
C Pre-commitment systems

Pre-commitment systems for gaming machines have been trialled or implemented in recent years in Australia and overseas, providing useful evidence about the impacts, consumer receptiveness, costs and appropriate design of possible future systems for Australia.

Australian trials concluded in 2009 in South Australia and Queensland. Nova Scotia has trialled a similar system over the past five years and is now implementing the system across the province. Norway has also adopted a pre-commitment system for its gaming machines. New Zealand has incorporated pre-commitment features into its online lottery, as has Sweden for online poker. Excepting the latter two, all of these systems used personal player cards as the basis for player identification, although in other respects the systems have quite different features. Victoria has announced the introduction of a pre-commitment system, but the government has not yet announced detailed aspects of the system.

C.1 South Australian trials

Two trials have been undertaken in South Australia, based on existing loyalty card systems.

The Worldsmart trial

Worldsmart Technology's card-based loyalty program — the J-Card system — was the basis for an ongoing trial of pre-commitment. While seven trial sites were the focus for recruiting patrons to pre-commitment, patrons could use their pre-commitment cards in any of the 64 venues using the J-Card loyalty scheme. Participation in the trial was voluntary, as was use of the main features of the system. Patrons opting into the trial used a personally identified J-card, which they could (voluntarily) insert into a card reader when they played on a gaming machine in any venue supporting the J-Card system. The card holds information about their play and the options players have set. Patrons are able to set spending limits (daily, weekly, fortnightly and monthly), time limits, breaks in play, reminder prompts when personal limits were reached and several other options.

If a player exceeds a self-imposed time or spending limit, the machine makes a low-key beeping noise and displays a personal message (determined by the player), while also informing the cashier of the venue that a limit has been exceeded on the specific machine. The cashier is required to go to the specific machine to turn off the message and, accordingly, interact with the player, providing scope for the patron to request help. The player is free to continue play if they want, so the limit is not binding (Responsible Gambling Working Party 2009). In addition, a gambler could play the machines without their J-card, so avoiding any consequences from self-imposed limits. For that reason, the system is principally a tool to help consumers keep to their limits and to help prevent problem gambling, rather than a measure to address the control problems of existing problem gamblers.

Relatively few consumers have enabled their loyalty card for pre-commitment features. By mid-September, 233 of just under 32 000 loyalty card members (or 0.7 per cent) had enabled pre-commitment options. The best-performing venue had signed up just over 2 per cent of its loyalty card members. However, these numbers may underestimate the genuine extent of take-up. Many people holding loyalty cards do not play regularly (or at all over even extended periods). While the data are not available for the J-card trial, a similar trial in Queensland found that only 12 to 15 per cent of loyalty cardholders regularly took part in gaming (Schottler Consulting 2009c, p. 14). However, even after taking account of ‘dormant’ loyalty cardholders, the take-up rates are quite low. This suggests that opt-in systems will probably have small market penetration, though greater recruitment efforts might increase the proportion).

Nevertheless, those patrons who signed up made extensive use of pre-commitment options.¹ Data provided by Worldsmart Technology to the Commission shows that gamblers preferred short-term limits, with around 60 per cent take-up of daily spending limits (table C.1). People rarely set limits on playing times, but when they did, these again were mostly applied on a daily basis. Few people sought information about their spending (the Playsmart balance), but a significant minority sought breaks in play.

¹ While not a full pre-commitment system, it still appears that spending by patrons using the pre-commitment cards fell significantly. Based on patrons who had a sufficiently long history of playing, there was around a 25 per cent reduction in daily turnover (which is highly correlated with spending) from the three months before take-up of pre-commitment and the period after. Among the six highest spenders prior to taking up pre-commitment (accounting for around 40 per cent of total turnover among the 94 people in the sample), spending fell by around 50 per cent. The reductions in spending did not seem to be systematically related to any particular pre-commitment option. It is possible that the reduction in spending would not be as great as this, had some patrons switched to cardless play or gambled at other venues, where their spending was not recorded. It should be emphasised that these are preliminary results based on a sub-sample of participants, and different results may emerge with the full evaluation.

Reflecting the relative frequency of self-imposed limits on daily spending, these were also the limits that players were most likely to exceed (figure C.1). Players often did not meet their commitments for breaks in play.

Table C.1 Take up of key pre-commitment options

Worldsmart Technology trial, South Australia, September 2009

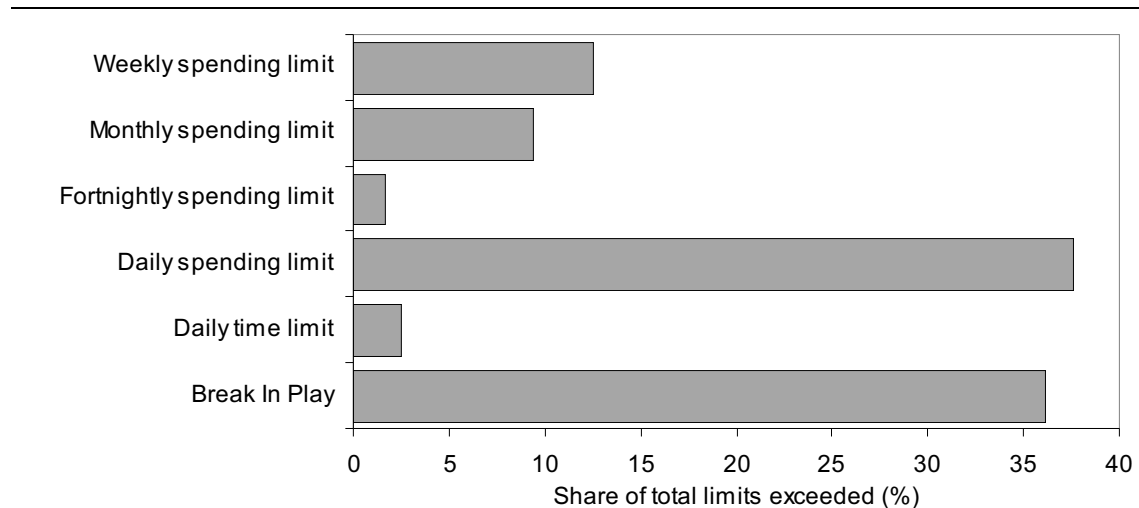
<i>Limit or option</i>	<i>Share of cards enabled</i>
Monthly spending	11.6
Fortnightly spending	5.6
Weekly spending	14.2
Daily spending	58.8
Monthly duration of play	8.2
Fortnightly duration of play	3.9
Weekly duration of play	4.3
Daily duration of play	10.3
Playsmart balance	3.4
Break in play	19.3

^a This is a snapshot of the trial for the period from 24 August to 16 September 2009. A full evaluation of the scheme will provide more detailed analysis and interpretation of the results, and the above statistics should be seen as providing only interim information. An additional month of data — up to October 2009 — showed a roughly 10 to 20 per cent (not percentage points) increase in the share of cards enabled for the various options — suggesting that interest in pre-commitment takes some time.

