

GPO Box 20 Melbourne
Victoria 3001 Australia
Telephone +61 3 9372 0191

21st January 2010

The Secretary,
Joint Select Committee on Gambling Reform
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

In this submission we focus on the first principles of pre-commitment and articulate the key dimensions of current global best practice in pre-commitment for gaming machines. We then consider proposed extensions recommended by the Productivity Commission and enunciate additional functionalities available from our own SAFETY NET system of pre-commitment using our PLAYER PROTECTION KEY.

We then discuss the alternative methodologies for the physical deployment of pre-commitment across Australia, the available technologies and finally the costs and funding of pre-commitment.

We are happy to meet with the Committee and also provide answers to any additional questions of the Committee.

Yours sincerely

Phillip Ryan
CEO and Managing Director

1. THE RATIONALE FOR PRE-COMMITMENT

Understanding the rationale for pre-commitment is important, as it dictates a number of the critical design features required for the deployment of an effective pre-commitment system.

Academics have long observed that many poker machine players are unable to make rational purchasing decisions whilst gambling on poker machines. It is also well documented in Australia and in many regions across the world, that 80% of problem gambling is generated by poker machines (also referred to as VLTs, slots, FOBTs or by their category name of gaming machines).

Researchers have discovered that 80 to 90 per cent of regular poker machine players experience loss of control over the amount of time and money they spend on poker machines. Professor Mark Dickerson, who is eminent in this field of problem gambling in Australia, and many other researchers, have long argued that players can make better purchasing decisions prior to playing poker machines than whilst playing a machine.

Academics have recommended that the best outcome can be achieved by allowing players to make rational buying decision away from a machine. In other words, asking players how much they are prepared to lose in a day or week etc away from a machine, and then later terminating their play when they reach their own pre-set limit.

Recent government inquiries and research studies have also supported the implementation of player pre-commitment in Australia to reduce problem gambling, such as the Kirby Inquiry into the Gaming Industry in Victoria in 2008, the Independent Gambling Authority in South Australia in 2005 and the recent Productivity Commission Report into Gambling in 2010.

2. GLOBAL BEST PRACTICE IN PRE-COMMITMENT

This Joint Select Committee is tasked with establishing a best practice pre-commitment system for Australia. We will first provide a brief summary of current global best practice in pre-commitment based upon two specific presentations recently delivered overseas by our CEO in the USA, Canada, Europe, New Zealand and Australia:

- *“Recent Global Developments in Player Pre-commitment Policies to Reduce Problem Gambling”*; and
- *“Beyond Smartcards to Smart Technology”*

Our CEO, Mr. Ryan has undertaken global research on pre-commitment and been invited to deliver these presentations over many years. These include the following conferences attended by leading international academics, regulators, public policy advisers, gambling counsellors and gambling operators:

- 8th European Conference on Gambling Studies & Policy Issues, Vienna Austria, 2010.
- 14th Annual Canadian Gaming Summit, Calgary, Canada, 2010.
- 14th International Conference on Gambling, Reno, Nevada, USA, 2009.
- National Council on Problem Gambling Conference, Indianapolis, USA, 2009.
- International Gambling Biannual Conferences Auckland in 2010 and 2008.
- 7th European Conference on gambling Studies & Policy Issues, Slovenia, 2008.
- National Association of Gambling Studies Conferences in 2007 and 2008.

2.1. Current Global Best Practice in Pre-commitment

Current global best practice in pre-commitment for gaming machines involves thirteen (13) key functionalities:

A - ESTABLISHMENT OF LIMITS:

1. Players are asked if they wish to set money loss limits for periods of time (e.g. day, week etc) prior to gambling on any poker machines in the jurisdiction (i.e. players are NOT compulsorily forced to set any loss limits);
2. Players pre-set any monetary loss limits prior to gambling, at a place which is located away from any poker machine and ideally located away from a gaming venue (i.e. certainly no limits should ever be set at a poker machine, as currently occurs in some pre-commitment systems since this defeats the purpose of separating rational choice from proximity to the machines);
3. Players are then given an access device (e.g. USB flash drive key or plastic card) which is linked to their pre-set limit values and which must be used to start play on any poker machine in the jurisdiction; and
4. The allocated device must be non-transferable between players (since it has been shown that 37% of players will swap their pre-commitment access devices – with 50% of problem gamblers swapping their pre-commitment cards with PINs ⁽¹⁾). The use of biometrics in pre-commitment systems has now been recommended to overcome this problem by leading international academic researchers in the prevention of problem gambling from the USA ⁽²⁾ and Canada. ⁽³⁾)

B - OPERATIONAL FUNCTIONALITIES:

5. All poker machines will only operate whilst a person inserts a valid access device and where the player has not already reached their pre-set limits on that device. If this is not built in as a feature, gamblers will be able to throw away their access devices (USB , card etc.) once their limit is reached and continue gambling, or not use any device for gambling. This is referred to as ‘leakage’ and undermines the basic structural framework for pre-commitment. It is here that the gambling industry in Australia is currently attempting to water-down and re-define pure pre-commitment. Regrettably every current operator-endorsed pre-commitment trial in Australia has been structured to allow leakage. Leakage was never allowed in Norway’s deployment of pre-commitment and never formed part of the Nova Scotia pre-commitment trial in Canada. Player leakage is “worst practice” for pre-commitment. This is why the Productivity Commission recently recommended a system with no leakage, i.e. every player must use an access device (with or without any chosen limits) in order to play);
6. The player still uses real money (i.e. coins and notes) to gamble on the machine rather than digital cash (since it has been shown that players lose contact with the value of real money when gambling with digital cash. ⁽⁴⁾);
7. The player is able to monitor their own accumulated wins and losses whilst playing at any poker machine in the jurisdiction;

8. The player's poker machine is automatically switched off when the player reaches one of their own pre-set limits and their access device is appropriately updated with such information. This may seem logical, but in the vast majority of trials in Australia this is currently not the case and players have been able to continue gambling once they reach their pre-set limit, thereby further increasing player 'leakage' and undermining the concept of pure pre-commitment; and
9. All poker machines in the venue, state and country are then unable to be operated by the player's access device in cases where a player has reached their limit, until its pre-set limit duration has expired.

