

The Salvation Army's Submission – 21st March 2005

Independent Gambling Authority's Inquiry into Smartcard technology

Potential of Smartcard Technologies

Technology providers presenting at the day of open presentations on 15th February 2005 used statistics of the costs of problem gambling to the community as a justification for the cost of their systems, e.g. one provider quoted estimates of the cost in Australia of problem gambling to be between \$1.8 billion and \$5.4 billion. Another provider quoted world wide societal costs of problem gambling to be in the hundreds of billions of dollars a year.

The Salvation Army's view is that there is substantial Smartcard technology and other technologies already in existence that could be applied and developed further with the aim of reducing problem gambling. There is enormous potential for such technology to be effective. On the whole, the systems presented so far i.e. at the day of open presentations on 15th February 2005 do not appear to have taken full advantage of the technology available and are appearing to be of very high cost relative to current rehabilitation and community education programs.

Relative Costs

Some of the technology providers who presented at the day of open presentations appeared to be referring to costs of initial deployment of their technologies in the order of up to \$1500 per gaming machine. It was suggested that market forces were at work and these figures may be revised down. The ongoing costs of maintaining such systems were not clear.

Considering potential start-up costs alone, \$1500 per machine amounts to approximately \$18 million assuming it is applied to about 12000 machines. On our current available information, this figure is at least four times the total annual rehabilitation budget. It is also over 150 times the dollar value of The Salvation Army's current service agreement covering its Break Even Gambling Service.

Concern regarding incentives to take up technology

Some of the technology providers are suggesting there may need to be incentives for patrons to take up the card technology. It is likely that people will be attracted to gamble more than they may have otherwise as a result of any incentives developed. It has also been suggested that installation costs be subsidized e.g. by reduced tax on machines that have card readers installed. This loss of revenue could have been spent on prevention, early intervention, or rehabilitation programs.

Human Resource Implications

In addition to the cost of the hardware and software, for the technologies to be effective to their maximum potential, additional human resources will be required. Technologies are more likely to be successful if they are designed and developed from the start to work in conjunction with rehabilitation providers. Technology providers have also included in some of their submissions a role for rehabilitation providers once the technologies are in place. While it is welcomed that the role of rehabilitation providers appears to be valued by some technology providers, additional resource implications for the rehabilitation providers will need to be addressed if Smartcard and/or related technology is adopted.

Security of the software

Some of the technologies presented were proposing updating of cards and registering of cards over the internet. There are risks for problem gamblers conducting searches over the internet using gaming or gambling as keywords. They could be directed instead to on-line gambling sites. The same could occur if the site used for registering of cards is subjected to attack by hackers with the purpose in mind of gaining access to a population of gamblers or people likely to be amenable to on-line gambling.

Most of the technologies presented could also be fairly easily made redundant by gamblers creating multiple identities or using other people's cards, or using cash instead of a card. Some of these avenues could be overcome by using a biological identification technique. The cost would presumably rise significantly as a result of this addition.

Most technology vendors seemed to be leaning towards the technology not being compulsory and use of biological identification would work against the marketing to certain sectors of the population, particularly tourists.

Potential for Conflicts of Interest

A concern that needs to be addressed is the potential conflict of interest for companies that have been contracted to provide loyalty programs, then proposing to provide programs that reduce problem gambling. While The Salvation Army welcomes any shift from loyalty programs to rehabilitation or prevention programs, any shift needs to be demonstrated to be genuine. There are risks that early intervention and prevention programs that are technology based may have face validity but not be backed up by reality. Further evidence needs to be collected to demonstrate the level of effectiveness of Smartcard technologies.

Features that may not act to reduce problem gambling

Some of the proposed features of the technology that were presented on 15th February 2005 could have the effect of adding to the excitement and the adrenalin rush associated with gambling and may then lead to increased problem gambling or no change to problem gambling rather than decreased problem gambling. An example is a 'Red Button' that the player hits to identify an exit point after a series of spend amounts are displayed. This activity alone could be quite closely associated with an adrenalin rush for some gamblers. This further indicates the need to conduct research prior to making any major investment in the technologies.

Use of non-accessible 'purses' to retain 'wins' is a good idea in principle, but one possible effect would be that the gambler returns to the venue to collect on another occasion and is then at risk of spending the entire 'win' at gambling.

One technology provider promoted the use of gambler cards as adding to enjoyment and superstitious use. Superstition is one of the areas of cognition that rehabilitation providers seek to treat. Providing new avenues for superstition is not an attractive prospect.

There is no current satisfactory evidence-base upon which to make the right selection of system with regard to preventing or treating problem gambling.

Summary

The Salvation Army sees potential for the careful application of Smartcard technology to reduce problem gambling or to support rehabilitation programs. At this point in time the technologies on offer appear to be very high in cost when compared to existing early intervention and rehabilitation programs. There are risks of some applications of technology adding to, rather than decreasing, problem gambling. Research would be required to test the effectiveness of any technology before investing further funds. Rehabilitation programs are likely to need to be resourced further in order to make the technologies optimally effective.