Data source: Worldsmart.

Figure C.1 Frequency of exceeded limits

Four months from June to September 2009^a



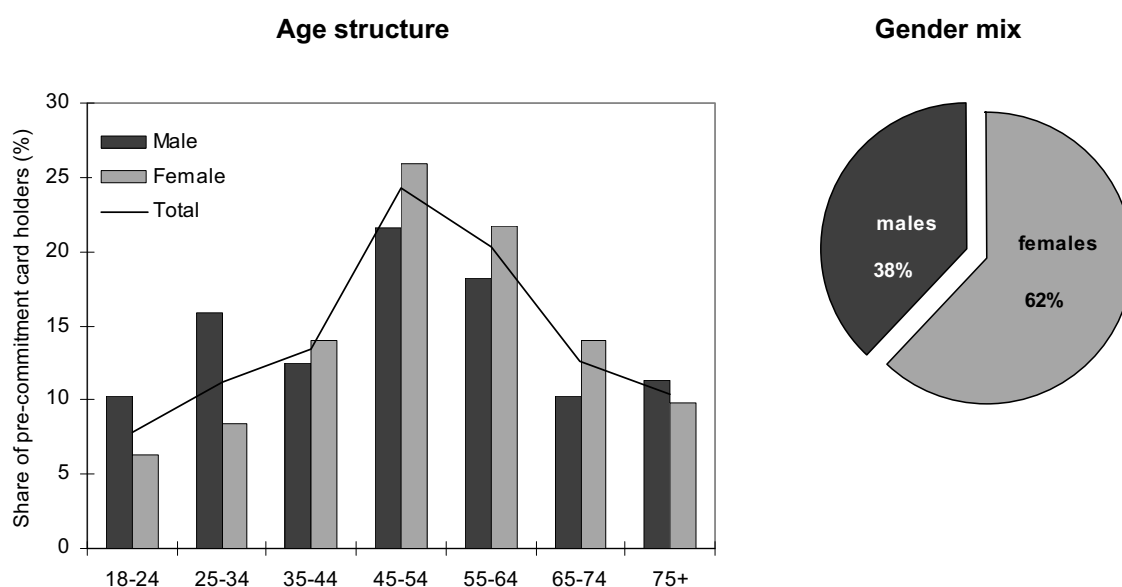
^a The figure shows the main source of default on predetermined limits. For example, of the more than 600 times that players did not meet their limits over the four-month period, around one-third were associated with breaches of breaks in play and around a further 40 per cent with breaches of commitments to limit daily spending amounts.

Data source: Data provided by Worldsmart.

The majority of patrons holding cards enabled for pre-commitment were female, while middle-aged people were the dominant age group (figure C.2). It is not known to what extent the age and gender structures of the population using pre-commitment cards are representative of the wider population of J-card users in the venues concerned.

Figure C.3 shows the propensity of those patrons who hold pre-commitment cards to set limits. Of those holding pre-commitment cards, males tend to have a higher likelihood of selecting breaks in play or spending limits. The age pattern is less clearcut. For instance, young cardholders show a lower tendency to set a daily spend limit, but a greater likelihood of setting a fortnightly limit.

Figure C.2 Characteristics of pre-commitment card holders
September 2009^a



^a The age structure figure gives the share in each age group by gender. For example, around 10 per cent of males who had a pre-commitment card were aged 18 to 24 years.

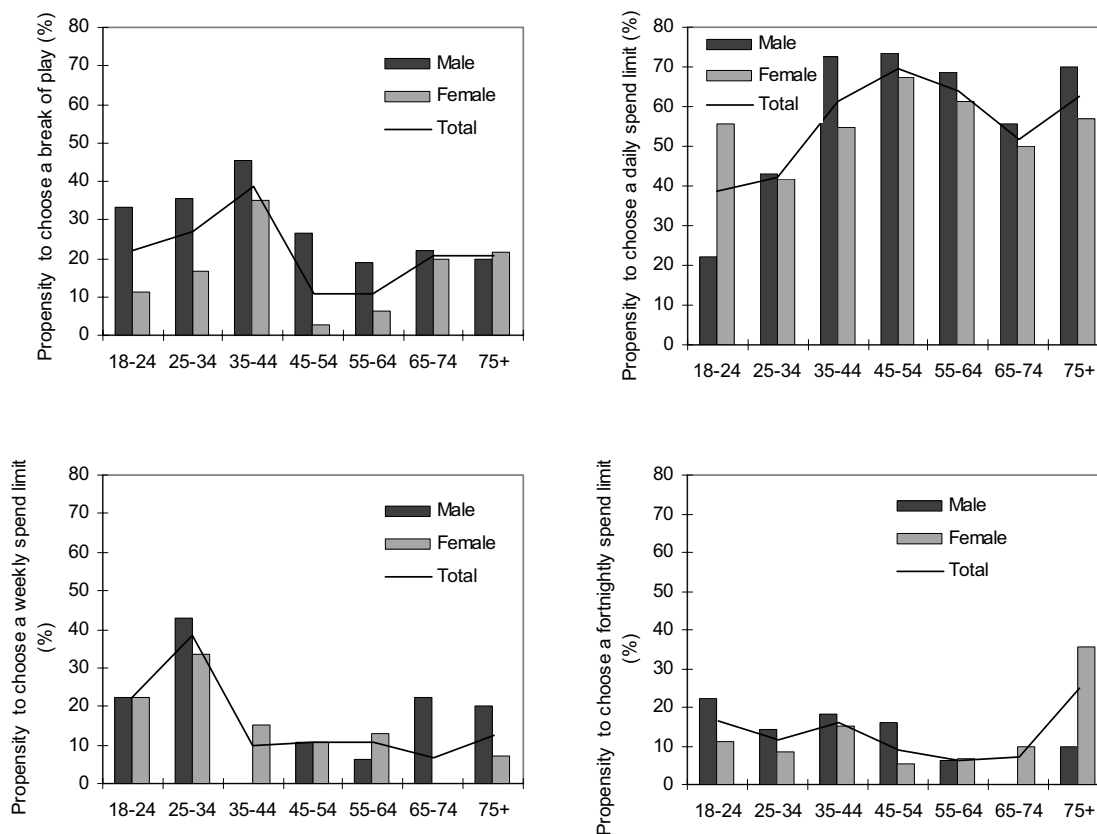
Data source: Data provided by Worldsmart.

