



Tasmanian Liquor and Gaming Commission
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Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the consultation on facial recognition and player card gaming technologies to minimise gambling harm 6 May 2022

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission to the consultation on facial recognition and player card gaming technologies to minimise gambling harm.

The membership of the Synod's congregations have been concerned for a long time about the harms that certain forms of gambling are causing in our communities. At the 1999 meeting of representatives of the congregations a resolution was passed stating:

To call on the State Government to implement strong consumer protection measures for gamblers through legislation to stop their exploitation by the gambling industry, including:

- (i) the establishment of adequately resourced, independent bodies to provide consumer protection for gamblers and to enforce legislation and regulations for consumer protection;*
- (ii) the provision for local government veto over the number of machines and new gaming venues; and*
- (iii) the provision of increased funding for recreational alternatives to gambling.*

The 2011 meeting of the congregations represented made the following resolution:

To urge the Federal and State Governments to implement further measures to reduce the level of problem gambling and other harm caused by electronic gaming machines (EGMs), including:

- (i) Introduction of a pre-commitment system on all EGMs that is easy for gamblers to use; links all machines together, so that it will not be possible to override a limit the gambler has set simply by moving to another machine; allows for at least 24 hours before a limit can be increased upwards; and allows gamblers to set enforcement loss and time limits for themselves;*
- (ii) Setting the maximum a gambler can lose on the EGMs to \$1 per button push; and*
- (iii) Limiting opening hours of EGM areas in venues to between 10am and midnight;*

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 players?

b. For venues?

The Synod supports the use of facial recognition technology in venues to improve the implementation of self-exclusion and possible other harm minimisation measures linked to tracking the behaviour of people gambling. The Synod's understanding from the available research is that self-exclusion can be a useful option for a minority of people who have experienced gambling harm. However, the effectiveness of self-exclusion is undermined if a person tests if they will be detected entering a pokies venue they have excluded from and finds they are not detected by staff. The use of physical photos in venues and relying on staff to recognise people who have self-excluded often results in people who have self-excluded not being detected. Facial recognition technology may improve the detection. However, for that outcome to be achieved the Tasmanian Government will need to set minimum standards for the facial recognition technology, to avoid some venues adopting cheap and ineffective facial recognition systems.

The Salvation Army in New Zealand that provide support to people harmed by gambling reported to us that the use of facial recognition technology has been very successful at the Christchurch Casino. They reported that many of the people accessing their gambling harm related services knew of the facial recognition technology being used in the casino. They also received referrals from the casino following casino staff talking to people about gambling harm. People at risk of being harmed by their gambling were identified by using facial recognition to monitor length of gambling session.

The Problem Gambling Foundation New Zealand has reported to the Synod on the use of facial recognition technology in pokie venues in New Zealand:

In our local class 4 venues that have facial recognition some staff have feedback that facial recognition makes a hard conversation easier because the punter is identified and knows they have breached their agreement. These venues are less likely to get people breaching their exclusions because they cannot beat the facial recognition system. Less pressure on staff.

Christchurch Casino reported to the 2018 12th European Conference on Gambling Studies and Policy Issues about the use of facial recognition technology in their facility.¹ However, the presentation is no longer available on the conference website. The Casino representative reported that the facial recognition system was used to detect excluded gamblers, but also people engaged in excessive carded gambling on multiple pokies, excessive uncarded gambling on a single pokie, people playing high bets, people spending excessive time in the casino and people making frequent withdrawals from ATMs.² However, no data about the performance of the system was made available for assessment at the time.³

As pointed out by three researchers, facial recognition technology backed by tracking software to detect signs of harmful gambling patterns, cannot replace the need for staff training, observation of gambling behaviour and intervention with people engaged in harmful gambling behaviour. Detection of harmful behaviour by a person gambling will not occur where the expenditure by the person is relatively low compared with the median or aggregate average expenditure per session

¹ Tony Azouri, Christchurch Casino, 'The development and use of real-time alerts and facial recognition technology to assist in Host Responsibility at Christchurch Casino', 14 September 2018.

