's existing harm minimisation system is succeeding, not failing. Existing regulations and industry practices have demonstrated their capacity to meaningfully reduce problem gambling rates, as evidenced by the Fifth Social and Economic Impact Study, which substantiates that there is no rational basis for a comprehensive system overhaul. The call for such drastic reforms appears to be driven more by political agendas than by an evidence-based need for such drastic change.

Regardless of such sentiment, Tasmania lacks the scale to justify being the first jurisdiction in the world to develop and implement such a complex system. Other states in Australia and countries with significantly higher problem gambling rates, and significantly larger scale, have chosen not to proceed with similar initiatives— not only due to the substantial financial and operational costs but also because the technological feasibility remains improbable. The notion that Tasmania, with its small population and gaming industry, could bear the immense financial and logistical burden of this system is not only unjustifiable, but irresponsible. The return on such an investment would be outright negative.

Morgan Stanley, a leading global financial services firm, prepared a research report on Endeavour Group assessing the impact of the proposed changes on Tasmanian gaming venues. Their conclusion was stark: *"Based on our estimates, revenues could fall 70% based on loss limits alone, without factoring in any effects from added friction/inconvenience from using a carded system."*[6] As the most experienced operator in the Tasmanian gaming industry, it is our strong belief that very few (if any) venues could survive such a decline in revenue when combined with the likely massive up-front and ongoing cost escalation. This would have a very negative impact on the Tasmanian economy, regional communities, employment, and wider business confidence.

Further, the fifth SEIS report found that "*it is highly likely that gambling delivers a net benefit for the Tasmanian community*".[7] This is because existing harm minimisation measures are effectively addressing problem gambling rates without undermining venues' business models which support local economies. Implementing an even more complex system, without clear evidence of failure or the need to address a systemically widespread flaw, is both unjustified and poor public policy.

The Player Card system as outlined in this consultation paper is also an example of sovereign risk. Venue licence holders invested in their businesses following the 2021 passage of the legislation to prepare for the new venue licences that commenced on 1 July 2023. These investments have now been rendered unviable and would not have been pursued by many venues had they known that such a massive change in the policy environment was about to occur that would significantly reduce revenue and increase costs.

Consultation: Box Ticking Exercise

It is concerning that the consultation paper appears to have been presented prematurely, as demonstrated by the Commission's uncertainty surrounding even the system's most basic technical functions. The paper frequently refers to various incomplete options as "*being explored*,"[8] underscoring the absence of concrete decisions on which stakeholders can provide meaningful feedback. This approach undermines the integrity of the consultation process. Without clarity on the system's feasibility and operational details, stakeholders are left responding to vague concepts rather than actionable proposals, diminishing the value of input.

The consultation paper reveals limited progress in addressing key technical challenges. Fundamental issues—such as system integration, data security, and real-time operational capacity—have not been addressed, raising doubts about whether the system can be implemented. In complex technology deployments, such as this, feasibility testing, and stakeholder engagement are essential before presenting a policy for consultation. The absence of these steps reflects poor planning and calls into question the viability of the system.

The consultation paper overlooks crucial operational risks that will impact venues. For instance, issues such as system compatibility with existing infrastructure, increased staffing demands, the financial burden of implementation, and the impact on recreational players should have been anticipated and addressed before the Tasmanian Government announced the policy. The failure to do so leaves venues vulnerable to significant operational disruptions, non-compliance risks, and inflated costs. Had there been any meaningful consultation with industry stakeholders, these challenges could have been identified early, allowing a harm minimisation regime that can evolve in line with practical, real-world constraints.

In the recent Budget Estimates interview, these concerns were validated, as it confirmed that the consultation process has been flawed from the start. The consultation timeline for the Player Card system, as recorded in Hansard, reveals a process that undermines the role of stakeholders in shaping the final design. This raises serious concerns about the credibility and transparency of the consultation itself.

The Commission provided the Licensed Monitoring Operator (LMO) with a design brief for the system before initiating any public consultation. Stakeholders were invited (via the consultation) to submit feedback on the features of that initial brief by 18th October. However, the LMO will complete the final system design by the end of October, without the Commission seeking further consultation on that final design. This makes our company pose the question: what is the point of this consultation?

This timeline reveals that stakeholders were asked to provide feedback on an incomplete system, without the opportunity to evaluate or influence the final version that will ultimately be implemented. By conducting the consultation before the final design is even available, the Commission is not engaging in good faith consultation.

The statement made by the Government in outlining this process, "*We don't anticipate that* ['issues raised'] *will be major,*"[9] diminishes the significance of stakeholder input and reflects a dismissive attitude toward potential concerns. This suggests that feedback was sought merely as a procedural formality (i.e. box ticking exercise) rather than as a genuine effort to incorporate stakeholder perspectives into the system's final design.

Alternative System: Facial Recognition Technology

The Player Card system outlined in this paper is an *ineffective* harm minimisation tool because it applies a one-size-fits-all approach that disproportionately impacts recreational players. By treating all users as problem gamblers, the system fails to differentiate between those who require intervention and those who play as a leisure activity. This blanket approach creates unnecessary barriers for the 99.6% of adults in Tasmania who are not problem gamblers, leading to frustration due to the burdens imposed by the system.

A more effective strategy would be to strengthen existing methods that are proven to work, such as the Tasmanian Gambling Exclusion Scheme (TGES). Integrating advanced tools like Facial Recognition Technology (FRT) into the TGES would provide a targeted approach by identifying and excluding individuals who need intervention: problem gamblers. This could be combined with changes that make it easier for people at risk of gambling related harm to exclude themselves from gaming venues.

This approach would reduce harm more effectively and ensure that recreational players are not unnecessarily inconvenienced. In contrast to the Player Card system, which imposes bureaucratic barriers on all users, FRT will provide a targeted solution that would direct harm minimisation efforts to where they are needed most, improving outcomes for problem gamblers while preserving the experience for others.

Federal Group supports harm minimisation technologies, such as FRT, that target players most likely to experience gambling related harm. Crucially, FRT already exists, is a proven harm minimisation technology, and can be implemented immediately. This would save the government and industry from allocating substantial resources toward developing an unproven and complex Player Card system from scratch, while also allowing public servants to allocate time more productively. Furthermore, by opting for FRT, the government would avoid the secondary financial risks that come with the Player Card system—such as reduced tax revenue from decreased patronage and the long-term economic impact of venue closures due to declining sustainability of business models.

Report to the Treasurer

The Commission's *Report to the Treasurer*,[10] which initially recommended the Player Card system following a request from the Treasurer,[11] a key argument against FRT was centred on privacy concerns. However, privacy concerns initially raised regarding FRT have now been *very* satisfactorily resolved, with no outstanding issues; the system is now operating successfully across multiple Tasmanian gaming venues, including both casinos and two gaming hotels. By contrast, the Player Card system introduces far more severe and unresolved risks to privacy and data security. Unlike FRT, the Player Card system mandates the collection, storage, and retrieval of vast amounts of sensitive personal and financial information from all players. This data collection creates vulnerabilities, exposing players to heightened risks of data breaches, misuse, and personal privacy violations.