The Global Gaming Industries trial

Global Gaming Industries undertook a trial of a pre-commitment system in mid-2009, based on the existing Maxetag player cards. The trial involved two club venues and one hotel in South Australia. Results from these trials are not yet available. Global Gaming Industries also flagged their intention to conduct similar trials in all other Australian states and territories.

Figure C.3 Propensities to use card features

September 2009^a



^a The data illustrate the likelihood that a particular age or gender group take up a particular option. For example, around 45 per cent of males holding a pre-commitment card set breaks in play compared to around 35 per cent of females.

Data source: Data provided by Worldsmart.

The harm minimisation features available to participants included two types of pre-commitment:

- a daily limit on spending — this limit is set by the player at the machine, and expires at the end of the day
- a master limit on spending — this is set with assistance from a cashier and is stored in the central computer. It does not expire until changed by the player
- an account summary print-out.

While other features, such as exclusion, would also be possible with the Maxetag technology, they were not included in the trial. A distinguishing feature of the Maxetag system is that any remaining credit on the Maxetag account is cashed-out after every session. This differs from other cards, which are generally used as debit cards.

C.2 Queensland trials

The Queensland Government conducted its first trial of pre-commitment card-based gaming technology from February to April 2005 at the Grandview Hotel, Cleveland. The trial found that the successful pre-commitment systems had to be simple to use (without too many complex options), required a straightforward sign-up process (given it was a voluntary system), and needed staff training.

Subsequently, the Queensland Government oversaw two additional sets of pre-commitment trials. The pre-commitment trial officially ran for the six months up to February 2009, although research observations continued for eight months (DEEDI 2009).

Maxgaming's Simplay system

The trial was undertaken at the Redcliffe RSL using Maxgaming's Simplay system of card-based cashless gaming. Maxgaming is one of two Licensed Monitoring Operators (which monitor machine revenues and operational features for regulatory and tax reasons on behalf of the Queensland Government).

A 'kiosk', rather than the gaming machine, was the key vehicle for recruitment into the system, for the setting of preferences and for access to player information statements. Participants opted into the cashless gaming system by swiping their existing club membership card at a 'kiosk' and navigating through a series of screens, with the potential to set spending or other limits as part of the various options.

The Simplay cards required the use of a PIN at the beginning of a gaming session, although players could insert their card into another machine without re-entering the PIN. The card was linked to a secure account, with the player transferring credits from the card to the machine at the commencement of play. At the end of any session on a given machine, any residual credits were transferred back to the card.

The goal of the Simplay system was to have cashless gaming throughout the venue, given that:

- there are cost savings to venues from an exclusively cashless system
- pre-commitment is more effective if patrons can only play with their card. An ability to switch between card-based cashless play and cardless cash-based pay would mean that it would be easy for a consumer to subvert any pre-commitment limit.

Nevertheless, during the trial period, the venue ran on both a cash-based and cashless basis. (A person could play with cash and no card; with a card that had funds attached; or with a card with zero balances accompanied by putting cash into the machine.)

The trial was actively promoted by the hosting venue through:

- a letter/promotion to club members
- the offer of a bonus \$20 in Simplay points for each participant who signed on
- the chance to win \$500 in weekly prize draws for participants (though this did not apparently have much incentive effect).

The main pre-commitment features of the Simplay system included limits on daily spending and on daily playing time (with the key screen for setting preferences shown in figure C.4).

If a person exceeded their limit, the patron was alerted by the EGM screen, loyalty unit display and player kiosk that the card was ‘disabled’ for the day. The patron could not play with his or her card in that or any other grouped venue for the day, though they could play on by using cash only.

Over eight months, around 340 people opted into the cashless gaming scheme with recruitment into the scheme relatively rapid in the first four months of the trial, but slowing considerably in the ensuing period (table C.2).

No players had implemented a limit on playing time (Clubs Queensland, sub. 121). However, 45 of the 340 people recruited to Simplay set a daily spending limit (around 13 per cent — and roughly the same for males and females). 30 of the 45 people setting spending limits exceeded them on at least one occasion (DEEDI 2009). There was evidence that people who set limits spent less money than they would have under the counterfactual, although the ‘control’ used to establish this counterfactual (past spending using Simplay before limits were set) was not ideal. In addition, the analysis could not take account of the money spent when people played with cash or at other venues.

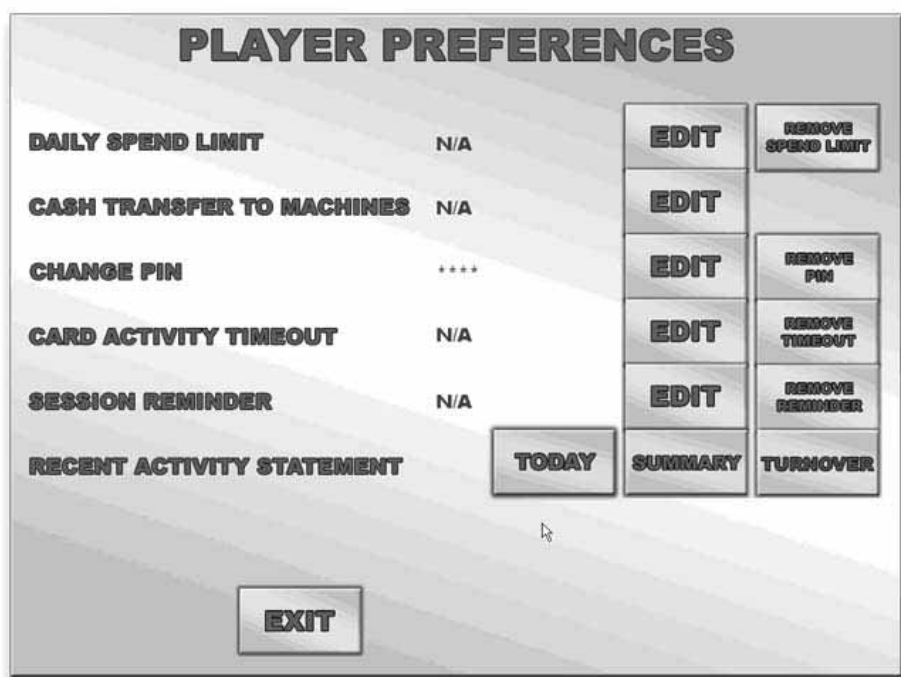
There were several deficiencies in the provision and uptake of information provided to gamblers about pre-commitment or of their record of spending. The review of the trial found that:

- there was limited information about the choice of limits and the desirability of setting them
- gamblers were often unable to understand player statements

- while the majority of players had read most of the supplied information on cardless gambling, a significant minority had not (30 per cent).

