



Parliamentary Joint Select Committee on Gambling Reform
Inquiry into the prevention and treatment of problem
gambling

Submission from Regis Controls Pty Ltd

31st March 2012

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

Re: Inquiry into the prevention and treatment of problem gambling

Dear Ms Beverly,

Regis Controls Pty Ltd (Regis Controls) appreciates this opportunity to make our submission to the Parliamentary Joint Select Committee on Gambling Reform Inquiry into the prevention and treatment of problem gambling.

*(Regis is an acronym for Responsible Electronic Gaming via Instant System)

Regis Controls is a self-funded syndicate of likeminded individuals concerned about problem gambling and is in no way funded by or partnered with the gambling industry. This independence has been well documented in our many submissions to Parliamentary inquiries in the past 14 years.

In early 2000 the Commonwealth Senate Select Committee of Technologies (Netbets) invited the Twenty Twice consortium to present in person, our Australian patented pre commitment smartcard technologies, titled Regulation of Gaming Systems.

Regis Controls Pty Ltd has the exclusive licensing agreement for granted patent no. 771278 and no. 776756 copies of which are attached to this submission.

We were proud to demonstrate to the Committee our invention of a technological solution specifically focused on protecting Problem Gamblers as well as being a vital tool in prevention measures for those at risk, when no effective other solutions existed.

The members of that Senate Select Committee were: Senator Jeannie Ferris, Senator Mark Bishop, Senator Paul Calvert, Senator Brian Harradine, Senator Kate Lundy, Senator Julian McGauran, Senator Natasha Stott Despoja and Senator John Tierney.

The following is an extract and can be found on page 76 of The Parliament of the Commonwealth of Australia “NETBETS” Report by the Senate Select Committee on Information Technologies March 2000. That committee’s comments relate directly to this current enquiry terms of reference.

Extract below

Technology to implement harm minimisation policies

3.1 In its submission to the Committee, the Twenty-Twice Consortium detailed its recently registered patent for ‘Regulatory methods and means pertaining to the Australian and other national and international gaming establishments’. The patent is for a new form of technology that may facilitate the implementation of harm minimisation policies.

3.2 The patent is essentially for a smart card that is used by consumers to gamble on any computer networked gambling activity. Therefore, it applies equally to EGMs (which have a closed computer network) as it does to online gambling. The smart card can set a limit on the amount that a person can gamble. Also, it can be programmed to exclude a person from participating in gambling activities. If the smart card was the only means by which EGMs and online gambling could be accessed, then any gambling limits and player exclusions would be wide ranging.

3.3 The provisional patent includes the following specifications:

- The application is installed into a smart card chip which regulates the amount that can be deposited into the player’s smart card purse and spent within any given month or other fixed period of time. Any winnings can be either transferred from the card to the player’s bank/casino account or further played with or collected by the player from the casino or gaming establishment by any other arrangement that is mutually agreeable to both the player and the casino or gaming establishment and excluding any identified problem gamblers and underage gamblers;
- A further feature to be installed in the licensed gaming venue(s) ... is the ability to bar problem gamblers’ “smart cards” either issued by a bank or gaming establishment or any other related third party entity. The facility would deny a player from accessing their accounts or game entry access held at any casino or other gaming establishment(s) thus denying the problem gambler the ability to bet or play games should they so be directed by an appropriately designated body such as a court or social welfare agency. This non-access period could be for days, weeks, months or years or in certain cases for life. This regulatory feature will be based on the recognition of a personal cardholder number(s) which is automatically accepted or rejected at all betting establishments that are subject to regulatory licensing;

3.4 The Committee is pleased to note that new technologies are being developed that facilitate the implementation of harm minimisation policies.....Hansard March 2000

*Twenty Twice Consortium, Submission 66

End of Extract

Since “Netbets” Regis Controls has actively promoted our patented mandatory pre commitment (IP) technology for the protection of Problem Gamblers to many enquiries including the recent Productivity Commission study.