C - LIMIT CHANGES:

10. Players can change their pre-set limits at any time, provided they are physically located away from a gaming machine or gaming room at the time of such a decision; and
11. Any increases in limits are not activated for at least 24 hours (i.e. there is a "cooling-off" period).

D - REPORTING:

12. Players can access reports of their past gambling records at any time at a venue kiosk or online over the internet.

E - GLOBAL LIMITS:

13. In one jurisdiction, Norway, the Government has recently set global daily and monthly loss limits, which no player can exceed, irrespective of their own pre-set limits (if any). These global limits are AUD \$70/day (K400) and AUD \$380/month (K2200).

2.2. Extending Global Best Practice

The Productivity Commission has recommended an additional functionality that would allow Australia to deliver global best practice in pre-commitment. Specifically they have recommended that:

14. The pre-commitment access device should initially be provided with pre-set safe 'default' loss limits (which can be altered by the player at initial set-up).

2.3. Expert Recommendations for Global Best Practice

In July 2010, Dr Robert Williams, a leading international expert in the prevention of problem gambling defined eight (8) key elements of an effective pre-commitment system⁽³⁾.

Dr Williams is Professor, Faculty of Health Sciences and Coordinator of the Alberta Gaming Research Institute at the University of Lethbridge in Alberta, Canada. He was a keynote speaker at the recent International Gambling Conferences in New Zealand and Surfers Paradise, Queensland.

His eight (8) key attributes are:

1. Pre-commitment should be available on all Electronic Gaming Machines jurisdiction-wide;
2. Pre-commitment is best applied across all forms of gambling;
3. Pre-commitment will be much more effective if it is mandatory;
4. Pre-commitment should offer a range of limit types, values and durations;
5. Pre-commitment parameters should not be exceedable or revocable;
6. A biometric identification system is needed;
7. Central storage of pre-commitment information is less preferable to storage on the player's pre-commitment interface device; and
8. Loyalty/reward cards should not be used for the purposes of pre-commitment.

You will note that he has recommended four (4) additional attributes not already discussed in this submission. They are:

- Pre-commitment is best applied across all forms of gambling (i.e. not just poker machines);
- Pre-commitment parameters should not be exceedable or revocable (the latter non-revocability being the additional dimension);
- Central storage of pre-commitment information is less preferable to storage on the player's pre-commitment interface device (due to player privacy concerns and the ability to increase player participation rates); and
- Loyalty/reward cards should not be used for the purposes of pre-commitment (due to their conflict with pre-commitment).

I commend this paper to members of the Joint Select Committee. A copy has been appended to our submission.

2.4 Delivering Global Best Practice

Responsible Gaming Network's SAFETY NET pre-commitment system and associated biometric USB PLAYER PROTECTION KEY can provide all of the above functionalities, and offers the Government of Australia, States and Territories a number of additional functionalities. SAFETY NET will:

1. Deliver a **completely anonymous pre-commitment system**, if so desired, which:
 - a. Does not require any central storage of any player names, addresses or other personal details;
 - b. Does not require any central storage of player gambling records;
 - c. Does not require any central storage of a player's fingerprint;
 - d. Automatically ensures players cannot establish duplicate accounts; and
 - e. Can completely eliminate card swapping and/or fraud amongst players.
2. Completely **eliminate underage gambling** by requiring all players to prove they are of gambling age prior to being allocated a Player Protection Key;
3. Provide a **100% effective national self-exclusion system** for problem gamblers who have registered to be excluded from poker machines. (This will completely eliminate all the current administrative costs and staff overheads of hotels and club venues currently required to run multiple non integrated self-exclusions systems across the country, and will also deliver a more effective and efficient system of self-exclusion);

4. Deliver a pre-commitment system that is already internet-ready for use in **the regulation of internet gambling** since every computer has a USB connection point compatible with the proposed USB Player Protection Key, whilst no computer has an integrated plastic/smart card reader for use over the internet. This will then deliver an internet gaming system to eliminate underage gambling, mitigate any increases in problem gambling and provide additional government taxation revenue for the \$1 billion of current internet gambling leaking offshore. This system will have the unique capabilities of being able to integrate poker machine pre-commitment loss limits across both poker machines and the internet;

3. COST-EFFECTIVE IMPLEMENTATION OF PRE-COMMITMENT

Pre-commitment can be deployed by either:

1. Building pre-commitment into every poker machine by modifying each machine's current hardware and software; or
2. Simply integrating pre-commitment into all current poker machines using standard player tracking modules.

3.1. Modifying Current Poker Machines

It is very difficult from a technical, costing and timing perspective to retro-fit hardware and software changes into the current stock of 200,000 poker machines in this country.

The Gaming Technologies Association which represents poker machine manufacturers in Australia has already stated publicly that it would initially cost over \$2,000 million⁽⁵⁾ to modify current gaming machines for pre-commitment (of which, \$1,550 million alone would be required for software set redevelopments, replacements, retrofits and significant updates).

