



Electronic gaming machine bet and credit limits

REPORT ON WHAT WE HEARD

The ACT Government proposes to lower the bet limit on electronic gaming machines (EGMs) from \$10 to \$5 and to introduce a \$100 credit (or load-up) limit, as part of its agenda to reduce harm from gaming whilst supporting sustainable clubs.

The *Parliamentary and Governing Agreement for the 10th Legislative Assembly* (Appendix 1, Item E5) contains a commitment to:

Introduce the harm reduction measures of \$5 bet limits and \$100 load-up limits following a thorough review and transitional plan to manage impacts on clubs, particularly smaller clubs that upgrade machines less regularly. A staged rollout of this reform should commence by the end of 2022 at the latest.

The government sought technical advice on options to deliver this commitment from the Justice and Community Safety Directorate and BMM Australia, an experienced firm used by Australian state governments to test EGMs against legislative requirements and standards prior to their approval for use. The advice received was that the most cost-effective way to deliver this commitment is using a central monitoring system (CMS) as this approach requires the least change to existing EGMs.

A CMS connects EGMs to a network to allow for their monitoring and control. These systems rely on a common protocol or language, with the technical advice identifying a system based on the 'QCOM' protocol as most capable of delivering on the government's commitments. Additionally, a system based on this protocol has the potential to provide common infrastructure allowing for the implementation of other capabilities, such as cashless gaming and support for an enhanced gambling self-exclusion regime.

A detailed explanation of the government's rationale preferring a QCOM CMS to achieve a \$5 bet and \$100 credit limit was outlined in the ACT Government's *Discussion Paper – Lowering bet and credit limits for electronic gaming machines: Reducing harm from gaming while supporting sustainable clubs*.

Canberrans were invited to have their say about issues raised in the Discussion Paper relevant to implementing the commitment through a QCOM CMS.

THE CONVERSATION

The conversation took place from 29 April 2022 to 3 June 2022

On 29 April 2022, the ACT Government released a public discussion paper via the YourSay Conversations website to support the community's consideration of key issues involved in the implementation of \$5 bet limits and \$100 credit limits in the ACT. An online survey was available through the YourSay Conversations website until 3 June 2022 and the government accepted written submissions from interested stakeholders.

The government undertook targeted engagement and consultation on the proposal throughout this period. Information and feedback sessions were held with the Community Clubs Ministerial Advisory Council, ACT clubs and



club sector representative bodies, gambling harm reduction advocacy organisations and the ACT Gambling and Racing Commission. The government also provided an extended deadline for submissions of 8 July 2022 to clubs, industry and harm reduction advocate groups.

WHO WE ENGAGED

While the government welcomed input from the wider ACT community, consultation and engagement focused on ACT clubs and club sector representative bodies, gambling harm reduction advocacy organisations, and EGM manufacturers.

The government received 28 of responses to the Discussion Paper including 21 submissions from organisations, and 7 survey responses from individual members of the community. Except where the author requested that a submission remain confidential, submissions are published on the YourSay Conversations website.

The government made available to stakeholders on request the expert technical advice from BMM Australia which informed the Discussion Paper.

The Minister for Gaming and Justice and Community Safety Directorate also attended 19 presentations and feedback sessions with stakeholders including the Community Clubs Ministerial Advisory Council, individual clubs, club groups, club peak bodies and harm reduction advocates.

Key insights from the community

Overall feedback

1. There is general support among most stakeholders for measures that will reduce harm from gambling on EGMs.
2. There are mixed stakeholder views about the introduction of a QCOM CMS to implement the government commitment to lower EGM bet and credit limits.
3. Most club sector submissions expressed opposition to the introduction of a QCOM CMS based on concerns about initial and ongoing costs, and the scale of change to their existing business systems. Clubs regard an industry transition plan as integral to introducing lower bet and credit limits and that this plan should consider both how the new limits are introduced and support clubs to diversify to other revenue-generating streams.
4. Feedback from gambling harm reduction advocates supported the proposed QCOM CMS on the basis that it may provide a platform for further harm reduction measures rather than a focus on the technological pathway to implementing these.
5. A range of additional issues regarding the technology and its implementation were raised in submissions that require further analysis by the government.