Even well-established systems are prone to technical failures and data breaches, let alone a system which has never been tested at the scale or complexity proposed. Integrating multiple systems across venues will expose the system to potential breaches. These vulnerabilities not only increase the risk of privacy violations but also heighten the possibility of financial manipulation, fraud, and misuse. Given the complexity of the Player Card system and the sensitive nature of the data involved, an untested system of this magnitude could cause more harm than it prevents.

Bias or Incompetence?

The Commission's concerns regarding FRT appeared to be based on legal claims of human rights issues—a surprising stance, as no other jurisdiction where FRT has been implemented appears to have raised similar concerns. Upon further investigation, it was revealed that the Commission's human rights concerns were based on a submission by TasCOSS[12], which cited an article titled *"Facial Recognition: Ten Reasons You Should Be Worried About the Technology."* However, this article was not only devoid of evidence but also irrelevant to gaming. This makes the Commission's rationale for dismissing FRT questionable, suggesting either bias or a failure to properly assess the technology's potential with sufficient due diligence.

Player Card Ability to Increase Harm

The Commission's recommendation of the Player Card system also overlooked a critical issue: the problem gamblers who are supposed to be protected are the very gamblers most likely to try to subvert the system. In a recent interview on ABC Radio the Chair of the Commission was asked if people could potentially get multiple cards. Their response was:

"... of course, nothing will stop people from subverting a system if they are really keen on it. But you would have to have other people involved in order to get multiple cards, and that will be unlawful to do that."[13]

This statement suggests a fundamental misunderstanding of the behaviour patterns of problem gamblers and the unintended consequences of the Player Card system. Those who are '*really keen on it'* will likely be the 0.4% of people who are problem gamblers; the very group the policy seeks to protect. The scope of harm to problem gamblers could include "unlawful" activities, including financial fraud, identity theft, and abuse of vulnerable people. It is naïve in the extreme to think that because something is unlawful, motivated people won't do it. Furthermore, there has been no mention outside of this interview of any legislative amendments required to make such activities unlawful.

This lack of attention to the legislative requirements necessary to support the Player Card system reflects a troubling oversight. Since Michael Ferguson MP announced the proposal two years ago, there has been no public discussion or consultation on the legal changes that would be essential to enforce the system effectively. By failing to address these issues from the outset, the government risks imposing a system that is not only impractical but also lacks the legal support needed to function as intended; without creating additional harm or unnecessary burden on venues.

Linking the Player Card to personal bank accounts could have financial consequences for users. For all players, particularly problem gamblers, this connection could affect their ability to secure loans or other financial products. Lenders typically assess spending habits and credit risk when approving loans, and a Player Card tied to gambling activity could signal financial risk, even for those not experiencing problem gambling. This would unjustly impact responsible players who gamble recreationally but find their creditworthiness affected by the visibility of their gaming activity. Instead of protecting individuals, the Player Card system could introduce financial vulnerability, deepening harms for problem gamblers and negatively affecting the financial standing of responsible players; voiding the claim of "*no impact"*.

Trial of Facial Recognition Technology

Federal Group initiated a trial of FRT in July 2023 (Wrest Point and Claremont Hotel) with the primary objective of exploring its capability in aiding the detection of excluded patrons within gaming venues. This initiative aimed to enhance the *existing* mechanisms of the TGES, which seek to mitigate harm by restricting the entry of excluded individuals into gaming areas.

FRT has emerged as a proven viable solution due in the gaming industry for identity verification and patron management. The technology operates by monitoring entry points to gaming areas, identifying faces, and comparing them against a database of excluded patrons. Upon a match, alerts are generated to inform relevant venue staff, who can then take appropriate action. Using established processes, the trial aims to bolster the effectiveness of the exclusion process, ensuring a safer and more responsible gaming environment.

This initiative reflects Federal Group's proactive approach to using harm minimisation technologies to address the challenges posed by problem gambling. The trial of FRT seeks to provide insights and data pivotal in fostering a more secure and responsible gambling environment in Tasmania.

By trialling FRT—a proven technology with a successful track record in the gaming industry—Federal Group is assessing a practical and scalable solution that could integrate seamlessly with existing infrastructure.   An interim evaluation of the trial demonstrated the success of the technology in supporting the management of exclusions (see below). As a result, the decision was taken to expand the trial in May/June 2024 to include two new trial sites: Country Club Casino and Hotel Valern. There are currently four Federal Group gaming venues trialling FRT.

Interim Trial Findings

The trial of FRT, across various venues in Tasmania, has confirmed its effectiveness as a targeted harm minimisation tool.

Significant Increase in Detections

Trial results have demonstrated that FRT greatly enhances the identification and management of problem gamblers across all venues. This significant increase in detections confirms FRT's ability to meet the objectives of a more focused intervention strategy. This notable improvement indicates that the technology can reliably identify individuals who require intervention, enabling staff to intervene promptly and appropriately.

Versatility and Integration

The trial results have also confirmed FRT's versatility, with the system proving adaptable to various gaming environments. Whether deployed in large casinos or smaller venues, FRT has successfully integrated with existing operations, highlighting its flexibility and suitability for different operational contexts. Additionally, the technology's strong performance in streamlining verification processes and improving overall workflow efficiency has confirmed its role in enhancing venue operations without causing disruption.

Positive Staff Feedback and Empowerment

Staff feedback has further confirmed the ease with which FRT can be integrated into daily operations. Properly trained staff have effectively leveraged the technology to support responsible gaming practices, with FRT enhancing their capacity to manage interventions while maintaining regular operations. This feedback has demonstrated the system's ability to empower staff and improve operational workflows.

Scalability and Balanced Approach

The trial has also confirmed the scalability of FRT, demonstrating its potential for wider implementation across a variety of venue types. FRT's adaptability and performance in different settings suggest that it can be rolled out more broadly without major adjustments. Additionally, the results have confirmed that FRT maintains a balanced approach, improving operational outcomes while preserving the patron experience, as interventions are focused only on those identified as needing them, without unnecessary impact on recreational players.

Cost-Effectiveness and User Experience

FRT augments Tasmania's existing harm minimisation system without impacting recreational players, maintaining a user-centric experience that aligns with patron expectations. Implementation costs for FRT are significantly lower than those for the proposed Player Card system. The technology incurs minimal ongoing monitoring fees and has longer technological life cycles, reducing the need for frequent updates and additional expenses.

Established and Reliable Solution

As an established technology already in use across gaming environments in Australia and New Zealand, FRT offers a tested and reliable solution. Developed by VIX Vision, an Australian company based in Queensland, the technology reinforces its practicality for long-term adoption.