In Norway the Government withdrew all gaming machines whilst it contemplated a decision on reducing problem gambling. In the end it introduced entirely new gaming machines with built-in pre-commitment provided by a single gaming machine manufacturer. This proved very expensive (since it costs approximately \$20,000 for a new gaming machine without any additional pre-commitment functionality). Such a pathway to deployment in Australia would make all the current stock of gaming machines in Australia redundant. This would impose an unrealistic financial burden on current venue owners forced to buy all new machines. It would also wipe out all of the current machine manufacturers in Australia who lost any contract to be the sole manufacturer of all new pre-commitment poker machines in Australia. It would also limit players to playing games from those of a single manufacturer.

3.2. Integrating Player Tracking Modules

Player tracking has long been undertaken globally by gambling operators who wish to track players for marketing and loyalty purposes. Gaming machine manufacturers have since the 1980's created a space in their poker machines for casinos and other venue operators across the world to install small Player Tracking Modules (PTMs) in a standard free space provided within all poker machines so as to allow for the tracking of players.

These Modules can be connected to and communicate with all standard communications protocols used by and between poker machines.

Players insert an ID device into the Module (which is simply placed into its allocated slot in the front of the poker machines) and their play is tracked and reported. Messages can be communicated back to players via a small screen on the Module.

These Modules and their associated hardware and software are delivered to operators at a fixed one-off fixed cost of around \$1,500 - \$2,000 per poker machine or alternatively for around \$1.50 to \$2 per poker machine per day on a time payment arrangement with no upfront costs.

The player tracking functionality of these Modules can be extended to incorporate pre-commitment, the use of biometrics, machine deactivation once limits are reached and increased player feedback information via the Modules, through kiosks, and over the internet.

At no additional cost we have extended player tracking to deliver a national pre-commitment system, with the option to also include a national self-exclusion program, a national system to eliminate underage gambling and also a national system to deliver integrated pre-commitment for internet gambling at any point in the future chosen by the government.

These costs are miniscule when compared to the average poker machine profit in Australia of \$55,000 per year.

This cost is also insignificant when compared to the social and economic costs of problem gambling attributable solely to poker machines, which ten years ago were estimated by the Productivity Commission to be a minimum of \$1.369 billion PA, and up to a maximum of \$4.250 billion PA across the whole of Australia.

The proposed solution can integrate with every current poker machine in the country without any change in the current working of any machines, or anyone having to buy new poker machines or replace any old poker machines. The entire gaming machine manufacturing industry will therefore still survive, but we have the opportunity to create a new industry for Australia, creating world's best practice pre-commitment technology for the world.

The solutions also communicates with all poker machine network operators (LMOs) operating in Australia and throughout the world, which means there will be no technical or market disruption to the current LMO market in Australia during deployment of our system.

4. TIMINGS

A system can be deployed nationally from 2012 to 2014 and meet the deadlines set under the Government's current commitments scheduled under the Gillard Wilkie Agreement.

4.1. Phased Implementation

Due to the flexibility of PTM-based pre-commitment system, it is possible for the Government to contemplate a phased implementation of best practice pre-commitment, if so desired.

Such flexibility is not available from any pre-commitment system built into poker machines at their time of manufacture. The benefit of a PTM-based solution is that functionality upgrades can be instantaneously undertaken through a simple software upgrade to all standardized PTMs operating on very different models of poker machines.

For example:

PHASE 1: A uniform full pre-commitment system is installed across Australia with at a very minimum the following high level key attributes:

1. All current 200,000 poker machines retro-fitted with Player Tracking Modules;
2. Limit setting is voluntary for all players (Players can choose either pre-set safe 'default' limits or their own limits or no limits at all)
3. All machines unavailable to a player once they reach their pre-set daily limit;
4. No central storage of player gambling data;
5. Biometric access device required to play a poker machine in order to stop fraud and underage gambling;
6. No central storage of biometrics.

PHASE 2: The system's functionality is extended to make loss limit setting compulsory for all players.

PHASE 3: The system's functionality is increased to set a global loss limit for every player.

The critical point here is that a PTM-based solution can easily adapt to the current and future needs of policy makers.

5. THE POLITICS OF PRE-COMMITMENT

THE VIEWS OF NON-PLAYERS:

Two-thirds (i.e. 66%) of Australian adult voters do not play poker machines.

Also 90% of all Australia voters believe that poker machines are dangerous and that Governments should be doing far more to address problems associated with problem gambling on poker machines.

So clearly any move towards poker machine reform to reduce problem gambling should garner the overwhelming support of this large block of non-playing voters.

THE VIEWS OF PLAYERS:

Now let's look at the remaining minority of voters who play poker machines i.e. the remaining one third of adults.

In 2006 the Federal and State Ministerial Council on Gambling released a Report titled “Analysis of Gambler Pre-Commitment Behaviour”⁽⁶⁾. This is an extensive 400-page report full of insights and analysis of the informal pre-commitment strategies adopted by gamblers of all forms of gambling across Australia.

It also reports a state-by-state analysis of players’ views on formal pre-commitment. Unfortunately it does not report a national aggregated figure. Table 115 of the report shows that for a typical state such as Victoria, 88% of all current Victorian poker machine players believe that the introduction of a **voluntary** pre-set loss limit would have either no negative effect on their enjoyment of gambling, or could indeed make their gambling even more enjoyable.

And in the same Table, 77% of all current Victorian poker machine players believe that the introduction of a **compulsory** pre-set loss limit would have either no negative effect on their enjoyment of gambling, or could indeed make their gambling even more enjoyable.

So here we have independent research evidence that around 8 out of ten recreational players will support a pre-commitment system for poker machines. Interestingly in Table 117 of the same report, 69% of current problem gamblers across Australia also would see benefit from a compulsory pre-commitment system.

This research thus tells us that only 23% of poker machine players (i.e. 100% - 77%) currently believe a compulsory pre-commitment system would have a negative impact on their enjoyment of gambling.

That means, in aggregate, only 7.6% (i.e. 23% of the 33%) of the total population of voters perceive they will be negatively impacted by a compulsory pre-commitment system.

