



Background paper

A Tasmanian universal card-based system for poker machines (EGMs)

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Proposed universal card-based system for Tasmania

The State Government is planning to put in place nation-leading consumer protection through the introduction of a **universal card-based system** for EGM use.

This reform was recommended by the Tasmanian Liquor and Gaming Commission (TLGC). A universal card-based system fits with the principles that guide the TLGC's work on harm minimisation, which aim to ensure gamblers:

- are provided with the best information available to make an informed choice/decision about participation
- have the financial capacity to participate
- spend what they intend to spend
- are actively supported to address 'at risk' and gambling harm, where relevant
- are under active identification and intervention by venue staff to deal with gambling harm behaviours and patterns of play

These principles protect all gamblers, not just those at risk of or experiencing gambling harm.

What an effective system should include

For effective harm minimisation and to ensure adequate privacy protections, **the TLGC says a universal card-based system for EGMs should have the following features:**

- apply to all EGMs in all Tasmanian hotels, clubs and casinos
- a simple registration process
- a guest option with expiry date
- protection for privacy and personal information
- facilities to load money onto the card at the cashier desk in venue
- defined maximum concurrent default loss limits, initially set at a daily limit of \$100, monthly limit of \$500 and annual limit of \$5000
- default loss limits to be reviewed after a period of operation, with adjustment informed by the data collected
- discretion for users to set lower or higher limits – with the condition that requests to increase the annual limit above \$5000 must be supported by certification confirming the user's capacity to sustain the proposed level of loss, and with a "cooling off" period before the new limit takes effect
- a programmed break of 10 minutes after 2 hours continuous use
- the Licensed Monitoring Operator to host the management of registered cards and storage of all card-related data

Benefits of a universal card-based system

A TOOL TO HELP MANAGE EXPENDITURE

In theory, the most that could be lost in the shortest amount of time is \$500 over five days (net of any winnings), at which point a stay on gambling is enforced until the monthly limit refreshes.

The TLGC says, “While this is a very high level of loss over a short time, venues would still have a duty of care to their players to observe signs of harmful behavior and intervene to check the person is not at risk of harm.”

A TOOL TO PROVIDE BREAKS IN EGM USE

The TLGC notes the increase in harm being caused to people who continuously use EGMs for more than two hours.

The TLGC’s view is that an automatic break of 10 minutes after two hours of continuous use should be implemented initially and apply to all users. This is broadly consistent with the recommendation of the Perth Royal Commission of a minimum 15 minute break after three hours of continuous EGM gambling. Norway provides for a 5 minute pause in use after each hour and allows people to set their own, additional breaks in use.

IMPROVED EFFECTIVENESS OF EXCLUSION SCHEMES

A requirement to register for a card with photo ID and the system being managed centrally through the LMO will make it more difficult for people who are excluded to gain access to EGMs.

Questions on a universal EGM card

What proof of identity will be needed?

The TLGC recommends a “simple” registration process, but one which will require proof of identity, including photo ID, so that excluded people cannot obtain a card.

The easiest form of photo ID would be a driver’s license, Government ID card or passport, as these are most common.

Options for people without photo ID could include providing an endorsed photograph and their birth certificate, or two or more forms of identification that show name, date of birth and current address, such as a Medicare card, bank statement or utilities bill.

People are used to similar ID verification processes for obtaining a mobile phone SIM, registering for a gym membership card or a library card.

The universal EGM card should include a photo.

This should not be expensive, e.g. some pools and gyms have ability to do this at their service desks.

Will people share/switch cards?

The inclusion of a photo on the universal EGM card will prevent sharing/switching of cards to some degree.

The proposed system does not require the cards to be shown on entry to gaming areas, however, similar to pools and gyms, the card could be checked on each entry and this should not be seen as an intrusion on privacy.

In the absence of checking on entry, part of the TLGC Mandatory Code could be random checks of cards to ensure the person using them matches the photo.

A requirement for cards to be linked to a bank account in the same name as the person to whom the card is registered, for the purpose of loading money on to the card and recouping winnings, would deter card sharing/switching.

What will it cost and who will pay?

The TLGC suggests total costs to implement a universal card-based system would be about \$10 million.

The State Government will decide how these costs are funded. Even if these costs are met wholly or partially by industry, this is a small amount for a large industry, especially with the increased revenue to venues under the individual licensing model from July 2023.

The TLGC recommends the magnetic stripe card is used for universal EGM cards as it represents low cost, easy-to-use and familiar functionality.

How will the universal EGM card work with exclusion schemes?

The need to present ID with photo, name, address and date of birth to obtain a card will ensure people on the exclusion register are not able to access a new card.

For those who already have a card and wish to exclude themselves, **they can either surrender the card for a specified period, which is electronically recorded in the system, or may set a zero limit** for a specified period.

Will people find a card system intrusive and burdensome?

Industry incorrectly asserts that low risk and recreational EGM users would feel restricted by a universal EGM card, including having to provide proof of identity and limit expenses to default limits.

People are accustomed to signing up for and using membership and loyalty-style cards in all kinds of situations, including for many different recreational activities.

