

NSW Government response to the “Select Committee on the Impact of Gambling”

February 2015

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"Select Committee on the Impact of Gambling"**

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INTRODUCTION

The NSW Government welcomes the report of the Legislative Council's Select Committee on the Impact of Gambling.

The Government recognises that the majority of people who gamble do so in a responsible manner, but for a small proportion of the community it causes problems for not only themselves but also their family and the community. The Government, therefore, aims to balance the need to minimise this harm with the need to ensure that the majority of NSW citizens who enjoy gambling and for whom it does not pose any associated problems are not unduly impacted.

In addition, the Government recognises the contribution that hotels, clubs, the casino, the three codes of racing, betting agencies, and the lotteries providers make to the NSW economy through the services and employment they provide. In its 2010 report, the Productivity Commission found that gambling provided a net benefit to the Australian economy of \$3.7 billion to \$11.1 billion in 2008/09.

About this response

For convenience, the Select Committee's 18 recommendations have been broken down into several themes. For ease of reference this response groups the recommendations and the NSW Government position in accordance with the following themes:

- Theme 1 – Access to gaming machines
Recommendation 1

- Theme 2 – Gaming machine features
Recommendations 2, 3, and 4

- Theme 3 – Problem gambler interventions
Recommendations 5, 14, and 15

- Theme 4 – Access to cash
Recommendations 6, 7, and 8

- Theme 5 – Online gambling
Recommendations 9 and 10

- Theme 6 – Education / Awareness
Recommendations 11 and 18

- Theme 7 – Research funding
Recommendations 12, 13, 16 and 17

In cases where a recommendation is supported (in whole or in part) this response also details the government's intended approach and an approximate timeline within which action will commence.

Background

On 27 November 2013, the Legislative Council passed a motion by Reverend the Hon. Fred Nile MLC to inquire into and report on the impact of gambling on individuals and families in NSW.

The Terms of Reference were:

- a) The design and accessibility of electronic gaming machines and new and emerging gambling products and services
- b) The regulation of the number and location of electronic and high intensity gaming machines
- c) Voluntary pre-commitment technology and operational guidelines
- d) Access to cash and credit in and around gambling venues, and the form and delivery of cash prizes
- e) The role and capacity of gambling industry staff to address problems caused by gambling
- f) The regulation of telephone and internet gambling services in other jurisdictions in Australia and overseas
- g) The regulation of gambling advertising
- h) Exemptions and exceptions to State and Federal laws and policies relating to gambling
- i) Gambling education including school-based programs, and measures to reduce the exposure of children and young people to gambling activity
- j) The adequacy and effectiveness of problem gambling help services and programs, including service standards, qualifications and funding of chaplaincy, counselling and treatment services
- k) The effectiveness of public health measures to reduce risk of gambling harm, including prevention and early intervention strategies
- l) The effectiveness of strategies and models for consumer protection and responses to problem gambling in other jurisdictions in Australia and overseas; and
- m) Any other relevant matters.

The membership of the Committee was

Chair: Reverend the Hon. Fred Nile (Christian Democratic Party)
Deputy Chair: The Hon. Sarah Mitchell (National Party)
Members: Dr John Kaye (The Greens)
The Hon. Charlie Lynn (Liberal Party)
The Hon. Gregory Pearce (Liberal Party)
The Hon. Mick Veitch (Australian Labor Party)
The Hon. Ernest Wong (Australian Labor Party)

The Committee sought written submissions by 7 March 2014.

The NSW Government's submission to the inquiry was coordinated by the NSW Department of Premier and Cabinet. The Office of Liquor, Gaming and Racing (OLGR) was the primary contributor with input from the NSW Ministry of Health, the NSW Department of Education and Communities and the NSW Department of Family and Community Services.

On 10 and 11 April 2014 and 5 June 2014, the Inquiry Committee held public hearings. OLGR representatives were invited to appear on behalf of the Government and attended the hearings on 10 April 2014.