Measures to prevent Problem Gambling, Display of responsible gaming / warning messages & counselling, Self and third party exclusion, Privacy & Data collection & and other issues are contained in the following:

The proposed operation of a smartcard based mandatory harm minimisation system is summarised but not limited to the below:-

- The card has one legislated maximum limit for the specified period (day, week, fortnight, month or year) or a combination of any of these
- The maximum limit cannot be changed until the end of the period specified in the legislation
- Card holders can set their own lower limit for or during the specified period
- There is one limit applicable in all States and Territories and in throughout all venues
- The one limit can be extended to internet gambling subsequently, as policy determines
- The one limit or a new limit can be extended to other forms of gambling if this is causing more problem gambling e.g. casino games such as roulette and table card games, pay TV etc.,
- The limit cannot be exceeded and when reached closes down the card for a preset time period
- Depending on the policy settings, amounts below the limit not spent in the period either can be carried forward to the next period or not (preferably)
- The smartcard can only have electronic value added by a Smart Cashier machine in a gambling venue. This machine will only accept notes and/or bank and debit cards and not credit cards or line of credit accounts.
- The smartcard is programmed not to accept any transfer beyond the limit specified (either the maximum or player specified lower limit).
- The smartcard can be pin operated. This prevents lost and stolen cards being used and card borrowing/sharing. This fully complies with *The Privacy Act 1988*.
- Winnings can be paid onto the card for ongoing play or paid out in cash or print out.
- The smartcard can be programmed to defer or hold **large** winnings for payment by cheque or directly into a nominated bank account.
- The card can be programmed to give advisory or warning messages e.g. “you have now been playing for 3 hours and have lost \$xxx do you wish to continue”.
- The card *can be* programmed to allow counseling/explanation by trained venue staff. Staff cannot change the limit or cooling off period.

- It is proposed that the card is issued on a 100+ point check basis by an independent organisation and comparison of databases ensures that only one card is issued to an individual.
- Cards reported lost, stolen or damaged are barred from use anywhere and any residual value and the limit are re-issued on a new card subject to positive proof of identity (*this is done on a pseudonymous basis by accessing the independent scheme operator database on a once off event authorised by the cardholder*).
- The card is capable of tracking the amount of cash put into any machine whether notes or coin and one limit can be used for electronic and/or physical cash gambling.
- It is suggested that overseas visitors can obtain a smartcard with no limit for the period in Australia subject to passport verification and proof of overseas residence (up to 25% of Australians have or are entitled to a second passport). A refundable deposit may be appropriate.
- The smartcard would be encrypted to 3DES or higher standard (RSA) to prevent fraud and hacking, which is a similar level to bank issued smartcards.
- The smartcard system could be extended subsequently to track money laundering. The ACC/AIC estimate that \$6-12billion of money is laundered in/out of Australia per annum very often involving gambling.
- The card would be used pseudonymously i.e. the cardholder remains anonymous unless the card is reported lost or stolen or a warrant or court order is issued
- The card allows for self-exclusion or authorised third party exclusion e.g. court order. The card cannot operate in any machine for the period of exclusion
- The card excludes minors due to the 100 point check
- The card could be used to track admittance to gambling venues (or the gaming venue part) and some form of intervention *could be* adopted following:
 - frequent visits
 - undesirable or banned patrons
 - self or third party excluded patrons
- It is suggested that a small balance reader (costing \$3-5) could be issued with the card on request so that the card holder can check the residual limit and read a summary gambling results for a period and can maintain a playing/accounting record
- It is proposed that there be several smartcard issuers providing personalisation of cards and verifying 100 point checks. This could be provided on a state basis and subject to contestable government tender
- The card provides a more secure audit trail for tax collection reconciliation and ensures that far less physical cash is held on premises