² Letter from Alex Blaszczyński, Paul Delfabbro and Lia Nower to Sonja Bauer at Crown Casino, 5 April 2021.

³ Letter from Alex Blaszczyński, Paul Delfabbro and Lia Nower to Sonja Bauer at Crown Casino, 5 April 2021.

but high relative to their income. Such a situation may apply to people on pensions or other social security payments.⁴ They concluded:⁵

Staff training in detecting behavioural indicators of problem gambling must remain in adjunct to any facial recognition or other technology use to track play among uncarded customers.

SkyCity Entertainment Group has been using facial recognition technology in its casinos in Auckland, Hamilton and Queenstown.⁶ The experience of these venues in the use of facial recognition technology could also be explored.

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 players?

b. For venues?

In terms of benefits, a card based system could be used to allow people gambling to:

- Track their gambling activity;
- Set themselves enforceable limits, provided the card must be used in order to gamble on any pokie; and
- Self-exclude by setting a zero limit where the card must be used in order to gamble on any pokie.

In addition, a card system that is centrally monitored can provide de-identified data about gambling behaviour. Such data could be used to monitor the behavioural change for people gambling if the government introduces new measures to reduce gambling harm. It could also be used to assess the increase in harm if the gambling businesses introduce new features or new machines.

The Synod is concerned about any introduction of a cashless gambling system. The Productivity Commission 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. Hare (2015) found that people with gambling problems were far more likely to lose track of money while gambling on EGMs than people engaged in low risk or moderate risk gambling behaviour.⁷ It is reasonable to be concerned that cashless gambling would make this worse.

Behavioural science studies have shown that people treat the use of cash very differently to electronic representation of cash.⁸ It is likely that the behavioural change will increase gambling losses and therefore gambling harm.

Cashless gambling systems can be used for refining in a money laundering operation. Refining refers to the conversion of small denomination bills to large denomination bills. An individual may insert a large number of small denomination bills into a cashless gambling system and

⁴ Letter from Alex Blaszczyński, Paul Delfabbro and Lia Nower to Sonja Bauer at Crown Casino, 5 April 2021.

⁵ Letter from Alex Blaszczyński, Paul Delfabbro and Lia Nower to Sonja Bauer at Crown Casino, 5 April 2021.

⁶ Olivia Cole, 'Facial Recognition Technology Spreads across New Zealand Casinos', *Casino Guardian*, 2 January 2020.

⁷ Sarah Hare, 'Study of Gambling and Health in Victoria', Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation, November 2015, 115.

⁸ Dan Ariely, 'Predictably Irrational. The hidden forces that shape our decisions', Harper Collins: London, 2009, 217-230.

then cash out following minimal or no gambling. The individual can seek the payment off their card in large denomination bills.⁹ This activity has been reported by Canadian casinos.

Recent research also suggested that cashless card based gambling can facilitate complex layering of proceeds of crime for money laundering activities.¹⁰

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

An effective limit-setting system has the potential to assist people gambling to avoid risky and problematic behaviour by allowing them to set enforceable limits when they are in a more rational frame of mind in a context outside of a gambling session. It provides a barrier to the consequences of loss of control during a gambling session, curbing unaffordable losses in the 'heat of the moment'. Any limit-setting mechanism that can be circumvented during a gambling session is thus unlikely to be of much assistance to those engaging in risky or harmful behaviour as the result of a loss of control during gambling sessions. This point was made by a number of researchers in submissions to the Productivity Commission inquiry.¹¹

Any limit-setting system that allows a gambler to simply exit the system at any point of time and keep gambling is likely to be ineffective in reducing harm.

The ability to simply circumvent a limit-setting decision during a gambling session would largely defeat the main utility of a limit-setting system. For this reason the Synod believes that it should not be possible to increase a limit for at least 24 hours.