On 5 May 2014, OLGR provided responses to a series of questions taken on notice during the hearing held on 10 April 2014, and to several supplementary questions from the Committee.

The Committee's report was tabled on 14 August 2014 and the NSW Government's response is required by 16 February 2015.

SUMMARY OF RECOMMENDATIONS AND RESPONSES

Theme 1: Access to gaming machines	
<p>Recommendation 1 That the NSW Government ensure that the electronic gaming machine Local Impact Assessment process is independently reviewed with objectives that include:</p> <ul style="list-style-type: none"> Identifying mechanisms to stop the concentrations of poker machines in neighbourhoods and clubs where they will create greater harm Examining the number of entitlements in all local government areas with above average frequencies of problem gambling. <p>Should the review conclude that the process does not adequately assess the appropriateness of additional gaming machines in venues then the approval process should be reformed. In the interim, the NSW Government should give consideration to a freeze on the transfer of entitlements between venues and the creation of any new entitlements.</p>	Supported (in part)
Theme 2: Gaming machine features	
<p>Recommendation 2 That the NSW Government publish its response to the findings of the Gambling Research Australia investigation into the relationship between gaming machine design features and gambling harms, and take whatever action is required.</p>	Supported-in-principle
<p>Recommendation 3 That the NSW Government reviews the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.</p>	Not supported - At this time
<p>Recommendation 4 That the NSW Government reviews the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.</p>	Not supported – At this time
Theme 3: Problem gambler interventions	
<p>Recommendation 5 That the NSW Government investigates third-party exclusion with a view to implementing a scheme in the state's clubs and hotels by 2017 at the latest. In conducting its investigations the Government should consult with industry, healthcare professionals, gambling researchers and other relevant stakeholders.</p>	Supported-in-principle
<p>Recommendation 14 That NSW Health reviews its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services.</p>	Noted
<p>Recommendation 15 That the NSW Government investigates the models of both the Australian Capital Territory and New Zealand that require venues to intervene to assist problem gamblers with a view to implementing such a scheme in New South Wales.</p>	Supported-in-principle

Theme 4: Access to cash	
<p>Recommendation 6 That the NSW Government reviews the <i>Gaming Machines Regulation 2010</i> (NSW) to provide that a daily cash withdrawal limit applies to automatic teller machines in venues with electronic gaming machines.</p>	Not supported
<p>Recommendation 7 That the NSW Government amends section 32 of the <i>Gaming Machines Regulation 2010</i> (NSW) to specify an appropriate distance between automatic teller machines and electronic gaming machines.</p>	Supported-in-principle
<p>Recommendation 8 That the NSW Government works with the Australian Government to develop mechanisms that restrict short-term credit being made available through automatic teller machines in electronic gaming machine venues.</p>	Supported-in-principle
Theme 5: Online gambling	
<p>Recommendation 9 That the NSW Government approaches the Australian Government to request that a set of standards be established for online wagering websites and that the <i>Interactive Gambling Act 2001</i> (Cth) be amended to prohibit financial institutions from processing transactions to non-compliant online offshore wagering websites.</p>	Supported
<p>Recommendation 10 That the NSW Government reviews Gambling Research Australia's report into the impact of wagering advertising on young people when it is published in 2015. If a link between wagering advertising and problem gambling is found, then the NSW Government should approach the Australian Government to request that the national broadcasting codes of practice further restrict betting odds promotions and gambling advertising during live sports broadcasts.</p>	Supported
Theme 6: Education / Awareness	
<p>Recommendation 11 That the NSW Government launches an awareness campaign specific to the risks of online gaming. The awareness campaign should focus on improving consumer knowledge about the risks they face accessing offshore online gaming websites. The campaign should also be delivered in different languages targeting a broad spectrum of communities.</p>	Supported-in-principle
<p>Recommendation 18 That the NSW Government supports school education programs that promote healthy lifestyle choices. The Government should:</p> <ul style="list-style-type: none"> • Investigate the approaches of other Australian state governments in seeking to protect young people from the risks associated with gambling via school-based gambling education • Examine whether its school-based gambling education programs are appropriate and achieving the desired outcomes. <p>These findings should form the basis from which to determine whether school-based gambling education programs need to be expanded in New South Wales.</p>	Supported-in-principle