Cost and financial impact

6. Cost and financial impact was a primary consideration for club sector stakeholders who do not consider the proposal affordable. Cost and financial impacts raised included both the initial and ongoing costs of a CMS, devaluation of existing EGMs and peripherals, and revenue implications.
7. Clubs raised the potentially high initial and ongoing cost of introducing a QCOM CMS arising from change to EGMs and installation of other components of the system. Some submissions suggested the government's technical advice under-



estimated the initial cost of change either because some EGMs in use in the ACT are no longer supported by manufacturers or because the advice adopted unit costs for EGM upgrade and replacement that are too low.

8. Among the other initial financial impacts raised by clubs was the possibility that existing gaming-related assets would become obsolete if incompatible with the new technology, with an associated devaluing of those assets.
9. Clubs expressed concern that an ongoing fee to a CMS operator would be unaffordable and could result in charges for access to data currently freely available through inhouse systems.
10. Clubs also raised that the proposal has come at a time when the sector is still recovering from the financial impact of impact of COVID-19, and that the costs of the proposal would reduce their capacity to support community groups, cultural groups and social charities or continue efforts to diversify away from gambling revenues.
11. A small number of other submissions raised the potential cost and financial impact of the proposal, particular on smaller clubs.
12. Alongside the direct financial impact of the proposal, some club sector submissions raised concern that the change would reduce their operating revenue and undermine their financial viability and sustainability. Submissions raised concern about the potential for negative impact on employment and employment conditions in the sector.

Proposed technology

13. The proposal to adopt QCOM-based EGM technology attracted some criticism.
14. Clubs raised concern that fewer EGM games would be available due to hardware and software compatibility issues with a QCOM CMS. This stakeholder group also suggested the proposed technology may mean existing systems and peripherals such as customer kiosks, cash redemption terminals and point of sale devices require replacement which adds an additional implementation cost for industry.
15. A range of specific questions about the proposed technology were raised by clubs, which require further analysis. For example, clubs raised questions about whether it was possible to concurrently operate new and old technology during a transition period and the technological challenges this might create.
16. Industry raised emerging technology not based on either the X Series or QCOM protocols as an alternative solution to the government's proposal. Other submissions acknowledged that, based on information currently available to the government, a QCOM CMS appeared the most suitable approach to achieving the government's policy commitments.
17. Most submissions raised the need for robust personal privacy controls particularly if the proposed technology was extended to harm reduction measures such as a personalised EGM player card. While a few submissions suggested the government consider proactive gambling harm intervention, most were opposed to government access to data that identified individual people. Conversely, some submissions supported use of deidentified CMS data for research purposes and evaluation of policy changes, and government access for regulatory and compliance purposes.
18. Some club industry submissions supported a digital wallet solution for cashless gaming and facial recognition technology to support gambling exclusion.

Harm reduction efficacy

19. Most submissions from gambling harm reduction advocates supported lowering the bet and credit limit, with some advocating for limits lower than the government commitment, such as a \$1 or \$2 bet limit and \$20 or \$50 credit limit. However, one organisation suggested there is evidence lower bet and credit limits alone are of limited effectiveness in reducing gambling harm, proposing loss limits as a more effective limit-setting measure.
20. All submissions from gambling harm reduction organisations highlighted the importance of including additional harm minimisation measures in the implementation of this proposal.



21. Most submissions were agnostic about the proposed technology and were instead focused on the harm reduction measures it enabled, which might be achieved through other means.
22. Most club submissions accepted, and some supported, the government's harm reduction intent in lowering bet and credit limits. However, some club submissions provided data showing that average bets placed on EGMs in their venue/s rarely exceeded \$5, with most average bets being \$1 or less. A few of these submissions also suggested that very little EGM turnover is generated from bets above \$5 and load-up of more than \$100 uncommon.
23. Some submissions suggested the cost of the proposal outweighed its harm reduction potential.
24. Some club submissions raised concern that people experience gambling harm would instead attend venues in nearby Queanbeyan, NSW to gamble on EGMs in response to lower bet and credit limits in the ACT.

