



**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON JUSTICE
AND COMMUNITY SAFETY**

(Reference: [Inquiry into Cashless Gaming in the ACT](#))

Members:

**MR P CAIN (Chair)
DR M PATERSON (Deputy Chair)
MR A BRADDOCK**

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 27 MARCH 2024

**Secretary to the committee:
Ms K de Kleuver (Ph: 620 70524)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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While the committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

Amended 20 May 2013

The committee met at 1 pm.

PATEL, MR JINESH, Chief Executive Officer, Gaming Technologies Association

THE CHAIR: Welcome to the public hearing of the Justice and Community Safety Standing Committee inquiry into cashless gaming. The committee will today hear from the Gaming Technologies Association, the Minister for Gaming, the ANU Centre for Gambling Research, the Gambling Treatment Research Centre, the Salvation Army, ACTCOSS, the Alliance for Gambling Reform, Canberra Community Clubs, and ClubsACT.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people. The committee wishes to acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. We would also like to acknowledge and welcome any other Aboriginal and Torres Strait Islander people who may be attending today's event.

The proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if you used the words, "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome the witness representing the Gaming Technologies Association. I remind you of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered to be a contempt of the Assembly. Could you confirm that you understand the implications of the statement and that you agree to comply with it?

Mr Patel: I agree to comply.

THE CHAIR: Thank you. We are not taking opening statements. We will go to questions. Sometimes, in the first answer given, witnesses feel that they have to explain everything. Don't worry; we will get to all of the things that you want to say through our questions.

I will start off. In your opinion, and on behalf of your organisation, could cashless gaming be rolled out in the ACT without a central monitoring system?

Mr Patel: By way of context, my organisation represents gaming machine manufacturers who also develop venue management systems, and one of my members does operate a CMS. In respect of cashless technology, you do not need a CMS to roll that out.

THE CHAIR: Do you have an opinion on whether CMS is a better option for achieving harm minimisation than cashless gaming?

Mr Patel: In terms of the CMS, it is best to look at it as a revenue collection tool. Where I am from, in New South Wales, there are 85,000-odd machines in our jurisdiction.

There was a need for a system for revenue calculation and taxation purposes, which is why that system was established in New South Wales. In respect of harm minimisation, the CMS is not a harm minimisation tool. The harm minimisation comes into effect through auxiliary technologies, such as a cashless system.

THE CHAIR: Are there any others that contribute to that?

Mr Patel: Yes. Certainly, the New South Wales government has committed to a state-wide self-exclusion scheme and a third-party self-exclusion scheme, which will be underpinned by facial recognition technology. In respect of the cashless trial in New South Wales, the first venue, Twin Towns, went live yesterday, so the cashless trial is beginning to roll out in New South Wales. The Independent Panel on Gaming Reform, on which I represent the Gaming Technologies Association, is in the process of developing advice for government in terms of how they can meet those election commitments.

DR PATERSON: With the cost of cashless gaming and implementing any measures—digital wallets, mandatory pre-commitment, self-exclusion—is that all on top of a central monitoring system?

Mr Patel: Yes, separate from a central monitoring system. That said, if there was a desire to roll out a cashless system in the ACT, the framework in New South Wales, certainly in respect of the protocol, is the same. So it can be done.

DR PATERSON: The minister here put out a media release that said the government was doing a market-sounding exercise to look at the implementation of a central monitoring system to address gambling harm. That is not really a correct statement in itself, is it?

Mr Patel: Not quite, from a technology perspective. Certainly, if there was a desire for some sort of universal outcome, in the way of a player experience, or a desire by government to centralise certain bits of data to achieve a harm minimisation objective, that can be done without a CMS.

DR PATERSON: In terms of the New South Wales trials, from reading the media reports about them, they appear to be very ad hoc. There has been very low take-up of people participating in the trials, and they are all different systems. How do you think that the New South Wales government will get to a single understanding of how effective cashless gaming can be with a trial that is not mandatory?

Mr Patel: In terms of the trial at the moment, the original election commitment was for over 500 machines in New South Wales. The panel launched an expression of interest to both technology providers and venues. From memory, there are 20-odd venues and about 4,300-odd machines. The take-up has been pretty good, from an industry and venue perspective.

In terms of the technology providers, I represent four of the five, and the solutions are quite different. I think that what we will see come out of New South Wales is a range of different innovative solutions. Once we get to the end point, the panel will have the opportunity to review not only data but the technology solutions that the individual

manufacturers have chosen to implement.

DR PATERSON: Given New South Wales is a jurisdiction with about 86,000 machines and we have about 3,700, do you think that the best practice for our jurisdiction would be not to trial these things but to have a mandatory implementation of cashless gaming?

Mr Patel: From my perspective, I always think that regulatory harmonisation is a good thing. I note that the government has talked about a CMS and moving towards a two-way protocol. That process is currently underway in New South Wales. There will certainly be a crunch point at some point, depending on what government policy dictates, whereby you will have the take-up of machines that are essentially dual-protocol-enabled coming into the market. When you look at the size of the markets, the demand for technology is quite limited. There are limited resources as well. I think that there is a need for respective jurisdictions to communicate with each other and have a time line that allows for the implementation to occur without those supply chain impacts.

DR PATERSON: As our jurisdiction has neither a CMS nor cashless gaming, would you see it as best practice for us to know where we are going, in order to understand what we are trying to achieve in terms of regulatory outcomes and harm minimisation—know the end point, and work back from there?

Mr Patel: Certainly. from a harm minimisation perspective, and from our submission, you need to understand what your policy objectives are before you design a system. In respect of New South Wales, the elected government had identified some proven harm minimisation tools that they would like to see implemented in our jurisdiction over a period of time, and they have left it to the panel to consider other potential harm minimisation initiatives that could be applied over the top of that. We are due to report to the government in November. Our objective is to provide the government with the advice they are seeking.

MR BRADDOCK: From your experience, have any of those New South Wales trials actually achieved the harm minimisation objective?

Mr Patel: In terms of the broad-based state-wide trial, the first venue went live yesterday. One trial has been completed; that was the Wests Newcastle trial with Aristocrat. We have another trial ongoing at Club York.

The two trials that commenced before the mandated state-wide trial were both initiatives of industry. In New South Wales, our regulator has what is known as a “regulatory sandbox”, whereby technology providers and venues have the opportunity to demonstrate what harm minimisation tools are out there. Following that process, the government of the day and the minister gave permission to trial those technologies in certain venues. Part of that process was that, following the end of the trial, it would be peer reviewed.

MR BRADDOCK: Is that peer review process not yet complete, for those two completed trials?

Mr Patel: For one trial, it has been.

MR BRADDOCK: Did that demonstrate any harm minimisation as a result of the trial?

Mr Patel: That is not something I am able to discuss due to confidentiality, as I am on that panel.

THE CHAIR: How do you measure the harm that has been minimised by a particular technology being introduced?

Mr Patel: Certainly, with the way that these trials have been designed, questions to participants around the use of certain tools and measures and how they felt about using it are part of that mix. From my point of view, and from the industry's point of view, it should be technology agnostic; what works for someone may not work for someone else. That is when we are talking about digital wallet versus card. Some people may not have a smartphone or choose not to have one, and a card may be their preference. From my perspective, when you are talking about technology, you need to understand what you are trying to achieve. You need to think about the harm minimisation tools that you wish to implement; then you can go about designing a system that suits that objective.

THE CHAIR: I have a question about the collection of data and what happens to that. Obviously, with a CMS and cashless gaming options like ticket based, use of facial recognition, cashless accounts and transferring credit, there is a lot of data involved in all of these. How do we ensure that, with the community who are using these machines, their information is protected?

Mr Patel: From my perspective, when you are talking in terms of data security, there is not confidence at the moment, given recent public incidences where data has been leaked. In terms of governments looking at systems, they need to consider what best practice protections there are. Certainly, from a New South Wales point of view, we work with Cyber Security NSW, who is a member of that panel and is providing us with advice on cybersecurity matters that are way too complicated for me to explain.

From my perspective, when you have one provider of anything, that is a greater risk; there is a greater treasure trove of data potentially in one spot. In terms of the extent of my cybersecurity knowledge, that is as good an answer as I can give you.

THE CHAIR: Have you seen any examples of failures in data protection in the trials that you have been a part of?

Mr Patel: There has been one publicly reported incident where, within a cashless solution, one of the technology partners within that solution was notified of a breach. To my knowledge, there was not a breach; it was just a notification. That meant that that trial ended, I think, two weeks early. Within a cashless system, you have multiple layers. You have what is known as a KYC provider—a “know your customer” provider. You have a digital payment platform that facilitates transactions, in addition to the platform itself, which does have your data.

DR PATERSON: The ACT government's submission talks about 21 per cent of EGMs in ACT clubs being older than 10 years and a further 45 per cent being between six and

10 years old. With those older machines, if you were to implement just cashless gaming and a digital wallet, could you do that without upgrading the machines or would you need to upgrade all of those machines?

Mr Patel: It would depend on the machine. That said, some venues would possibly have to also upgrade their venue management system. There could be a systems upgrade that may allow for that transition to occur sooner. Certainly, for older machines, they may need a technician to provide the requisite update or for it to be replaced.

MR BRADDOCK: What would you be recommending that the ACT undertake as steps to achieve harm minimisation?

Mr Patel: From my perspective, trying to get some sort of harmonisation with New South Wales is a good thing. Hopefully, with the trial, there could be a proof of concept out there that could work for the jurisdiction of the ACT as well. Looking at the trials, we have a venue in Queanbeyan in the trial; there could be cross-border issues as well. In trying to tailor some sort of state-wide solution, certainly, having an open dialogue with the jurisdictions next door would be helpful.

As a starting point, given the infrastructure that is already available—I heard, I think, on the ABC this morning that ClubsACT said they were happy to have a trial—if there was a desire for the government to facilitate that, industry would be more than ready to make that happen.

THE CHAIR: In terms of protection of data and harm minimisation, who is doing it well in this country? I am interested in your thoughts on Tasmania as well.

Mr Patel: I cannot say that best practice has been achieved at this stage because a lot of jurisdictions are going through a wide-scale reform process. Certainly, in respect of Tasmania, they announced their reforms two years ago. I know that, in terms of the deadlines that that government set, they did not meet them. I think they are contemplating having their systems in place by the end of December. We will see whether or not they achieve that. At this stage I think there is an opportunity for jurisdictions to have a very honest conversation about what they want to do because, as a citizen of this country, you want to be able to have the same experience no matter which state you go to.

DR PATERSON: Is it possible to link up Keno with cashless gaming? With a customer who enters a venue in the ACT, if they have their digital wallet set up for the venue, could that also be linked to Keno or is it purely for machines?

Mr Patel: It would depend on the solution that is available. I will take that on notice and see what I can come up with for you.

DR PATERSON: Thank you.

MR BRADDOCK: Coming back to the data security question and with respect to facial recognition, is there a concern in terms of how we maintain the privacy and security of the information that is being held by clubs in the industry?

Mr Patel: I think that there is a concern around the way data is held by any organisation, regardless of which industry it is, generally. Certainly, from a facial recognition point of view, it has been in place in South Australia for a number of years and I cannot think of any issues that have arisen from the South Australian experience. From a facial recognition technology point of view and Australia's best practice, I know it has certainly been rolled out in some venues in New South Wales and there have not been any issues there. I know it has been in place in New Zealand for a number of years as well. I cannot think of any breach or wide-scale issue that has arisen from those three jurisdictions.

THE CHAIR: With the impact on money laundering, are you able to report on any successes in that way, in the trials in New South Wales? Has anyone done any modelling or predictive analysis of the different cashless and other options, CMS included, and the impact on money laundering and related criminal activities?

Mr Patel: In New South Wales we had a Crime Commission report that made a number of recommendations which the New South Wales government has accepted. The best way to look at cashless is probably in the context of low cash. When you are talking about money laundering, you want to be able to have a system where you can track transactions, whether it is from your digital wallet to a bank account or whether it is getting cash and somehow loading it onto your digital wallet or your player card. There is a record of a transaction that has occurred. I suspect that, from a law enforcement perspective, the ability to track that is useful.

DR PATERSON: With digital wallets and the technology that they offer, could you have a circumstance where a person could be banned, or ban themselves—have their name recorded so that they could not establish a digital wallet in a club? Would that be possible? It would be almost like a self-exclusion scheme for digital wallets.

Mr Patel: I suspect that, from a design point of view, that could be achievable. When you are talking about self-exclusion, facial recognition is an important tool in the toolkit to be able to identify people. The idea of having faces behind the reception desk just does not work. At the end of the day, there are vulnerable people in our society who will try and get into a venue or sneak into a venue and, yes, they can fly under the radar.

From my perspective, having proven technology that works eases the burden on our hospitality staff, who are quite young. I have worked in the hospitality sector, and telling someone who is older than you how to suck eggs does not really fly well. From a solutions point of view, at least if you are getting a notification, there is some sort of evidence, when you are approaching someone, to say, "Mate, you've self-excluded, and our system has picked you up; it's time to go." That gives any staff member in a venue the confidence to be able to make that direction.

DR PATERSON: Trying to think ahead, if mandatory cashless were implemented in the ACT, and you had to set up a digital wallet in each venue in order to gamble, couldn't you effectively set up a self-exclusion scheme that almost would not need to rely on facial recognition anymore? Individuals could still enter the venue but there would be no way that they could gamble because they cannot set up a digital wallet.

Mr Patel: From a system perspective, I see no reason why you could not. When you

are talking about wallets and cards and you do not have something like that in place, there is the ability for me to take my brother's card or my mother's card and sit at a terminal, and you would not really know.

DR PATERSON: Is that why it needs to be account based? There is a bank account. Isn't that what all of the money laundering—

Mr Patel: When you are setting it up?

DR PATERSON: Yes.

Mr Patel: Yes, it is how it works after that.

DR PATERSON: You could take your family member's card; you could use their digital wallet?

Mr Patel: Talking from a technology perspective, and if you did not have something like facial rec in place. A pin code is not particularly effective, either; if someone nicked my credit card and knew what my code was, they could use it sparingly. That is why I go back to facial recognition, because it is something that does work. It is something that can underpin quite a useful harm minimisation tool.

MR BRADDOCK: Further on facial recognition, isn't that an invasion of privacy of the patrons of the club who may not wish to gamble or do not have an issue with gambling, but are still required to be lodged on the facial recognition systems, or be scanned by the facial recognition systems?

Mr Patel: You could make that case in the retail industry as well.

THE CHAIR: With your involvement with the New South Wales government, on the reform panel, what are the government's policy agendas for the tracking of data and collecting of personal information? In your opinion, are there any legitimate policy achievements in the government accessing that data and using it for some sort of policy purpose?

Mr Patel: That is a good question. In terms of our panel, we were established, from memory, last August. We are having discussions around system design, taking advice and so forth. If you were to make a statement that you wanted to collect data that tracked individuals, you would have to justify that policy somehow.

THE CHAIR: Probably by a court order.

Mr Patel: Yes.

MR BRADDOCK: Do you support the ACT government's move to reduce the number of poker machines in the ACT through the compulsory surrender of licences?

Mr Patel: That is not the reason why I am here, appearing before the committee. That is a government policy.

THE CHAIR: Is there anything that you would like to say in closing?

Mr Patel: No. From my perspective, when you are seeking to design any framework, you need to understand what your objectives are. Certainly, in respect of gaming, you need to identify what your harm minimisation tools are. From there you can go about system design. You cannot really put the cart before the horse when you are having these discussions around introducing state-wide technological change that impacts a massive cohort of people.

THE CHAIR: On behalf of the committee, I would like to thank you for your attendance today. If you have taken questions on notice—there was at least one—could you provide your answers to the committee secretariat within five business days of receiving the uncorrected proof *Hansard*?

Mr Patel: Yes, not a problem.

THE CHAIR: Thank you very much.

RATTENBURY, MR SHANE, Attorney-General, Minister for Consumer Affairs, Minister for Water, Energy and Emissions Reduction and Minister for Gaming

McNEILL, MS JENNIFER, Deputy Director-General, Justice, Justice and Community Safety Directorate

CHAN, MS YU-LAN, Chief Executive Officer, Gambling and Racing Commission

NG, MR DANIEL, Executive Branch Manager, Legislation, Policy and Programs, Justice and Community Safety Directorate

CERAMIDAS, MR JOSHUA, Senior Director, Legislation, Policy and Programs, Justice and Community Safety Directorate

THE CHAIR: We welcome the Minister for Gaming, and officials. I remind witnesses of the protections and obligations offered by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could you each please confirm that you understand the implications of the statement and that you agree to comply with it?

Witnesses: Yes.

THE CHAIR: We are not inviting opening statements, so we will go to questions. Minister, how important is it that the ACT be in harmony with New South Wales on cashless gaming or other related reforms in order to discourage people from jurisdiction-shopping for one benefit or another?

Mr Rattenbury: I think it is a very interesting question, in the sense that New South Wales is making a range of potential changes at the moment as well. The exact extent of those is not clear. As you may recall, the parliamentary agreement does speak to seeking to remain aligned with New South Wales. I also reflect that New South Wales remains the jurisdiction with perhaps the fewest restrictions on gaming measures in Australia, in that they have higher bet limits and they have not gone down the path that we have seen in some of the other jurisdictions. An interesting policy question for the territory is do we want to be held back by New South Wales having lower standards or do we want to look to standards in other places, such as Tasmania or Victoria and the like? They are the sorts of considerations that are in my mind around how much we align with New South Wales.