Theme 7: Research funding	
<p>Recommendation 12 That the NSW Government ensures that the Duty and Responsible Gambling Levy Agreement for the Barangaroo Restricted Gaming Facility is used to support the work of the Responsible Gambling Fund. If in future other large gambling facilities are approved, then these should also be subject to a levy to support the Responsible Gambling Fund.</p>	Noted
<p>Recommendation 13 That the NSW Government reviews the adequacy of funds committed to the Responsible Gambling Fund to ensure that it is appropriately resourced to deliver in different languages an awareness campaign that promotes the courage required to admit to a gambling problem and to seek treatment.</p>	Noted
<p>Recommendation 16 That the NSW Government, via the Council of Australian Government's Select Council on Gambling Reform, works to secure funding for Gambling Research Australia.</p>	Supported-in-principle
<p>Recommendation 17 That if the NSW Government is unsuccessful in securing an ongoing national role for Gambling Research Australia beyond 2014, then the government should develop alternate models for the provision of publically funded gambling research in New South Wales.</p>	Supported

Theme 1 – Access to gaming machines

Recommendation 1

That the NSW Government ensures that the electronic gaming machine Local Impact Assessment process is independently reviewed with objectives that include:

- Identifying mechanisms to stop the concentrations of poker machines in neighbourhoods and clubs where they will create greater harm
- Examining the number of entitlements in all local government areas with above average frequencies of problem gambling.

Should the review conclude that the process does not adequately assess the appropriateness of additional gaming machines in venues then the approval process should be reformed. In the interim, the NSW Government should give consideration to a freeze on the transfer of entitlements between venues and the creation of any new entitlements.

Response: Supported (in part)

The Government supports a review of the local impact assessment (LIA) scheme.

Rationale:

The LIA process for determining increases in hotel and club gaming machine thresholds was introduced as a result of the five-year statutory review of the *Gaming Machines Act 2001* conducted in 2007. The LIA scheme came into effect in January 2009 to replace its predecessor scheme, the social impact assessment (SIA) scheme. The 2007 review found that:

- the Class 2 SIA process was expensive and time consuming
- there was uncertainty in the decision making process and the timeliness of decisions under the SIA process
- there were concerns regarding the lack of community opportunity to influence Class 1 SIA decisions.

The 2007 review also noted that despite the concerns regarding the SIA scheme it remained necessary to assess the impact of having additional gaming machines in a community. It also noted that the available research showed that communities in lower socio-economic areas tended to spend more on gaming machines than those in higher socio-economic areas.¹ Therefore, the LIA scheme was designed to restrict, if not prevent, the further concentration of gaming machines in economically disadvantaged areas with high gaming machine density and expenditure. The key mechanisms introduced to achieve this objective were the 'banding' of local government areas (LGAs) and the Class 2 LIA requirements.

¹ Minister for Gaming and Racing, *Report on the five-year statutory review of the Gaming Machines Act 2001*, December 2007. p.21

The current LIA process promotes decisions based on the problem gambling risks for an area in which a venue is seeking a gaming machine threshold increase. LGAs are ranked according to three risk factors:

- Socio-Economic Indexes for Areas (SEIFA) score
- gaming machine density, and
- gaming machine expenditure (player losses).

LGAs are then arranged in three 'Bands' based on their ranking for each risk factor. A Band 1 area typically has lower than average gaming machine density and expenditure and a high SEIFA score. A Band 3 area has higher than average gaming machine density and expenditure and a low SEIFA score. Therefore, Band 3 LGAs are regarded as the high risk LGAs from the perspective of potential gambling harm.