OVERALL:

These results demonstrate that up to 92.4% of all voters should ultimately support pre-commitment reform of poker machines. It is therefore not surprising that politicians supporting pre-commitment can garner electorate support across Australia – since they have support for reform from the vast majority of voters who are non-players, and they also have support for pre-commitment from the vast majority of poker machine players.

And what are the practical consequences when a pre-commitment system has been introduced in a live situation?

The Province of Nova Scotia in Canada trialed a mandatory full pre-commitment system (with voluntary setting of loss limits) for Video Lottery Terminals/poker machines and subsequently reported that:

- 80 per cent of all players felt pre-commitment encouraged them to play more responsibly;
- Over 90 per cent of all players said they would recommend its use to other players;
- 87 per cent of all players supported a mandatory system for anyone playing machines;
- Over 90 per cent of all players said they would acquire a mandatory access device; and
- 75 per cent of all players believed it encouraged responsible play in others;

Early media coverage of the current pre-commitment policy debate in Australia revolves heavily around players' gambling data being stored on a central computer, players being monitored by the Government, their gambling data being accessed by Centrelink to the detriment of pensioners, player fingerprints being stored on a central computer and player privacy being invaded.

Our SAFETY NET pre-commitment system can be delivered as a **completely anonymous pre-commitment system** which:

1. Does not require any central storage of any player names, addresses or other personal details;
2. Does not require any central storage of player gambling records;
3. Does not require any central storage of a player's fingerprint;
4. Automatically ensures players cannot establish duplicate accounts; and
5. Can completely eliminate card swapping and/or fraud amongst players.

Such a system will address any residual voter concerns regarding pre-commitment reform.

6. THE CRITICAL NEED FOR BIOMETRIC PRE-COMMITMENT

Leading academics across the world have detected extremely high levels of card swapping with loyalty cards and pre-commitment cards.

Nova Scotia in Canada discovered that 37% of players shared their player pre-commitment cards for periods up to one week. In addition card sharing was directly correlated to a player's problem gambling index score.⁽¹⁾ Problem gamblers exhibited a 50% rate of card sharing.

In its analysis of the player pre-commitment program in Nova Scotia Canada, the Las Vegas Gaming Institute at the University of Nevada in the USA noted:

"Gamblers 'beat' the responsible gaming system through substantial card sharing.biometric devices (that require for instance, a thumbprint to start play) or facial recognition technology could take care of many of these challenges (in that they could eliminate the step where an identification card is needed)"⁽²⁾

In addition one of the world's leading academics on problem gambling prevention, Dr Robert Williams from the University of Lethbridge in Canada has defined one of his critical eight (8) pre-commitment design features must be use of biometrics:

6. A biometric identification system is needed. *Some sort of identification system is needed so that all versions of the gambling format(s) within the jurisdiction recognize the individual and his/her preset limits. It is also important that this identity system be biometric, otherwise some people (particularly problem gamblers) will endeavour to use other identities/cards when their own limits have been met. Smart cards with PINs are an improvement over regular cards, but still do not prevent card swapping, borrowing, or selling. Unless the card is used for other important purposes, then some gamblers (or potentially venue staff) will give away or loan their PIN smart card to other players. A biometric system is also the best protection against underage gambling.⁽³⁾*

Just a few weeks ago the wholly Government owned Ontario Lottery and Gaming Corporation (OLG) in Canada's largest province of Ontario, announced that it was introducing biometric facial recognition technology in 2011 to ensure self-excluded problem gamblers were unable to enter the 27 casinos across the province. Their system will use multiple cameras, digital technologies and a central storage database of gamblers. It has been introduced in recognition that biometrics is the only effective way to manage access to gambling so as to minimize the individual and societal impacts of problem gambling.

A recent article in the Melbourne Herald Sun on January 10, 2011 contains further local evidence that plastic card fraud is already occurring with current poker machine loyalty cards here in Australia:

<http://www.heraldsun.com.au/news/victoria/crown-casino-refuses-to-pay-jackpot-win-to-elderly-woman/story-e6frf7kx-1225984650629>

Crown casino refuses to pay jackpot win to elderly woman
Wayne Flower | Herald Sun | January 10, 2011 12:00AM | 181 comments

Recommend 33 people recommend this. 8 retweet Share

CROWN

Source: AFP

CROWN casino has refused to pay out thousands of dollars to an elderly mother after she was found to have used her daughter's loyalty card on the winning poker machine.

Advertisement
MS AUSTRALIA melbourne summer cycle
CLICK HERE TO ENTER!

Find us on Facebook
Herald Sun
19,311 people like Herald Sun
James Brian Juliette Nicole Debbie
Pieter Chriss Angela Justine Gregg

There were many readers of this Herald Sun story who subsequently provided a commentary on how they are regularly approached by other players to swap cards. Some of these have been provided below to indicate the current high prevalence of card swapping.

While swapping loyalty cards can lead to financial disadvantage in the event of a win, it points to the more serious fraud that has been proven wherever card technology is implemented to limit player spending. Quite simply a very large number (up to one half) of addicted gamblers can acquire the cards of others and fraudulently use them to increase their losses. Thus this technology permits fraud that utterly defeats the intent of the mechanism.