System Cost: Unknown

The Player Card system is fundamentally flawed due to a lack of transparency and planning regarding funding and the ongoing costs that will be imposed on venues. The only information provided was a vague assurance made two years ago by Treasurer Ferguson: "*In terms of cost, the Government will work with the new Monitoring Operator to provide venues with card-based gaming technology as a fee-based service.*"[14] This statement offers no details on the total cost or how these fees will be structured. Without accurate cost estimates or economic modelling, venues remain uncertain about the financial implications.

The crux of the problem lies in the government's decision to announce the policy (in 2022) without seeking industry input. By formulating policy before consulting with the stakeholders it will affect, the government neglected critical insights that could have informed cost projections and timelines. This lack of preliminary engagement has resulted in the disconnect between the policy's objectives and the practical realities of its execution, leading to unrealistic expectations and unworkable demands on venues.

There is uncertainty surrounding the cost of implementing the system. Although an initial estimate of $10 million was presented in the *Report to the Treasurer*, this figure was acknowledged as preliminary and not final. To then proceed with the policy without a finalised cost estimate or economic modelling was negligent. Compounding the concern, the 2023-24 state budget allocated a mere $425,000[15] (nothing was allocated in the 2024-25 Budget) for the development and implementation of the Player Card system—it should be noted that over $20 million was spent by Crown Melbourne on a comparatively simpler system for a single venue.[16] This underscores the government's detachment from the financial realities of implementing such a complex system, particularly when the final costs remain undetermined, and the financial burden is to be placed on industry.

By shifting the financial responsibility onto venues, the government has removed any incentive to control or minimise expenses, leaving businesses to absorb inflated costs. This is very poor public policy and alien to the manner in which governments should engage and deal with the private sector. Operators are already working with narrow profit margins and this uncertainty introduces significant risk. Without a clear cost structure or economic modelling, venues lack

the necessary information to plan for these financial impacts, leading to long-term instability, especially among smaller businesses.

The absence of any cost projections undermines the policy's credibility and also reinforces that the Treasurer and Commission were disconnected from the practical and financial implications for the industry. Proceeding with an expensive system without fully understanding its impact will result in inflated costs, operational issues, and the closure of venues unable to bear the immediate and ongoing financial burdens. In the long run, this threatens the sustainability of the industry.

Impact on Recreational Users

The proposed Player Card system, designed and imposed by government officials, is fundamentally flawed because it creates a bureaucratic system that overlooks the needs of its primary users—recreational players.

The system lacks a user-centric design. This issue is compounded by the fact that the system is mandatory for all customers. Unlike business, the government does not have the same incentives to ensure that the system prioritises the user experience. Venues rely on customer engagement and satisfaction, to remain viable, whereas bureaucratic designed systems prioritise regulatory compliance and policy goals over user experience: box ticking, set-and-forget.

In this case, the government has shown no interest in articulating how the Player Card system accommodates users beyond those experiencing problem gambling. Its focus is solely on fulfilling narrow regulatory requirements, disregarding the broader customer experience. This approach represents an alarming degree of hostility toward an industry that has consistently demonstrated responsibility and dedication to harm reduction.

Importantly, if customers perceive the system negatively, they might seek alternative, less regulated forms of gambling, potentially driving them away from the safety of regulated venues.

A user-centric approach aligns products with customer needs and expectations, ensuring ease of use, convenience, and satisfaction. By contrast, the government's approach centres system design on enforcement, restriction, and oversight. Consequently, the proposed Player Card system could cause reputational damage to the industry if it is seen as complicit in implementing a user-unfriendly system. This, in turn, could further erode customer trust and ultimately jeopardise venue sustainability.

Increased Administrative Burden

Complex sign-up procedures, identity verification, and the linking of bank accounts through the Player Card system will fundamentally alter the experience of recreational players. The majority of players are not likely to find value in the added bureaucracy. For casual players, who typically enjoy gaming sporadically as part of a social outing, the administrative complexity will feel overly burdensome. These layers of complexity will antagonise users and discourage them from participating altogether. This system risks alienating responsible players and also

undermines the sustainability of venues, whose business models rely heavily on the consistent patronage of recreational players. The Player Card system's bureaucratic structure becomes a deterrent, creating barriers that diminish participation and threaten the financial viability of venues.

Potential for Financial Impact

Another overlooked consequence of the Player Card system is the potential financial impact on users from their gaming activity being tied to personal bank accounts. While the system's intent is to promote responsible gambling, it could unintentionally harm users' financial profiles. Lenders and financial institutions typically scrutinise banking activity when determining creditworthiness. Even for responsible, casual players, the visibility of gaming-related transactions on their bank statements could be interpreted as risky behavior by financial institutions, affecting their ability to secure loans or favourable credit terms. This could lead to a situation where a recreational player, who is not at risk of gambling harm, faces financial penalties or limitations due to the nature of their transactions being recorded. This consequence could deter many users from participating altogether.

Privacy Concerns

The collection and storage of vast amounts of sensitive personal and financial data under the Player Card system presents serious privacy concerns. Users will be required to submit personal identification and banking details, which will be stored in a centralised system. This level of data collection increases the risk of data breaches. Should any personal data be compromised, users could be exposed to identity theft, financial fraud, or other forms of exploitation, thereby increasing the scope of harm and risk. Even if the data is securely stored, the notion of having gaming habits and financial information continuously monitored will make casual players uncomfortable. By imposing a system that tracks every transaction and interaction, the Player Card system erodes a sense of privacy, fostering player distrust toward venues for a system that is not their own.

Technical Challenges and Inconvenience

The Player Card system's reliance on real-time data transmission and integration across multiple venues introduces significant technical challenges. Ensuring that all transactions are synchronised in real-time, while managing account balances, limits, player data across different venues, and the dozens more individual data streams, requires a highly complex system architecture. Any failure in this

system—such as transaction delays, incorrect balance updates, or system downtime—would frustrate users. A player who moves between venues may experience discrepancies in their account balance, or encounter delays in accessing their funds. These issues would significantly detract from the user experience and create dissatisfaction among players who expect seamless functionality. Given the complexity of the system, these issues are not hypothetical but likely occurrences that could further alienate recreational users, who are less likely to tolerate technical disruptions.

In summary, the increased administrative burden, intrusiveness, potential financial impact, privacy concerns, and technical challenges of the Player Card system all create a gaming environment that is at odds with the expectations of recreational users. This will ultimately lead to reduced participation, venue patronage, and player satisfaction, undermining the very purpose of the experience as a leisure activity.

Impact on Venue Operations

The consultation paper fails to recognise the significant impact the Player Card system will have on venues. It neglects the complexities of integrating the new system with existing technologies, the increased staff workload and associated costs, and the technological and site adjustments that venues will inevitably need to undertake. Focusing on the technology itself, while neglecting the practical realities of implementation, undermines the system's overall viability.