THE CHAIR: What sort of engagement is in place to keep track? In particular, given that we are a landlocked part of New South Wales, what arrangements do you have, from a governance point of view, to keep tabs on one another?

Mr Rattenbury: I have spoken with the New South Wales gaming minister, and there is a new working group of officials, which we can go into the details of. Essentially, all of the jurisdictions now are meeting on a semi-regular basis to discuss these sorts of issues, so at both the political level and the officials level there is a range of contact.

THE CHAIR: Is there a regular catch-up of national gaming ministers, for example?

Mr Rattenbury: No, there has not been historically. I have certainly made the point to the commonwealth that I think we do need to meet more regularly. There was a meeting

late last year that was predominantly about online gaming, rather than electronic gaming machines, very much in response to the federal parliamentary inquiry. I have been discussing with some of my colleagues whether we might have at least the states and territories come together, because we have a common interest, particularly in electronic gaming machines. Work is underway to get such a meeting in the calendar now. I think there would be some value in the jurisdictions comparing notes and seeking alignment where we can.

THE CHAIR: Perhaps lead the charge.

DR PATERSON: Minister, what will be the cost to implement cashless gaming in the territory?

Mr Rattenbury: That is a question that has many answers, Dr Paterson. I think it comes down to what we mean by cashless gaming. As the government's submission sought to hopefully assist the committee with, there is a wide sense of what might be considered cashless gaming, from simply the use of your bank card in a gaming machine, at one extreme, through to localised cashless gaming and universal cashless gaming. I do not think there is a commonly accepted definition of cashless gaming. I make that observation to indicate that I do not have a specific number for you. It depends on how one goes about implementing cashless gaming, which I think is probably a focus of this committee's work.

DR PATERSON: No decisions have been made about where the territory goes on cashless gaming and what a system here might look like?

Mr Rattenbury: There is no specific decision at this time. As you will have seen, the government released a discussion paper in 2022 about the use of a centralised monitoring system. This arose from the Parliamentary and Governing Agreement commitment to introduce bet and load-up limits. That policy came during the last election period. It was based on research and papers done by Charles Livingstone and advocacy from the Canberra Gambling Reform Alliance.

Since then, the policy work we have done, led by the Justice and Community Safety Directorate, has revealed a lot of information. Based on that and the new research that has been done and the feedback we have had from the ANU, which I am happy to go into, it is my view now that we should go down a path of having a universal system and that we should ensure that there is a precommitment model attached to that. I think the risks of cashless gaming without a mandatory precommitment model are so significant that it would be very problematic not to have that in place.

DR PATERSON: But, Minister, the central monitoring system is described in that discussion paper of 2022 as a tax administration tool and not a harm minimisation measure in and of itself. Also, the New South Wales government describes it as a regulatory tool to basically calculate gaming machine tax. In and of itself, is that correct?

Mr Rattenbury: Sorry. Just repeat the question, Dr Paterson.

DR PATERSON: Your discussion paper in 2022 describes the central monitoring

system as a tax administration tool and not a harm minimisation measure. In and of itself, is that correct?

Mr Rattenbury: I do not think so. Obviously, the paper said that. I think the research work that has been done since then has made it clearer that the role of a central monitoring system is to deliver those benefits, but it delivers other benefits. For example, the ANU's submission on this to the government at the time mentioned that many CMSs have precommitment capability where individuals are able to nominate the amount they are willing to lose. Operators in other jurisdictions have instituted CMSs that gather data and offer harm minimisation tools, including personalised behavioural tracking information and other measures. Again, it goes to a question of configuration.

DR PATERSON: But, Minister, they are the capabilities that the system would allow. They are not the implementation of that system. We just heard from the Gambling Technologies Association, and they said that a CMS is one cost and cashless gaming—all these measures you are talking about—is an additional cost to that.

Mr Rattenbury: I think that technically that is true, yes.

DR PATERSON: Why would your media release last week come out spruiking a central monitoring system, at \$70 million, when we have no idea where we are going with it?

Mr Rattenbury: As you know, Dr Paterson, the government issued a discussion paper in 2022 flagging that policy direction. The research undertaken by the agency has made it very clear that this is considered to be the most cost-effective way to implement—

DR PATERSON: To implement bet limits. That is what the 2022 discussion paper says.

Mr Rattenbury: Yes, you are right. The observation I am making is that, since then, further research has revealed that the best way to provide harm minimisation—particularly in a cashless gaming environment—is to also have the precommitment system; if you do not have a CMS, that cannot be universal.

DR PATERSON: I put a question on notice at estimates last year asking for the research evidence that backed up the bet limit policy. In the answer that I received I did not receive any research evidence. I put to you again: what is the evidence base for bet limits?

Mr Rattenbury: The evidence base is papers published by Charles Livingstone and others through the period of 2018-19, that sort of era. My observation would be that the world has changed since then. I think the view now, and the view that I am advocating, is that loss limits appear to provide much better protection against gambling harm. The ANU's submission to the government—and I am happy to table a copy, if the committee does not have access to that—is that there are limits on the efficacy. The new research has indicated limits on the efficacy of bet and load-up limits, and that the better approach is loss limits. If we want to provide good, standard, gambling harm minimisation, loss limits are the better way to go. That is what the research is now indicating to us.

DR PATERSON: Minister, can I put to you that we have a dud policy in the PAGA that, to implement, requires an approximately \$70 million central monitoring system, which in and of itself is an administrative tool, and that as a jurisdiction we have no idea where we are going on what our harm minimisation policies may be, what works and what does not.

Mr Rattenbury: I fundamentally reject the proposition. If that is your analysis, that is okay, but the government's research and the advice I am providing to government is clear that the best way to provide gambling harm minimisation is to implement loss limits. To do that on a universal basis, you need trunk infrastructure. You need to be able to connect the machines together. If we leave it to individual venues, you will get venue-hopping. This is the experience in Victoria, where, despite the fact that they have a carded play rule, people just go from one venue to another. So no, I do not think your characterisation is correct.

MR BRADDOCK: I have a question on cashless gaming without load limits or universality. Is there any evidence to support that there would be a harm minimisation approach in that?

Mr Rattenbury: No, not at all, Mr Braddock—and quite the contrary. The ACT government considers that cashless gambling without any protective measures does pose large and unacceptable gambling harm risks, as we set out in the submission. This arises principally because cashless payments are relatively frictionless, such that the experience of using and losing money, and the scale of losses, becomes obscured. I think we can all understand that. You do it even with your own credit card. It is much harder to track how much money you have spent than if you are handing over cash each time you do so something. That is the nature of any electronic-transaction-based model. Certainly, there is considerable concern that cashless gaming without harm minimisation measures attached to it will make gambling harm worse.

MR BRADDOCK: You indicated in your answer to the earlier question that there is evidence coming out of Victoria of venue-hopping where universal cashless gaming and the harm reduction measures are not in place.

Mr Rattenbury: Yes. What we see in Victoria is now a very interesting dynamic. Crown Casino, through the issues they have had from the investigations, have now moved to a full carded play model. You might call that a cashless model. You essentially now have got to have an account, and there are limits set around that and various other things. But that is not linked to any other poker machine venue in Victoria, so you can literally spend your limit at Crown Casino, walk out the door, go to the pub down the street and keep going. Similarly, with the system in Victoria, the venues are not linked—

Mr Ceramidas: Minister, if I can clarify. In Victoria, the arrangement that the minister is referring to for the card is known as YourPlay. YourPlay is plugged into CMS infrastructure in Victoria. That has been the case since 2015, so it provides harm-reduction measures. We alluded to this in the government's discussion paper as one of the ways that a CMS can provide trunk infrastructure. That is the case in Victoria. In Tasmania the CMS will provide the trunk infrastructure for the harm reduction

measures that they are pursuing.

DR PATERSON: Minister, in that section that you read out of the submission, you said that, basically, cashless without a CMS is effectively dangerous.

Mr Rattenbury: I said without protective measures.

DR PATERSON: Okay. But we do not know what cashless system we are talking about.

Mr Rattenbury: I presume that is the purpose of your inquiry, in some part.

DR PATERSON: Yes. Why would we implement a central monitoring system if we have no idea where we are going?

Mr Rattenbury: We do have an idea where we are going.

DR PATERSON: Do we?

Mr Rattenbury: I have said the advice I am offering to government, based on the research undertaken by the agencies, is that we need a precommitment system in the territory. We need to put loss limits in place to minimise gambling harm.

DR PATERSON: And that is fine. That is a cashless system. But we need to discuss that and we need to have decisions made on that before you can plan—

Mr Rattenbury: That is government's role, and that is why I am providing that advice to government. The advice I have provided to government is that that is the direction we need to go in. You will obviously not have been a part of those government discussions, but government has a proposed direction.

MR BRADDOCK: You are saying that that is the advice you are providing to government. What has been government's response to that advice?

Mr Rattenbury: The government is still considering that advice. It is based on all the work that the agency has done and looking around the country at what are considered to be effective harm minimisation strategies. Dr Paterson, I am unclear why you are suggesting that we do not know where we are going, because I think there is a clear policy direction that can be put in place.

THE CHAIR: We will just leave that there because that is getting to a debate on the issue. I have some questions about a CMS commitment.

Mr Rattenbury: Yes, of course.

THE CHAIR: Would it mean that there would be a monopoly cashless operator if we had a central monitoring system?

Mr Rattenbury: The way that operates in other jurisdictions—and my colleagues may wish to add to this—is essentially that the government has a contract with an operator

to run a system.

THE CHAIR: One operator?

Mr Rattenbury: Yes.

THE CHAIR: Would that include the cashless component of the gambling interface?

Mr Rattenbury: Again, we keep using this term =cashless in a very interchangeable way.

THE CHAIR: No. As you said, there are options to do it. Let us just have a generic approach: cashless gaming. This is what the inquiry is about. Is the government contemplating a single provider for that option, whatever the option is under that general banner?

Mr Rattenbury: As I publicly indicated last week, the government has just gone out for a market-sounding to seek advice from operators on the models they could provide. An important next stage in the development of a system is to see what options are available.

THE CHAIR: With that collection of data, no matter what the options are, given all the data that is going to be collected with respect to any of these measures, including CMS, what comfort do you give the community that their data is not going to be used for other purposes?

Mr Ceramidas: Mr Cain, I can assist on that. The way that the legal frameworks function currently in jurisdictions like Victoria, where there are steps towards that kind of outcome, is that there are very clear constraints around the use of data in the legislation specifically that governs the delivery of whatever measure it might be. When the government has sought to engage providers, it has looked to adopt a range of industry best practice standards for privacy and security. We are seeing jurisdictions like Tasmania work in partnership with payment platform providers who have existing solutions that meet the commonwealth government requirements through commonwealth government law.

THE CHAIR: Does the government have any policy agenda where it itself would be interested in using that data for other policy reasons?

Mr Rattenbury: No. The government does not have a specific view on that at this point in time. What we have seen identified is that that data can be used for a range of research purpose.

THE CHAIR: For example?

Mr Rattenbury: Observing patterns of play, risk factors—those sorts of considerations.

THE CHAIR: You mean in the gambling environment?

Mr Rattenbury: Yes.

THE CHAIR: But what about other policy arenas where you might want to use that data as evidence to inform your development of policies?

Mr Rattenbury: I think it is touched on in the government submission. I am turning to page 13 of the government's submission, where it says of the New South Wales Crime Commission's *Inquiry into Money Laundering via EGMs in Pubs and Clubs*:

This inquiry was supported by CMS data supplied by the NSW EGM regulator, Liquor and Gaming NSW, that identified suspicious gaming activities.

I think I understand your question correctly, Mr Cain. That might be another example of how the data can be used by government for a range of purposes.

THE CHAIR: What assurance can you give the community that their data will not be used for other than legitimate or authorised legal purposes.

Mr Rattenbury: I think it is a very good point and a very important one. Clearly, if there were to be a central monitoring system established in the ACT there would need to be legislative change and that legislation would need to include important data protection measures, privacy legislation and the like. There are a range of privacy and data frameworks already in place. We would need to put some specific conditions around this to give the community the sort of confidence you are asking about.

THE CHAIR: You have mentioned getting industries to sign up to best practice in terms of collection of data and how they use it. What role does the government play in ensuring that that is actually adhered to?

Mr Rattenbury: A couple of things. Firstly, the observation I make in this context is that venues already collect a significant amount of data on their patrons. Many venues have a loyalty card, and those loyalty cards are tracking a range of parameters and metrics. Club members, players, would already have a lot of that data exposure being governed by existing rules and government protections. As I said, I think we want a legislative framework, and there would be penalties and enforcement mechanisms that go with that.

Mr Ceramidas: Minister, in Victoria the provider of their YourPlay system is under the legal framework. There is a licensing regime for the provider, supporting the terms and conditions of the licence as well as a contract or deed with the provider. A hierarchy of control is built in to the overall architecture, if I can use that word, of the way that this gets set up in other jurisdictions to make sure that the government has a degree of visibility, can engage in audits and can take enforcement and compliance action where necessary. The Victorian contract and some subsequent variations to deal with YourPlay and other things are online on the relevant regulator's website. This is the Victorian website. In Tasmania similar arrangements exist, both in their law and also in the contracts that have supported the new environment that has arisen in Tasmania since 1 July last year.

THE CHAIR: Thank you.

DR PATERSON: Minister, this week you have spoken a lot about the Tasmanian system being the gold standard and a like community to us. They have just set their central monitoring system mark at \$70 million over 20 years. But the provider of their central monitoring system is Tabcorp. Do you think that that would be a reasonable provider in the ACT, to the ACT community?

Mr Rattenbury: Dr Paterson, I would not want to prejudge any procurement process by naming a preferred provider. It is not a role that ministers play. We are very careful to ensure that any procurement we undertake is not preconditioned by a minister expressing a preference.

DR PATERSON: Do you think that it is problematic that the gambling industry, Tabcorp, is in charge of this monitoring system?

Mr Rattenbury: If I was to make any comment on a preferred provider, my primary comment would be making sure that we have got somebody who has the technical capability and some sort of proven ability to deliver a high-quality system that protects data and not an organisation that has had issues with those sort of things in the past. That is probably the most that I would want to say, ahead of any potential procurement process.

DR PATERSON: Your media release last week came out with a four-week market-sounding period.

Mr Rattenbury: Yes.

DR PATERSON: But when you actually look at the tender it is two weeks. I raised it with your office last week and got an email yesterday saying that it was a mistake and that it is a four-week market-sounding period.

Mr Rattenbury: Yes.

DR PATERSON: But still on the Tenders ACT website it says it ends tomorrow.

Mr Ng: Dr Paterson, the directorate has taken steps to have that extended for the period that the minister alluded to.

MR BRADDOCK: I have a question about facial recognition technology and its use as a harm reduction measure. Is it the panacea that the industry seems to be making it out to be?

Mr Rattenbury: It is an interesting question, Mr Braddock. I think there are a number of permutations in which facial recognition technology might be used. In some contexts I have seen it described as being inserted into the gaming machine and potentially being used for people's access to the machine. Another context, and the context it has been spoken of most here in the ACT, is linked to self-exclusion, whereby facial recognition technology would be used to ensure that people cannot enter the gaming venue, through being identified by the cameras.

I have significant reservations about that role. For me, if it is used in that way, it is part of a self-exclusion regime—it very much operates as the ambulance at the bottom of the cliff, in the sense that by the time somebody has got to self-exclusion they have usually experienced significant gaming harm. People self-exclude because they have reached the point where they feel they have spent their money, because it is affecting their relationship, because they have identified the signals to themselves or perhaps because their friends and family have identified that they have a gambling problem and they need to be excluded from the venue. That feels very late in the process. I think it is essential that we put systems in place that intervene much earlier, before people get to the self-exclusion point. So I do feel that in that context it is a bit of a red herring.

MR BRADDOCK: Is there a regulatory framework in place for facial recognition technology?

Mr Rattenbury: Not at the moment, no.

MR BRADDOCK: Thank you.

THE CHAIR: Minister, how do you actually measure whether harm has been reduced by introduction of particular measures or otherwise, such as your cashless gaming options, CMS? How do you know? How do you measure that they are actually minimising harm?

Mr Rattenbury: I will give a couple of answers and I am sure my colleagues will add some additional insight. Mr Cain, as you may know, there is a regular study in the ACT. Dr Paterson knows much more about it than I do. It is conducted by the ANU Centre for Gambling Research. They currently undertake a prevalence study of gambling harm in the ACT on a five-yearly basis, although there have been suggestions we should do it more often and I think there is some merit in those arguments. The other, of course, is through a range of academic papers, where various researchers and institutions examine particular technologies, policy positions or regulatory responses that can be put in place. They do studies and measure how much impact it makes. They would be the two primary methods.

Ms Chan: As the minister has alluded to, we do collect data about gambling harm behaviours and what sorts of gambling harms people in the community are experiencing. In the ACT we take a public health approach. That means that we treat it as a public health issue, not necessarily as an individual harm alone—it has a societal and community aspect. A number of factors contribute to that. As with any health issue, it is quite difficult to measure any one impact in isolation. We can see over time the collective policy settings and initiatives that are in place. We can collectively see, through that five-yearly survey that the minister mentioned, whether people say they are experiencing more harm or less. What we anticipate is that, as you raise awareness of what gambling harm can look like—it is not just financial; it is not just one individual—as people have that broader understanding, help-seeking rates and complaints will potentially rise before they get better, as people have that awareness.