Figure C.4 **Simplay interface**

Queensland pre-commitment trial



^a This is the main display used by players to set their preferences. The various options are: *Daily Spend Limit* — when patron's reach this dollar amount their card will no longer transfer credit to the machine on that gaming day. Once a patron reaches their spend limit they are unable to change the limit until the next day. Patrons are always able to withdraw funds from their account regardless of their account status. The *Cash Transfer to Machines* sets the amount of money — from \$1 to a maximum of \$100 — that will be transferred to the credit meter from the patron's account each time a card is inserted. *Card Activity Time Out* is the period set by patrons for the PIN to remain active without playing on a machine. This is a security measure that means that if a player loses their card, it will not work in a machine until a gaming session is activated at the player kiosk by entering a PIN. The *Session Reminder* can send a reminder to the loyalty unit and the screen of the machine during play to remind patrons how long they have been playing — from 15 minutes to 24 hours. Limits can be changed via the Player Preferences menu on the kiosk or by visiting the cashier station.

Data source: From qld.maxgaming.com.au.

Given that more than 85 per cent of Simplay cardholders did not set limits suggests relatively little interest in pre-commitment prior to any perceived gambling problems. The evaluation noted that:

... many staff reported difficulty convincing players to take up the pre-commitment aspect of card-based gaming. This opinion was supported by comments made by the system supplier who also reported that pre-commitment had been a difficult benefit to sell and is reflected in the actual numbers of players which took up pre-commitment limits at Redcliffe RSL. (DEEDI 2009, p. 20)

Table C.2 Participation in the Odyssey and Maxgaming trials by month of trial

<i>Trial Month</i>	<i>Odyssey (e-bet)</i>		<i>Maxgaming (Simplay)</i>	
	<i>Participants in trial</i>		<i>Participants in trial</i>	
	No.	Cumulative %	No.	Cumulative %
1	15	23	155	45
2	13	43	35	56
3	31	90	41	68
4	2	93	40	79
5	2	95	20	85
6	3	100	27	93
7	12	97
8	11	100
Total	66		341	

Source: DEEDI (2009).

The low uptake of spending limits in this study might reflect many factors. It might have reflected aspects of the particular trial site, that people did not wish to set limits until they perceived control problems, or that limits were not the default. The most common reason for not setting a limit was ‘no particular reason/don’t know’, rather than aversion to setting limits. This suggests that an opt-out system, rather than an opt-in system, would probably lead to greater use of limits.

The low general uptake of pre-commitment may not be a problem if ‘at risk’ groups — a relatively small group — use it to control their gambling. The evidence showed there was a higher likelihood that ‘at-risk’ players set limits, although this finding may not be reliable due to the small sample size.

Overall, there were many positive aspects to the system — players generally found the system easy to join and to use, and liked some of the features of cashless playing (such as ease of taking credits out of the machine). Some people saw cashless gaming itself as a useful form of spending control — as they could load their card up to a certain level, and not replenish that amount when they had lost it.

Moreover, the Simplay system was a relatively low-cost option for providing some spending limits. The Simplay system generally requires only a software conversion for its installation, and the price of the system is in the order of one to two dollars per machine per day. For the club participating in the trial, this amounted to less than 1 per cent of daily gaming machine revenue.

After the trials, the Queensland gambling regulator (OLGR) approved the Simplay system for distribution in Queensland and it was operational in 32 venues in October 2009. 13 750 patrons utilise the system throughout Queensland and, so far,

around 5 per cent (590 people) have set spending limits.² In this operational version, there are three account types (with three levels of maximum account balances depending on the degree of desired anonymity of the patron), indicating that a pre-commitment system can be designed to cater for occasional gamblers (table C.3).

Table C.3 Simplay account types^a

	<i>Non validated visitor</i>	<i>Validated visitor</i>	<i>Standard player</i>	<i>Registered player</i>
Life span	1 day	30 days	Indefinite	Indefinite
PIN required	No	No	Yes	Yes
ID required	signature	signature	name, address, date of birth	100 point check
Account limit	\$100	\$100	\$1000	\$10,000
Draw down limit	\$100	\$100	\$100	\$100
Inactivity period	12 months	12 months	12 months	12 months
Inactive funds sent to	OLGR (regulator)	patron (else OLGR)	patron	patron

^a A visitor is limited to \$100 because, as they are not identified, there is no method for verifying the card belongs to them if the card is misplaced or stolen. If an account is not active for 12 months, then it is closed and the account funds sent to the cardholder (where the player is identified).

Source: Maxgaming.

The Odyssey trial

Odyssey ran a pre-commitment trial using its e-bet system of card-based, cashless gaming at Sandgate RSL. The main pre-commitment features on trial included:

- limits on daily net expenditure
- a session expenditure limit (card has to be withdrawn and reinserted, providing for a break in play)
- limits on debit account funds (\$1000).
- There was a 24 hour lag involved before an increase to pre-commitment limits set by a player became effective.

As in the Redcliffe case, the trial was a test of a system of cashless gaming, with pre-commitment as an optional feature. Staff actively promoted the benefits of cashless gaming and the potential value of pre-commitment. Venue staff were posted at the entrance to the gaming room to inform and recruit participants. Those

² Maxgaming indicated that this had increased to 8.6 per cent by December 2009, replicating the pattern of increasing interest in pre-commitment apparent in the South Australian trials (Tatts Group – Maxgaming, sub. DR302, p. 6).

who chose to sign up were then required to fill out a paper form with the assistance of a staff member. While more complex than the Redcliffe system, the recruitment process was relatively quick and simple — with strong acceptance by patrons.

Most members used the cards for cashless gaming, rather than pre-commitment, although limits on spending were much more common than limits on playing time. In the six month trial, around 66 people opted into cashless gaming (less than 5 per cent of the player population), and of these, around 28 per cent opted to set a daily spending limit — significantly greater than the Redcliffe trial (table C.2). People reaching a limit were given limit warnings, but could continue to play (as in the Maxgaming trial), so the system only offered partial pre-commitment.

There was strong support for cashless gaming. Even without adoption of limits, around 60 per cent of surveyed e-bet users claimed that card-based gaming encouraged them to think more about their expenditure, with this effect greater for higher-risk players. There was a significant apparent decrease in spending by players who set limits, with net daily spend of players falling from \$64.02 prior to card use to \$39.26 spend per player per day after setting limits (around a 40 per cent reduction in spending). In comparison, daily spends by those not setting limits fell by less than three per cent. Users considered the expenditure statement as a useful tool for indicating their gaming expenditure. Overall, there was strong support by Sandgate players for the wider adoption of card-based gaming in Queensland. 68 per cent suggested its voluntary adoption, 27 per cent its mandatory take-up and 5 per cent saw no grounds for its adoption.