- The smartcard obviates the need for conventional ATMs in gambling venues. The Smart Cashier machine and the card are programmed to comply with all the limits established in any future Act the capital cost and operational cost substantially less than existing ATMs. These machines are widely used in overseas gambling venues and are operated by venue staff eliminating the need for expensive bank style ATMs. All machines would be subject to routine inspection and testing. Any remaining ATMs in casino style venues would not be able to load smartcards with value or download value from player cards.
- It is possible to use the Responsible Gaming Card for loyalty schemes for the venue. This eliminates the need to carry and insert two cards into each machine used but this is clearly a policy decision for government.
- There are major problems using a loyalty (smartcard) to manage harm minimisation measures including:
 - Multiple loyalty cards (*Individual States could end up with fifty or so different loyalty cards*)
 - The loyalty card is usually issued on behalf of the gambling venue(s) to encourage maximum EGM use so there is a clear conflict of interest.
 - Many smaller venues will not have a loyalty card or will refuse to accept one issued on behalf of a larger competitor
 - Loyalty cards do not have the same level of security or privacy as a Responsible Gaming Card requires particularly with cashless gaming
 - Providing information on a cardholder's spending (machine/game/amount of time and money spent) to the gambling venue provider (the rationale for a loyalty card) is totally incompatible with harm minimisation measures and privacy legislation.
- It is clear that a number of western governments have or will adopt smartcards to protect citizens from the risks of unregulated and insecure internet gambling sites and to protect the balance of payments. Australia would be well positioned to extend the proposed smartcard system to secure internet gambling in common with many western countries.
- It is possible to have two or more purses (and a loyalty application) held on the card. One would be only used for EGM or other electronic gambling including internet with all the harm minimisation provisions incorporated (limits, no credit account usage, etc.). The other one (purse) could be used for venue purchases e.g. meals, beverages etc. and loyalty applications covering one or both purses are feasible. This should be attached to the regulatory card and not the other way around.
- It is proposed that the purse is compatible with the standard adopted by banks worldwide, Visa and MasterCard etc. which is EMV which minimises interoperability issues and could potentially allow card holders to transfer winnings directly into a bank account

- It is possible to program into the card compulsory breaks in play and potentially links to problem gambling support services
- It is also possible to include decision points (leading up to /prior to pre commitment limit being reached an card shutting down) requiring a response into the smartcard system (you have lost \$500 in 2 hours are you sure you wish to continue? etc.)
- Both self and third party exclusion can be incorporated at the venue entrance or at each machine and is instantaneous.
- The proposed smartcard system meets all the requirements of the Privacy Act 1988 and the recent amendments.

Privacy Issues

Problem gamblers are very concerned about privacy often carefully hiding their losses from family and friends. The Regis patented system ensures that:

- Only the independent scheme operator maintains the database linking the smartcard number with the details of the cardholder. The gambling service provider cannot access the cardholder's details for marketing and loyalty purposes unless the cardholder specifically wishes to link the Responsible Gaming Card with a venue loyalty system.
- If the cardholder specifically wishes to add one or more loyalty systems (venue specific) to the Responsible Gaming Card then each loyalty application can be added to the card at a venue.
- The cardholder has the option of just having the card number linked to each loyalty system without the venue/provider having access to personal details e.g. name and address or the cardholder can opt to provide the venue with name and address details so that newsletters, special offers etc. can be provided to the cardholder. Cardholders can add or remove personal details from a loyalty system at any future stage and the loyalty scheme operator is obliged to comply with the database provisions.
- Cardholders wishing to gamble anonymously at a venue with or without membership of a loyalty system can do so and all the venue can access is the results generated by card number x.
- If a card is reported lost, damaged or stolen the independent scheme operator is contacted by the cardholder and on positive proof of identity the existing card is barred i.e. it cannot be used by anyone and a replacement card issued on a secure basis.
- It is proposed that a minimum security level set by Visa/MasterCard of 3DES (or higher e.g. RSA) is adopted to prevent card skimming/cloning/hacking.
- All participants in the proposed regulatory system would be required to comply with mandatory privacy requirements which at a minimum would comply with all current

- Privacy and security legislation, national privacy principles and data protection which would be subject to audit.

Conclusion

There are a number of voluntary pre-commitment schemes being offered that are in some way partnered or associated with the gambling industry. These products would create a non-independent gambling industry based solution which have been trialed and show evidence of a very small (1.5%) acceptance rate by problem gamblers and when subject to independent review fall way short of an effective mandatory pre commitment as they allow the limit to be breached in a number of ways.

The gambling industry proposal of voluntary pre commitment systems, which trials have indicated have an acceptance and usage rate of a mere 1.5% of users, cannot be adopted by the Commonwealth Government, and would effectively leave 98.5% of users with no harm minimisation. We strongly recommend a mandatory pre-commitment system be the only viable solution to protect, not only, existing problem gamblers and those at risk and also future generations.

Submitted by Regis Controls Pty Ltd

Elik Szewach CEO

Ms Lisa Horten Director

Regis Controls Pty Ltd