An LGA's Band, and the size of the venue's proposed gaming machine threshold increase, determines the class of LIA which is required (and therefore the level of rigour of the assessment of local impacts).

A venue in a 'Band 3' LGA must submit a Class 2 LIA when seeking a gaming machine threshold increase, regardless of the size of the increase. A Class 2 LIA is a more rigorous process with additional information and consultation requirements, and the applicant must satisfy the Independent Liquor and Gaming Authority (ILGA) that additional gaming machines at the venue will have "an overall positive impact on the local community". The applicant must also satisfy ILGA that any community concerns raised during the consultation process have been addressed.

The current LIA scheme commenced on 31 January 2009. Data from the operation of the LIA process indicates the scheme has successfully prevented further concentration of gaming machines in higher risk locations in NSW.

As at 22 September 2014, the proportion of the state's gaming machine entitlements, gaming machines, and hotels and clubs with gaming machines in the higher risk Band 3 areas has reduced since the LIA scheme commenced. The percentage of gaming machine entitlements in these areas dropped from 39.5% to 38.7%, gaming machines from 39.6% to 39.0% and venues from 33.1% to 32.6%. The reduction is slight but, importantly, a perceived increase in the concentration of gaming machines in disadvantaged areas has not occurred.

Further, from January 2009 to September 2014:

- the total number of gaming machine entitlements held by NSW hotels and clubs fell by 2.7% (from 98,663 to 96,011)
- the total number of gaming machines in hotels and clubs fell by 2.4% (95,827 to 93,543)
- the total number of NSW hotels and clubs operating gaming machines fell by 6.6% (from 2,914 to 2,722).

For the Band 3 LGAs over the same period:

- gaming machine entitlement numbers fell by 4.7% (from 39,012 to 37,188)
- gaming machine numbers fell by 3.8% (from 37,967 to 36,529)
- the number of hotels and clubs with gaming machines fell by 9.2% (from 979 to 889).

This indicates that access to gaming machines in the higher risk areas has been reduced.

The Government is aware of a number of issues with the current LIA system that require consideration. For example:

- The exemption from undertaking an LIA where entitlements are being transferred within an LGA, with the LGA being deemed to be the 'local community' in this circumstance
- The possibility of applying the 'banding' regime to 'local communities' rather than LGAs, and
- The 'tests' applied when approving Class 1 and 2 LIAs.

Despite the general success of the LIA scheme in preventing the further concentration of gaming machines in the higher risk areas, the need to address the above issues together with the fact that the scheme has been operating for six years, means that now is an appropriate time for a thorough review.

Regarding gaming machine entitlement transfers, a moratorium on entitlement transfers is not supported. It is an object of the *Gaming Machines Act 2001* "to provide for an on-going reduction in the number of gaming machines in the State by means of the tradeable gaming machine entitlement scheme." (Section 3(1)(e)). A moratorium on gaming machine entitlement transfers is inconsistent with the Act's objective because it would stop the forfeiture of entitlements under the Act's scheme.

With respect to a proposed freeze on the creation of new gaming machine entitlements, the *Gaming Machines Act 2001* does not allow for the creation of new entitlements, or the re-issue of entitlements once forfeited.

Next steps:

The Government will undertake a review of the LIA process.

A Terms of Reference and process for conducting the review will be developed in consultation with industry and community stakeholders.

Timeline: The review will commence within 6 months of the tabling of the Government response.

Theme 2 – Gaming machine features

Recommendation 2

That the NSW Government publishes its response to the findings of the Gambling Research Australia investigation into the relationship between gaming machine design features and gambling harms, and take whatever action is required.

Response: Supported-in-principle

The recommendation is supported-in-principle.

Rationale:

Gambling Research Australia (GRA) does not address, or refer, its research reports to state or territory Governments. Copies of each report are sent to the Government agencies that are members of GRA, and published on the GRA website. The GRA members then brief their Ministers as appropriate.