As in all voluntary arrangements, there is the potential for selection biases in these results, with at least two possible avenues for these biases:

- the group using the e-bet system for pre-commitment was a small share of total players in the venue, and may not have been representative. Some staff considered that ‘big punters’ were less interested in card-based gaming and suspected that this was linked to a fear that play was being monitored.
- the venue that agreed to participate in the trials may not be typical of the average venue. The evaluation noted that:

Venue uptake of the product was also strongly associated with an interest in consumer harm-minimisation and a desire to be viewed as a leader in harm-minimisation. (DEEDI, p. 26)

This raises the possibility that the effects of (voluntary) pre-commitment would not be as great in venues that were less dedicated to harm minimisation.

The e-bet system was implemented using software upgrades, and its cost was around one to two dollars per machine per day.

The views of Queensland gaming machine players

The relatively small uptake of the pre-commitment system trialled in Queensland is surprising, given that the 2006-07 Queensland prevalence survey found a significant share of gaming machine players (43 percent) said that, if they were able to, they would use their loyalty cards to place limits on money spent playing (table C.4). A smaller, but still significant, share said that they would be receptive to time limits too.

Table C.4 Receptiveness of Queensland gaming machine loyalty card holders to pre-commitment technologies, 2006-07

	<i>Recreational players</i>	<i>Low risk</i>	<i>Moderate risk</i>	<i>Problem gamblers</i>	<i>All EGM players</i>
	%	%	%	%	%
Would use loyalty cards to place time limits					
Agree	29	31	58	35	33
Disagree	65	55	39	55	59
Would use loyalty cards to place money limits					
Agree	40	41	63	52	43
Disagree	55	52	33	47	51

^a There were five alternative answers strongly agree or agree (combined into the category 'agree' above); neither agree nor disagree (omitted from above); and disagree or strongly disagree (combined into the category 'disagree' above).

Source: Queensland prevalence survey 2006-07.

The discrepancy between actual take-up of the option for pre-commitment and the claimed receptiveness to pre-commitment may reflect many factors, such as the intention to spend only small amounts anyway, procrastination in setting limits, or unfamiliarity with the technology.

As discussed in chapter 10, opt-in systems tend to have far smaller take-up than opt-out systems, even when people indicate a preference for the choices inherent in the opt-out system (for instance, preferences for organ donorship).

The long-run actual take-up of pre-commitment options is likely to depend on the detailed design of the system, including whether:

- gamblers value pre-commitment
- use of a card is required to play
- limits are set on an opt-out or opt-in basis
- people experiencing episodes of poor control subsequently elect to use pre-commitment, while those who are experiencing no difficulties continue to make

no pre-commitments. In this case, actual take-up of the pre-commitment options might be quite low, but take-up might be quite high among those needing to control their gambling (a good outcome)

- people become familiar and comfortable with the technology (normalisation)
- people find that they do not need to set limits anymore (with this factor driving down pre-commitment).

C.3 The Victorian pre-commitment proposal

Several aspects of the Victorian Government's planned pre-commitment system have been announced, including a rough timeline:

- from 1 December 2010, venue-based pre-commitment will be required for all new EGMs
- from 2013, venue-based pre-commitment will be required on all EGMs
- from 1 December 2015, a second stage of pre-commitment will be rolled out (planned as a network of linked EGMs statewide)
- the second stage of pre-commitment is planned to become compulsory by 2015-16.

Both the 'interim' pre-commitment regime (beginning 2010) and the second stage of pre-commitment (beginning 2015) are to be used by EGM players on a voluntary basis, though it appears that if a player sets a limit, it will be binding. Players will also be able to choose between a time or loss limit. They will also be able to monitor their past gambling activity.

Once a player's limit is reached, the player will be automatically (and by technological means) barred from all EGMs in the network. In the interim regime, this will mean being barred from a single venue; in the second stage of pre-commitment, the player will be barred from EGMs state-wide.

The Victorian Government has specifically noted that plans to link EGMs for the purposes of pre-commitment (either within a venue or state-wide) were conditional on advice that the cost would not be prohibitive (Victorian Government, sub. 251).

Several aspects of the pre-commitment system are subject to the advice of the Responsible Gambling Ministerial Advisory Council (RGMAC), including:

- the minimum time period of break in play and/or barring
- any restrictions on players' ability to change limits

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- how players will be able to monitor their own activity
 - the means used to access a gaming machine
 - how pre-commitment might interact with both self-exclusion programs and Responsible Gambling Codes of Conduct.

The RGMAC is considering the cost and technical feasibility of these features.

C.4 International experiences

Nova Scotia

Pre-commitment is currently being rolled out across Nova Scotia. This followed a set of tests and trials that commenced in late 2004 (Omnifacts Bristol Research 2007 and Focal Research 2007). The stages involved:

- usability testing — commencing November 2004 (preparatory tests)
- a small pilot study involving ten sites and 120 gaming machine players voluntarily using a pre-commitment card (stage I)
- modifications of the technology and re-testing following the initial trial (stage II)
- a ‘live’ trial across nine venues and 51 gaming machines in the Windsor and Mount Uniacke area of Nova Scotia, from October 2005 to March 2006, in which use of the card was mandatory for people wishing to play those gaming machines (stage III). However, gamblers could play without cards on machines at other sites, so there is a risk that the results described below may be affected by selection biases (for instance, if problem gamblers tended to ‘migrate’ to other venues).

The player choice cards were used as identification cards, as opposed to offering cashless gaming. The participating EGMs were locked until a player card was inserted. The features available to gamblers during the trial included:

- an account summary display on screen (figure C.5)
- daily, weekly, and monthly limits on spending (figure C.6)
- the capacity for self exclusion (flexible limits on playing — including to the end of the day, a week, a year)
- 48 hour self-exclusion breaks that could be initiated instantly by a gambler, and were intended to provide a ‘cooling off’ period before any re-commencement of gambling (shown as a user-selected icon in figure C.5 for instant activation).