Additional harm reduction measures

25. Most gambling harm reduction advocates supported introduction in the ACT of additional harm reduction measures such as: improved self-exclusion and third party exclusion, the ability for a player to set mandatory pre-commitments of time or money, tools for an EGM player to monitor the amount of money spent in a session, and other forms of limit-setting on both time and money. A few submissions raised a further reduction in the period during which EGMs may operate lawfully.
26. Some harm reduction advocates suggested that data obtained from a CMS should be governed by an independent agency and the data be used to inform further harm minimisation measures.
27. Most submissions that discussed cashless gaming identified the potential for this technology to increase potential gambling harm unless combined with other harm reduction measures such as mandatory pre-commitment and barriers to funding gambling through debt like credit cards.
28. There was a focus on ensuring implementation of effective harm reduction measures but some disagreement about the evidential support for particular measures.
29. Some submissions acknowledged that the proposed CMS had the potential to improve the efficacy of gambling exclusion.

Implementation issues and timeframe

30. Most club submissions raised that the government's implementation timeframe was too ambitious to allow fulsome analysis of the impact of the proposal, consideration of options, time to meet the costs and time to transition from gambling revenue.
31. Clubs also questioned whether the availability of technicians and other capacity restraints would make a Territory-wide implementation of the proposal by the end of 2024 practicably unachievable.
32. Clubs opposed any legislation proceeding before the government completes further analysis of the proposal and sought a role in this work through an industry working group or similar.
33. Some submissions conflated the QCOM CMS technology with a particular CMS operator model and expressed concern about the range of costs beyond a core monitoring fee that some operating models might involve.
34. Clubs expressed some disagreement that the government commitment required implementation of lower bet and credit limits within the parliamentary term.
35. Submissions suggested an increased maximum denomination value and reduction in EGM taxes and other levies should coincide with implementation of the proposal.



WHAT'S NEXT?

Several activities are required to introduce a \$5 bet and \$100 load-up limit to EGMs and a potential IQCOM CMS in the ACT. The next step involves the government reviewing consultation feedback and undertaking further deep analysis of technological and feasibility issues associated with the proposal. The government will also develop draft legislation.

The government will engage further with stakeholders as part of this process, including with the Community Clubs Ministerial Advisory Council, the clubs sector and the gaming industry. This will include seeking additional technical advice and input from organisations with detailed knowledge of EGMs and CMS technology, alongside those with experience operating EGMs in the ACT. The government will also engage further with gambling harm reduction advocates and researchers where relevant.

As outlined in the Discussion Paper, the government will need to develop legislation to introduce a \$5 bet limit and \$100 load up limit to EGMs, and undertake a procurement process if a CMS is to be introduced. While the ACT Government aims to complete this process with a potential CMS deployed by mid-2024, this timeframe will be considered and informed by the feasibility analysis.

To keep up to date on the ACT Government's proposal to lower the bet limit on poker machines or electronic gaming machines (EGM) from \$10 to \$5 and to introduce a \$100 credit (or load-up) limit for EGMs, please visit the [YourSay Conversations project page here](#).

To find out about other initiatives, policies and projects in Canberra, please visit <https://yoursayconversations.act.gov.au/>.

You can also connect with us on [Facebook](#), [LinkedIn](#), and [Twitter](#)

Key Timings

28 April 2022:

- Minister for Gaming and Justice and Community Safety Directorate (JACS) presented to the Community Clubs Ministerial Advisory Council (CCMAC) the government's preferred approach to introducing a \$5 bet and \$100 credit limit for EMGs in the ACT.

29 April 2022:

- The Minister for Gaming released the Discussion Paper.
- YourSay Conversations consultation period opened.
- Minister for Gaming and JACS commenced presentations and feedback sessions with stakeholder groups.

3 June 2022:

- YourSay Conversations consultation period closed.

July 2022:

- Minister for Gaming and JACS continued presentations and feedback sessions with stakeholder groups.



- 8 July: Extended submission deadline for clubs, industry and harm reduction advocates closed.

26 September 2022:

- What We Heard report released [**We are here**].

July – December 2022:

- ACT Government undertakes **further detailed** feasibility analysis, informed by targeted consultation and technical advice.
- JACS develops legislation.

Early 2023:

- Next public update on the proposal.

THANK YOU FOR YOUR FEEDBACK**295+**

We reached 295 people via the YourSay Conversations website

574

We had 574 downloads of the Discussion Paper

19

We attended 19 presentations and feedback sessions with stakeholder organisations

28

We received 28 items of written feedback