Like any new system, people will get used to a universal EGM card.

Will gamblers seek out less regulated gambling products?

Evidence from Norway is that **people did not move from EGMs to other forms of gambling**. Evidence from Tasmania's SEIS concurs with this.

Are the default limits too restrictive?

The regular, independent Social and Economic Impact Study (SEIS) on gambling in Tasmania shows **most recreational gambling expenditure is under the proposed thresholds** and so would not be affected by the default limits on EGM cards.

The system also provides the **flexibility for recreational gamblers** to increase their spending limits if they can prove financial capacity.

Will a programmed break after 2 hours affect recreational EGM users?

A programmed break in prolonged EGM use is designed to assist gamblers in making informed, active choices.

Recreational users are unlikely to be concerned by a programmed break after 2 hours.

The TLGC notes a 2009 study by Schottler Consulting for the Victorian Government, where **a large majority of recreational gamblers said a mandatory break of 20 minutes after two hours of use would not reduce their enjoyment**, while moderate risk and problem gamblers reported breaks would have an impact on their time and money spent (Productivity Commission, 2010).

Will universal EGM cards cause a decline in revenue for venues?

Research tells us that at least 40 per cent of revenue from Tasmanian EGMs comes from addiction and harmful gambling.

If we put effective measures in place to reduce the harm caused by EGM gambling, the revenue generated by addiction and harmful gambling should decrease.

International experience indicates a universal EGM card will be effective in reducing EGM gambling harm. When a universal EGM card is introduced in Tasmania, revenue generated by gambling harm will likely reduce to some degree.

Protection of industry profit derived from gambling addiction and harm should not be a public policy priority or consideration in establishing effective consumer protection.

Will a card-based system be a silver bullet for EGM harm minimisation?

While a universal EGM card will provide greater protection for all people using pokies, and especially excluded people, the system is not a “silver bullet”.

Universal cards cannot prevent all addiction to EGMs, but do provide a tool to assist people in managing their gambling and protection against catastrophic losses.

There will be people who find ways to “get around” the system and continue to use EGMs in ways that may be harmful, but overall, universal cards will provide positive assistance and greater protection.

For some people, even the default limits will be a harmful level of losses. For example, people on low incomes have said that losses of \$100 per week or less was negatively impacting them (Law 2005).

This is why the system must allow for people to set their limits lower than the default levels proposed. Venue staff should be required to intervene where signs of harm are evident.

Will gamblers spend more with cashless payment methods?

The only evidence of adverse impacts of a card-based system identified by Stenning & Associates was the potential for gamblers to spend more using cashless payment methods.

In this regard, recent research identifies potential improvements for cashless gaming that could reduce potential harms, e.g. setting EGM credit meter transfers and card balance limits including aligning with cash withdrawal limits and implementing various ways gamblers can access card balance information during use and away from the EGM (Hare, 2020).

There is also the recommendation that the only way money can be put onto the card is in the venue using either cash or EFTPOS, thereby requiring a personal communication about the transaction, rather than a private electronic transfer.

Will current protections be eroded?

With the introduction of a universal EGM card it would be counter-productive for the industry, TLGC and Government to consider relaxing existing harm reduction measures.

The only purpose of relaxing existing measures would be as a “pay-off” to industry - there are no sound public policy reasons for doing so.

There is NO public policy reason or public health harm reduction rationale to consider:

- removing clocks from venues
- increasing the maximum lines that can be gambled
- permitting clubs and pubs to link loyalty programs to gambling losses
- increasing opening hours
- increasing maximum bet limits

Card-based systems are not perfect, harm will still be experienced by EGM users and current measures must not be eroded.

Decisions on existing harm minimisation measures and regulation must be based on the best interests of the public, not compensation for financial impacts on industry.

Who will have access to EGM card data?

To provide the greatest benefit, EGM users must have access to real time data on their losses and duration of use of EGMs.

A monthly statement of EGM gambling activity should be provided to the registered account holder showing amounts loaded onto the card, amounts lost, individual sessions, time spent.

Data collected through the universal card-based system must not be used by venues or the industry for identifying individuals for commercial, marketing or promotional purposes.

De-identified data should be provided to the Regulator and made publicly available.

Evidence supporting universal EGM card

Evidence indicates that a **universal full pre-commitment card-based system is the most effective means for supporting gamblers to stay within spending limits** (Rintoul & Thomas, 2017; Sulkunen et al., 2018).

In particular, an evaluation of Norway's universal full pre-commitment system showed that gambling losses and **calls to gambling helplines were reduced, without considerable impact on gamblers enjoyment** (Thomas et al., 2016).

In Norway, despite the sustained industry campaign opposing the reforms, which included a number of (ultimately unsuccessful) legal challenges, the Norwegian Government was successful in implementing a universal pre-commitment scheme with default limits.

Research opportunity: base-line data prior to implementation

We have an important opportunity to gather baseline data with new LMO Maxx Gaming starting in July 2023, one year before universal EGM cards are to be introduced in Tasmania. We should use the period from July 2023 to June 2024 to gather baseline data on:

- session durations and losses
- bet size
- machine load ups
- time of day stats for EGMs use