The data collected during the late stage trials (Focal Research 2007) revealed that:

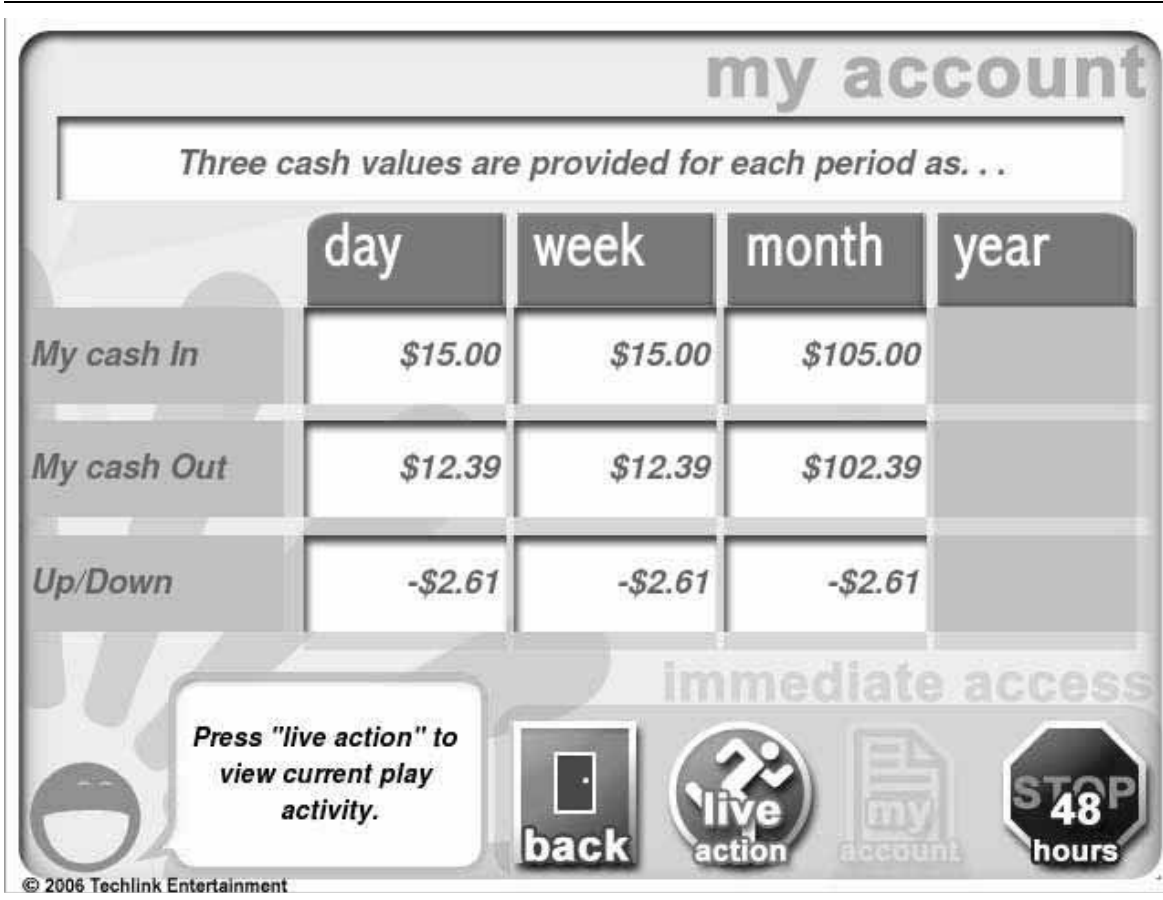
- 71 per cent of regular gamblers (the target group) used some of the above features in the trial
- players were more likely to view their account balance (nearly 70 per cent) than to set a spending limit (11 per cent set a day limit, and less than 1 per cent any longer term limits), and least likely to enforce an exclusion or break. Only 1.5 per cent used a one day break, 2 per cent used the 48 hour break and an even smaller share (0.2 per cent) used longer term self-exclusion
- the use of features initially declined over the six months, but 65 per cent of everyone who tried any of the features continued to use them in subsequent sessions (regarded as a ‘relatively high conversion rate’, p. 41), and amongst this ‘habituated’ group, usage no longer declined over time
- the system reduced expenditure (after accounting for other variables affecting this), with this effect increasing over time. Use of spending limits and information on player expenditure had the most impact on spending levels, suggesting that disclosure as well as pre-commitment may be valuable.

There were generally positive responses by users about the capacity for the technology to help gamblers in setting and keeping to a budget, and to be aware of how much they had spent in time and money (Omnifacts Bristol Research 2007, p. 25). It was notable that there was also strong support by gamblers for mandated limits:

- 61 per cent of gamblers surveyed considered that it should be mandatory for all players to set a spending limit
- 65 per cent of players considered that a maximum limit should be mandated for all players, which could be reduced if the player decided that their limits should be lower.

Figure C.5 **The player information account**

Nova Scotia pre-commitment trial

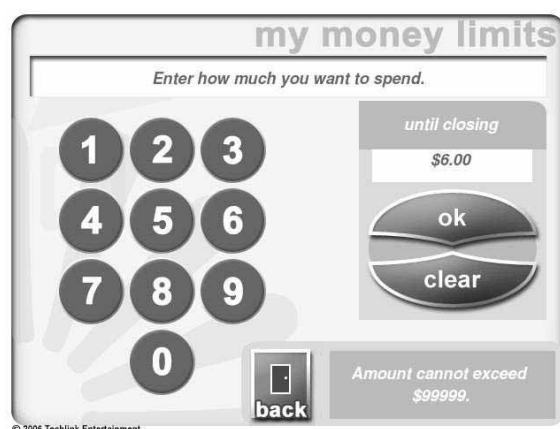
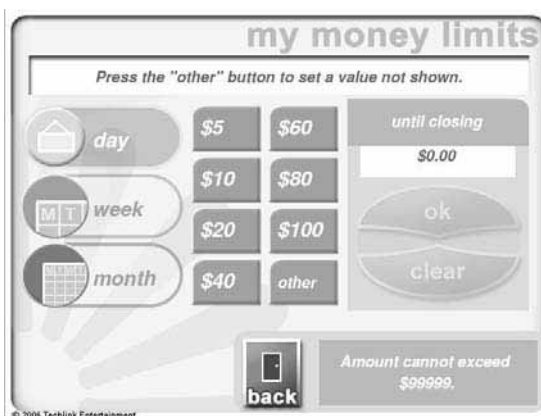


Source: Focal Research (2007, p. 9).

Figure C.6 **Setting money limits**

The first screen

The second



^a The second screen is activated if the player selects 'other' in the first screen, demonstrating how layering can be achieved.

Source: Focal Research (2007, p. 9).

However, venue owners and staff were much more negative about the technology (Omnifacts Bristol Research 2007, p. 44):

- in their initial rating, no siteholder gave a score for the card-system that was higher than 5 out of 10
- they felt they had lost considerable business and that the test had discouraged casual play
- they found that many players were simply borrowing cards — thus undermining the rationale for the trial
- they were critical of the reliability of the technology, noting the number of times the machines were ‘down’ and had to be serviced
- they wanted the system removed at the end of the trial (but if retained, to be installed at all locations so that they would not lose custom to non-participating venues).