A 24 hour wait period to increase a limit, while allowing for a limit to be immediately reduced, is consistent with some existing limit-setting systems, such as the one operating at Crown Casino in Melbourne.

Transaction Histories

The Synod believes that consumer research should be undertaken to determine the most appropriate and useful format to allow gamblers to access their gambling history through the limit-setting system.

Such option would include:

- Being able to print off the expenditure records at a kiosk in the venue (which is already the case for at least one limit-setting system operating in Queensland);
- Being able to access expenditure records online; or
- Having a statement e-mailed or mailed to them at periodic intervals to an address of their choice.

Default Limits

The Synod strongly supports the application of default limits that gamblers would choose to opt out of rather than assuming the initial limit is an infinite level of loss and time and requiring the gambler to set themselves an affordable limit.

The balance that should be struck is between setting default limits that are high enough that for the majority of recreational gamblers they will rarely if ever reach them, but not so high that the

⁹ Financial Action Task Force and Asia Pacific Group on Money Laundering, 'Vulnerabilities of Casinos and Gaming Sector', March 2009, 33-36.

¹⁰ Amanda Gore, 'Online Casinos, Alternative Payment Mechanisms and Associated Financial Crime Risks', University of Nevada, Las Vegas, International Centre for Gaming Regulation, February 2022, 16.

¹¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 10.23.

default limit would not have an impact on the majority of people engaging in risky or harmful gambling behaviour.

If the limit is high enough to avoid impacting on the gambling behaviour of those engaged in affordable recreational gambling, it will reduce any sense of inconvenience for such gamblers. Their only interaction with the limit-setting system will be to obtain the access device to enter the system and the need to insert the device each time they gamble.

However, it needs to be recognised that even a modest default limit may not impact on a person engaged in risky or harmful gambling behaviour if they are on a low-income and therefore have low affordability to their gambling. However, limit-setting is not, and should not be seen, as the only measure needed to minimise risky and harmful gambling behaviour.

The Productivity Commission provided some data on session spend for gamblers from a number of states in Appendix B. For example, the average session spend for a recreational gambler in Tasmania in 2007 was \$18.20, compared to \$141 for a low risk gambler and \$196 for a problem gambler. Data from Victoria from 2008 found only 8% of non-problem gamblers brought more than \$100 for gambling, food and other expenses when they planned to gamble compared to 19% of low risk gamblers and 47% of people with gambling problems.¹²

From the above data it would appear that a default limit of \$50 - \$75 a day (given very few gamblers would have more than one session a day) would mean the vast majority of recreational gamblers would not reach such a limit and would therefore not need to change the limit at all. At the same time, a majority of people with risky or harmful gambling behaviours would either need to accept the default limit or change it to what they believed was affordable to them, at least requiring them to consider the affordability of their gambling.

Opting for No Limits

The Synod supports the Productivity Commission recommendation where a person can opt for setting no limits on the system, they be periodically asked by the system if this remains their preference. We would suggest the frequency should not be at a level that will be annoying to the gambler, but not so infrequent as to be meaningless. Thus, a period of around three months would seem reasonable between being requested to confirm if no limits remains a person's preference.

However, the Synod suggests that this measure is far too easily circumvented. A gambler only needs to set themselves a clearly unaffordable limit, such a \$10 million a day, and they will never be asked by the system if this remains their preference. The alternatives would be to have the system ask all gamblers on a periodic basis if the limit they have set remains their preference, or have the system ask this of gamblers that have set very high limits. The latter is probably preferable to minimise the impact on gamblers who have set affordable limits and would prefer not to be periodically asked if they wish to maintain this limit. Thus, the system might be better set to ask gamblers who set a limit of over \$200 a day on a three month basis if they wish to maintain their limit.

The need to register to gamble

Our experience with some of the existing limit setting systems in pokie venues is that it takes about five minutes to register for a card. Thus, the Synod sees no need to allow of anonymous cards. There is a need for all gamblers enter the limit setting system so as not to undermine the system for those seeking to have an enforceable limit on themselves. Australians and overseas tourists are used to having to register to access certain products, be it opening a bank account, accessing a public library or hiring equipment such as a hire car.