As GRA research projects are not commissioned by the NSW Government, it has not been the practice of successive Governments to formally respond to the individual findings of each research report commissioned by GRA.

The Government also notes that gambling-related research reports, generally, do not make specific recommendations on matters like gaming machine features. Instead, findings and observations relating to gaming machine player behaviour are reported.

The findings contained in GRA's research report – Impact of Structural Characteristics of Electronic Gaming Machines (December 2014) – will be considered carefully and will be part of the Government's on-going assessment of gaming machine design matters. The Government considers it essential that any proposed changes in this area are subject to rigorous assessment including cost-benefit-analysis and consultation.

In addition, NSW and the other jurisdictions recently undertook a significant review of the Australian/New Zealand Gaming Machine National Standard to remove jurisdictional variations. An outcome of the review of the National Standard is to establish a national mechanism for reviewing new products, and problematic features, to ensure that a proliferation of jurisdictional inconsistencies does not recur.

The Government acknowledges the Committees interest in whether or not the findings of the GRA report will result in any additions to the NSW Prohibited Features Register. The inclusion of any features identified as problematic, by the GRA report, on the register is a matter for the Independent Liquor and Gaming Authority (ILGA), an independent body. The Government anticipates that, as is currently the case, gaming machine manufacturers will be consulted by ILGA on any proposal to add items to the register and that affected stakeholders will be able to seek a review of any addition(s) to the register.

Next steps:

The Government will consider the GRA's research report. The Government will then consult with industry and community stakeholders and decide if a response will be developed and published.

Timeline: Within six months of the report's 19 December 2014 release should the Government decide to respond.

Recommendation 3

That the NSW Government reviews the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.

Response: Not supported – At this Time

A review of the New South Wales Jackpot Technical Standard is not supported at this time.

Rationale:

The NSW limits set by the Jackpot Technical Standard have been in place since at least 1995 and their relative values have declined due to the effects of inflation.

The Government acknowledges that research released by Gambling Research Australia (GRA) found a "convergence of evidence that indicates EGM jackpots have a demonstrable influence on intensification of player behaviour". (Rockloff et al, 2013) However, neither this research nor previous research conducted into gaming machine jackpots has nominated an appropriate jackpot limit. This makes it difficult for the Government to set a limit that targets problem gamblers without adversely affecting other gaming machine players who see jackpots as part of a gaming machine's entertainment value. Further work is required to identify a limit that would curb problem gambling whilst not adversely affecting players who seek jackpots as part of a gaming machines entertainment value.

The Government notes that the NSW jackpot limit for a standalone gaming machine is consistent with the limits in neighbouring jurisdictions. The Government does not consider that the limit for Linked Progressive Jackpot Systems is excessive.

The Government's current commitments are that any proposed changes to jackpot limits set by the jackpot technical standard are subject to rigorous assessment including cost-benefit-analysis and consultation with stakeholders.

Recommendation 4

That the NSW Government reviews the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.

Response: Not supported – At this time

The Government does not support a review of the maximum bet limit for gaming machines at this time.

Rationale:

The bet limit for gaming machines in NSW is set by the gaming machine standards which are a matter for the Independent Liquor and Gaming Authority.

There has been a significant amount of debate on a gaming machine bet limit within government, and between government and industry and community stakeholders, since the Productivity Commission's 2009 draft report recommended a \$1 limit. That recommendation was subsequently included in the Commission's final report, released in 2010.

The previous NSW Government took the position that any proposal to reduce the bet limit should be subject to full analysis of whether a \$1 bet limit, or another amount, is appropriate, including all associated impacts. The research available at the time on the issue was equivocal, and the Productivity Commission noted that a significant proportion of people with gambling problems limit their bets at or below \$1 already.

It remains the case that no research has been completed that recommends a gaming machine bet limit, whether that be \$1 or another limit, that effectively targets problem gamblers without impacting upon recreational gaming machine players.