Norway

In Norway, the re-introduction of EGM gaming in late 2008 has involved a new harm minimisation regime based on its existing player card system. The card system had existed as a voluntary means of cashless gaming for Norwegian residents (using social security numbers as its identifiers). However, since the roll-out of new state owned EGMs, all EGM gaming is strictly card-based and cashless. In February 2009, almost all gambling products became card-based (Norsk tipping 2009, p. 14). Norway’s system of pre-commitment is the most globally developed system, with around 1.9 million cardholders by the end of 2008.

The voluntary pre-commitment options available to EGM players include limiting expenditure or gambling time, setting breaks in play, and self excluding for up to 100 days. The voluntary options are in addition to the limitations on gaming placed by the government that:

- limit spending to 400 NOK per day or 2200 NOK per month. (At exchange rates prevailing in late September 2009, these amounts correspond to \$80 and \$440 Australian respectively.)
- limit bets to 50 NOK (A\$10)
- limit wins to 1500 NOK (A\$300)
- enforce 10 minute breaks after each hour of play.

Norway's mandatory limitations on EGM play are more akin to the Dickerson approach described in chapter 10, effectively distinguishing them from the 'partial' pre-commitment systems trialled in other locations.

Sweden

Sweden's state-owned gambling operator Svenska Spel, introduced a mandatory 'Player-card' for internet poker players. Gamblers authorise the transfer of funds from a linked account to the card, and any winnings are paid automatically into the gambler's account. To play, customers are required to set time and money limits. The setting of limits is the main function of the card, but it also offers play management features, including a summary of player history (for the previous 12 months), allows for 'time out' periods and offers risk assessment features on an opt-in basis.

The Player-card is made available for voluntary use in other forms of gambling, including bingo, lotteries and sports betting, and incentives, such as free lottery tickets, are provided to encourage customers to register.

Player-cards are now operated by 1.3 million Swedish customers and are described as a well-accepted technology (Responsible Gambling Council (RGC 2009)). To register for a Player-card, customers must be aged over 18 and there are procedures to ensure that each player operates only one account. To log on to play, a card number, username and password are required.

Setting time and money limits

Users of the online poker site are required to set money limits (per day, week and month) and time limits (per session, day and month). The behaviour of customers in setting these limits has been evaluated through two surveys involving around 3000 participants. The evaluation (by the Internet Poker Committee 2008 (cited in RGC 2009)) found that most players set realistic time and money limits, although money limits were generally found to be a more effective device for most customers, and were normally reached before set time limits.

While setting limits is compulsory, players can effectively 'disable' the limit feature by choosing a setting that is too high — for example, 24 hours a day. Around one-third of players and 40 per cent of players set money and time limits that, respectively, were effectively non-binding.

Nevertheless, 42 per cent of players set money limits that broadly corresponded with what they intended to spend and 25 per cent set money limits only somewhat

higher than what they intended to spend. Given the ease of choosing effectively non-binding high limits, these results suggest most gamblers valued the control that pre-commitment gives them.

A player can change their limit at any time, but there is a delay before any requested increase takes effect. For example, if the limit is set per day, then there is a lag of two days before the increase takes effect; if the limit is set per month, an increased limit takes effect on the first day of the next month. Of gamblers that hit their limits, 63 per cent reported that they did not go to another company and 68 per cent did not change their limits.

Barring accounts — the ‘time out’ feature

Customers can elect to have their account barred for a period of time. Of those using this feature, most activate a week long time-out period, but it is also possible to have time out for a day, a month, three months, six months or even a year. Overall, around 5 per cent of Sweden Spel internet poker players have used this feature, including those without gambling problems. Three per cent of players assessed as non-problem gamblers have barred their accounts, compared with 11 per cent of gamblers with problems. Of those who were barred for various periods, 75 per cent did not use poker at other sites during the time that they were barred.

Playscan risk assessment system

If they wish, players can use *Playscan* to analyse their play for signs of potential problems. By projecting patterns of play, *Playscan* gives players a green, yellow or red light, alerting them to their level of risk. A survey of 2348 Swedish online gamblers found that around a quarter (26 per cent) had used the *Playscan* option; (Griffiths, Wood and Parke 2009). 90 per cent of those using *Playscan* found it easy to use, and 52 per cent found it useful.

An online self-test is also made available to diagnose potentially problematic play, and is used by around 16 per cent of players. Around one in five of those taking the self-test scored yellow or red. For these players, tailored messages are delivered, a help line number is provided, directions to help services and online chat rooms are made accessible. Those gamblers scoring in the red zone cease to receive promotional material from Sweden Spel.

New Zealand

The New Zealand online lottery, MyLotto, incorporates several pre-commitment and associated features. MyLotto commenced in May 2008 and, in late 2009, had 118 000 registered players of which 45 000 were regular players. The pre-commitment system includes:

- a requirement to set spending limits. Online ticket purchasers must set weekly and monthly limits (figures C.7 and C.8), subject to a maximum weekly limit of NZ\$150 and a monthly maximum of NZ\$300. (The effective limit is therefore an average of around \$70 per week.) Most players have set lower spending limits than the maximum, suggesting that they are actively choosing pre-commitment. People who spend to the limit consecutively over four months are contacted by NZ Lotteries to offer them assistance if they want it
- self-exclusion options for one or more games. By late 2009, there had been 429, 300 and 1672 self-exclusions for ‘Big Wednesday, Lotto and Keno, respectively
- access to a player transaction history (figure C.9).

C.5 What are the costs and affordability of pre-commitment systems?

There are competing perspectives on the affordability of pre-commitment systems, partly depending on the type of system. For example, the Australian Hotels Association argued that:

It is clear the introduction of smart card technology will impose an enormous cost on industry. ... [and] will also significantly reduce venue gaming revenue. ... it is expected the introduction of mandatory pre commitment technology will have a devastating impact on hotel employment and community support. (sub. 175, pp. 59–61)

A survey of hotel proprietors echoed these views (figure C.10).

However, whether a reduction in revenue can be regarded as a policy problem depends on the source of those revenue reductions:

- If pre-commitment deterred recreational gamblers from playing — and this was the source of a dramatic revenue effect — then that would be strong grounds for concern. If nothing else, any such risk suggests that enrolment processes should be simple, that the system should be marketed appropriately by governments and venues, and that there be a way of allowing occasional gamblers to play without significant barriers (chapter 10). However, the bulk of gaming revenue is from

regular gamblers³ — people who enjoy frequently playing, and for that reason are unlikely to stop doing so because a pre-commitment system is in place.