The only effective solution to card swapping is biometric pre-commitment, as evidenced by the following selection of verbatim readers comments taken verbatim from the Herald Sun online website:

George of Melbourne Posted at 9:10 AM Today

Them are the rules, I guess. I have been playing at the roulette tables before at Crown when I **get approached by elderly gamblers if they can pop in their rewards card into my machine to get points.** I point blank refuse them. Comment 11 of 181

Alex Posted at 9:43 AM Today

Fair enough, the rules are the rules. **I used to get sick of players coming up to me asking me to stick their card in my machine every 5 seconds so they can get another point or two.** Comment 39 of 181

Cindy of Adelaide Posted at 9:47 AM Today

that is absolutely disgusting - **everyone shares loyalty cards - its the only way the non-rich ever get enough points to earn a reward** - anyway, I was at the crown last year and thought it was the most lame casino I had been to, avoid it Comment 42 of 181

Matt of Melbourne Posted at 10:04 AM Today

Everyone is dodgy, patrons using multiple cards and someone else's cards to get multiple benefits. And management refusing to award a payout. Doesn't effect me cause I don't gamble. Comment 61 of 181

BAC, swan hill of Australia Posted at 10:09 AM Today

Crown are happy to take our money but please dont take any out the door. i dont do crown or play these [games] im to poor to give to rich greedy people that love the poor and needy like this woman. **I have heard its very common for family and friends to use each others cards like flybuys** i have no problem at all with this but im not a money hungry cash grabbing casino owner that must pay for suckers like this woman to spend what little cash they do have in gambling rooms Comment 65 of 181

Samantha Posted at 10:13 AM Today

I have only been to Crown probably half dozen times. Each time I have used my mother in laws card. So I was breaking the law. Oh well, lucky I don't find pushing a button entertaining! Comment 72 of 181

Billy Boy of Vegas Posted at 10:27 AM Today

Rules are rules people, is it that hard to understand? Not for a minute do I support Crown, but if it clearly states on the promotional posters, what's the issue? **I don't have a Signature Club Card - it's amazing how many punters will put their card in my machine, just to build more points (especially when I bet bigger than them = more points quicker).** I would love to win a "points" jackpot with someone else's card in it, might stop them doing it in the future! I realise this woman was using her daughter's card, but as I said, rules are rules. Comment 82 of 181

Gail Richards of West Brunswick. Vic. Posted at 10:36 AM Today

My husband works opposite Crown and I am a member but he is not, so when Crown hands out \$10 worth of machine credits (to get me in there) **my husband pops in with my card** to play the credits. Just lucky he hasn't won big. How lousy of you Crown..give with one hand take with the other. Disgraceful. Should have a "boycott Crown weekly day". Comment 87 of 181

Glenn of Melbourne Posted at 10:58 AM Today

Occasionally my wife & I have accidentally swapped card whilst parking at the Casino carpark. Does this mean that if I accidentally used her card by mistake, then I would not be eligible for the jackpot if I was lucky to win? What an absolute joke... Comment 104 of 181

..Crown Jewels! of Greensborough Posted at 11:26 AM Today

..perhaps Crown can review there security tapes and see how much money this woman (AND OTHERS..) have lost using others people cards ands arrange for a refund? Actually, **why doesn't anyone who lost playing on a mate's loyalty card walk in and ask for a refund?** Comment 119 of 181

Wild Eagle of Perth Posted at 11:36 AM Today

What part of "you must be playing with your own loyalty card in order to win a jackpot" didn't this loser understand !! Don't blame the casino, the player was racking up fraudulent points on her daughters loyalty card. **The casino should confiscate the card as God only knows how many other family members or friends have used it.** People must be responsible for their own decisions ! Comment 125 of 181

RUSTY Posted at 12:08 PM Today

People put in other peoples cards so they can get freebies for children ect because they do not go as often .So really this is fraud and if they won they have to suffer the consequences Comment 143 of 181

Krusty Posted at 12:29 PM Today

I have been there several times and have seen numerous people with min 5 cards playing 5 machines I am glad they are getting tougher on those using cards that are not theirs Comment 157 of 181

Vicki of Chelsea Posted at 12:55 PM Today

I think that Crown's decision has merit. Many times I have seen a 'player' with up to 3 or 4 cards.. These players ARE committing fraud! Comment 172 of 181




No one should now have any doubts that an implementation of pre-commitment based upon cards used for player loyalty will be doomed to failure due to the high levels of card fraud which will occur.

7. PRE-COMMITMENT GAMING MACHINE TECHNOLOGIES

There are three (3) major pre-commitment technologies available for use with gaming machines.

They are plastic cards, smartcards and biometric USB keys, as compared overleaf.

COMPARISON CHART

	<u>Biometric USB flash drive key</u>	<u>Plastic Card</u>	<u>Smartcard with digital cash</u>
ATTRIBUTES			
Venue Connectivity	√	√	√
In built Internet Connectivity & Compliance	√	x	x
Maximum Storage on the device	128 Giga bytes = 128,000,000,000 bytes	<2k bytes	64 k bytes
On Board microprocessor	√	x	√
Lifespan	10 years	3 years	3 years
Non-transferable	Cannot be shared	Can be shared	Can be shared
256 bit Data Encryption	√	x	Some
Plug and Play device not requiring card reader	√	x	x
Built in fingerprint scanner	√	x	x
Can provide a reliable anonymous system which eliminates multiple identities	√	x	x
Can be provided without need for a central database of gambling records	√	x	x
Can be provided without need for central storage database of fingerprints	√	x	x
No need to remember another PIN number or account number	√	x	x
Additional free storage for players use at home or work	√	x	x
Connectivity to TV set- top boxes	√	x	x
Connectivity to Wagering terminals	√	x	x
Connectivity to Lottery terminals	√	x	x
Connectivity to mobile phones	√	x	x
Read/Write speeds	100 times cards	1 times cards	1 times cards

7.1 Magnetic Stripe Plastic Cards

As already discussed in some detail, the difficulty with simple magnetic stripe plastic cards is that players, and in particular problem gamblers, can share their cards and PIN numbers without risk. Previous independent research has been provided in this submission outlining this case. In addition simple magnetic cards can be easily skimmed or copied, as evidenced by recent bank card frauds. These types of cards are currently often used in gambling loyalty programs. Crown Casino uses simple magnetic stripe plastic cards for their Crown Club loyalty program.