Technology developed in isolation from venue operations will lead to outcomes misaligned with day-to-day needs, forcing venues to adopt an expensive system that creates inefficiencies, raises costs, and disrupts business activities and customer satisfaction. This disconnect becomes even more problematic when considering the substantial operational burdens the Player Card system places on venues—particularly those with limited staff and resources.

Venue operators will be tasked with managing the system's complexities, such as customer sign-ups, identity verification, transaction monitoring, and troubleshooting technical issues, all without provision for the necessary training, support, or resources. The lack of planning for these operational demands has left businesses uncertain about how they will meet the system's requirements while maintaining levels of customer service. This disconnect between policy design and operational realities makes it difficult for venues to comply with such a complicated system.

Bureaucratic systems are inherently rigid and slow to adapt, and the Player Card system is no exception. Venues and customers are likely to face difficulties resolving issues due to the system's inflexibility and lack of user-friendly features. This rigidity will only further reduce the system's acceptance and efficacy, as frustration grows among both users and operators.

A report prepared by Morgan Stanley soon after the Player Card announcement highlighted how significant the impact would be on recreational players. The report assessed that the likely reduction in EGM gaming revenue as a result of the Player Card system would be 70%.[17] This clearly demonstrates how significantly the Player Card will impact on recreational players and, when combined with the significant increase in costs, ultimately on venue viability and the wider Tasmanian economy.

Site Integration

The consultation paper fails to address the critical site impacts on venue operations, which inhibits venues' ability to provide meaningful feedback. Without accounting for how these changes will impact the operations of venues—especially smaller pubs and clubs with limited space—venues are left uncertain about the scale of necessary modifications. The changes may require changes to floor plans, reducing service areas, disrupting workflows, and limiting space for customer interactions. Despite this, the paper offers no clear spatial guidelines or details on regulatory requirements.

Compensation and Support for Venues

The paper neglects to address potential compensation or support for venues undergoing structural and operational adjustments. The potential burdens tied to installing new equipment, particularly in venues where space is at a premium, could be substantial. Smaller venues, which often lack the financial flexibility to absorb such costs, will be disproportionately impacted. In the absence of financial support measures, venues will be left to shoulder the full costs of compliance. These costs, coupled with the anticipated decline in recreational users, will force venues to reevaluate the viability of their business models under the proposed system. For smaller venues already operating with tight margins, the financial strain of implementing new infrastructure alongside reduced patronage is likely to lead to their closure. The absence of support for venues only exacerbates this risk, potentially accelerating the loss of local pubs that play a vital social role in their communities.

Loyalty Programs

The consultation paper provides insufficient details on whether venues will be able to integrate loyalty programs with the proposed Player Card system.

Lack of Integration Insight

The absence of information on how, or if, existing loyalty programs can be integrated into the Player Card system is alarming. It suggests that the system may be unable to accommodate venue-specific offerings altogether, either as a deliberate shift in policy or due to a lack of foresight regarding the technical feasibility of integration. The omission reflects a disconnect between policy objectives and the operational realities of venues.

A matter of Policy

Despite stating that matters of policy are "out of scope"[18], the consultation paper raises the question of whether loyalty programs should be integrated with the Player Card system—a matter that is fundamentally a policy issue.

By raising the question without providing relevant background information, the consultation risks steering responses toward a predetermined outcome rather than fostering open dialogue. This could ultimately result in the removal of loyalty program integration from the Player Card system under the guise of harm minimisation, while in reality, it may be an attempt to avoid acknowledging the technical infeasibility of integration—thus sidestepping any admission of insufficient due diligence or oversight.

Critically, since the integration of loyalty programs was neither raised as an issue nor included in the *Report to the Treasurer*, there was no reason to be concerned that loyalty programs could not form part of the Player Card technology. The lack of prior discussion highlights that stakeholders were not given the opportunity to review or provide feedback on the policy before the Ministerial Direction was issued. This oversight, along with other resulting technical challenges that now cast doubt on the technology's viability, stems from the absence of proper consultation on the Player Card system policy.

Technical Feasibility of Integrating Multiple Loyalty Systems

Integrating multiple separate loyalty programs into a unified Player Card system presents significant technical challenges. Venues with their own loyalty systems are each uniquely designed to cater to their customers and business strategies. Combining these varied systems into one platform demands advanced technological solutions capable of handling complex data structures and diverse operational logics. The consultation paper's omission of a detailed technical analysis on how to manage these complexities is a major oversight.

The paper overlooks essential IT infrastructure upgrades, compatibility challenges, and logistical complexities, depriving stakeholders of the critical information needed to assess technical barriers. Additionally, the varying costs of system choices and their integration pose a significant risk that should have been outlined.

Unclear Responsibilities and Further Investment Requirements

It is not clear from the consultation paper whether it would be the responsibility of the LMO to design a Player Card system capable of accommodating the

integration of various loyalty programs. This ambiguity could place an undue burden on venues that have already invested heavily in their loyalty program infrastructure. If venues are required to further invest to align their systems, this could lead to significant financial strain, particularly for smaller operators. The prospect of additional investments highlights the need for clarity regarding who will bear the responsibility and costs of ensuring system compatibility.

Training and Support

The consultation paper's omission of venue training and support exposes a critical oversight in assessing the operational feasibility of the Player Card system within venues. While it focuses on technological considerations, it fails to address the practical aspects of delivering and maintaining the system in venues. This is troubling at this stage of the consultation. Decisions about infrastructure and functionality are being made without fully considering venues' capacity to support these changes. Without a clear plan for staff training, the time it will take, and the resources required, venues cannot properly assess whether the system is viable. This jeopardises the consultation's purpose, as the technology may prove incompatible with venue operations, leading to unnecessary expenses, delays, and a failure to meet the system's objectives.

Handling of System-Related Customer Inquiries & Support for Venues

The consultation paper does not outline how customer inquiries related to the system—such as sign-ups, cashouts, load-ups, and troubleshooting—will be handled, nor does it specify the level of support venues can expect. This issue goes beyond customer service and impacts the operation of the Player Card system. Regardless of the procedures established, venues will be required to manage a host of new responsibilities, including customer registration, cash flow management, and technical issue resolution. These tasks will place a heavy burden on staff, disrupting daily activities and overwhelming smaller venues.

Without detailed processes and support mechanisms, there is risk of operational strain on venues increasing, particularly during busy periods. If system operators do not provide sufficient technical support or streamlined troubleshooting, venues could struggle to cope with the additional workload.

10 Minute Breaks in Play

The proposal for 10-minute mandatory breaks after two hours of continuous EGM play lacks essential details regarding its practical application. Although designed to encourage responsible gambling, the consultation paper fails to address key operational issues like machine reservations, customer management, and additional staffing or technical demands. Without this clarity, venues are unable to fully assess the impact on their operations or offer informed feedback.