DR PATERSON: Minister, this has been on the cards since the PAGA: the bet limits and then the process to the 2022 discussion paper. This has been on the books for the whole term of government. We are now five months out from an election and we are

only just going to a market-sounding to determine the cost of one aspect of this. Do you think that we have dropped the ball in terms of addressing gambling harm this term?

Mr Rattenbury: No, I do not, Dr Paterson. A range of things have been happening. Firstly, this process has been very thorough. There has been detailed research by the agency and ongoing consultation with industry. There has been a technical working group, a partnership between government and industry, to make sure that we have a thorough understanding.

There have been a range of internal government processes, cabinet processes and the like, to consider these matters. These all take time. It has certainly been a very industrious program of work. There has been consultation with a range of community organisations as well. That is that part of it. At the same time, there are other measures in the Parliamentary and Governing Agreement. Last week, we brought in new legislation that went forward with the reduction in authorisation numbers and the like. I think it has been quite an active program. We are still proceeding at full steam to get this work done.

DR PATERSON: Minister, at the start of this term there were just under 4,000 machines in the territory, and we have only reduced that to 3,790.

Mr Rattenbury: Correct.

DR PATERSON: So, to date, it is not particularly effective in terms of reducing machine numbers. I have raised self-exclusion multiple times in hearings. We desperately need to do something to address the fact that self-exclusion numbers have dropped significantly since COVID, and that is a measure in the PAGA as well.

Mr Rattenbury: Yes; it is.

DR PATERSON: What have we done to address gambling harm this term?

Mr Rattenbury: We are on track to meet the target of 3,500 authorisations. That is why the legislation came last week. That target is by 1 July 2025. We are halfway from the 4,000 to 3,500 already and the target date is some distance away. We will assume the Assembly passes the legislation. We will have a mandatory mechanism to reduce the number of licences on time, so we have met that goal.

This work, through the research the government has done, has identified that the best pathway to addressing the self-exclusion issues is also through card-applied. That appears to be the most effective mechanism for self-exclusion. We try to do this work in an efficient and coordinated way. If we are talking about cashless gaming, it is most likely to come through some account basis. When I say “card-applied”, I do not literally mean a card. Whether it is a card or a wallet, a digital wallet on your phone or whatever—some account based system—that is, without doubt, the most effective way to address self-exclusion. These agendas have come together and that is why we are now out to market and seeking to implement these things.

DR PATERSON: I have a final question. There was the 2022 discussion. I can accept we were discussing a central monitoring system, the discussion paper and everything

that went into that, but two years have passed since then and we are now five months out from an election, and we are only just going to market-sounding. I feel that nothing has changed in the two years that we have been asking questions about progressing this. We are at the death knells of the term and are only market-sounding at this point.

MR BRADDOCK: Is this a comment or a question?

Mr Rattenbury: I will take it as a question. What I can say, Dr Paterson, is that, as I have outlined, the agency has been working very hard. As a minister, I am required to get cabinet approval to do certain things. Those processes also have taken time. These matters have been in cabinet on quite a number of occasions to get to the point we have got to. I need to also work with my colleagues and that is not always a quick process.

Also, the field of play is changing. There is a significant discussion about New South Wales moving from X Series, as an operating system, to QCOM. To put that in context for people who are not so familiar with the systems, these are different operating systems. The ACT and New South Wales operate on X Series; everybody else in Australia operates on QCOM. If New South Wales goes to QCOM, the ACT will have to move. This is going to require a significant replacement of machines in the ACT. The industry has explained that to us recently. That also identifies a moment in time when we are going to see a significant change in the ACT. What I am trying to work hard with the industry to achieve is ensuring we make the most efficient transition possible. We are working in a fast-moving environment, and, with the New South Wales election in the middle of that period of time, we are trying to work with others to make sure we land a good solution.

DR PATERSON: How are we market-sounding in an environment that sounds like it is going to completely change?

Mr Rattenbury: We are going to look for an option, and it is a market-sounding. It is an intelligence-gathering process to help the government make a final decision.

THE CHAIR: I have just a quick supp on that and then we will go to Mr Braddock. Given the commitment, why haven't you even had a trial of some measure at all? New South Wales has and Tasmania has a firm commitment running. Is it the case that your priority has simply been to reduce numbers as opposed to trialling different technology?

Mr Rattenbury: No; not at all, Mr Cain. That is why we have been working with industry to identify effective solutions. We do not need a trial. The technology is understood. It is about finding the right one for the ACT and the right provider.

THE CHAIR: Have you not had time in this term of government to actually trial something and see the impact and how it interconnects with the ACT environment?

Mr Rattenbury: No advice has come to me that a trial is a useful contribution to the process.

MR BRADDOCK: If we were not undertaking the sounding of the market about the CMS technology, what would be our realistic path towards achieving harm minimisation from poker machines in the ACT? Is there one?

Mr Rattenbury: Sorry—

MR BRADDOCK: I am just saying that Dr Paterson’s argument seems to be that we are sounding the market for a CMS during uncertain times—uncertain to achieve an outcome. If we were not sounding the market around CMS technology, what have we got in terms of trying to achieve harm minimisation in the ACT?

Mr Rattenbury: I am sure there are a range of views on the sorts of harm minimisation measures you can take, but, at the end of the day, poker machines are designed to be addictive. That is clear. You can put in place things like self-exclusion and you can put in place other measures, but my view, based on the research undertaken and provided to me, is that we need to put guardrails around the poker machines. We need to put limits in place so that people cannot lose the family savings, and there are all the other associated harms that go with excessive use of poker machines. By their nature, they are designed to get people to play them more, and that is why I consider that loss limits are the most important policy measure we can put in place.

MR BRADDOCK: You mentioned earlier the ANU input into the government processes—I think it was around a discussion paper—supporting the CMS trials. Could you please take on notice to provide that to the committee?

Mr Rattenbury: Certainly.

MR BRADDOCK: Thank you.

THE CHAIR: I re-reflect on my earlier question. It is a puzzle to me why we have not had any trial at all. New South Wales has had trials. Surely a way to test the effectiveness of something is to get a sample of a new initiative rather than, as it seems, simply focus on reducing the numbers. Why hasn’t the ACT, like New South Wales has done in different spots, undertaken a trial of some cashless gaming option?

Mr Rattenbury: Perhaps I can try to unpick that a little bit, Mr Cain. Firstly, trials and a reduction in numbers are not linked in any way. The government has a range of commitments and one of them is to reduce the numbers. That sits as a piece of work and we are getting on with that. Then there is a piece of work that says we want to have, as it was originally framed, bet and credit limits. As I have outlined, the advice that came from the ANU was that having loss limits was a better approach, so we have shifted on that a little bit, and that piece of work is proceeding under the processes I have described to you.

THE CHAIR: Without testing the community’s reaction to any of this?

Mr Rattenbury: There has been consultation and discussions have gone out.

THE CHAIR: No, on testing it in the actual gaming environment. That is what a trial is. Why hasn’t the government undertaken a trial of one option of cashless gaming to see if it has an impact on harm reduction?

Mr Rattenbury: As I say, I have not received any advice that that is a useful step on

the critical pathway.

THE CHAIR: You are the minister and you are of the view that a trial is not useful. That is what you are saying?

Mr Rattenbury: We have been closely monitoring the trials in New South Wales. I note that the trials in New South Wales have had fairly limited progress. I have taken that advice and, as you frame it, as the minister, have formed the view that this is the best way to proceed: the ACT should move through and implement a system.

THE CHAIR: Obviously, the New South Wales trials have allowed them to learn lots of lessons—

Mr Rattenbury: As have the trials in Victoria and the process in Tasmania. We are not just looking at New South Wales; we are looking at a range of options across the country.

THE CHAIR: But without actually trialling something in the actual gambling environment. It does seem rather strange that there is no attempt to trial a different technique or approach within the actual environment.

Mr Rattenbury: That is your observation, Mr Cain.

Mr Ng: Minister, I could add to your evidence. The critical pathway that the minister has described and the market-sounding exercise is about gathering intelligence about what technological options are out there. When one speaks of a trial, there is a principal bit before that which requires a thorough understanding about what products and tools are available, and then there are government decisions, if a trial were proposed, around what tools or technology would be utilised. I do not think the two things that you described are mutually exclusive. The pathway that the government is currently on is about understanding what the marketplace looks like for technology, and further decisions will be supported from there.

THE CHAIR: With respect, you could do research forever. Is the government committed to actually trialling cashless gaming technology to see the impact on harm minimisation and other issues?

Mr Ceramidas: Mr Cain, I think it is also relevant to note that New South Wales trials of these technologies have not solely been about gambling-harm reduction. It has also been about other purposes.

THE CHAIR: So you mean there are more good reasons to do the trial?

Mr Ceramidas: In New South Wales, they have been looking at the technology in terms of an alternative approach to ticket-in ticket-out, which was the pervasive technology used across the country. Part of that was about looking at new technology options as technology has developed over the time since ticket-in ticket-out has been used. So it has not solely been about harm reduction.

THE CHAIR: Good. You are giving me more reasons to make a trial worthwhile, but

you have not made a commitment or undertaken any.

Mr Rattenbury: The government is undertaking the market-sounding at the moment. I think the answer to your question is that no final decision has been made and that we are in the middle of the process.

THE CHAIR: I might let Dr Paterson take it from here.

DR PATERSON: I have a substantive. Minister, you just said to Mr Braddock that loss limits are the most important measure. Bet limits and load limits are not loss limits.

Mr Rattenbury: Correct.

DR PATERSON: So what do you mean by loss limits?

Mr Rattenbury: I mean some sort of mandatory precommitment style system. Again, a range of models fits within that. It is essentially something that limits the amount of money that people can lose on poker machines. Towards the end of the ACT government's submission is a table that outlines some of these options. Page 16 of the government's submission describes a range of limit style models. What it again highlights is that there are different approaches. The one that we have seen in Australia that I think the ACT could certainly look at copying is the Tasmanian government proposal—a model where people have a precommitment limit of \$5,000 a year in total, \$500 a week, and \$100 a day. That would be one model. That means people can only lose that money. That is a net result. They have a model where you can apply to increase your limits if you can demonstrate the capability, but are otherwise limited. That is what I mean by loss limits.

At this point I will table the ANU's submission. I will pass it around. The ANU submission makes the observation that essentially having things like bet or load-up limits does not necessarily limit people's spending. It might slow it down a little bit, but you can still spend a lot of money and lose a lot of money. That is the observation they make. It was certainly very important for me to have a well-recognised institution like the ANU's Centre for Gambling Research making the point that loss limits are a more effective approach when it comes to harm minimisation.

DR PATERSON: Five hundred dollars a week is the poverty line in Australia—\$498.

Mr Rattenbury: Yes.

DR PATERSON: Fifty-five per cent of EGM gamblers in the ACT have an income of \$80,000 or less. That measure, at the highest amount—that \$5,000 limit and a \$500 a week limit—would put 55 per cent of gamblers in the ACT on the poverty line.

Mr Rattenbury: The point is that, at the moment, there is no limit. There is absolutely no limit in place. At the moment, Clubs in the ACT will take as much of your money as they can get from you through a poker machine. What I am seeking to do here is ensure that there are limits. If you reach \$500 a week, you can only do that 10 times and you would hit your annual limit. There are a range of measures which seek to both respect people's freedom to spend their money how they wish and put guardrails around

how much they can lose on the poker machines.

DR PATERSON: But, Minister, you are spruiking policies that do not have evidence based backing, or you that have not done the research on.

Mr Rattenbury: We have done the research, Dr Paterson. You cannot make that assertion.

DR PATERSON: So the \$5,000 limit—

Mr Rattenbury: You made the assertion. You are not going to withdraw it?

DR PATERSON: Well, could you please provide the evidence for—

Mr Rattenbury: I have just tabled—

DR PATERSON: the \$5,000 limit and the \$500 a week limit that you are suggesting?

Mr Rattenbury: On that basis, we are relying on work done by the Tasmanian government.

DR PATERSON: What I was putting to you is that that amount would put 55 per cent of EGM gamblers on the poverty line in the ACT.

Mr Rattenbury: If they were to go down that path, yes. But, if the committee would like to recommend a lower limit, an annual limit of \$1,000, then the committee is free to do that. I am putting forward what I think is a reasonable proposition, which is an enormous advance—

DR PATERSON: But it is not based on evidence.

Mr Rattenbury: It is an enormous advance on the current position. There are no limits in the ACT. If ClubsACT come in here later this afternoon and agree to a \$1,000-a-year limit—why don't you ask them if they would support \$5,000 a year? They will not. They will not support it. I want to make sure that we are putting guardrails in place to limit how much money people can lose, because at the moment the default position is: no limits.

DR PATERSON: But, Minister, it is fine that you want to put up guardrails and things, but we need to make evidence based policy—

Mr Rattenbury: Sure.

DR PATERSON: and what you are saying would severely impact 55 per cent of EGM gamblers in the ACT.

THE CHAIR: We might take that as a comment.

Mr Rattenbury: Yes. And I look forward to the alternative proposition.

MR BRADDOCK: Coming back to facial recognition technology, you mentioned there is no regulatory framework around that. Has there been any assessment of the human rights implications of its use in the ACT?

Mr Rattenbury: Not at this point, no. It certainly would raise a range of issues. You can imagine the sorts of areas under the Human Rights Act where it would raise issues. The right to privacy would be the main one. It is an issue I have been raising at a national level through the Standing Council of Attorneys-General. Generally, there is very limited regulation in Australia of facial recognition technology. I have asked the Standing Council of Attorneys-General to take up this matter at a national level. There is some interest in that. The commonwealth government would have the primary lead on this to ensure a national system. There is very limited regulation of facial recognition technologies. There are a lot of question marks over its usage. We have seen the community reaction to the use of it in Bunnings, Kmart and some of the supermarkets in this country. I think the community is concerned about it.

MR BRADDOCK: Thank you.

Mr Ng: Mr Braddock, I could add to that. There is a relevant 2021 report of the Australian Human Rights Commission, *Human rights and technology*, which I am happy to provide the committee out of session. It deals with some of the human rights issues associated with the use of facial recognition and biometric technologies. I am happy to provide that to the committee.

MR BRADDOCK: Thank you.

THE CHAIR: Minister, I will touch on a comment you made. As is publicly notified, we have ClubsACT and Canberra Community Clubs in front of us as witnesses this afternoon. You seem to have isolated ClubsACT.

Mr Rattenbury: I was just being illustrative, Mr Cain. I did not mean to—

THE CHAIR: As commentary?

Mr Rattenbury: They are very influential. I did not mean to unfairly single them out. I just know they would have an opinion.

THE CHAIR: Do you think the Labor Club of the ACT would have the same opinion?

Mr Rattenbury: I do not know what their opinion would be. If the committee wants to call them, you could ask them about their opinion. I think that would be most appropriate.

THE CHAIR: Yet you are willing to express an opinion about what ClubsACT would submit.

Mr Rattenbury: That is a fair point. I was simply seeking to illustrate a view. The Labor Club is a specific club. I was talking about ClubsACT as a representative.

THE CHAIR: The Labor Club Group is a group.

Mr Rattenbury: Yes, sure. They are still an operator. ClubsACT, as the industry representative group, tends to be a group that expresses policy on behalf of—

THE CHAIR: A group of clubs, just like the Labor Club Group is a group of clubs, as are Canberra Community Clubs.

Mr Rattenbury: Indeed.

THE CHAIR: Regarding your statements about what ClubsACT would possibly advocate, would you apply that as well to the Labor Club Group and to Canberra Community Clubs?

Mr Rattenbury: I will correct my statement for your interest, then, Mr Cain. What I should have said is that you should ask poker machine operators what they think of this. That is perhaps better phrasing for you.

THE CHAIR: You are withdrawing your earlier assertion that ClubsACT alone would be advocating for higher limits?

Mr Rattenbury: If that makes you feel better, Mr Cain, yes, I will. I was simply making the observation—

THE CHAIR: No. You are making a withdrawal. I am just clarifying what you are withdrawing.

Mr Rattenbury: I am offering the clarification that what I should have said is, “Ask poker machine operators their views on these questions, and I am sure this will be their view.”

THE CHAIR: So you are withdrawing your earlier assertion about the ClubsACT view?

Mr Rattenbury: If you wish.

THE CHAIR: No—are you? That is your call, Minister.

Mr Rattenbury: I would have to check the transcript, Mr Cain. I think you may be paraphrasing me.

THE CHAIR: Could you take that on notice and get back to this committee—

Mr Rattenbury: I am happy to.

THE CHAIR: as to whether you wish to withdraw—

Mr Rattenbury: I would be delighted to, Mr Cain.

THE CHAIR: or rephrase your comments in answering our questions?

Mr Rattenbury: I would be delighted to. You are welcome.

THE CHAIR: You will take that on notice, then. Dr Paterson.

DR PATERSON: Minister, we have had this policy for the last two terms, I believe, to reduce machine numbers.

Mr Rattenbury: Yes.

DR PATERSON: If the government goes ahead with the implementation of the approximately \$70 million CMS, plus whatever the cost for cashless is on top of that, do you think it is going to become very difficult for the government to then make the argument and say, “We need to continue to reduce machine numbers in the same way”?