7.2 Smartcards with Digital Cash

Smartcards have very limited storage capacity (32 KB) and can also be shared amongst players and problem gamblers.

An additional risk with smartcards is that they traditionally contain digital cash, which increases the risks of problem gambling since players lose a sense of reality of the actual money they are losing over time. This is why the Federal Government Department of Family and Community Services Report into Problem Gambling Attributable to ATMs and EFTPOS Machines in 2002, recommended that:

smartcards must be avoided by Australian Governments as a solution to problem gambling ⁽⁷⁾

The reason for this concern is that giving players digital cash is similar to the effect of providing gamblers and in particular, problem gamblers, with a credit card. Players very quickly lose touch with reality and how quickly they are gambling away their funds. It is far better to ensure players use real cash to gamble on poker machines. This ensures they are constantly reminded of their accumulating losses.

This view has been supported in subsequent research reports by academics across the globe. For instance, Professor Mark Griffiths of the International Gaming Research Unit in Nottingham Trent University reported in September 2007 that digital cash is problematic in a gambling sense:

“Electronic cash: For most gamblers, it is very likely that the psychological value of electronic cash (e-cash) will be less than ‘real’ cash (and similar to the use of chips or tokens in other gambling situations). Gambling with e-cash may lead to a ‘suspension of judgment’. The ‘suspension of judgment’ refers to a structural characteristic that temporarily disrupts the gambler’s financial value system and potentially stimulates further gambling. This is well known by both those in commerce (i.e. people typically spend more on credit and debit cards because it is easier to spend money using plastic) and by the gaming industry. This is the reason that ‘chips’ are used in casinos and why tokens are used on some slot machines. In essence, chips and tokens ‘disguise’ the money’s true value (i.e. decrease the psychological value of the money to be gambled). Tokens and chips are often re-gambled without hesitation as the psychological value is much less than the real value.” ⁽⁴⁾

7.3 Biometric USB Keys

Biometric keys cannot be swapped between players. There is no central storage of a player's biometrics. They also have large enough memory to operate without the need for a central database of player gambling records, if so required. They also operate without the need to memorize yet another PIN number and they can read/write data 100 times faster than cards.

Since these flash drive keys are designed for use with the ubiquitous USB standard they can be utilized across all forms of outlet and digital gambling without the need for an additional expensive card reader at the time of their use.

The Government of Tasmania announced in March 2009 that whilst they support loss limits using "smart technologies" it is keen to see a national standard for pre-commitment. It noted that "Player pre-commitment technology is changing around the world and it can only be dealt with at a national level. Even smart card technology has been replaced in some places by a USB Player Protection Key" ⁽⁷⁾.

8. WHO SHOULD PAY THE COSTS OF PRE-COMMITMENT?

The Productivity Commission Draft report recommended that as pre-commitment was ultimately a player protection measure then all players should pay for a pre-commitment system through a very minor reduction in the programmed Return to Player (RTP) built into poker machines. The current RTP rate is controlled by individual state government legislation but is typically set at around 90%. The Commission calculated that the RTP would only need to be reduced from 90 to 89.8% to cover the full cost of pre-commitment. This would produce sufficient funds to cover the entire system's deployment and would hardly be noticed by players whilst playing.

There is an alternative view that the venues should pay for the system, on a fee per machine per day. The venues would receive a significant reduction in self-exclusion costs and underage monitoring and associated duty of care risks, if such systems automatically formed part of the pre-commitment deployment. Venues will however, also incur some revenue losses due to the squeezing out of problem gambling revenues from their venues.

Alternatively State Governments could pay the cost as a reduction to their current taxation revenues from poker machines.

The Federal Government could also offer to pay the annual costs of around \$150 million per annum, as a gesture of goodwill to the states. This could easily be recovered from the introduction of a tax on current internet gambling delivered by an integrated poker machine and internet gaming pre-commitment system.

9. PLAYER LOYALTY SYSTEMS

Since our system is an extension of standard Player Tracking modules (PTMs) which are already used for player loyalty schemes in some casinos, hotels and clubs, we can easily integrate any single venue based, multi venue or statewide player loyalty program monitoring into our current infrastructure and costs.

In any completely anonymous pre-commitment system this would require some players to voluntarily allow their names and addresses to be collected for loyalty program purposes. However this is no different to what they currently provide to such venue loyalty schemes.

10. OVERSEAS TOURISTS

Overseas visitors can easily be provided with a Player Protection Key by any accredited gaming venue.

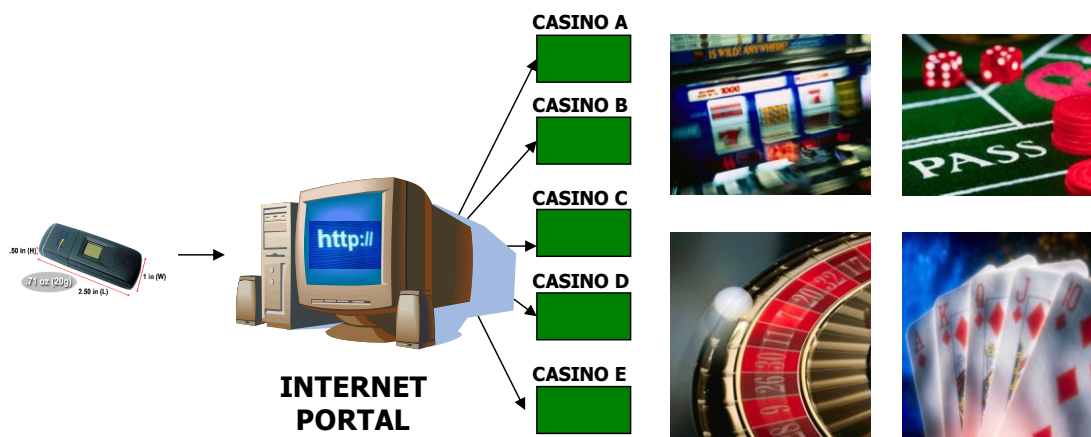
11. INTERNET GAMBLING APPLICATIONS

One of the evolving arguments being used against establishing pre-commitment on poker machines, is that players will just migrate to internet gambling.