Process and Parameters for Managing Large Jackpots

The consultation paper lacks clarity on how the introduction of the Player Card system will affect the management of large jackpots, specifically whether it will result in the elimination of hand pays. Currently, hand pays are standard practice for managing large payouts, particularly for amounts exceeding certain thresholds. The absence of details on whether this process will be replaced or adjusted under the new system raises operational concerns for venues. Venues need clear guidelines on how large jackpots will be managed, including any changes to staff involvement and security protocols, to ensure smooth operations and compliance with regulatory standards. Without this information, venues cannot adequately assess the impact on staffing, customer service, and cash handling procedures.

Regulatory and Compliance Integration

The consultation paper fails to adequately address the key regulatory and compliance challenges related to third-party customer identification, identity and card ownership verification, Politically Exposed Persons (PEPs) identification, and transaction monitoring. By introducing a Player Card system that lacks clear guidance and proper integration with established Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) protocols, the system risks significantly introducing vulnerabilities that could be exploited for financial crimes such as money laundering (ML) and terrorism financing (TF). These vulnerabilities would create compliance gaps, allowing illegal financial activities to go undetected, not only undermining the venues' efforts but also posing a serious threat to the integrity of the broader financial system. The flow-on effects would be far-reaching, as any weakening of AML/CTF safeguards directly impacts the broader community, increasing the risk of organised crime infiltration and illegal financial practices that harm the economy and social fabric.

Critically, venues have already invested considerable resources to meet and often exceed AML/CTF obligations, playing a vital role in safeguarding the community against illegal financial activities. A system that introduces such vulnerabilities would undermine these efforts, destabilising compliance frameworks and creating an environment in which financial crimes could flourish.

Moreover, if the Player Card system is implemented without aligning with proven compliance practices, venues would face operational inefficiencies and escalating costs. In response to these shortcomings, venues would be forced to overhaul their existing systems or introduce additional layers of oversight, diverting crucial resources away from other operational priorities. This would not only weaken overall compliance but also risk reducing the level of community protection from financial crime.

It is imperative that any new system strengthens, rather than undermines, the existing compliance infrastructure. Proper alignment with established AML/CTF practices will allow venues to continue meeting their obligations effectively, protect themselves from regulatory penalties, and ensure that the community remains safeguarded against the risks of money laundering and terrorism financing.

Third-Party Customer Identification Requirements

The paper does not present how venues, as AML/CTF reporting entities, will handle third-party customer identification processes under the Player Card system. Venues are expected to rely on third-party providers for customer verification processes, but there

is no guidance on how these partnerships will be regulated or structured. To comply with AML/CTF regulations, formal agreements must be in place with third-party entities, ensuring that their Customer Due Diligence (CDD) procedures align with those required of the venues. These agreements must also undergo reassessment every two years to ensure ongoing compliance. Without such measures, venues could face liability, as they would not be protected by safe harbour provisions for non-compliance. The absence of clear direction on managing third-party relationships introduces significant regulatory and operational uncertainty for venues.

Verification of Customer Identity and Card Ownership

The consultation paper fails to provide guidance on how venues will verify that the person using a Player Card is the legitimate cardholder, particularly as the cards do not contain any identifying information. Verifying the identity of the cardholder (i.e. the venue's customer) is a core obligation under AML/CTF regulations to prevent fraud, money laundering, and misuse. Without a clear method for confirming card ownership or identifying the user, venues face a significant compliance challenge. This gap in the paper leaves venues vulnerable to potential fraud, identity misuse, and non-compliance with CDD obligations.

Identification of Politically Exposed Persons (PEPs)

The consultation paper does not address how the Player Card system will facilitate the identification of PEPs, who require enhanced due diligence due to the heightened risk of corruption and money laundering tied to their roles. Under AML/CTF regulations, venues must conduct additional scrutiny when dealing with PEPs, but the paper fails to provide procedures for reliably identifying these individuals during registration or throughout their gaming activity. This omission creates significant risks for venues, as the failure to properly identify and monitor PEPs could lead to non-compliance and regulatory penalties.

Transaction Monitoring and Reporting

The consultation paper does not provide adequate details on how venues are expected to meet their transaction monitoring and reporting obligations. AML/CTF regulations mandate that venues monitor and report suspicious activities, such as significant deposits/withdrawals and unusual gaming activity, to prevent or identity money laundering. Yet, the paper fails to explain how venues will obtain the customer data needed to carry out these responsibilities. Without access to complete transaction information, venues may find it difficult to comply with their legal obligations. This uncertainty raises doubts about the system's capacity to help venues adhere to AML/CTF requirements and complicates the regulatory viability of the Player Card system.

Technical Viability: Improbable

The system architecture required to operate the proposed Player Card system is unprecedented in both complexity and scale. Designing such a system requires integrating many individual gaming venue systems into a single, cohesive network. This integration must facilitate real-time communication between venues and a central system to manage player accounts accurately.

Achieving real-time data transmission on this scale requires a robust and scalable infrastructure. The system must handle thousands of concurrent transactions without latency or errors, ensuring that every player and venue activity is updated instantaneously. This demands advanced networking solutions, high-performance servers, and sophisticated software. For remote venues in particular, this presents a much larger issue, as the need for reliable and fast internet is essential but beyond the control of the Commission, venue, or LMO to address.

The system architecture must incorporate stringent security measures to protect sensitive financial and personal data. This includes implementing end-to-end encryption, intrusion detection systems, and regular security audits. Compliance with data protection regulations such as the Australian Privacy Act are non-negotiable requirements. Any security lapses could result in data breaches, financial losses, and severe reputational damage for both the venues and the regulatory bodies involved.

Another layer of complexity arises from the necessity to comply with financial regulations such as AML/CTF laws. The system must have built-in capabilities for robust Know Your Customer (KYC) processes, real-time transaction monitoring, and automated reporting mechanisms to detect and prevent illicit activities. Implementing these features is not only technically challenging but also critical for legal compliance and maintaining the integrity of the gaming industry.

Operational challenges, such as handling large payouts, complex settlement processes, and cross-venue account management, require sophisticated algorithms and real-time data reconciliation. The system must accurately track funds for settlements across multiple venues, manage progressive jackpots, and handle high volumes of micro-transactions efficiently. These functionalities necessitate advanced financial software and databases optimised for high-speed processing and reliability.

Furthermore, the system must include comprehensive backup and disaster recovery solutions to ensure business continuity. In the event of system failures or cyberattacks, rapid restoration of services is essential to prevent disruption. This requires redundant systems, real-time data replication, and well-tested recovery protocols.