Mr Rattenbury: That is somewhat hypothetical. No party in the ACT has a policy of eliminating poker machines from the territory. Nobody does. I think this goes back to your earlier question as to whether some sort of loss limit would be a measure. You were making the observation that somebody who is on the poverty line could be really affected by that policy. It is a statement of fact, but nobody has a policy to not have poker machines in the ACT. That is the context in which I am making the observation that I think it is vital to put loss limits in place, because, in the absence of any other policies, this is the reality of what I think we need in the territory.

DR PATERSON: But, Minister, if the government does proceed to implement all these measures at tens of millions of dollars, do you think that would see the end of the policy direction to continue to minimise machine numbers in the territory?

Mr Rattenbury: That would need to be a consideration of what the ultimate number of poker machine licences in the ACT would be. I think that is an open and debatable question. That is something to be considered.

DR PATERSON: Ultimately, if the government did go down the path of a CMS and cashless gaming, we are potentially locking the territory into 3,500 machines indefinitely.

Mr Rattenbury: No, I do not think that is the conclusion you need to draw. There is a range of ways in which you could draw up a contract. If you were to provide a centralised monitoring system, it could be for a period of time, or it could be for a guaranteed minimum number of machines. I think there are a few different approaches that you could take.

You have made a couple of observations as well around the cost of the system. That \$70 million you have cited is a figure the government has used as a bit of a marker based on the research so far. That is a potential cost that has been flagged over a five-year transition. It is a \$14-million-a-year potential cost. I note in that context that, currently, there is a \$180-million-a-year profit from poker machines in the territory. I understand people’s potential reservation at spending a material amount of money on such a system, but my question in response is: at what price are we not willing to address gambling harm in the territory? I think this is a price we need to be willing to pay. For an industry that is pulling around \$180 million a year in profit, my firm conviction is

that we can afford to spend some money on a decent harm minimisation measure—not tinkering around the edges but actually spending money on a decent and effective harm minimisation measure.

DR PATERSON: I would go back to the point that we are actually not sure what harm minimisation measures we will be implementing. We are also not sure whether we are going to continue to ask clubs to reduce their machine numbers. In the middle of all that sits an accounting tool for \$70 million.

Mr Rattenbury: It is not an accounting tool.

DR PATERSON: Your discussion paper says that—an administrative tool. It sits in the middle, but we are effectively asking for an enormous spend and decision-making on a policy direction that we do not appear to have.

Mr Rattenbury: Dr Paterson, as the original discussion paper for the bet and credit limits, on page 2, paragraphs 4 and 5—you have quoted part of it correctly—says:

A CMS would provide the government with significantly enhanced capability to monitor and control EGMs operating in the ACT.

It goes on to say:

It would support the government in ensuring operators ... pay the required taxes and duties—

Those are the bits you have spoken to. The next paragraph says:

Additionally, a CMS would allow the government to efficiently progress key harm reduction commitments ...

DR PATERSON: Of bet limits.

Mr Rattenbury: Of bet limits, or, as I have spoken about today, based on the further research the government has done, a CMS is a necessary precursor to a universal precommitment system because, if you do not have a CMS, you can have precommitment but people can venue-hop.

DR PATERSON: You can read this after the hearing, but on page 5 it says:

A CMS is primarily not a gambling harm reduction measure.... systems allow regulators to have better oversight of EGMs ... operation ...

Mr Rattenbury: In and of itself, a CMS is a trunk system. It is a form of infrastructure. It is a necessary precursor to significant harm minimisation capabilities.

DR PATERSON: But we do not know where we are going on it.

Mr Rattenbury: I am telling you there is a proposal. You may not accept or agree with that proposal. If that is what you are saying, you should say that.

THE CHAIR: Minister, we will call that to a close. Mr Braddock, I am sorry but you only have a minute or two.

MR BRADDOCK: We have spoken about a \$180 million profit per year for the clubs. What is the average annual loss due to gambling harm for ACT residents?

Mr Rattenbury: I would have to take that on notice, Mr Braddock. It is a question that I will check.

MR BRADDOCK: Thank you.

THE CHAIR: We have covered quite a lot. Thank you, Minister and officials. If you have taken questions on notice—and there were quite a few—could you please provide your answers to the committee’s secretary within five business days of receiving the uncorrected proof *Hansard*.

Mr Rattenbury: I could make a quick correction, Mr Cain, to a piece of evidence I gave earlier. Dr Paterson, you would be particularly interested in this. I talked about the Tasmanian model. I said it was \$500 a week. I should have said it was \$500 a month. I think it goes to the concern you were expressing, Dr Paterson. That obviously equates to \$125 a week. That was my error and I wish to quickly correct that.

THE CHAIR: Thank you. We note there are some other questions that you have taken on notice. We look forward to those responses. We will take a very short break while we do a handover.

Short suspension.

GAINSBURY, PROFESSOR SALLY, Director, Gambling Treatment and Research Clinic, University of Sydney

SUOMI, ASSOCIATE PROFESSOR AINO, Director, ANU Centre for Gambling Research, Australian National University

THE CHAIR: We now welcome witnesses from the ANU Centre for Gambling Research and the Gambling Treatment Research Clinic. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could you each please confirm that you understand the implications of the statement and that you agree to comply with it?

Prof Suomi: Yes.

Prof Gainsbury: Yes.

THE CHAIR: Thank you. We are not inviting opening statements, so we will proceed to questions. I will ask Mr Braddock to go with the first question.

MR BRADDOCK: Thank you. My question is: what evidence exists that a central monitoring system will assist in harm minimisation for poker machines?

Prof Gainsbury: The brief answer is that there is limited evidence. It is a new concept. The idea of account-based gambling has been proposed in different jurisdictions. Can I clarify what you mean exactly by CMS—if it is account-based gambling, cashless gambling or just the background system?

MR BRADDOCK: Account-based gambling but having some sort of centralised aspect to it, so that a person cannot just venue hop from one place to the next.

THE CHAIR: Central monitoring system.

MR BRADDOCK: A central monitoring system, sorry. Did I say something different?

Prof Gainsbury: A centralised monitoring system is sort of the background and account-based gambling would be that an individual or customer is required to have an account that is identified in terms of being linked to their identity; so verified in the sense that each individual customer can have only one account and that would allow them to be used across different venues within a state or within a territory or the jurisdiction that it is operating in. There are jurisdictions internationally that do have systems like this. The benefits of the system include that they allow customers to be tracked. That has benefits in terms of preventing underage gambling because it is linked to identification with age verification. It also reduces money laundering because, obviously, the funds are tracked to a specific person.

There are substantial potential harm minimisation benefits, which include being able to provide customers with accurate activity statements so that people can be fed back information about how much they are spending, which is something that people tend to

have difficulty tracking. It also allows customers to set themselves deposit limits so they can put a threshold on how much they would like to spend. It also assists in proactively monitoring for risky and potentially harmful gambling so that it is easier for a system or a venue to identify where someone might be starting to develop or exhibit problematic gambling such that an intervention can then be targeted to those specific individuals.

In terms of the evidence, again the reason that there is limited evidence is that these jurisdictions do not exist widely and they have not been fully evaluated. There is evidence for the specific components within the system. We know that activity statements, deposit limits and self-exclusion are useful, but there has not been an opportunity to test the role of a state-wide system broadly, particularly for electronic gaming machines.

MR BRADDOCK: A supplementary to that is: what are the gambling harm risks if you were to implement cashless gaming without some form of a central monitoring system?

Prof Gainsbury: There are substantial potential harms of cashless gambling. One of the reasons that there has been a cash base for electronic gaming machines in this increasingly cashless society is the potential harms of having frictionless access to electronic spends. We know from internet gambling and from other non-gambling activities that there is what is called a “cashless premium”, which means that consumers tend to spend more money when they are using cashless forms of payment such as debit or EFTPOS cards or electronic bank payments without the tangibility of cash. It makes it harder for people to track their spending and the money is less salient to them in terms of their expenditure.

The difficulties and potential harms would be that people are actually spending more money because they can access it straight from their bank account or straight from their debit card without thinking about how much they spend and being really aware of seeing net losses, and the digitisation of money makes it more difficult for people. However, the potential benefits of the system are very substantial, and there are ways to overcome these potential difficulties by increasing friction so that people are having to pause multiple times. It is not that easy automatic system. It provides lots of opportunities that require a lot of specific decision-making. Having more feedback for consumers, it would potentially be able to increase the awareness of this final spend if the system was designed appropriately.

MR BRADDOCK: Thank you.

THE CHAIR: As you are aware, New South Wales has run some trials of cashless gaming options and Tasmania has made a pretty firm commitment, it would seem. What value do you think there is in having a trial of a cashless gaming technique in the ACT? Are there lessons that can be learnt from such an exercise?

Prof Suomi: We have had quite a few trials in Australia. I do not think we need another very expensive trial. We know what parts of the harm minimisation that work and do not work, even though some of those aspects have limited evidence. We need some kind of infrastructure to govern, so we can link all the EGMs together so that we can

fully realise all the harm minimisation. My view is that there be no further trials other than maybe setting the infrastructure. The evidence is there.

THE CHAIR: Can you bullet point, high level, what the evidence is?

Prof Suomi: The evidence is that we need some kind of infrastructure, whether it is EMS or something else. We need an account-based system, like Sally was outlining, so that we do not have one person going to one club and then be able to do whatever they want in another club. Ideally, we would have that in New South Wales as well so there would not be cross-jurisdictional issues. We also need it to be mandatory and universal. Those things are the ones that have the strongest evidence—and also the precommitment. As Sally said, we do not have many jurisdictions that have a mandatory and universal system in place. But, where we have those, like in Norway or Finland, we know that they work.

THE CHAIR: And Professor Gainsbury?

Prof Gainsbury: I would conclude with that. I would recommend that funding instead be put into evaluation. I think there is enough evidence that having a mandatory cashless or account-based system would be beneficial from a harm minimisation and a money laundering perspective. But that system would require substantial consideration in terms of exactly how it was implemented, and there would need to be a specific review and consideration for implementation. That would need to be staggered such that consumers and venues are all brought along the journey.

We need to ensure that there are not any unintended negative consequences and, ideally, that there is broad adoption. Although a system could be mandatory, there are still unexpected ways people can work around what a system is planned to do. So I think an evaluation framework would be really important to look at what the impacts are following implementation, with a view of potentially enabling refinement as needed. That would be the best use of resources in terms of this knowledge-build exercise.

THE CHAIR: It is my understanding that the industry paid for these trials in New South Wales. The government does trials of all sorts of programs. We have trials in the ACT running on different schemes, including a waste collection trial. Again, I am a bit surprised at your dismissal of the value of a trial in a select part of our gaming environment and whether we can learn some really valuable lessons about that before we roll it out to all of the gambling institutions.

Prof Suomi: As a researcher, I am never going to say no to trials. But I think Sally made a good point. If we have a limited amount of resources, they might be better channelled into the implementation, as well as the evaluation.

THE CHAIR: If industry funded it, though?

Prof Suomi: I do not have a comment on that.

Prof Gainsbury: My comment would be that it is difficult to do a trial on this technology. The previous trials that have been conducted have not been trials of mandatory systems due to the expense and difficulty of actually setting up the system.

If you wanted to do a trial, you would have to essentially implement the system, particularly in a mandatory system where it requires a lot of new infrastructure and technology to enable the central monitoring system and account-based gambling. Once that is set up, it would make sense to progress with it.

Also, it is difficult to set it up in a way that it would be implemented for a trial purpose, which is what has not happened to date. In New South Wales, there have been temporary solutions that have been tested, but they have not been the solutions that are intended to be implemented. For example, we have not tested mandatory account-based gambling. There have only been tests of hybrid solutions or partial offerings, which do not offer specific insights into what would happen if the system were implemented in the way in which it was intended. The nature of the technologies requires such a fundamental overhaul of the system, and it is difficult to do that in a partial manner in a way that would appropriately mimic and resemble what a system would look like if it were to be implemented.

DR PATERSON: My question is along similar lines. Since 2010, I think—whenever Julia Gillard was elected—we have been talking about precommitment and mandatory precommitment. Do you think it is time that a jurisdiction took the lead and implemented mandatory account-based cashless gaming with mandatory precommitment?

Prof Suomi: It is absolutely time. We need to do it carefully. To reiterate what I said before, we need some kind of infrastructure so that we can do it properly, collect data, evaluate and also have some really strict identity verification systems in place for the accounts. This system needs to be monitored—not by the industry; it needs to sit with the government. There needs to be access to the data from independent researchers, and it needs to be universal. I actually cannot believe that we are still talking about it. We need a mandatory precommitment system like they have in other countries, and we know it works.

Prof Gainsbury: My view would be to support the implementation of a mandatory account-based system—and that would be state wide or jurisdiction wide and would support a link with self and third-party exclusion systems and identity verification. I would like to see within that system the ability for people to set deposit limits, which I think is the precommitment you are referring to. I am not sure yet on whether that would be defined as mandatory, in the sense that individuals would set their own limits. There is still a lot of space to explore exactly what that looks like, because it is difficult to prescribe a deposit limit or a spend limit that is appropriate in a harm minimisation fashion at a broad population level.

I think an area where more research is needed is how to implement a mandatory limit setting system. But I would certainly support the implementation of account-based gambling and setting up identification. We saw during COVID that people are generally technologically literate enough to establish accounts and to use technology to access venues if required, and I do not see a reason that this sort of system would not be beneficial overall to the community. The people who are experiencing the most harms would be identified with potential interventions. It is not necessarily going to stop or cut-off anyone from gambling at the levels to which they may want, but you would at least bring attention to that behaviour and identify what looks risky from a money

laundering or gambling harm point of view.

In terms of directing your resources appropriately, this would also be a cost-saving exercise, rather than having to monitor in ineffective ways for gambling harm and for money laundering. It would really be about customer-centric provision of service, because it would provide individuals with an ability to track their spend, which is currently very, very difficult for people. I think there are substantial cost-saving benefits, in terms of the overall harm reduction in the community and redirecting customer spend into more appropriate activities and both government and industry resources as well.

DR PATERSON: To go back to what you said around independent monitoring rather than industry monitoring, I know that the contract for the Tasmanian central monitoring system went to Tabcorp to monitor their machines. We are in a market-sounding process at the moment. It is highly likely that the gambling industry is the only sector that has the expertise to set up this technology. Is it acceptable that we are getting another part of the gambling industry to monitor our local club sector when currently we have the direct relationship between government and the clubs?

Prof Suomi: The industry needs to be involved and they need to be setting up the system. I do not know how the regulatory framework would work in practice, but there could be some kind of licensing requirement, whereby they need to hand over the data in regular intervals or, if they see any suspicious activities, there would be flags that then, according to the licence agreement, they would have to tend to or address.

I can see some potential ways of the industry doing a kind of overhaul on the data or sitting in on it. I do not know how that would work in practice, and I think that would be something that we need to really carefully figure out. The Tasmanian model does not sound like the ideal model if Tabcorp is operating it or monitoring and governing it. I think we need to have some independence in terms of looking at the data and who gets access to the data.

MR BRADDOCK: I am not sure if you saw the previous session. There was debate about the Tasmanian precommitment amounts being, I think, \$5,000 per year and \$500 per month, from memory. I note, Professor, some of your comments there in terms of the challenges of trying to set one limit for a diverse population. Do you have a view on the Tasmanian limits and whether they are suitable or insufficient or whether they should be different?

Prof Gainsbury: I have not looked into those specific amounts in Tasmania, so I do not think I can comment specifically on that. What I will say is that, unlike something like alcohol, where there is a physiological impact based on the amount of the substance that is consumed, gambling harm is highly dependent on affordable time and money. So it is very difficult to set limits. There is some initial research on what would be low-risk limits or unlikely to cause harm, but there is no established threshold on which you would reliably expect harm to occur.

So it is very difficult to set specific amounts of money, which is why the amount of money spent is not considered as a diagnostic criteria of gambling harm—because it is about the impact of the spend as opposed to the amount of spend. However, I do think

that, with the data analysis capabilities that now exist, there is a modelling we could look at in terms of what appears to be affordable spend or where harms tend to cluster around. It depends on how that limit is set. A fixed binding limit would obviously need more careful consideration.

What I think we can do is come up with frameworks and guidelines to help anchor people to set and consider appropriate limits. I do think there is a lot more that we can do to guide people, to make recommendations, to suggest default limits or to make it more difficult for people to spend beyond—for example, to require some kind of affordability check if we set fixed limits. I would certainly recommend research into how to develop gambling affordability guidelines and what default limits should look like at various levels, because I think they would vary across the population.

MR BRADDOCK: Thank you.

Prof Suomi: We have looked at some data here in the ACT and in Tasmania and done some modelling around low-risk gambling guidelines and the expenditure or proportion of your income where you are likely to start experiencing harms. They are a lot lower than the Tasmanian limits. So I would recommend that an evidence-based recommendation would be lower than that. I understand that it is difficult to have a one-size-fits-all if you are going a lot lower than \$5,000 a year or \$500 or \$100 on a weekly basis. That needs to be a practical consideration. There are also other measures like the proportion of your income, which is obviously more difficult to implement and you need to have other more sophisticated systems in the precommitment systems. You can also precommit time or breaks. There are all sorts of things.

I think the expenditure or loss limits is an easy one. It is easy to understand, it is easy to market and it is easy to implement. I think we need more recent data. We have looked at the data that is now five years old. We know that gambling participation and expenditure have changed in the past five years. So we also need some more recent data from the ACT to really understand it. But I think the Tasmanian model is a nice happy medium with the current knowledge.

MR BRADDOCK: Sorry; I just got confused by your answer. You were indicating earlier in your answer that it should be lower than the Tasmanian model. What would you recommend that the limits be?