¹² Sarah Hare, *A Study of Gambling in Victoria – Problem Gambling from a Public Health Perspective*, Victorian Department of Justice, September 2009, pp. 175-176.

The option of allowing occasional gamblers and tourists to gamble safely from outside the limit-setting system may be served in a number of ways that reduce the likelihood that it becomes a serious loophole through which the entire limit-setting system is undermined. These would be:

- Allowing the issuing of a limit-setting card with a very low limit, such as \$20, with some level of identity check to reduce the likelihood of a person being able to obtain multiple cards. There would need to be a requirement that venues cannot issue multiple cards to the same person;
- Allowing pokies to be operated without limit-setting in a 'safe mode', where the maximum bet limit is five cents per button push. This could be permitted on pokies that are fitted with the limit-setting system; or
- Allow venues to have a small number of pokies that are not limit-setting enabled and that can only be operated in a 'safe mode' where the loss limit might be restricted by the use of a five cent bet limit. A five cent bet limit would allow for a loss of \$60 per hour assuming three seconds between button pushes.

Include Measures to Avoid Identity Fraud

Avoiding identity fraud is about assisting people to stay within limits they wish to have enforced on themselves by not allowing them to gain another limit-setting card when they reach their limit. If the identity check to obtain a card is not robust enough a person who hits their self-imposed limit could obtain another card in 'the heat' of a session. Also, a person may borrow a card from another person to circumvent their limit, assuming the other person is willing to grant or sell access to their card. Limit-setting card swapping has been raised as an issue in the Nova Scotia trials.

Against this, a person who does not like the limit they have set themselves may only have to wait 24 hours to change their limit to avoid the need of having to try and beat an identity checking system or to avoid having to swap or purchase a card from another gambler whose card is below the set limit. Also, consideration needs to be given to minimising the degree to which the identity checking measures create hostility or feelings of unreasonable intrusion from gamblers, creating a feeling of ill-will towards limit-setting rather than a tool to empower gamblers in managing their spending.

Ensure Gamblers' Privacy

The limit-system system should comply with all relevant privacy legislation. This means no one should be able to have access to a person's details or gambling history in a way that would allow that person to be identified, unless they have consented for the person or body to have access to the information. Privacy provisions do not restrict policy making bodies within government and researchers from being able to have access to gambling data in a form that does not allow the individual gamblers to be identified. Further, this also means that people are free to give informed consent to allow their gambling history to be accessed by researchers.

Need for a Central Monitoring System

The Productivity Commission assumed in its report that a full limit-setting system would require a central monitoring system¹³, which the Synod supports with cards being able to be used in all machines across the state.

The advantage of a central monitoring system is that authorities and researchers could use de-identified data (preserving the privacy of gamblers) to gain insights into gambling behaviour and to monitor the impact of any harm minimisation measures introduced, or changes made by the industry that seek to increase gambler losses.

¹³ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 10.43.

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

Linking Loyalty Schemes and Limit-Setting

The Synod strongly believes that the proposed limit-setting system should rule out the attachment of any loyalty scheme that will encourage increased gambling expenditure to the introduction of the limit-setting mechanism. Ideally loyalty schemes should be prohibited altogether as they encourage risky and problematic gambling behaviour where they reward increased gambling activity. There is a danger that where loyalty schemes are permitted, the limit-setting system becomes a tool for promoting the loyalty schemes.

The experience of Crown Casino was that loyalty schemes were more attractive to people with gambling problems, than recreational gamblers. Approximately 45% of people gambling on pokies at Crown Casino used a loyalty card. That increased to 61% for people with a gambling problem.¹⁴

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¹⁴ Delfabbro, P., & King, D., 'The prevalence of loyalty program use and its association with higher risk gambling in Australia', *Journal of Gambling Addictions*, (2021).