Our Player Protection Key[®] is already internet-ready and compliant. Regulators can be assured that internet players are not under age and that their gambling activity is not breaching their personal pre-commitment loss limits.

In light of increasing internet gambling usage and an inability to capture taxation revenues from overseas gambling providers, our system provides national and state governments with the technology that can provide age and state of residency confirmation where required (to ensure under age gamblers are restricted), combined with technical capabilities to ensure the taxation of all internet gambling and to also restrict any growth in the incidence of problem gambling.

Internet users simply log onto their computer and activate their biometric USB Player Protection Key[®].



Internet users are free to choose their preferred gambling provider(s) from the full range of government accredited providers, on an on-going basis.

Users will be assured that sufficient consumer and financial transaction regulation is being provided through government regulation of all accredited providers.

Most importantly, gamblers will only need to establish one set of pre-commitment loss limits with Responsible Gaming Networks (RGN) which will then apply across the full range of gambling providers, rather than being required to establish their pre-commitment limits with hundreds of individual gambling providers. Players can establish self-exclusion limits.

Once a player has been electronically accredited by RGN as the owner of the individual key, their individual limits and their remaining limit for the day will be passed over to the gambling provider of their choice.

Each gambling provider monitors the player against their remaining daily limits. At the conclusion of their playing activity, each player's limits are updated by RGN.

12. INDEPENDENT OVERSEAS EVALUATIONS OF SAFETY NET

12.1 UNITED KINGDOM GAMBLING COMMISSION:

A United Kingdom Gambling Commission report released in December 2008 on "Cashless and Card based Technologies in Gambling" noted that our Australian designed and built 'SAFETYNET' system was the only system in the world to provide a comprehensive consumer protection solution which can be easily used both offline, across multiple types of machines, as well as online over the internet (see Table 4 page 36). The report continued:

"For extra security, some companies have introduced systems which require biometric identification, such as fingerprints, alongside card-based or cashless technology. This ensures that the person who owns the card is the only one who is able to use it. Responsible Gaming Networks of Australia offer a Player Protection Key the principal component of the 'SAFETYNET' system consisting of a Universal Serial Bus (USB) key and biometric identification system which can be used with any form of gambling (Ryan 2008). The system comprises of a USB key which can plug into any EGM, gambling network, home PC or laptop computer in the world, providing it offers a USB port. The USB key also contains a fingerprint scanner for biometric ID. All new computers have USB capability and the Gaming Standards Association, which represents all EGM manufacturers, has globally adopted the USB standard. The 'SAFETYNET' system offers cashless gaming, consumer marketing and player protection.

.....the key characteristic of this system which differentiates it from any other system currently on the market is that one key can be used to access all forms of gambling, both offline and online. Hence players can set one pre-commitment level which applies to every form of gambling they may wish to undertake rather than only being able to set limits in one gaming establishment. The incorporation of biometric ID may also eliminate the capacity for card sharing and underage gambling".

12.2 FRENCH CASINO JOURNAL:

The French Journal Des Casinos reported in September 2008 on our Player Protection Key technology as a result of our presentation at the 7th European Conference on Gambling Studies and Policy Issues titled "Beyond Smart Cards to Smart Technologies".

The French Casino Journal article was titled: "A new technological solution to combat excessive gambling, and to monitor and tax remote gambling".

The Journal reported:

“During the last conference organised by the European Association for the Study of Gambling in July, one presentation in particular captured the interest of the researchers present: an innovative solution capable of eliminating both the problems of age and excessive gambling on the Internet as well as in gambling venues. An equation that, up until now, no one had been able to fully solve.

The device, named “Player Protection Key”, consists of a biometric USB key which players can obtain from their usual gambling venue (casinos, lottery outlets, etc.) after proving their age and identity. On the key, a player can securely store their gambling limits in terms of spending or playing time, by day, week and month. It scans their fingerprint to ensure that no one else can use the key and gamble in their place. This solution, conceived and developed in Australia by Responsible Gaming Networks, is ideal for online gambling as every player inevitably has a USB port on their computer. It can also be used on any gaming machine: lottery terminals, slot machines, personal betting terminals or interactive television”.

References:

- (1) Nova Scotia Player Card Research Project, Omnifacts Bristol, January 12th 2007 Page 17.
- (2) University of Nevada, Las Vegas International Gaming Institute, Responsible Gaming Device Report 2007 Page 48
- (3) Pre-Commitment as a Strategy for Minimising Gambling Related Harm by Dr. Robert Williams, Professor Faculty of Health Sciences & Coordinator, Alberta Gaming Research Institute, University of Lethbridge, published July 8th, 2010. .
- (4) Internet and Remote Gambling Report by Professor Mark Griffiths for Manchester City Council September 2007 page 3.
- (5) Gaming Technologies Association submission to productivity Commission Inquiry into Gambling 18 December 2009
- (6) Gambling Research Australia, for the Ministerial Council of Gambling “Analysis of Gambler Pre-Commitment Behaviour” June 2006: Page 31, Table 115.
- (7) Department of Family and Community Services, Problem Gambling – ATM/EFTPOS Functions and Capabilities ATM Report, 25th September 2002. Recommendation 5.
- (8) “Tasmania Leading Australia in Responsible Gambling” Media Release by Mr. Michael Aird MLC Friday 20 March 2009X

Responsible Gaming Networks Pty Ltd is an Australian owned private company whose vision is to be the global leader in the provision of responsible gambling services in venues and across digital channels. The company has designed and built its SAFETY NET system to meet the needs of governments, regulators and operators across the world, taking into account the unique needs of each jurisdiction. The company owns global patents and trade marks for the use of player controls in the gambling industry and has used these in the creation of its hardware and software solutions.