In the absence of a clear demonstration of benefit, the Government does not support the proposal.

Theme 3 – Problem gambler interventions

Recommendation 5

That the NSW Government investigates third-party exclusion with a view to implementing a scheme in the state's clubs and hotels by 2017 at the latest. In conducting its investigations the Government should consult with industry, healthcare professionals, gambling researchers and other relevant stakeholders.

Response: Supported-in-principle

The Government supports, in-principle, the investigation of a third-party exclusion (barring) scheme for hotels and clubs with gaming machines.

Rationale:

In its submission to the Committee, the Government indicated it was considering a scheme for barring people with gambling problems from hotels and clubs and had investigated the schemes operating in South Australia and Tasmania.

The Government's initial consideration of third party barring schemes was instigated on the advice of industry, a problem gambling counselling service provider, and members of the community. The Government also noted the Productivity Commission's recommendation that there should be the capacity for family members, and nominated venue staff, to bar people with gambling problems on welfare grounds (Productivity Commission, 2010. Rec.10.2). The Government acknowledged that third-party initiated barrings may be of assistance to individuals who are not able to recognise that they have a gambling problem.

Third-party exclusion (barring) schemes raise a number of policy and practical considerations. These include respect for an individual's right to choose whether or not to gamble, while having due regard for the significant impacts uncontrolled problem gambling can have on partners and families. In addition, research on the effectiveness of such schemes and the resolution of a number of operational issues is required.

A comprehensive investigation of these matters is required before a commitment to Government intervention can be made.

Submissions to the Committee, and discussions between the Government and stakeholders, have identified weaknesses in existing self-exclusion schemes – primarily self-excluded patrons still being able to play gaming machines – as a significant factor in the need for a barring scheme. The Government notes these issues, and will continue to work with hotels and clubs so that the self-exclusion scheme regime achieves its goal of aiding people with gambling problems.

Next Steps:

The Government will commission research on the efficacy of third-party barring of people with gambling problems from hotels and clubs.

When the research has been received by the Government, it will consult with industry and community stakeholders to determine what further action should be taken. If a barring system is appropriate, the Government will then work with industry groups and problem gambling support professionals in the development of any such scheme.

Timeline: Research commissioned within six months of the tabling of this response.

Recommendation 14

That NSW Health reviews its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services.

Response: Noted

The Government acknowledges the good intentions of the Committee's recommendation, but intends to progress these objectives in an alternative way.

Rationale:

Current holistic bio-psycho-social assessments undertaken in the NSW Health system already results in identification of problem gambling. This is especially so in population groups where evidence suggests a possible increased incidence, such as people with mental health and drug and alcohol issues, at which time referrals are made to appropriate gambling support services.

In addition, the benefit of collaboration across relevant agencies, particularly NSW Health and OLGR, is recognised in ensuring effective referrals to address problem gambling. OLGR and NSW Health will continue their current work to enhance referrals from the health system to gambling counselling services

Next Steps:

The Government recognises that interaction between relevant organisations, particularly NSW Health, the Office of Liquor, Gaming and Racing (OLGR), and the RGF Trustees, is critical. OLGR and NSW Health are already in discussions on this matter, and the development of a co-operation framework. The Government will ensure that these agencies continue this work.

Timeline: Already in progress

Recommendation 15

That the NSW Government investigates the models of both the Australian Capital Territory and New Zealand that require venues to intervene to assist problem gamblers with a view to implementing such a scheme in New South Wales.

Response: Supported-in-principle

The Government supports, in-principle, the investigation of the Australian Capital Territory and New Zealand requirements regarding venues intervening to assist problem gamblers.

Rationale:

Gambling Research Australia (GRA) has completed research into the identifiers of problem gambling and validated the checklists developed as a result of this research. However, confidently identifying a problem gambler remains a challenge. Added to this is the difficulties venue staff face when approaching patrons about their gambling – particularly where staff have concerns for their own safety. There are also other complications associated with staff/shift changes in venues (particularly large clubs) and how a requirement to intervene can be enforced e.g. gathering sufficient evidence that a venue failed to intervene and assist a patron.