Prof Suomi: I do not have any exact figures on what it would be. From our evidence, we said that, for EGM gambling, in our risk gambling guidelines, it would be about \$400 a month, if I remember correctly. I might get back to you on that. But it is a lot—

MR BRADDOCK: If you could please take that on notice I would appreciate that.

Prof Suomi: Yes.

THE CHAIR: I am interested in what happens to the data collected through these various approaches to controlling gambling. There is the central monitoring system, which is obviously collecting lots of information; an account system; and, obviously, facial recognition and personal details and financial information are collected. What measures would need to be put in place to ensure that that data is not used for any

inappropriate purpose?

Prof Suomi: That is outside my expertise. I will hand over to Sally.

Prof Gainsbury: It is not necessarily my area of expertise, but I think I have been in a sufficient number of rooms where these conversations have provided some input on how important it is to have consideration and regulation around this to ensure that information gathered for the purpose of providing information back to consumers is protected; that consumers need to be considered a core stakeholder and be able to access their information; and that venues will need to have access to information for the purpose of anti-money laundering and identifying harmful gambling.

There needs to be a very stringent requirement that the industry cannot use that information for marketing purposes or commercial purposes or anything else that would encourage gambling and the information is just for the purpose of protecting the consumer and bringing information back to the consumer. The tax offices or any other third party should not have access to this information. It is really important that careful consideration be given to communication to all stakeholders, particularly consumers, around how privacy will be managed. Otherwise, it will damage the adoption of and engagement with the system.

THE CHAIR: Professor Gainsbury, it is my understanding that you were on the oversight panel for the New South Wales trials.

Prof Gainsbury: That is correct.

THE CHAIR: Were there any lessons that you learnt in this area of data protection, collection protection and security?

Prof Gainsbury: I am not in a position to share anything from that panel. The first trial started yesterday; so there have been limited lessons learnt. There have been a lot of conversations, and I know that the New South Wales government has put a lot of effort into ensuring and testing the systems prior to implementation. I think that with all systems that have financials, payments and identification involved, there are ways of checking security and setting up appropriate parameters. But I think there will be learnings from the New South Wales trial, as the year progresses, that will be able to be taken advantage of.

THE CHAIR: Forgive me if I have got this incorrect but, given your view that trials are of little value, it does seem a little unusual that you are on an oversight panel for the New South Wales trials.

Prof Gainsbury: I would just correct that. I have never stated that trials are of little value. That is not my view.

THE CHAIR: Okay; thank you.

Prof Gainsbury: I think trials are very important. There are currently several trials running in New South Wales, and I am not convinced that those trials would need to be replicated in the ACT—that the jurisdictions are sufficiently different that you would

need to repeat the process. I certainly think trials are very important and that there is a lot that can be learnt from them. When you are designing a trial, it is important not just to do it for the sake of ticking a box that a trial is done but to think specifically about what needs to be investigated and the knowledge that needs to be gained.

THE CHAIR: So your view then is that the trials in New South Wales could really inform an ACT approach? Is that correct?

Prof Gainsbury: On the trials in New South Wales I need to be careful, as I have a limited ability to speak to this. It is important to understand that the New South Wales trials are not testing the effectiveness of a system; they are testing the feasibility and acceptability of a system. They are looking a lot at the implementation and how you would implement the technology and the extent to which technology could work in different venue settings. So there is a lot that could be applied from these trials in other similar jurisdictions.

THE CHAIR: Are you aware of any information sharing that is going to be possible between the New South Wales trial and the oversight panel back to the ACT? Is there any sort of arrangement or communication?

Prof Gainsbury: I could not speak to that.

THE CHAIR: Okay; thank you.

DR PATERSON: My question is with respect to continuous play. In the 2019 ACT Gambling Survey there was some work done around this: if you are playing a machine for under an hour, there is minimal harm; but the second you go over the hour mark there is much greater experience of harm. Sally, I saw in your submission that you did speak about continuous play and potential breaks-in-play measures being possible through cashless gambling harm minimisation measures. Do you think that is something that could be explored—in terms of, if there is continuous play at a machine for an hour, then your card can cut you off and you have a 10 minute break and then you can restart your gambling? Do you think that there is scope for measures like that, or evidence-based measures like that?

Prof Gainsbury: Breaks in play is a good example of something that does need research, because it is something that could be facilitated through multiple avenues. It has not been thoroughly explored in cashless gambling. I am not sure it is planned to be included in the New South Wales trials or not.

There is evidence that people who tend to play for longer sessions are more likely to experience gambling harm; however, it does not mean that people who gamble for shorter sessions do not experience gambling harm. It is a correlational finding; it is not causal. One can experience gambling harms and play for short sessions. So, it is important to be mindful of what you are trying to do. If a system is trying to identify markers of risky play, then continuity and length of session would be one indicator that could be used to indicate and identify harm that would prompt an intervention conversation or some action to be taken.

The use of breaks in play is designed to facilitate informed decision-making, which is

essential to ensure people are gambling in a safer, lower-risk manner, such that people are making an active decision each time they place a bet, which, as you understand, for an electronic gaming machine, is often very rapid and often multiple times in a row to the point where decision-making capability does become eroded by fatigue and through the emotional and cognitive effects of the machines themselves—the lights, the sounds, the losses disguised as wins, which is when the machine reacts with a win even though funds have actually been lost. There are lots of reasons that the longer you play, your ability to make an informed decision will become eroded.

A break in play is where there is a substantial period where you are not engaging with the machine. Ideally a break in play should involve physical movement and a cognitive task such that those sensory and cognitive and emotional effects are eroded so that you are no longer thinking about the last win or the last loss or whatever the lights and sounds are, and your ability to make informed decisions is once again restored so you are making a rational decision.

A break in play could be facilitated through an account-based system more readily than requiring, for example, a gaming machine venue employee to identify how long each individual has been playing and to tap them on the shoulder and to ask them to leave. An account-based system is a really good example of how these sorts of automated, personalised, targeted interventions could be implemented in an effective way. Whether or not that is going to work, or exactly what that is intended to achieve, should be the investigated, and that is something that could be examined through research.

DR PATERSON: Aino, do you have any more thoughts?

Prof Suomi: There are two decisions if you have breaks in play: after how much time—so, is it after one or two or three hours, which is another time frame used in Victoria, for example—and then, how long the break is. The evidence in terms of how long the break is that the longer the break, the better, of course, and I might have to get back to you about the details of that research. I think I put it in one of my submissions as well. The two decisions are made. As Sally said, there are all sorts of reasons why it works. Whether it can be implemented through the account-based system—it is how sophisticated you want the system in place to be.

MR BRADDOCK: Facial recognition technology—does that have any part to play in gambling harm reduction or create any concerns for you in its use?

Prof Suomi: In terms of self-exclusion, we know it works in taking the human error out of identifying people who come in, and this is for cashless or not cashless and in any gambling venues, but when you start harvesting that data it becomes more complex. I do not have a view on that. I just know that it works in terms of getting people identified who have self-excluded, so it is important or could be an important element.

MR BRADDOCK: Thank you.

Prof Gainsbury: My view would be that facial recognition technology would not be needed. An account-based system is much more effective in identifying individuals. An account-based system is based on someone having a verified account and that account being needed to be used to access a gambling product.

Facial recognition technology has a lot of problems. There are obviously huge privacy issues that need to be considered, but, also, it is far from perfect. It only alerts a venue. It then requires a human intervention to try to stop that person or to have a conversation with that person to require them to leave the venue. It is not perfect in recognising all people. There are ways to get around it. There are still issues in that some people are more or less likely to be identified based on this technology. The main reason would be that in the account-based system there would be limited use for facial recognition technology, so it would be a superfluous system at a considerable cost.

DR PATERSON: Sally, on that, I actually put this idea to the Gaming Technologies Association earlier: “Do you even need self-exclusion as we know it and understand it if you have account-based cashless?” They said, “Well, someone can just take their family member’s account and use that.” Is that something that could occur easily—that you would see family members using someone else’s card? Is that a high-risk aspect of cashless gaming and account-based gambling?

Prof Gainsbury: Again, I do not know what evidence was presented. I was not at the session this morning, so I am not sure what evidence was presented to support that. It is a risk. There is not going to be a silver bullet for everything. That is what I mean by the evaluation after the system is implemented to look at and think through, “What are the negative unintended consequences?” That implementation piece needs to be really carefully designed.

When we talk about account-based systems, we need to think about how they are implemented. There would be some privacy and security features on that card. Similar to if a family member has access to a debit or an ATM card—what is to stop them going and using that? These are not insurmountable issues. Yes, if there is no PIN required or privacy details then people could swap, but the more security you put on that card, the less easy it is for people to swap those cards. There is going to be a tradeoff there. The more difficult you make it, the harder it is going to be for people to use it. We need to think about these sorts of tradeoffs, but I do not think any of these issues are insurmountable or that any single solution is going to be the answer to all of the issues.

DR PATERSON: Sally, if you have your account-based system, say, the names of the accountholders could be held by the government, and then if a person wants to self-exclude from a venue, they could register themselves—similar to the current process—to be single or multi-venue, and from that point on they cannot establish an account and therefore cannot gamble. Is that correct?

Prof Gainsbury: Again, the implementation would have to be carefully considered. We have seen some of these issues come up in the national BetStop online self-exclusion system, so we are not starting from scratch here. There needs to be consideration of whether an account is established or whether it is made inactive or closed.

One issue with closing or deactivating an account is that when that self-exclusion period ends, if the individual wants to create a new account, that would be created with no previous history, which is problematic in the sense that you would want to monitor people who have previously had self-exclusion in a different way to people who have

never had. Potentially, at least, you would want to consider that—if you just shut down the account when someone is finished self-exclusion and they reactivate a brand-new account with no history and it is not recorded anywhere. Again, it is all about the implementation and thinking these issues through. What is in the best service of the customer?

THE CHAIR: Is there anything that each of you would like to say briefly in closing?

Prof Suomi: I do not have anything.

THE CHAIR: Thank you. Professor Gainsbury?

Prof Gainsbury: I would echo the call for evaluation needing to be substantial in this area. There is a lot still we need to learn from putting things in place and learning from the consumers and ensuring that their views are respected, so I would encourage the invitation of different stakeholders to continue to be part of the consultancy process.

THE CHAIR: Thank you. On behalf of the committee I would like to thank you both for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof of the *Hansard*.

The committee adjourned from 3.11 pm to 3.30 pm.

BENNETT, MS CAROL, Chief Executive Officer, Alliance for Gambling Reform
BOWLES, DR DEVIN, Chief Executive Officer, ACT Council of Social Service (ACTCOSS)

DOBSON, MS CORINNE, Head of Policy, ACT Council of Social Service (ACTCOSS)

CHANDRAMOGAN, MS KIRTHANA, Policy and Advocacy Adviser, The Salvation Army

KIRKALDY, MS JENNIFER, General Manager, Policy and Advocacy, The Salvation Army

SEILER, MS EMILY, Moneycare Financial Counsellor, The Salvation Army

COSTELLO, REV TIM, Chief Advocate, Alliance for Gambling Reform

THE CHAIR: Good afternoon and welcome back to the public hearings for the committee’s inquiry into cashless gaming in the ACT. The proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if witnesses used the words, “I will take that question on notice.” This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome witnesses from the Salvation Army, ACTCOSS and the Alliance for Gambling Reform. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could you each please confirm that you understand the implications of the statement and that you agree to comply with it.

Ms Bennett: Yes.

Dr Bowles: I confirm.

Ms Dobson: Yes, I confirm.

Ms Chandramogan: Yes, I confirm.

Ms Kirkaldy: Yes.

Ms Seiler: Yes, I confirm.

THE CHAIR: Reverend Costello?

Rev Costello: Yes, I do.

THE CHAIR: Thank you. We are happy to give a very brief few minutes to any opening statements, recognising that I am pretty confident you will be able to say everything you would like to say in response to questions, but I will give that opportunity just for this session. Ms Bennett, would you like to lead us off?

Ms Bennett: Yes, I would. Thanks for inviting us here today. The ACT is generally

considered to be a progressive territory that accepts the importance of governing for public benefit. We would say that cannot be said to be the case when it comes to gambling reform.

If it could, the ACT would have already accepted the inevitability of a carded system, including mandatory precommitment with binding and reasonable default limits. A carded gambling system could be groundbreaking in reducing gambling harm and placing limits on the behaviour of a predatory gambling industry that costs Australians more than \$25 billion in losses every year. That is more per capita than any other country on the planet. In the ACT, that figure is growing each year. Canberrans lost \$188 million in the last year alone. That is \$16 million every month. That is just to poker machines. Over \$1.2 billion has been lost in the last decade. These are staggering losses for a small jurisdiction of under half a million people.

The Alliance has already supported Dr Marisa Paterson's legislation for pokies-free new developments in the ACT. We have worked with Attorney-General Shane Rattenbury to look at other reforms to address gambling losses and harms, and they include the central monitoring system, which the ACT is playing catch-up on behind other jurisdictions, the capacity for setting loss limits and self-exclusion. The Alliance is firmly of the view that cashless gambling is not an end in itself, but collecting more sophisticated data about individual gamblers that is linked to an individualised, mandatory, cashless gambling card provides the opportunity to significantly reduce gambling harm.

There is an avalanche of evidence. I know we have heard today questions about that evidence, but we know how a mandatory precommitment cashless card can work incredibly well to reduce gambling harm and disrupt organised crime and money laundering. The New South Wales Crime Commission report of 2022, for instance, made the recommendation to the New South Wales government for this important reform. It is considered the gold standard, as the Victorian Responsible Gambling Foundation has recommended.

In New South Wales, we know the Minns government has been reluctant to adopt this card, instead opting to kick the can down the road with the strong support of an industry that does not want scrutiny and accountability that will undoubtedly impact their bottom line. That is the risk for the ACT: not adopting the reform measures that will address gambling harm and choosing instead to pander to an industry intent on maintaining lax regulation that enables it to generate enormous profit from gambling losses.

THE CHAIR: Of course, you do not have to make an opening statement. As I said, I am sure you will be able to answer questions with your submissions, but would ACTCOSS like to make a brief opening statement?

Dr Bowles: Thank you very much. We would echo the previous remarks and note broadly that ACTCOSS is very much in favour of cashless gaming and that cashless gaming, if organised well, will do a great deal to reduce harms, but, if set up badly, will not have that effect and could, in fact, amplify harms. Design is going to be very important. ACTCOSS recommends daily and monthly betting caps, mandatory precommitment in all venues, a break after every hour of play, closure of ATM operations between 1 am and 10 am each day and a spin rate of 3 seconds per game.

I note Ms Bennett's discussion about how industry can all too often shape legislation and policy in this area, and that is certainly a concern that ACTCOSS has. One thing that we would note, however, is that the ACT is, effectively, a laggard in this space, with most of the rest of the east coast, at least to some extent, in front of us. That should be embarrassing, but it should also really have us concerned about what that means for money laundering. Estimations of the amount of money laundering in New South Wales alone put it in the hundreds of millions to a billion plus per year. If we continue to stay behind other jurisdictions, we will absolutely become a focus for money laundering, because Victoria, Queensland and New South Wales are all out in front and we would be the natural place where that would be redirected to.

I know there have been concerns about cross border effects for things like decriminalisation of drugs. Those, I think, have not turned out to be realised, in part because the distribution of drugs remains illegal. However, we should be under no illusions that if we are the slowest jurisdiction to act, we will absolutely become a magnet for organised crime. Thank you.

THE CHAIR: Perhaps someone from Salvation Army?

Ms Kirkaldy: Thank you for the opportunity to appear. I would like to acknowledge the traditional owners of the lands on which we meet and pay respects to elders past, present and future. For the Salvation Army, gambling harm is about so much more than just losing money. Gambling harm extends beyond the individual: it impacts on loved ones; it impacts on communities.

In fact, we understand that for every one person who is harmed because they are gambling there are another six people who are harmed because of that gambling. The adverse impact of gambling often leads to financial distress, mental health issues and relationship breakdown. From what we see, sadly, it is also associated with the exacerbation of family and domestic violence and substance use disorders.

We had concerns about the move to cashless gaming in terms of it removing friction and the inconvenience and delay associated with using cash, and that it could result in greater gambling harm. That is why we are so appreciative of what this committee is doing in considering and centring safeguarding and gambling harm in the conversation about this transition. We believe that your work, as I already said, can actually lead to a minimising of gambling harm.

I will not renumerate all of the measures that we would like. I think they have already been covered. But I do want to say thank you so much for the opportunity to speak and thank you so much for the work you are doing to consider how gambling harm can be affected by cashless gaming.

THE CHAIR: Thank you everyone, and of course you will have the opportunity to say things that you feel you have not quite covered in full, but I will lead off with questions. There has been some discussion and perhaps different views on the value of a trial in the ACT of one of the cashless gaming options, including a central monitoring system. New South Wales, obviously, has started a fresh trial, and there are other trials in other places. Tasmania has made a strong commitment, and, as ACTCOSS has advised us,

the eastern seaboard is a bit ahead of the ACT here.

What do each of you think about the value of undertaking a trial in the ACT? I think I kind of know the answer to this, but if you are doing a trial, what would you actually want to see tested? Bearing in mind that the range of clubs in the ACT is pretty wide, and the impact on smaller clubs of any measure is pretty significant, what would you think is worth trying as a test? We might start with the Alliance.