- If pre-commitment achieved its harm minimisation objectives, then it would reduce revenue by effectively counteracting people’s tendencies to lose control and overspend (chapters 4 and 10).

The goal of consumer and public health policy is to achieve better outcomes for consumers and the community generally, including addressing any harms they may face, and not preserving industry revenue *per se* (chapter 6).

The revenue-deflecting impacts of pre-commitment are only one relevant issue in considering the cost and benefits of a scheme. Another key element is the economic cost of purchasing, installing and managing any pre-commitment technologies. The costs of implementing pre-commitment systems depend on many factors.

Figure C.7 The MyLotto pre-commitment system — account setup

MY LOTTO Account Setup

Nearly there. Please finalise the setup of your account.

Spending Limits

Spend limits allow you to control the amount you may spend on a weekly and monthly basis. These limits are regardless of winnings. As part of your account setup you must set the amount you would like to be able to spend.

Weekly

Monthly

Bank Account

You must nominate a New Zealand bank account to pay prize winnings to. This account should be in the surname you have registered (joint accounts can only be registered against one MyLotto account).

NZ Bank Account Number

or

Data source: Screenshot provided by NZ Lotteries February 2010.

³ For example, in the Nova Scotia trial, regular VLT players accounted for 94 per cent of revenue (Focus Research 2007, p. iii.)

Figure C.8 The MyLotto pre-commitment system — setting limits

Change Your Spending Limits

Spend limits allow you to control the amount you may spend on a weekly and monthly basis. These limits are regardless of winnings.

Please note that the weekly spending limit change takes effect on the following Sunday and the monthly change takes effect on the 1st of the next month.

You are not able to spend more than the maximum spending limits which are designed to promote responsible gambling.

Your current spending limits are:

	Current	New	
Weekly	\$150	<input type="text" value=""/> ▼	Max \$150
Monthly	\$250	<input type="text" value=""/> ▼	Max \$300

Enter your MyLotto password

[Save Changes](#)

Data source: Screenshot provided by NZ Lotteries February 2010.

Figure C.9 MyLotto transaction account details

My Account

Account Balance

\$35.90

[Deposit Funds](#)
[Withdraw Funds](#)

My Tickets Click ticket to view

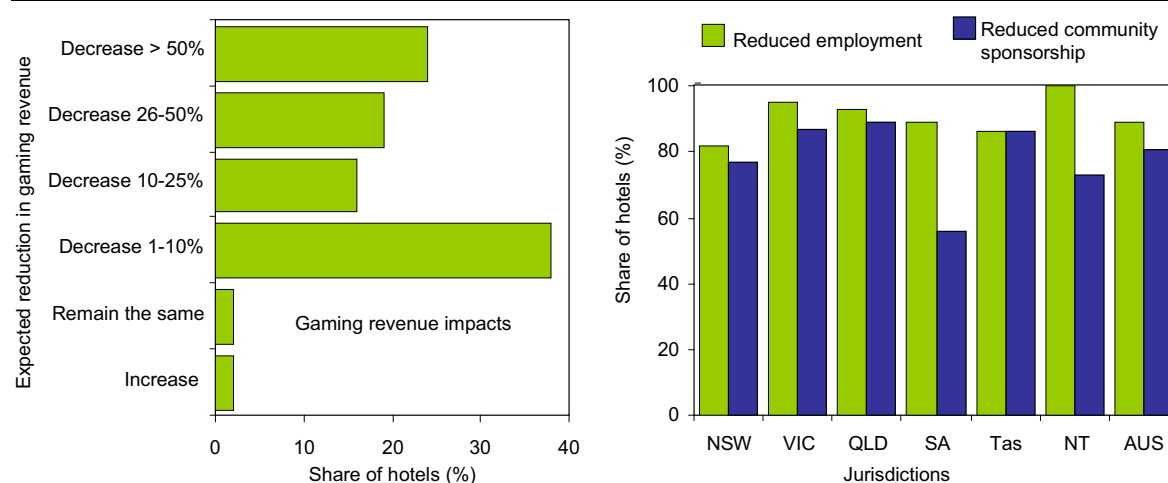
Purchased	Ticket	Draw#	Draw Date	Status	Outcome
25-09-2009	Lotto Powerball Cou...	Multi	26-09-2009 - 10-10-2009	Draws remaining	-
31-08-2009	Lotto Powerball Cou...	Multi	05-09-2009 - 19-09-2009	Complete	Not a Winning Ticket
26-08-2009	Lotto Powerball Vou...	1161	05-09-2009	Complete	Not a Winning Ticket
26-08-2009	Lotto Powerball Bas...	1160	29-08-2009	Complete	Not a Winning Ticket

[View All Tickets](#)

Data source: Information provided by NZ Lotteries.

Figure C.10 Perceptions of disaster

Views of hotel proprietors of the impacts of smart cards



^a The data relate to *expectations* of the impacts of the introduction of smart cards for playing gaming machines.

Data source: PricewaterhouseCoopers 2009, *Australian Hotels, More than Just a Drink and a Flutter*, April.

Different systems will have different costs

There have been few costings of supplied or prospective pre-commitment systems, although some information is available.

- It was estimated that the cost of the Maxetag system for pre-commitment was around \$1210 for each smartcard terminal, about \$8800 per venue for various computers and peripherals, \$4 per gambling card and around \$3000 for a 40 gaming machine venue for sundry costs such as cabling and installation. The overall cost was around \$1500 per terminal. Existing users of the loyalty card system would face significantly lower costs (Worldsmart Technology 2005).
- The pre-commitment systems used in the Queensland trials were estimated to cost around \$1 to \$2 per machine per day.
- Regis Controls estimated relatively low costs for a pilot scheme for pre-commitment, which are relevant for the trial of full pre-commitment proposed by the Commission:

A pilot scheme: how much would it cost? Smartcards, \$2; readers on all EGMs, \$30 fitted; central system, \$10 to 20 million per annum on an outsourced basis using a five-year contract. What would the pilot cost: \$100 000 to \$250 000, depending on the size of the town selected. How soon could it be implemented? A pilot scheme, one year; a full rollout, two to three years. (Evidence from Regis Controls before the Select Committee on Gaming Licensing, 3 March 2008)

The Commission has not proposed the early adoption of pre-commitment, recognising the costs of machine modifications, and the technical and practical realities associated with the implementation of pre-commitment (chapter 19). In that context, the relevant costs (beyond the need to have a compatible central monitoring system) depend on the incremental costs of pre-commitment functionality in new EGMs, which the Commission understands are low.