The unprecedented scale and complexity mean that there is little existing infrastructure to model upon, increasing the risk of unforeseen technical challenges, delays, and cost overruns. The development and implementation would require a multidisciplinary team of experts, significant financial investment, and a considerable timeframe to achieve a stable and secure system.

Compounding these technical hurdles was the lack of prior industry consultation to inform the feasibility of the system announced as a policy. The absence of this consultation with venues resulted in this policy being incompatible with operational needs or capabilities. Attempting to customise the system now to accommodate different venue needs, varying levels of technological readiness, and considerations for a workable user-centric design would be extremely difficult. The failure to consider these factors from the outset, and now again in this consultation paper, has led to a system that, for most venues—particularly smaller operators with limited resources—may prove impractical or even unusable.

Overall, the technical challenges associated with the Player Card system are substantial. The unprecedented complexity and scale of the required system architecture present significant risks that have not been adequately addressed. Proceeding without addressing or acknowledging these challenges would lead to operational failures, financial losses, and jeopardise the viability of the industry.

Additional Technical Reasoning

Scope of API Complexity

Why it is important:

APIs, or Application Programming Interfaces, generally enable different software systems to communicate, allowing seamless data exchange and real-time interactions. If new APIs are deemed necessary in the technical design—a point on which the consultation paper provides no details—they would facilitate the integration of gaming machines with a central monitoring system. Without a well-designed API infrastructure, the Player Card system may face challenges in

achieving the accuracy and reliability essential for regulatory objectives and maintaining a quality user experience.

Why it is difficult:

If the commission determines that new APIs are necessary, their development and integration would likely be highly complex and demanding due to Tasmania's diverse range of gaming machines. With twenty different models from five suppliers—many running on outdated or proprietary platforms—operating across two difference monitoring systems. The potential for technical incompatibilities or integration challenges may be significant, as venues could face increased reliance on specialised technical support, rising operational costs, and the risk of reduced customer satisfaction due to system instability.

Moreover, if a standardised API solution is introduced—to reduce cost to government—that only supports certain machines, venues may be forced to replace incompatible machines at their own expense. This would place a significant financial burden on venues, particularly smaller ones, and lead to operational downtime during the transition.

Importantly, the consultation paper does not address the role of APIs, making it difficult to evaluate their potential design, relevance, implementation challenges, or associated costs.

Real-Time Data Transmission

Why it is important:

Real-time data transmission is critical for the Player Card system because it ensures that every transaction a player makes is immediately recorded and reflected. Instantaneous updating is essential for maintaining accurate account balances, preventing fraudulent activities, and ensuring a seamless gaming experience. If a player loads funds or collects winnings in one venue, that needs to be instantly visible in any other venue they might visit. This real-time visibility is also crucial for regulatory compliance, as it enables accurate monitoring and reporting of gaming activities, which is necessary for auditing and compliance.

Why it is difficult:

Achieving real-time data transmission across multiple venues is technically challenging. Firstly, it requires a robust and scalable network infrastructure capable of handling large volumes of data with minimal latency. The system must process thousands of concurrent transactions without delays, which demands significant resources and sophisticated data management. Secondly, ensuring

data integrity across all venues is complex, especially when dealing with potential hardware failures or network disruptions (e.g. remote areas with poor internet access). Any lapse in real-time communication could lead to discrepancies in player balances or transaction histories, undermining trust in the system. Additionally, implementing secure data transmission protocols to protect sensitive financial information adds complexity, as the system must guard against cyber threats while maintaining high performance.

Account Management Across Venues

Why it is difficult:

Managing player accounts across multiple venues is technically demanding because it requires a highly reliable and secure centralised database that is accessible in real time by all venues. The system must handle multiple concurrent transactions without errors. Issues such as network latency, bandwidth limitations, and varying technical capabilities of venues can complicate real-time data synchronisation. Additionally, the system must implement stringent security measures to protect personal and financial data, including encryption, authentication, and authorisation protocols. Ensuring compliance with the Australian Privacy Act adds further complexity, as the system must allow for data access and correction rights, secure data storage, and proper data disposal procedures.

Complex Settlement and Reconciliation

Why it is important:

Accurate settlement and reconciliation processes are essential for integrity and trust between players, venues, and regulatory bodies. Venues need to reconcile all financial transactions—including player deposits, withdrawals, and gaming wins or losses—to ensure that the funds are accounted for correctly. Proper settlement ensures that players receive the correct payouts and that venues accurately reflect their financial positions. It also supports compliance with taxation and financial reporting requirements. Effective reconciliation helps prevent financial discrepancies that could lead to disputes.

Why it is difficult:

The complexity arises from the need to accurately track and reconcile a vast number of transactions occurring across multiple venues in real time. The central system must consolidate data from various sources, and ensure that all records are accurate. Handling discrepancies—such as mismatched transactions, network delays, or data entry errors—requires sophisticated error detection and

correction mechanisms. The system must also manage the timing differences between when transactions occur and when they are processed, especially in cases of system outages. Implementing automated reconciliation processes that can handle exceptions and escalate issues when manual intervention is needed adds to the complexity. Additionally, compliance with financial regulations necessitates detailed audit trails and reporting capabilities, requiring the system to maintain comprehensive records that are secure yet accessible to authorised personnel.

Maintaining Reserve Funds and Liquidity Management

Why it is important:

Effective liquidity management upholds the financial integrity of the gaming industry by guaranteeing that venues have sufficient liquidity to meet their operational and winning payout obligations. Beyond covering on-site winnings, venues will also need to have sufficient liquidity to pay out withdrawals that may relate to gaming activity at other venues. This inter-venue payout requirement will add an extra layer of financial responsibility, as venues may be required to process withdrawals for funds they did not directly receive. Proper liquidity management supports day-to-day operations, fostering a stable environment for both employees and patrons, and ensuring consistent cash availability for these additional obligations.

Why it is difficult:

Setting aside cash in a central system immobilises funds that would otherwise be accessible for operational needs, potentially straining a venue's cash flow. When venues must also cover payouts related to gaming activities from other locations, the potential for liquidity strain is compounded. This lack of financial flexibility can lead to operational inefficiencies and challenges in managing expenses. Compliance with regulations on large cash transactions, such as AML/CTF laws and reporting requirements, introduces additional complexities that demand resources and careful oversight. Furthermore, the reserved funds do not earn interest as they would in an interest-bearing bank account, creating an opportunity cost over time. For businesses operating on tight profit margins, these compounded challenges increase financial burdens and threaten their long-term viability.

Transaction Logging and Auditing

Why it is important:

Comprehensive transaction logging and auditing are vital for transparency, accountability, and regulatory compliance. Detailed, immutable audit trails enable the tracking of every financial movement, which is essential for resolving disputes, detecting fraudulent activities, and conducting compliance checks. Regulators require access to transaction histories to ensure that venues adhere to legal and ethical standards. Accurate logs support financial reporting, taxation processes, and internal audits, contributing to the overall integrity and credibility of the gaming industry.