Ms Bennett: We do not support a trial in the ACT. What we have seen in New South Wales is the government being very unprepared to support the New South Wales Crime Commission's number 1 recommendation that a mandatory cashless gambling card with binding and default limits be the gold standard. We have seen Crown in Victoria introduce that system. We are seeing the Victorian government currently consulting on rolling out that system. Every casino inquiry in the country—Queensland, New South Wales, Perth, Victoria—has suggested that this be introduced, and it is inevitable it will be introduced at some point.

I think as Devin pointed out, getting those features that reduce gambling harm is really critical so that you do not actually increase gambling harm. But there is no reason why the ACT as a tiny jurisdiction—mind you, we do make \$188 million of losses per year, so we are certainly up there when it comes to gambling losses and harms. Why would we invest in a trial, when all of the key recommendations from all of the inquiries, the royal commissions, the Crime Commission and the Victorian Responsible Gambling Foundation have already recommended that this be introduced? The Tasmanian government are about to introduce it with those binding and default limits that they have researched well.

THE CHAIR: Thank you for that. We might move to ACTCOSS now.

Dr Bowles: We agree with those sentiments. We note that the scale of the trial in New South Wales in terms of the number of poker machines is about the same as the total number of poker machines in the ACT. We would also note that we are not dealing with cutting-edge technology here so, from a technological point of view, there is nothing to trial. Each of us probably in our wallets or handbags has a card which knows how much we have spent and is linked to certain limits and can limit how much we spend per day—our ATM or credit cards. The technology is pervasive and has been for many decades, so do not enable messages of technical difficulty to interfere with needed reform.

Ms Dobson: In terms of doing the trial, you mentioned the potential impact on some of those smaller venues. We are a small jurisdiction, as you mentioned. I think one of the things we do not want to do is just have it in certain venues, because that just drives people potentially to other venues that may not have the system, so it then becomes problematic. I agree that we do not necessarily need to have the trial, but we need to make sure that we do have a really strong evaluation in place to understand what the effects of it are and to make sure that we are avoiding those unintended impacts that Jennifer spoke about before.

Ms Kirkaldy: We would echo that. We think we have enough evidence.

Rev Costello: Can I comment on that?

THE CHAIR: Yes.

Rev Costello: I had a tour yesterday of Crown casino's cashless gaming, and I was very, very impressed with its pokies. And to impress me takes a lot of doing after 25 years! I might say, 25 years ago it was the Productivity Commission that introduced the universal, mandatory precommitment card, so that was in 1999. In 2010 it said, "Do the same." Twenty-five years on we still do not have one universal, mandatory precommitment card, and it is worth reflecting, on another occasion, on why that is and the power of the industry.

Crown were required to do it by the royal commission. They did it 12 months ahead of the time they were required to do it on 3,000 machines. They showed me how it worked in terms of loss limits there. It is three hours of play before you have to have a break. There are loss limits, time limits and interventions from people who are watching, and even if you have not been thrashing the machine and have not gone over your loss limit but are showing practice that is harmful, they will intervene. They are offering and saying to ACT, Tasmania and anywhere else, "We can show you how to do this."

When we talk about trials, the confusing meaning of this is in the sense of, "Let's see if it works." No, that is over: it works. Crown have done it. They were required to do it. If "trial" means, "Let's look at a best feature somewhere, but we are doing it," okay; I can live with that. That is why our submission is against a trial in the sense of "We don't know that this will work." When the industry says, "Off limits don't work," they are wrong. When they say, "There will be displacement; people will go onto sports betting," they are wrong. All the research shows they are wrong. If we say, "Yes, we are doing precommitment, and we can iron out any technical difficulties," that sense of trial has a different meaning.

THE CHAIR: Thank you. We will move to Dr Paterson.

DR PATERSON: One of the things that has been talked about for decades as well but has never really been implemented in Australia is third-party exclusions. We have had an example in the last week in the ACT where third-party exclusions could have very much come into play to reduce the harm. I am interested in your views on this. Should this be something that the ACT pursues as part of reducing the harm?

Ms Bennett: From our point of view, yes, because we strongly support self-exclusion, but third-party exclusion also has some benefits, and for all the reasons you have talked about. I think the national BetStop scheme also enables third-party exclusion, so we do have a working system in place that is demonstrating the benefits of that. Obviously, that will come over time, but it can be done, it should be done and if it is a way of reducing harm, we would support that. Did you want to add to that, Tim?

Rev Costello: I agree with that comment absolutely.

DR PATERSON: Jennifer or Devin?

Ms Kirkaldy: Emily, would you like to quickly talk about some of the barriers to

self-exclusion?

Ms Seiler: The barriers to self-exclusion. I am a financial counsellor, so I deal with all kinds of people experiencing financial difficulties, not just gambling harm. One thing we do very commonly see with gambling harm is people's inability to address it from either actual barriers or perceived barriers. One thing I will see quite often is someone with a lot of cash withdrawals who will not address it with me and disengage from the service. Another thing I see quite often with barriers to addressing it is when we finally do, it is a snowball effect. We can address it from there.

There are definitely lots of barriers to accessing assistance for gambling, and self-exclusion is just another barrier for someone to get over to say, "Well, I need to do something about this," and then to do it as well. The more friction there is and the more checks and balances in place to get to that point, the more harm that is going to minimise.

Ms Kirkaldy: A third party to assist with that would be very valuable.

Dr Bowles: All that we might add is that it is a potentially useful arrow in the quiver, but other reforms should not be delayed to enable it, because it does have some complexities that the other features, which I think we have all supported, do not.

DR PATERSON: Thank you.

MR BRADDOCK: Dr Bowles, your answer just sparked some thoughts. I want to understand the criticality of the central monitoring system. In terms of the time aspect to that, is it worthwhile holding off on that to sort out other aspects of the cashless gaming first or should the government continue on as proposed and test to market on that?

Dr Bowles: Thank you very much. I think central monitoring is really important, because we know that people who are experiencing dependence on gambling will simply switch venues. If you have any kind of limit, it is per venue. It is very simple to walk from one venue to the next, and that is absolutely what will occur. So having a system that encompasses the whole of the jurisdiction is absolutely essential if we want to minimise gambling harms. Again, what I would say is that this should not be terribly technically difficult. It is technology that has been around for many years.

Rev Costello: I will add to that answer. Crown's pokies with the cashless card are down about 20 to 25 per cent, which is what you would expect with people when they are setting their limits and not mesmerised or hypnotised in front of a machine. In setting the limits beforehand you would expect it to be down, and that is great.

The central monitoring system in Victoria allows us to know that the pokies within five kilometres radius of Crown, which do not have the card, are all up. A central monitoring that gives us that visibility about displacement is a very critical part.

MR BRADDOCK: Is there any reason to delay implementation of a central monitoring system in the ACT while we figure out some of the other elements of cashless gaming?

Dr Bowles: I think we could start down the road of having a central monitoring system immediately. Many of the features that collectively we are calling for are relatively simply built in. If you have designed the central monitoring system effectively from the outset to note that those are potential features, that should not be a problem at all. So there are two questions here. One is the technical. It is not rocket science, but it does take a little while to implement. The second is political will. So let us get started on the technical and let us move on political will as quickly as we can, on the backbone of a really good central monitoring system.

The one additional point I would make about a central monitoring system is that the risks of money laundering are not dealt with as effectively without a central monitoring system, so it is quite important for both the harm reduction and the anti-money laundering features.

DR PATERSON: I have spoken with many people here of my views around the fact that the ACT government has had a long-term policy of reducing machine numbers in the territory. My argument, that I want to run past you, is, if you are going down this track, the CMS in itself is \$70 million, plus all these other harm minimisation measures through the cashless account-based system is x amount more on top of that. I believe if you implement that, you will solidify machines in the territory for decades to come. I do not believe the government would be in a position to spend that money to then say, “We will continue to reduce machine numbers.” So I guess my pitch is that you do not have a universal system, but you have a cashless system with all the measures that you talked about, Reverend Costello, and you continue to reduce machine numbers to a 20-year goal of none or minimal machines in the territory. So I am interested in your views on this trade-off—the position where we are at in the ACT in terms of decisions that need to be made.

Ms Bennett: Can I just say—

Rev Costello: I—

Ms Bennett: Sorry Tim, you go. Because I know that you are—

Rev Costello: Yes look, I am very sympathetic to what you are trying to do there. If I had my way, there would not be any pokies in any clubs or pubs. They would be maybe in casinos, which you have to get to as destination gambling, and getting out is a different business to when they are in pubs and clubs and on every fourth or fifth block.

The Productivity Commission asked why does Australia have the greatest gambling losses per head in the world? Because we have the greatest accessibility! So reducing machines, reducing accessibility, I am very, very sympathetic to.

Politically, I have watched nothing happen now for 25 years. I am as a realist going, ‘the cashless card at last!’ It was defeated, you might remember, when the Gillard government tried to introduce it. ClubsNSW ran the “un-Australian” campaign, and it was the mother of all fear campaigns. The realist in me says it is not likely that we are going to see fast systematic reduction of pokies just yet, given that the political clout and muscle of this industry is so entrenched. That is a matter for you.

Ms Bennett: We have lost you, Tim. No, we cannot hear you.

THE CHAIR: We will let Reverend Costello know when he is back, but any other thoughts on that question?

Ms Bennett: I am just wondering why they are mutually exclusive, because if ever there was going to be a situation where we were not going to have poker machines in the ACT—and God forbid I cannot imagine that situation, given what I have seen with governments all around our country. The reason we are the biggest losers in the world is because we have governments that strongly support gambling in this country, well beyond any other country. So if that happens, that is great. But it is unlikely to—and why would it be mutually exclusive? In the meantime, we are seeing massive increases every year, year-on-year increases in losses. We are seeing enormous harms related to that. So why would we not aim for both?

THE CHAIR: I am interested in the issue of money laundering. I think Dr Bowles, you mentioned how that would be a problem solved in the ACT, or words to that effect. What evidence do we have of money laundering in the ACT and to what degree? It is my understanding that the Australian Criminal Intelligence Commission does not identify Canberra as a money-laundering centre, so to speak.

Dr Bowles: Yes. I hope my earlier testimony did not suggest that we currently are. What I am arguing is that as other jurisdictions become increasingly alert to the extent of money laundering through EGMs, and are taking practical steps to reduce them, we will become de facto the only place to do it on the east coast. So I was—

THE CHAIR: Raising the risk then?

Dr Bowles: Well, I would call it almost an inevitability, but yes.

THE CHAIR: Do others have an opinion on money laundering as a policy driver to say we need to do something, to fix a problem?

Ms Kirkaldy: We do not feel we have expertise in that.

THE CHAIR: Okay.

Ms Bennett: I mean, just going off the New South Wales Crime Commission report, it is quite clear that money laundering does not stop at borders. It is in the ACT, absolutely it is. And—

THE CHAIR: And evidence for that?

Ms Bennett: Well, what is the evidence that there is not? That is what I would ask. Because there is not evidence, and it would be almost nonsensical to think that there is not, given the crime commission's evidence of extensive money laundering. If we do not do something, as Devon said—

THE CHAIR: I do note, they do give a figure of the problem in New South Wales into

the tens of millions.

Ms Bennett: It is extensive, yes.

THE CHAIR: They give a figure. I am not sure I have seen that for the ACT, that is all.

Ms Bennett: No because we have not gathered that evidence. It would be naive to suggest that we would not have that situation in the ACT, and that if measures are introduced elsewhere, it will not end up being an issue for the ACT. It will.

THE CHAIR: Again, if there is any evidence that any of you have on that question, the committee would appreciate it.

DR PATERSON: If we have mandatory cashless gaming in every venue in the ACT, do we need ATMs in venues anymore? You cannot put cash in a machine.

Ms Bennett: One of the things we have said and that the New South Wales Crime Commission and all of the relevant inquiries that have looked at a mandatory cashless gambling card have said, and they recommend binding and default limits, but they also recommend no credit for gambling. That is the issue for us: that whatever card is introduced, that it does not enable credit, because we know that is a significant cause of harm.

THE CHAIR: Any others on that?

Ms Kirkaldy: I do not think we have established a view on that, I am sorry.

DR PATERSON: Perhaps going to your comment earlier around the fact that you are looking and discussing with clients their financial statements, and you see multiple transactions going to ATMs—and we know that it is definitely a red flag behaviour, continually going to ATMs, as it has come up in multiple news articles around how this is part of the problem—do you think going to the mandatory cashless system in venues would go a long way to eradicating this problem?

Ms Seiler: Yes.

Rev Costello: It certainly would. I certainly agree with that. The New South Wales Crime Commission's reports about people who would collect money; go to an ATM; make a pretence that it is cash that explains their unexplained wealth, are a real problem.

I think the thing about Crown that impressed me yesterday was everyone showing ID—passport, licence—to get a card, is then monitored. No reason to go to an ATM. Absolutely none. And not just monitored, because the machines literally disable once you are over the time lapse test. It is monitoring what is going on even before a machine is disabled, before the time or money limit. That is because you are not just going and getting cash from an ATM. The actual visibility about it really does help with intervention.

Dr Bowles: ACTCOSS definitely supports a system in which you cannot pay cash

directly for gambling. However, one point raised has been that, for harm reduction, you want to introduce as much friction into gambling as possible, and so the question of how to put money on a card of the sort that Reverend Costello has just outlined is an important one. If that can be done from your phone still in front of the EGM, that is relatively little friction. You are just tapping into your credit or your bank account and shifting the money. If, however, you have to get up, go to the ATM, withdraw it and then go to a separate machine, insert your card and put that in, that is a de facto break that is enabling you to have a little space to decide, “Do I want to keep gambling?”

Ms Chandramogan: Apologies. I think we misunderstood the question. I completely agree with that point about friction. We would also really like consideration of lockout periods and delays whenever there is a move to top up, so that is reintroducing friction, absolutely.

Ms Seiler: Just to add to what you said before as well, having it as a card instead of as cash also brings a bit more awareness back to the person who is gambling. Quite often, what I see with clients with those big cash withdrawals—not only is it at the clubs; it is also when they get their groceries, getting a bit of cash out then, and it is that confusion around, “Well, where was that spent? How was that spent? I know I spent some on gambling, but I also spent some on this. Okay, maybe it was just \$20 on gambling.” What it does is it really brings an awareness to the community member of what they are spending on gambling, so that is a benefit that I see.

Ms Chandramogan: Yes, provided those other safeguards are implemented.

Ms Seiler: Yes.

DR PATERSON: Reverend Costello, with the Crown system, is that just for machines or does that include table games, keno, everything within that venue?

Rev Costello: It includes tables. It includes all carded play. I think there are still some high roller tables it does not include. With the pokies, you get a running total of how much you have lost and how close you are getting to your financial limit. It comes up on the screen, so that notion that “I do not know how much”—they have actually built that into the system. I must say I went in agnostic about what they are doing. I came out a believer. It was so far ahead of what we were told is technically possible, because for 25 years the industry has opposed these cards. I was quite surprised about the visibility and the transparency. Look, they have lines of queues of people from interstate at Grand Prix time, and when it is a New South Wales licence, which is digital, someone from New South Wales could actually prove their identity and get a card. They have some problems to iron out, but I was impressed with people knowing how much they have lost, how close they are time wise to being at their limit and locked out. It looked pretty good to me. Time will tell.

THE CHAIR: It is my understanding that Crown allows cash and cashless. Are you saying cash is only available in certain high roller tables, or is it available as an option for the machines as well?

Rev Costello: No, it is not an option for the machines at all. That is why I suggested getting rid of ATMs if you go cashless. The high rollers—they seem to always have

special rules. We all know Crown's high roller business has basically collapsed though with the Chinese market collapsing, so it is not a great loophole, but no, it is carded everywhere else.

MR BRADDOCK: Just a question about facial recognition technology and its usefulness or otherwise in helping gaming harm minimisation. Does anyone have any perspectives on that?

Ms Bennett: We do. We do not support it. If you introduce a mandatory precommitment system with binding and default limits, there is absolutely no reason to have facial recognition technology. There are also questions around the governance and the privacy of data that is collected, and who is holding that data and what they are doing with that data.

We have seen examples in the US of industry with facial recognition technology data being used for purposes to increase people's losses and improve their profits. If there is no governance around it—and I heard the minister say earlier there is no legislation around it in the ACT, so it is being used in the ACT; we know that—what is happening to people's data? Are people giving informed consent? Is it being used for self-exclusion or other purposes? We do not support it.

Dr Bowles: Similarly, the system at Crown casino in Melbourne—if you need to show ID to get the card initially, then your identity is linked with that card. My memory of the system at Crown is that it does not link your particular face at a particular machine with the card, so the facial recognition technology would not add any additional protection, and the scope for misuse, as outlined by Ms Bennett, is quite extensive. Also, I think the extent of privacy risk and identity theft is also extensive.

MR BRADDOCK: The Minister for Gaming described it as the ambulance at the bottom of the cliff, in terms of it only works for those who choose to self-exclude and does not meet the requirement of preset limits and so forth. Does that also match your understanding?

Dr Bowles: Yes.

DR PATERSON: Do you think we need to move on from the idea around industry controlling data? Tasmania's 70 million central monitoring system is run by Tabcorp. I have little doubt that any ACT system would similarly be run by some form of the gambling industry. In terms of facial recognition, knowing how difficult it is for venue staff to pick up people by their face going into venues, it really does not work. So we do need to do something. I do take the point around cashless being an option. We can stop people setting up digital wallets. But there are still all those people who are on exclusion registers that we do need to monitor; we cannot just let them go. We have facial recognition technology going at every supermarket transaction, every checkout: do you think it is just time that we move past that block and go, "It is absolutely mandatory if you have gaming machines, this is a feature of your venue and your gaming floor?"