APPENDIX:

Overview of SAFETY NET Pre-commitment System and Player Protection Key

ATTACHMENT:

PRE-COMMITMENT AS A STRATEGY FOR MINIMIZING GAMBLING-RELATED HARM

Dr. Robert Williams
Professor, Faculty of Health Sciences &
Coordinator, Alberta Gaming Research Institute
University of Lethbridge
Lethbridge, Alberta; Canada; T1K 3M4
Robert.williams@uleth.ca
Published on July 8, 2010

SAFETY NET

SAFETY NET[®] has been designed to eliminate problem gambling and under-age gambling from gambling venues, gambling machines and internet gambling networks. It is built on the premise that *“problem gambling is characterized by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, and for the community.”*

One of the major components of the SAFETY NET[®] system is a biometric USB Player Protection Key[®] which utilizes state-of-the-art technologies.

Gamblers can establish dollar loss limits and time duration of play limits which they believe are reasonable prior to undertaking any gambling activity and these limits are imbedded into their personal Player Protection Key[®]. The Government and/or Government regulator can also establish its own over-riding limits for all players, if so desired.

At gambling venues, all poker machines are locked until a player inserts a valid Player Protection Key[®] and confirms their identity as the original owner of the Player Protection Key[®]. This eliminates key sharing amongst gamblers, and in particular amongst problem gamblers.

The Player Protection Key[®] is a simple plug-and-play device that connects directly into devices without the need for a special reader, since it is built around the ubiquitous Universal Serial Bus (USB) standard. A Player Protection Key[®] has an extensive lifespan of 10 years.

Each Player Protection Key[®] has the in-built capability to recognize its owner so as to eliminate the possibility of player exchange of a Player Protection Key[®] amongst problem gamblers. It does so using biometric fingerprint recognition hardware and software, rather than Personal Identification Numbers (PIN), which can be shared and exchanged between problem gamblers, or even accidentally forgotten by older confused gamblers.

There is no need for central storage of player fingerprints since each Player Protection Key[®] retains the encrypted biometrics of its original owner for later comparison with every subsequent user. Each Player Protection Key[®] will simply not operate unless its original owner is using it. The Player Protection Key[®] therefore is a truly unique key allocated to each unique player.

In May 2006 the Nevada Gaming Commission in Las Vegas released *Mobile Gaming System Policies and Technical standards for gambling using biometric devices*. Our Player Protection Key[®] exceeds these USA Gaming Commission technical standards.

Each Player Protection Key[®] has an on-board fingerprint scanner and its versatility comes from the fact that it does not require batteries to either operate or retain data in its extensive flash memory.

A Player Protection Key[®] can store up to a massive 128 Gigabytes (128,000,000 KB) of data in flash memory and can retrieve and analyze data. It carries its own digital certificates to authenticate the networks to which it is connected, and can encrypt all on-board data.

If anyone attempts to tamper with the Player Protection Key[®] it simply locks itself and cannot be read. A backup copy of all gambling data on the Player Protection Key[®] can be stored on a central mainframe computer if desired either by a player or a government regulator.

Players are given a Player Protection Key[®] free of charge. To obtain a Player Protection Key[®] they should ideally confirm their age so as to ensure that no under-age gamblers gain access to a Player Protection Key[®] or the gambling network.

Each player's identity may be associated with a key, or alternatively each player may be anonymously registered and their fingerprint within the key used to create a unique player code which ensures they are unable to obtain multiple Player Protection Keys at the same time.

Player Pre-Commitment Loss and Duration Limits

Each Player is able to register their own maximum gambling loss limits (for a day, week, month or year) and maximum durations of play in their Player Protection Key[®]. A Government and/or Government Regulator also has the capability of registering maximum gambling loss limits and durations of play standards for all players living or playing in its jurisdiction.

Players can continue to use real coins and notes when gambling on poker machines, although the system has been designed to use digital cash if so mandated by a government or regulator. If any pre-commitment loss or duration limits are exceeded (either the player's or the regulators) then the Player Protection Key[®] will become inoperative and the player will be unable to gamble on any gambling machine or venue in the network for a defined period of exclusion. Whilst the system can use digital cash, we discourage its usage.

A player can also establish their own zero dollars and zero time limits at any time thereby creating an ideal *self-exclusion* program that cannot be circumvented across the entire network. Third-party exclusion can also be applied to individual keys.

Players can be regularly provided with reports on their entire gambling activities year-to-date and over regular periods, either on-demand (over the Internet or at a self serve kiosks) or via the mail.

Whole-of-Market Gambling Coverage

The Player Protection Key[®] has the in-built memory capacity of 128 Gigabytes to store all gambling activities for all players across all forms of gambling, such as the internet (sports betting), electronic devices (wagering outlets, lottery outlets), and interactive television services. This allows every resident to establish within their single Player Protection Key[®] a 'whole-of-gambling' loss limit.

Regulators thus have the added benefit of obtaining a 'whole-or-market' profile of player gambling expenditure over multiple channels of distribution (e.g. gaming machines, casinos, lottery tickets, wagering etc) from within both the terrestrial market place and digital market space using a single Player Protection Key[®].