Why it is difficult:

Implementing effective logging and auditing systems involves securely capturing and storing vast amounts of data generated by every transaction across all venues. The system must maintain data integrity, ensuring logs are tamper-proof and accurately reflect all activities. Providing access to these logs for authorised personnel without compromising player privacy requires robust security measures, such as encryption and strict access controls. Compliance with data protection laws adds complexity, as the system must balance transparency with confidentiality. Additionally, the system must be scalable to handle high transaction volumes without performance degradation. Long-term data retention policies may necessitate significant storage solutions and efficient retrieval mechanisms, all while safeguarding against data loss or breaches.

Data Security and Privacy Compliance

Why is it important:

Data security and privacy compliance are critical because the Player Card system will handle extremely sensitive player information. Protecting this data is essential to maintain player trust, comply with legal obligations, and uphold the integrity of the gaming industry. Regulations impose strict requirements on how personal data is collected, stored, processed, and shared. Non-compliance can result in severe financial penalties, and reputational damage. Ensuring robust data security helps prevent identity theft, financial fraud, and unauthorised access to personal information, which would harm players and erode confidence in the system.

Why is it difficult:

Implementing the necessary security measures for the Player Card system presents complex challenges. Advanced encryption methods, secure access controls, and intrusion detection systems are required to protect data, demanding significant technical expertise and resources. The system must offer end-to-end security to safeguard sensitive player information. Compounding these challenges is the constantly evolving threat landscape, where cyber attackers use increasingly sophisticated methods to breach systems. This necessitates continuous monitoring, regular security updates, and proactive vulnerability assessments to stay ahead of potential threats. Additionally, the system must comply with user privacy rights, which means not only securing personal data but also facilitating requests for data access, corrections, and the right to be forgotten. Integration across all system components, including third-party integrations with payment processors and gaming machines, must also adhere to uniform security standards. Any weakness in one part of the system could jeopardise the security of the entire network.

System Downtime and Redundancy

Why it is important:

Maintaining system availability is crucial for uninterrupted gaming operations. System downtime can lead to financial losses for venues, frustrate players, and damage the reputation of the industry. Robust redundancy mechanisms are essential to ensure business continuity, comply with service level agreements, and meet regulatory requirements for operational reliability.

Why it is difficult:

Designing a system with failover capabilities requires sophisticated infrastructure that includes redundant servers, backup networks, and real-time data replication. Ensuring these components function seamlessly without data loss or corruption is technically challenging, especially when synchronising data across primary and backup systems in real time, as any discrepancies can lead to inaccuracies in transactions and financial records. Developing disaster recovery plans further complicates the process, requiring anticipation of a wide range of failure scenarios, from hardware malfunctions to cyberattacks and natural disasters, alongside regular testing and updates to ensure their effectiveness. Additionally, scheduling regular maintenance without disrupting services demands careful coordination, particularly when implementing systems that allow for continuous

operation during repairs. Establishing and maintaining these redundant systems would therefore be an additional cost burden.

Customer Support

Why it is important:

Robust customer support is essential to maintain trust and satisfaction among players. Issues like incorrect balances, unauthorised withdrawals, or system errors can significantly impact a player's experience, especially recreational and interstate users who would be prone to losing cards and forgetting PINS. A clear, efficient resolution process helps prevent disputes from escalating and demonstrates the system's reliability. For venues, effective customer support minimises reputational damage. A support system that does not disrupt the experience of recreational players is essential. However, the proposed Player Card system risks imposing a bureaucratic customer support system.

Why it is difficult:

The consultation paper lacks detail on how customer support will function from the perspective of venues and users, making it difficult for businesses to provide feedback on how the proposed Player Card system will integrate into operations. Key aspects such as resource allocation, staff training, and clear escalation pathways remain unclear. This uncertainty hinders venues' ability to offer informed feedback on the support infrastructure needed.

The absence of a user-centric approach means venues cannot accurately anticipate the types of issues players may encounter or their expectations for resolution. This becomes particularly important when dealing with issues beyond the venue's capacity, such as those involving sensitive player information, which would likely need to be escalated to the LMO, Commission, or a third-party provider.

The current LMO service model is unsuitable for a Player Card system, they will need a dedicated and full-service helpdesk for Tasmania due to the complexity of the issues that will arise. Outsourcing these support services could come with substantial costs, which are likely to be passed on to venues at inflated rates, further straining their resources.

Handling Stale or Dormant Accounts

Why it is important:

Managing stale or dormant accounts is crucial for financial accuracy, regulatory compliance, and customer satisfaction. In the gaming industry, with a high number of recreational players and visitors, many accounts become inactive over time.

Unused funds in these accounts represent liabilities that need to be accurately tracked. Proper protocols ensure that players can reclaim their funds if they return, which enhances trust and protects the venue's reputation. Additionally, unclaimed balances are subject to laws regarding unclaimed monies, where funds must be turned over to the state after a certain period.

Why it is difficult:

Managing inactive player accounts involves several challenges that must be addressed to ensure regulatory compliance and efficiency. Regulations may require that players are notified about account inactivity or pending actions, necessitating automated communication systems. Safely storing data from inactive accounts over long periods adds another layer of complexity, balancing secure data retention with privacy concerns. Reactivating dormant accounts also presents risks, requiring seamless identity verification processes to ensure security and prevent fraud. Additionally, unclaimed funds from inactive accounts can complicate financial reconciliation, as they need to be accurately reflected as liabilities in financial statements. When accounts are deactivated, clear policies must be in place for the settlement of funds, including where those funds are allocated and for what purpose, further adding to the operational and financial complexity. Further, it is not clear who will be responsible for managing inactive accounts or funds.

Multi-Layered Permission Systems for Financial Control

Why it is important:

A multi-layered permission system is essential to ensure that only authorised individuals have access to specific financial data, which protects sensitive information and maintains regulatory compliance. Different stakeholders—including venue operators, the LMO, the Commission, financial institutions, and auditors—require access to varying levels of data to perform their duties. A robust permissions model helps prevent unauthorised access, reduces the risk of internal fraud, and ensures that confidential player information is protected. It also supports accountability by providing audit trails of who accessed or modified data.

Why it is difficult:

Designing an effective access hierarchy for the Player Card system would involve significant complexity, as it must accurately reflect the organisational structure and varying access needs. Additionally, the consultation paper fails to mention what level of access venues (and their auditors) will have to customer data. Any

misconfiguration could introduce security risks, potentially allowing unauthorised access to sensitive data. To mitigate these vulnerabilities, regular reviews and updates of access permissions would be essential. Managing user access rights, such as adding, modifying, or removing them due to role changes, staff turnover, or third-party access, would require a robust identity and access management system. The permissions system must integrate seamlessly with all components of the Player Card system, including third-party applications, which adds technical complexity. The system must balance security with usability; overly restrictive or complicated access controls will negatively impact efficiency and user experience.