Dr Bowles: I think, in terms of exclusion, if you have a central monitoring system with one card for all venues, then if someone has self-excluded, they have self-excluded.

You do not need facial recognition. I think, as a society, we have yet to thoroughly think through the implications of industry having access to that much of our personal information.

I also hesitate because a gambling venue looking to maximise profits might well invest in face recognition technology that is not just recognition but analyses things like facial expression, et cetera, which could absolutely be used to steer people towards greater losses as you would have computerised assessment of vulnerability at certain times.

Ms Bennett: And in fact, that is what did happen in the US.

DR PATERSON: We heard from Gaming Technologies Association this morning, or earlier, and he was saying—because I put that same question to him: do you need facial recognition anymore? He was saying with the cards people can still give their card to someone else. They can play. Someone can use someone else’s account to play. So do we need both?

Ms Bennett: I think if the carded system and the verification process are—as Tim pointed out if you have passports and licenses, there is a higher bar set for the initial verification system. There is no reason that should be an issue. You should not be able to—I mean, it is like a bankcard. If you steal someone’s bankcard and try and use it there should be safeguards in place that enable it not to work.

Rev Costello: I saw yesterday when you put a card in, you have to put in your own number, like your own password number. So it is a bankcard at that point, and that impressed me.

To your question about who controls the data, I do think this is very critical. Victor Dominello introduced the digital New South Wales license and was the gaming minister and lost his job there because he recommended the cashless card, for some of you who follow New South Wales politics. ClubsNSW demanded his scalp. He always said to me, “Who has the information is critical.” He said, “I do not mind if clubs call it the cashless card after their club. If I have central monitoring with real time access to the play going on, the losses going on in real time, we can intervene. We can actually manage this.”

The industry having that, and having facial recognition, just plays into their hands. The one criticism that I had of Crown yesterday was when—you line up to get your card and where you line up, there were a number of long queues—it is still called the loyalty program: reward, reward, loyalty. Now I raised that with them—Ian Silk, the Chair of the Crown board was on this tour with me—why are you still calling it reward and loyalty? It is the hangover from all that data. The facial recognition just plays into—who controls that, I think is very important. It can be branded in different ways as long as there is real time access, which the industry has always but the state governments and people who need to intervene have never had.

THE CHAIR: We have to come to a close. We have another session, and others are waiting. I would like to thank our witnesses for your attendance today. You are certainly most welcome to put in further thoughts and submissions to inform the committee’s report.

MR BRADDOCK: Can I just put in one request to ACTCOSS for further information on those examples of misuse of facial recognition technology in the US you mentioned, on notice?

THE CHAIR: Okay, you will take that on notice?

Dr Bowles: We will take that on notice.

THE CHAIR: So if there are other questions taken on notice, please provide them to the committee secretary within five business days of receiving the uncorrected proof of *Hansard*.

Thank you all so much. Obviously, there is much more that we could be talking about. Please send in your other thoughts and the committee will consider those. Thank you.

Short suspension.

CHALMERS, MR ATHOL, President, Canberra Community Clubs

KENT, MR RONALD WILLIAM, General Manager, Tuggeranong Valley Rugby Union and Sports Club Ltd

SHANNON, MR CRAIG ANTHONY, Chief Executive Officer, ClubsACT

SPENCER, MR NEIL PHILLIP, Managing Director, Gaming Consultants International

THE CHAIR: I now welcome witnesses representing Canberra Community Clubs and ClubsACT. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered to be a contempt of the Assembly. Would you each please confirm that you understand the implications of the statement and that you agree to comply with it?

Witnesses: Yes

THE CHAIR: Thank you very much. We are not taking opening statements, so we might go straight to questions. Money laundering seems to be one of the drivers for the implementation of stricter controls on gaming. What evidence do you have in your clubs of this activity? If there is such a problem, how do you think we could deal with that?

Mr Shannon: The content with respect to that is in our submission on cashless gaming. As ClubsACT, we engaged with Mike Phelan when he was the head of the Australian Criminal Intelligence Commission, which was involved with the New South Wales Crime Commission investigation into money laundering—which, I hasten to add, was driven largely by what had been found going on in casinos around the country.

Dr Paterson may have been at the forum that, on behalf of the industry, we had Mike Phelan address. He clearly articulated that there was no perceived issue with money laundering in the ACT, in terms of electronic gaming machines or our members in their venues. In large part, that is because we have some of the smallest spending limits in any jurisdiction in Australia. To money launder, a \$20 bet is a very slow way of getting rid of cash and trying to wash it, so there is a big disincentive there. In fact, most of the money laundering investigations around Australia have indicated that this is a problem that is driven by for-profit gambling. Venues that are for-profit-based are the main environments where this sort of thing has been identified. Even in New South Wales, my understanding is that the Crime Commission identified largely for-profit venues. The ACT's poker machines are largely—if not exclusively, almost—in not-for-profit venues, which represents our constituency.

I did want to take umbrage at one of the things that the minister said in terms of the “profit” that our industry receives from electronic gaming machines. Our members are not for profit. They do not profit from gaming machines. That is returned back substantially almost directly to the community through tax and for community contributions. That \$180 million figure that has been bandied about substantially today is a gross figure. It is not in any way representative of a profit that our industry is making off the back of gaming machines. I have addressed the minister on this matter, and we refute that term being used.

THE CHAIR: Obviously, you are happy to put other thoughts through, post this hearing, if you have some other things to say. When you go back over the *Hansard*, and this applies to everyone—

Mr Shannon: I would like to tender a discussion paper that we gave the minister in regard to the central monitoring system in 2022, in reference to the discussion paper that had originally been prepared by the minister.

THE CHAIR: Thank you.

Mr Shannon: In fact, you will find that the figure of \$50 million to \$70 million in terms of the implementation of the CMS was identified by our industry in our submission, refuting the minister's report that BMM prepared in regard to a spend of approximately \$18 million to roll out the central monitoring system.

We welcome the fact that the minister has now accepted the substance of our own submission in regard to refuting the arguments put forward for a CMS in 2022. It is also worth noting that we recommended to the minister that we would be interested in pursuing an industry and government joint approach to a trial on cashless gaming in the ACT as far back as 2022, before the issues had been identified by the New South Wales Crime Commission.

Mr Chalmers: That \$180 million is obviously the gross gaming machine revenue number. What is probably more important in terms of where clubs are is the net profitability of clubs. There seems to be a view out there that clubs are highly profitable organisations and can afford to pay for things like CMS. I have done an analysis of the 2021-22 financial accounts of all of the clubs in Canberra. In fact, in that year, the clubs lost \$100,000; they did not actually make a profit at all. I am trying to get the 2022-23 numbers. I think that one of the perceptions out there is that it is a highly profitable industry, and in recent years that has not been the case. That needs to be made clear as well.

Mr Kent: We currently have systems in place that do live monitoring of transactional play, on both uncarded and carded play, that address any money laundering concerns. We are managing a site, and we have it in trial. It is incredibly effective, and it meets all RG and AML-CTF requirements without using a CMS.

THE CHAIR: Mr Spencer, would you like to tell us about the capacity in which you appear?

Mr Spencer: I am an adviser to Canberra Community Clubs. I am a general consultant working in the gaming industry. I cannot add to the discussion at this point, because I am not an operator of a club in the ACT.

THE CHAIR: Thank you. Mr Shannon, you mentioned the \$20 bet limit. What is the bet limit in New South Wales, for example? Do we know that number?

Mr Kent: \$100 notes can be inserted.

THE CHAIR: \$100 notes?

Mr Kent: It is actually the note in question. In the ACT you can only insert a \$20 bill into gaming machines. You have a \$1,500 payout limit, as opposed to New South Wales, where you have a \$5,000 payout limit. There are those measures in place and, as has been identified and discussed before, it is not a good environment for money laundering.

THE CHAIR: You are saying that the ACT machines are very distinctive in what they can accept?

Mr Kent: Yes.

Mr Shannon: Our jurisdiction has the tightest regulation in regard to those matters, and it is a disinhibitor to money-laundering generally. It is worth noting that the jurisdictions with the money laundering issue all have CMS systems.

THE CHAIR: Do you know how that limit in the ACT started? Was it virtually an anti-money-laundering measure?

Mr Shannon: I do not think that was the driver. I think it was a harm minimisation measure.

Mr Chalmers: It was just a harm minimisation measure.

THE CHAIR: Obviously, your view is that it would address this other concern about money laundering?

Mr Shannon: Yes. We do not see any threat perceived from cashless gaming in terms of an expansion in money laundering across the ACT.

DR PATERSON: The minister mentioned something around the last ministerial council meeting where there was discussion that all machines in New South Wales, and subsequently in the ACT, were transitioning from X Series technology to QCOM technology. What exactly does that mean? Looking at the government submission, it says that X Series EGM technology is challenging in terms of implementing a universal system. If the machines in the territory are going to switch to this QCOM technology anyway, is it possible that, through that process, a universal cashless system could be implemented quite easily?

Mr Chalmers: Neil, could you pick that one up?

Mr Spencer: I will explain, if I can, what X Series and QCOM mean. We call them communication protocols. This is the standard way that data can be transmitted to and from the gaming machine and from and to a monitoring system. The X standard was developed in New South Wales many years ago and does the job quite well. It supports things like cashless, ticket-in ticket-out, loyalty, as well as all the meter collection needed for taxation purposes. QCOM does a similar thing but in a different way. It traverses cashless and tickets; it collects metering; it is newer and it is more controlled; it allows more devices and more system tickets to a gaming machine, which is a key

thing. I can add a jackpot controller; I can add a loyalty system; I can add an accounting system. QCOM only lets one controlling system talk to the gaming machine. They are the fundamental differences.

Regarding the transition in New South Wales, there is no time line yet. It is probably going to take at least the wrong side of nine to 10 years to get the whole state of New South Wales across to QCOM, once they decide what they are looking for.

DR PATERSON: Does that impact on the CMS, or is the CMS a different discussion to that machine technology?

Mr Spencer: CMS relies on the data that comes from a machine. It relies on principally the financial meters, as we call them—the bets, the wagers, the wins, the jackpots paid. That data is provided to monitoring systems in New South Wales via the X standard. In Queensland, they have monitoring systems that use the QCOM protocol. The choice of protocol and the choice of monitoring does not impact how the gaming machines work. The gaming machines all, by design, produce the information needed for monitoring. It is just that in QCOM, as I said, there is only one connection. The monitor has to then facilitate other ancillary services like jackpots, loyalty and tickets, whereas in New South Wales with the current model, as you have in the ACT, you can add multiple systems in a venue delivering those services differentially.

DR PATERSON: The government submission noted that the report—

Mr Shannon: The BMM report.

DR PATERSON: said that a large number of machines in the territory are actually quite old—

Mr Shannon: Yes.

DR PATERSON: Does the change to the QCOM technology mean that many machines will have to be upgraded?

Mr Shannon: Inevitably they would be. I think this is part of the issue we have more broadly with all these debates—facial recognition, CMS, cash. At some point, these are all doubling up in expenditure issues. If they are not dealt with in an effective way, they could have substantial negative cost impacts across the ACT if they keep being put in with no clear identification of what we are trying to achieve in this jurisdiction.

As far as the discussion that took place in the ministerial council goes—Athol was there with me—we were discussing purely the fact that the technology change that takes place in New South Wales will inevitably be seeing machines in the ACT being QCOM enabled. At the moment, New South Wales is the regulator that approves the machines that, as you know, Dr Paterson, the ACT then adopts. I think it was just a discussion about the realisation that, with New South Wales moving to QCOM, there would very little prospect that the ACT would retain X Series machines, and that they would inevitably become QCOM-enabled machines. What you do with them post that point, in terms of the CMS or otherwise, is a completely different issue.

MR BRADDOCK: In evidence we heard earlier today, the minister described precommitment caps—particularly, the Tasmanian example was for \$5,000 per year and \$500 per month. Would the clubs you represent support such caps?

Mr Shannon: We support self-identified caps, not imposed caps. I think the realisation that you have to come to is that the more difficult you make it for people to actually express choice in determination of how they spend their own money they may move to other wagering types, for instance, or gambling types. I was bemused by the commentary before by one of the earlier witnesses about a territory-wide outcome. We are pleading with you to consider a harmonious approach with the New South Wales jurisdiction, because creating an ACT-wide outcome that is too restrictive will inevitably force people to just cross the border if they have issues with gambling already. So you are actually pushing a bubble, in effect, if you do not actually look at a harmonious approach with New South Wales in terms of a lot of these issues. That is the substance of our submission that we put forward for this inquiry.

We certainly want to see individual patrons empowered to have some control over their own spending patterns, and we want systems in place, like an effective harm minimisation system with self-exclusion that underpins those sorts of decisions. Regarding making it more difficult for people to express their own choices in terms of the way they spend their money on the machines, in Tasmania, as I understand it, they have changed these issues a number of times since the initial announcements of limits or otherwise. They set the bar high and then keep dropping it down, with the realisation of a lot of the issues that are underpinning this.

MR BRADDOCK: If the ACT were to try to eliminate all poker machines, it would essentially just drive the traffic over the border?

Mr Shannon: We have a very good example of that from the COVID period, which has been pretty well conveyed to a number of members of the Assembly by our industry. During the COVID period, when the lockdowns in the ACT were going on for longer than in New South Wales—and the data has all been put on the table—\$15 million went across the border to the Queanbeyan Leagues Club and saw that club, within a space of a week or two, become the highest-earning club for poker machine revenue in Australia. So there is no doubt that we are surrounded by poker machines outside of this jurisdiction. The more difficult you make it for people to actually gamble effectively and meaningful in this town at their own choice, in a way that does not harm them, you are just going to push issues across the border. People will not get the assistance they need, because our venues are the pathway for interventions for a number of people when they have gambling harm issues.

MR BRADDOCK: Thank you.

Mr Kent: I think it is worth noting too that it is a push into both pubs and clubs. We have a community based gaming model. We give back to community. As soon as we push people across the border, it goes to pubs.

DR PATERSON: To bring to the forefront the frustrations from gambling advocates and my frustration with the minister earlier, we just cannot keep on waiting. This

technology is actually available in all our bank cards and in everything else we do. Don't you think it is time we just made the decision to invest and move forward?

Mr Shannon: As an industry, we want an investment in outcomes that are effective and meaningful. We are in an environment at the moment where the technology is changing a lot faster than, frankly, a lot of dissidents complaining about some of the issues here actually seem to be abreast of. For instance, player behaviour patterns in AI technology and the way that can underpin identification of people who have risk behaviours is actually at the forefront of a lot of technology that is going on at the moment, and no-one has discussed it today.

We have a trial running at one of the clubs in the ACT now based around player behaviour patterns that should identify people before they get into the situation of harm. We have invited the minister and the antigambling lobby in this town to come and witness that and check out those systems. They have not come yet. They have refused to attend so far. They are not interested in the technology changes. When we are talking about technology change, it is a huge cost for industry. At the end of the day, we are not talking about clubs paying this; it is the community members that are actually members of those clubs that bear that cost. As I said, they are not commercial operations. We are basically expecting the community to put up with flights of fancy on outcomes that do not necessarily produce any effective or meaningful harm minimisation without actually investing in and understanding the technology options that are going on and might be viable out there. I do not believe that any of the witnesses from the last session have actually communicated with the manufacturers or even understand the technologies that we heard them discussing, going by some of the fanciful things I heard in that last session.

THE CHAIR: Which club is doing the AI—

Mr Shannon: It is at the RUC, over in Turner. It is called the OK2PLAY system. We approached the minister and we invited representatives of the gambling harm community to come along and look at that system. It seems to be quite effective. It tries to intervene with the player before they get to a point of harm. Through AI, it identifies player behaviour patterns that are really quite in depth and have been well researched. It has been utilised in a number of other clubs across New South Wales and Queensland. I think the technology generally, in terms of behaviour patterns of a player and AI, is actually an emerging and very meaningful outcome to be potentially investigated.

MR BRADDOCK: Identification is one thing, but what is the intervention that the club then takes once a behaviour has been identified?

Mr Shannon: In that system, it notifies staff immediately if you are exhibiting behaviours that look like you are an at-risk individual. That allows the staff to approach that individual and confirm that they are actually okay, that they are aware of what is going on and if they are in distress or otherwise. It is an early warning system for staff to intervene. That has been proven in other trials I have seen to be an effective model.

MR BRADDOCK: Okay.

THE CHAIR: That kind of leads on to my next question. The minister seems to have

discounted, as have other witnesses, the value of a trial as is currently happening in New South Wales. In fact, one of the witnesses was on the advisory board for one of those trials. Do you see the value of a trial of cashless gaming in the ACT? How would you think that would happen and where would it happen?

Mr Shannon: To some extent, we could embrace a trial relatively quickly. I understand the ACT could probably get something up and running—and I understand the Vikings Club, for instance, volunteered a venue but was basically not adopted as an opportunity to do a trial. At this stage, we certainly think there is some value in this jurisdiction working closely with New South Wales in what their trials are actually producing and getting some agreement in accepting the outcomes of those trials, rather than necessarily having to start up its own process. We have been advocating this now for two years, but we just cannot seem to get any traction on this debate.

Mr Chalmers: I agree with what Craig is saying. The trials will show what the operational difficulties and technical difficulties are, what the membership response is to it all and how can we make it work better. As Craig said, there is a trial across 5,000 machines in New South Wales happening now on cashless gaming. Our minister has spoken to the New South Wales minister, who is happy to share the findings of those trials on the way through. So we could get the benefit of those trials, which could feed into what we ultimately might do. So I think there is enormous benefit in having the trials. We have indicated that we would be happy to have clubs trial them, and we could actually do cashless gaming in the ACT. I think we could actually do it within the current regs. I think, Ron, you have some things happening as well in your venues.

Mr Kent: Yes.

Mr Shannon: A variety of different systems are potentially in play here in terms of cashless gaming, outside of just a ticket-based system or a card-based system. I think that is what New South Wales is doing. We are sort of technology agnostic as an industry. We want the best and most efficient outcome and a cost-effective basis to achieve an outcome here. We do not necessarily dictate which version of cashless gaming would be better. But the trials will hopefully indicate where the best bang for buck and the best outcome, in terms of harm minimisation, may be available.

THE CHAIR: One of our witnesses this afternoon said that you do not need to do a trial in the ACT because we are so similar to New South Wales—that they are doing the trials; so we do not need to do it here. What is your response to that?

Mr Shannon: Frankly, I think that is a ridiculous statement to some extent. As I said, we have already had regulations in place in the ACT that are well beyond the New South Wales standard. They have just introduced GCOs in New South Wales and we have had them in in the ACT for some time now. Our limits are very different to New South Wales—

THE CHAIR: For the record, could you just explain what GCOs are?

Mr Shannon: Gambling Control Officers.

THE CHAIR: Yes.

Mr Shannon: At the end of the day, our main objective is to achieve some harmonisation with the New South Wales outcome. That is the most cost-efficient system approach for the ACT. I do not think that we should have the arrogance to assume that we are better placed than New South Wales to understand all the complexities of these issues.

THE CHAIR: Thank you. Mr Spencer, do you have anything to add?

Mr Spencer: All I wanted to add was that, in the Canberra Community Clubs submission, we talked about trying to make sure that, when the term cashless is used, it is really understood, because it could mean many things. As we have just heard there, cashless can be ticketing, it can be card based and it can sit in parallel with cash. In the New South Wales trials, the machines still accept cash. It is just an alternative to trial the digital funding technology that you get through a digital wallet. So, whatever we do and whatever outcomes are determined from here, when we talk cashless, I still lean toward clarity about what we are talking about and whether it still enables everything. That is unclear all around the country.

THE CHAIR: Thank you.

DR PATERSON: Since, I think, 2016, there has been a reduction in nearly 2,500 machines in the territory.

Mr Shannon: Approximately 30 per cent, I think, by the time we hit the target of 3,500.

DR PATERSON: Yes. So there has been a diversification strategy. My argument and debate around the CMS is that, with the \$70 million on the CMS plus whatever on top of that cost for cashless, we are locking machines into the territory. Given that we have been working over the past decade to reduce machine numbers, I view as the greatest harm minimisation path is to end up as a jurisdiction which has minimal or no machines in the next 20 years. What is the challenge to clubs diversifying? What do clubs need to be able to be supported to diversify? Where could that \$70 million that the minister has said clubs would have to front to invest in a central monitoring system go and how could that be used if the current policy of machine reduction numbers were to continue?

Mr Shannon: I would just add that the figure of \$50 million to \$70 million—and now the minister has accepted the \$70 million figure, so we will go with that for the purpose of this discussion—which was identified by us after consultation with the manufacturers and the industry, also estimated a per month cost for the industry, because there is a per month cost in regards to the operation of the CMS system. That is estimated at \$350,000 to \$525,000 per month for the industry. So, basically, what you are doing is you are crippling the clubs industry to provide community support. For smaller clubs, in particular, where they might have seven to 12 machines, that would be enough to see those clubs get rid of their poker machines and then fold, because they just would not have the income streams. So there are much bigger issues across the board in terms of the way the CMS plays out. But, if I could get back to your original question, it is about how we could better spend the money?

DR PATERSON: Yes, better spend the money how important is diversification and

what are the challenges that clubs are faced with?

Mr Chalmers: I might have the first shot and then Craig can jump in.

Mr Shannon: Yes.

Mr Chalmers: Dr Paterson, this has probably been the greatest single frustration for the club industry. The government has been telling us for a number of years that we need to diversify and have less reliance on poker machines and develop new revenue streams. By and large, the industry has embraced it and said, “Okay, we will go down that track with you.” The problem we continually strike is that we are getting reductions in gaming machines—the numbers are coming down—and we are getting tightening around that, and that is a big part of the revenue. But, on the other side of the equation, most of a club’s assets is their land. So, if you are going to diversify, you have to do something with your land. That requires the planning area of the government to work with you to do that. We are constantly running into roadblocks with that, and it is not just my club or the other clubs. It is a constant roadblock.

So I guess we are sort of quite unique as an industry in that, on one side, the revenue is being regulated down and, on the other side, we have not being able to replace it as easily as we would like through our diversification. We own lots of land. Clubs own a lot of land. There are lots of uses of that land that would benefit our community in Canberra, whether it is aged-care centres, childcare centres of whatever. We want to invest in that sort of thing, but we need the planning department to come on board with us. To be honest, whether it is a dollar issue or a cultural issue or a process issue, yes, \$70 million could assist clubs down that track—but I feel it almost a cultural and process issue whereby we just cannot seem to get traction around progressing planning.

One of our frustrations in the advisory council that Craig and I sit on, which is really there to implement the parliamentary agreement, is that virtually the entire conversation now is around the gambling harm issue. That is an important issue, no doubt, but another part of the parliamentary agreement was to make planning for clubs easier. To be honest, we just have not seen that at all. So that is a big problem.

Mr Shannon: We certainly appeal to the minister. There used to be a planning concierge appointed to assist clubs with development projects, to be a single point of contact to assist them through the processes. That has not been in place for some time. We have raised this planning concierge on behalf of the industry, both with the minister for gambling and, most recently, with the new minister in the portfolio, Chris Steel. We keep getting in-principle support for it, but nothing is happening with regard to it.

Certainly, Athol and I have both been at the forefront in the ministerial council meetings, raising our concern with the minister that, with the siloed nature of the way the government is operating at the moment, there seems very little buy-in from EPSDD, for instance, to the government’s announcements with regard to planning and diversification. So there is a disconnect between what government says at the parliamentary level and what we are seeing playing out at the bureaucratic level in delivering those outcomes for the industry.

Another big frustration from our point of view, in terms of diversification, is the fact

that we do not have a long-term industry plan for what the club industry should be looking to be in the next 15 years: how do we get there; what is a club going to be; how is a club different from a pub if you get rid of revenue from EGMs; who is going to fund the floor space for functions and those sorts of things? They are currently fundamental issues, but we are governed as an industry largely through the prism of only gambling and alcohol. There is no foresight in terms of how this industry will evolve. The club industry has been a fundamental part of Canberra's development, and yet it is effectively only dealt with through alcohol and gambling rather than a longer term vision. We are appealing to all parties in the election to work with us to actually do something with regard to that outcome. That might solve some of the issues that you are raising questions about.

THE CHAIR: Thank you.

MR BRADDOCK: I have a supplementary on that. What would the clubs be seeking to do—subdivide themselves parcels of land or diversify into other industries on the same site?

Mr Shannon: Most recently, we have seen a number of announcements from a number of our members working with not-for-profit social housing providers for the development of affordable and low-cost residential housing. That is one of the things. We are very keen to do things that are consistent with the social licence the industry has. That fits very much into the argument that we have about having a long-term industry plan. How can diversification be looked at in a broader context, in terms of encouraging our members to be involved in a range of different social outcomes for the community that are of benefit to the communities and also help sustain the viability of the clubs? It does not necessarily have to be residential land development; it does not necessarily have to be about putting in a fitness centre. To some extent, we are concerned if clubs keep getting pushed into a whole range of different business opportunities and cease actually being a community club. That has to be an issue that we tackle in terms of a long-term planning model.

MR BRADDOCK: Coming to facial recognition technology, I know that has been trialled in some clubs here in the ACT—

Mr Shannon: No; it has not. Sorry. We put a trial to the minister three years ago. We have continually raised this issue with the ACT government in terms of the self-exclusion scheme. We recommended a trial and we had two clubs prepared to operate and a third potentially prepared to operate in the ACT, based off the South Australian system that has been considered very effective and successful. In South Australia, they identified an 80 per cent increase in breaches of self-exclusions. We have general acknowledgement across the sectors in the ACT that the self-exclusion model here does not work. That is why we raised facial recognition as a potentially successful opportunity here to try something and make it more rigorous and for self-exclusion to work effectively. The minister and many of the advocates you have heard giving evidence today have opposed it outright.

Quite frankly, I find an inherent contradiction in the claim that people are concerned about privacy, in terms of the operation of a facial recognition system that checks your face against an existing database of your photo, compared to a single CMS model that

would track all of your spending data in a central point and location. I think there is an inherent contradiction in the arguments. Nearly every other jurisdiction has embraced facial recognition. New South Wales is rolling it out as part of their harm minimisation framework. We certainly think that it is a viable and effective model to give some remit to the self-exclusion system in the ACT, but we cannot get the support of the minister to do it.

Mr Kent: We have close to 500,000 visitors over a year across our four sites, in food, beverage and gaming. The poor young staff at the front are expected to remember a self-exclusion register and try to identify people. If we could put facial recognition in place, as other businesses have, that would be in place to protect our customers. Other businesses have it in place to protect the business. To me, we must have facial recognition in this industry.

Mr Shannon: The problem that we have with the system is that at one point the database had 600 photos on it, so for that system to work effectively as it currently stands, an individual, who could be an 18- or 19-year-old employee at the reception desk of a club, is meant to be capable of identifying 600 faces by looking at them before they know that a person is potentially breaching a self-exclusion deed. We have had a number of cases in this town where the self-exclusion individuals have entered into the deed and they have then tried to subvert. We have had cases where people have dressed up in disguises or they have turned up with other members' cards to go into a venue. In one case, we had a club member that someone had let through a fire door at the back of the club so they would not be identified at the front entrance. The at-risk gamblers will often try to evade their own self-exclusion, and we are trying to add some rigour with the facial recognition model to actually make those systems work properly, but we have not been able to get support from the minister with regard to this proposal.

MR BRADDOCK: I thought the Labor Club had actually trialled this in Weston Creek.

Mr Shannon: No; they have not. There have been no trials of facial recognition. The difficulty is that we cannot get access to the database to do the trial. That is why we want to do a joint approach with the government and the GRC. Unfortunately, the minister and the GRC did not want to support us in that proposal. That is the frustration for us more broadly in harm minimisation, in terms of both that system and the OK2PLAY system identified earlier. The industry keeps coming to the government with proposals to try to enhance harm minimisation and we get knocked back. We do not get support for them. Then we hear different arguments about models that do not necessarily have any evidentiary base to them—like the CMS, for instance—as to how they are going to impact harm minimisation.

MR BRADDOCK: Thank you.

THE CHAIR: Going back to a trial, what would a really legitimate trial look like? What would you be trialling, very specifically, if you are able to say? What would the length of the term be and how would you administer and evaluate such a trial?

Mr Shannon: To some extent, there is probably not much detail we can give you about that because there are potentially a number of different systems in play that will be trialled. I think you would be talking about a trial that would be some months in duration

at least. From our point of view, we would like to see different systems potentially trialled. That is why I think that going off the back of the New South Wales model and working with them, in terms of their outcomes from those trials, might be the most viable model for the ACT. If there was harm minimisation in the outcomes in New South Wales, we think that would be a substantially important feature of the trial outcomes.

THE CHAIR: I think you mentioned earlier that you lobbied the minister to do such a trial a few years ago.

Mr Shannon: Yes, going back to 2022.

THE CHAIR: Obviously it is something that has been raised with him today as well. Do you have a refreshed sense that maybe there is openness, or do you have some other ideas that might be compelling?

Mr Shannon: I do not think that we have identified that refreshed input. Unfortunately, it goes back to the CMS debate. The CMS is not utilised in other jurisdictions as a harm minimisation tool in the terms it has been painted today. It has certainly become a magical box that got spewed out into the media last week, frankly in response to a tragic story that was in the media on the Monday. Suddenly it was promoted as the silver bullet solution to all these issues, and that is not the feature that has been discussed in any terms of where we are up to, until last Tuesday.

THE CHAIR: Interesting. Thank you.

DR PATERSON: Part of my discussion with the minister earlier was around the bet limits and the evidence for bet limits. I have struggled to find any evidence, and the minister has not been able to provide evidence through questions taken on notice. I have seen the Raiders' submission on the government's discussion paper, when you went through that process, on the bet limits. A table in that document shows that over 55,000 of the bets, by far the majority, were from zero to a \$1 bet.

Mr Shannon: Yes.

DR PATERSON: In terms of bet limits as a harm minimisation measure, from your experience as providers of EGMs, do you think that a \$5 bet limit will reduce gambling harm?

Mr Shannon: Like you, we have not as an industry seen any evidence put forward to that effect. I understand the Raiders' submission, as you have referred to it, and I think we touched on similar issues in our own submission at the time in regard to the CMS model. With bet limits, these are just blunt regulatory approaches that people throw up as solutions, but there is never any underpinning evidence to support those.

Mr Chalmers: We did analysis, and ClubsACT might have done, and the average bet across the jurisdiction is \$2.50 or something like that. It is much less than \$5.

Mr Shannon: It is also important to keep in mind—and I note the figures that you mentioned earlier about the poverty line, for instance—that the ACT has the highest per

capita income in Australia. I think that gets lost in the debate here. At the end of the day, a lot of people who are gambling, in whatever form, in this town actually are doing it as entertainment and within the terms of their own spending capacity for their discretionary income.

We are not a jurisdiction that is in a state of catastrophe. It disturbs us a lot of the time that the debate around gambling, particularly EGMs, is quite catastrophic, when the ACT actually has a very good narrative to tell the rest of the country about what has been achieved here, just on the 30 per cent reduction, for instance, in machines in this jurisdiction since 2015. No other jurisdiction has achieved that outcome.

Our industry has worked very productively with the government over a number of years to achieve a lot of outcomes in terms of effectiveness in this town, and they are lost every time this debate starts because people get into a frantic series of hyperbolic arguments about gambling per se, in a general context, when the ACT is not in any form of crisis in terms of this issue at the moment.

DR PATERSON: You mentioned the discussion I had around the Tasmanian \$5,000 limit. Do you think that the more productive way forward is around mandatory pre-commitment for individuals?

Mr Shannon: Yes.

DR PATERSON: They have to set a limit with respect to their maximum capacity to gamble.

Mr Shannon: Absolutely, voluntary pre-commitment. You would probably be aware—it was mentioned earlier today—that the first trial started in Tweed Heads today. That system allows individuals to set weekly, monthly and time limits on their spending. We tend to think that, if you empower individuals properly, particularly the average patron, they will manage their spending patterns in a very effective way that prevents them from getting into gambling harm.

As I said, the more restrictive you make it, the more likely you are to force people onto different gambling types, if they already have an issue with gambling. People gravitate very quickly. They will cross the border into New South Wales; they will hop onto Sportsbet or something else to make their spends if you make it too difficult for them to have some control.

Where there are individuals who exhibit harm in the way they are spending their money, our venues are one of the only places where there are intervention pathways in situ. You do not revert to your phone in the dark at home to spend your money. You go into one of our venues and our capably trained staff will identify you and offer assistance and pathways into intervention outcomes. That is the only place in which it happens. We are the last bastion in trying to actively intervene and prevent harm for individuals in a real, physical way. If we were out of the equation then I do not know how anyone could contend that there would be better outcomes for the community.

DR PATERSON: With cashless gambling, if you had a digital wallet set up in each venue, could Keno be part of that digital wallet or would it be solely machines?

Mr Shannon: That is a very technical question that the GTA would be in a better position to answer. I think they took that on notice earlier today, when you raised it. Essentially, the technology is evolving very fast across the board. I suspect that it probably would not be a difficulty, but I do not know the detail about that level of technology. Neil might have a view.

Mr Spencer: Fundamentally, the digital wallet holds a monetary amount for you at a venue. The money is not stored on your phone; it is held at a venue. It is quite conceivable that a Keno app could be integrated into the digital wallet app, and you could fund one from the other. But that would be a matter for the vendors and it would probably be stimulated by the clubs, if they wanted that as well. But there is no technical issue.

Mr Kent: We are seeing changes in cashless and the digital wallet being held outside the clubs. I see a future where that would be possible.

THE CHAIR: We have come to a close. Is there anything that any of you would like to say in closing, briefly?

Mr Shannon: I would also like to tender another submission that we made to the inquiry that the Assembly is doing on loneliness and social isolation, which outlines in a very clear way the role that our clubs play and where a lot of the \$180 million in revenue that was referred to earlier is going, in terms of community support and activity. I commend that to the committee for consideration as well.

THE CHAIR: Thank you very much. On behalf of the committee, I would like to thank all of the witnesses for assisting the committee, through your experience and knowledge. I thank broadcasting, Hansard and our secretariat for their wonderful support. If a member wishes to ask questions on notice, please upload them to the parliament portal as soon as practicable and no later than five business days after the hearing. This meeting is now adjourned.

The committee adjourned at 4.59 pm.