Backup and Disaster Recovery Plans

Why it is important:

For a system of this complexity, having comprehensive backup and disaster recovery plans is critical to ensure business continuity. In the event of data corruption, system failures, cyber-attacks, or natural disasters, the ability to quickly restore all financial data minimises downtime and financial losses. It also prevents data loss, which would lead to significant regulatory penalties, reputational damage, and loss of player trust. The absence of such plans in the consultation paper evidence a lack of attention to this system requirement.

Why it is difficult:

The Player Card system will need to manage a vast volume of constantly changing data, requiring advanced solutions to back up this information regularly without compromising performance. Given the critical nature of financial transactions, real-time or near-real-time recovery capabilities are essential, but implementing such data replication processes is technically challenging. Infrastructure requirements will be substantial, involving redundant systems across multiple geographic locations, with heavy investments in hardware, software, and network resources. Additionally, disaster recovery plans must be regularly tested and updated to ensure they remain effective, which involves simulating potential disasters without disrupting ongoing operations. Security remains a top priority, as backups must be secured to the same standards as live data, necessitating encryption, strict access controls, and secure storage solutions. The recovery process would also require coordination among multiple stakeholders, including IT staff, venue operators, and third-party service providers, all of whom need clearly defined communication and coordination protocols.

Online Portal

User Experience

The inclusion of an online player portal in the proposed Player Card system introduces several critical technical concerns, yet the submission provides minimal clarity. While the portal is mentioned, there is a lack of specificity regarding its design, platform compatibility (e.g., whether it will support desktop, mobile, and tablet access), and the responsible party for its development and maintenance, nor is the additional cost of this portal discussed. The absence of information on who will oversee regular updates, security patches, and system monitoring raises significant questions.

The development of a secure and user-friendly online portal requires a dedicated team skilled in web development, cybersecurity, and systems integration. However, no details are provided on whether this will be handled in-house by the LMO or outsourced to third-party developers. Additionally, considerations such as load balancing, system redundancy, and real-time data synchronisation across platforms are not addressed. Without clear answers on these foundational elements, stakeholders are left with substantial uncertainty about the system's feasibility and the potential for long-term technical support.

Venue Experience

The consultation paper does not provide any information on whether venues will have access to a dedicated portal for business-related data or how they will interface with the system. There is no mention of how or if venues will access vital information such as transaction logs, customer activity, or system diagnostics necessary for managing day-to-day operations. This lack of detail extends to the functioning of the proposed cashier desks, leaving unanswered questions about how the proposed systems will interface.

The paper does not discuss how the system will ensure cross-venue information protection, particularly regarding access to commercially sensitive data. However, restricting access to broader system-level data could limit a venue's ability to resolve cross-venue issues, such as a customer winning at one location and redeeming at another. This lack of flexibility would slow customer service response times and further impact venue operations.

The consultation paper completely ignores how customers will engage with the proposed portal (and the card system more generally) and who will deal with customer questions and provide them with support. Our experience with

members in Tasmania's casinos has shown that many customers struggle with the operation of new technologies. Recreational players and interstate players will be particularly confused with the introduction of this technology and the paper does not indicate who will deal with customer support, the scope of this support, and how quickly questions and concerns must be resolved. This is just one example of a system that has been designed without any consideration for the end user – the customer.

Conclusion

It is strongly recommended that the government reconsider the implementation of the proposed Player Card system. Its impracticality, coupled with substantial costs and economic, operational, and technical risks, renders it untenable. We urge the government to strengthen existing harm minimisation measures by integrating proven technologies like FRT. This approach would effectively balance the need for harm minimisation with the operational realities of the industry and the expectations of recreational players.

There are at least 15 reasons why the Player Card system outlined in the consultation paper will not work and will have negative consequences:

1) **Bureaucratic** – the policy and system have been designed by bureaucrats, for bureaucrats, and with no understanding or consideration for who the end user is and how they will navigate their way through a bureaucratic jungle;

2) **Complexity** – this is an extraordinarily complex system involving a raft of new technology and financial plumbing to be networked across nearly 100 venues in a regional state with a dispersed population;

3) **Scale** – this bureaucratic and complex new system that has never been implemented anywhere in the world is proposed in the smallest jurisdiction in Australia, surely it would make more sense to "piggy back" on harm minimisation technologies that have been successfully deployed elsewhere?

4) **Government competence** – Tasmania's government departments have a poor track record with overseeing major projects and new technology, this would be risky enough if it wasn't for the fact that all the costs are to be transferred to the industry;

5) **User unfriendly** – the system does not appear to have considered in any way the ease of use for either the customer or the venue trying to assist and support the customer;

6) **Costs** – the costs are unclear but likely to be substantial to introduce and then operate the system and will include: significant but unspecified capital costs for all EGMs and gaming venues, significant but unspecified daily fees per EGM to operate the system, and significant but unclear additional staffing and venue costs to operate the system and support customers;

7) **Revenue** – the Player Card system will reduce gaming revenue significantly (Morgan Stanley estimated by 70%), making nearly all gaming venues unviable and having a negative impact on regional economies, employment, and government finances;

8) **Recreational players** – the Player Card system will be most inconvenient for recreational, interstate and occasional players; whereas intensive and very regular players will quickly adjust, leading to a perverse policy outcome;

9) **Sovereign risk** – gaming venues had invested in good faith in their facilities in the lead up to the commencement of the new licences in 2023 and this dramatic policy u-turn is a clear example of an unacceptable sovereign risk that should have all regulated industries concerned;

10) **Untried** – no other jurisdiction in Australia or the rest of the world has implemented a system like this, so there is no experience of whether it will work or even whether it can be implemented;

11) **Current approach working** – the current harm minimisation measures have consistently led to a reduction in the rate of problem gambling in Tasmania to the extent that it is now the lowest in the country at just 0.4% of the adult population, therefore what is the problem that is being addressed with this policy?

12) **Alternatives** – there are alternative harm minimisation technologies (FRT) that more effectively target problem gambling that have been successfully deployed in other Australian states and been successfully trialled in Tasmania;

13) **No modelling of impact** – two years after the policy was announced and there has still been no Tasmanian Government modelling to outline the impacts of this policy on the Tasmanian economy, government finances, employment, or even problem gambling;

14) **Privacy and security** – at a time of heightened concern about privacy and security of personal data, this Player Card system introduces a new and significant level of risk that will have every player concerned; and

15) **Stigmatise players** – the system will embarrass and stigmatise every EGM player if introduced and, contrary to the upfront statement in the consultation paper, this will have the biggest impact on recreational and occasional players.

The policy behind the Player Card system was poorly considered and will not work. Two years after its announcement, this consultation paper has only confirmed how flawed and unworkable the system is.

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