The Government notes that the Committee was advised of assistance services already put in place by venues e.g. ClubsNSW arrangement with the Salvation Army to conduct a trial of Chaplaincy services in clubs.

Given the uncertainties associated with identifying problem gamblers (and risks associated with staff approaching patrons), the difficulties associated with enforcing a scheme, and the measures already being developed and implemented by industry, the Government does not favour a regulatory approach at this stage. The Government will consider the ACT and New Zealand systems and will investigate with ClubsNSW and the Australian Hotels Association (NSW) the possibility of those organisations drafting an appropriate industry code of practice under section 48 of the *Gaming Machines Act 2001*.

Theme 4 – Access to cash

Recommendation 6

That the NSW Government reviews the *Gaming Machines Regulation 2010* (NSW) to provide that a daily cash withdrawal limit applies to automatic teller machines in venues with electronic gaming machines.

Response: Not supported

The Government does not support amending the Gaming Machines legislation to impose a daily withdrawal limit on automatic teller machines (ATMs) in hotels and clubs with gaming machines. The NSW Government supports the Commonwealth Government's repeal of the \$250 ATM withdrawal limit set by the *National Gambling Reform Act 2012*.

Rationale:

The Committee's report states that a daily withdrawal limit on such ATMs is intended to target gaming machine players experiencing problems as a result of their gambling.

However, there is no research evidence supporting the implementation of a limit – or what that limit should be – to address problematic gambling behaviour. Given that gambling problems largely concern affordability, setting a limit may be still be ineffective e.g. a \$250 daily limit may be ineffective for someone for who losing \$100 per day is not affordable. It is the Government's position that it is improbable that a withdrawal limit, targeting problem gamblers effectively (and only problem gamblers), can be identified. Such a measure is likely to have a disproportionately adverse impact on access to cash by non-gamblers and those who are not experiencing problems, particularly in rural communities where the availability of ATM facilities can be limited.

It is noted that most financial institutions impose daily withdrawal limits on transaction accounts and it remains open for individuals concerned about their gambling to approach their financial institution to implement a lower daily ATM cash withdrawal limit on their own accounts.

The NSW Government is also aware that the Commonwealth Government has commenced consultation with industry stakeholders on developing a scheme that would allow people with a gambling problem to exclude themselves from ATMs in gaming venues. The NSW Government supports this initiative.

Recommendation 7

That the NSW Government amends section 32 of the *Gaming Machines Regulation 2010* (NSW) to specify an appropriate distance between automatic teller machines and electronic gaming machines.

Response: Supported-in-principle

The Government supports-in-principle the concept that physical separation of automatic teller machines from electronic gaming environments is appropriate, however it is unable to support imposition of a specific measure without supporting research and a cost/benefit assessment.

Rationale:

Clause 32 of the Gaming Machines Regulation 2010 prohibits a hotelier or registered club locating an ATM or EFTPOS terminal in a part of the hotel or club in which gaming machines are located. This measure is intended to ensure that patrons leaving a gaming machine to withdraw money from an ATM have a break in play which allows them enough time to consider if they want to keep gambling.

The Government acknowledges the concerns expressed in the Committee's report regarding the effectiveness of the current arrangements i.e. they do not necessarily provide a guarantee that the distance between gaming machines is great enough to provide an adequate break in play. It supports, in-principle, specifying an appropriate distance between ATMs and the venue's gaming machines within a venue. However, a minimum separation distance must be supported by sound evidence of its effectiveness and a cost/benefit analysis. The Government does not intend to prohibit ATMs and similar devices from being located within hotels or clubs.

Next Steps:

The Government will commission research to investigate an appropriate minimum separation distance between gaming machines and ATMs within venues – and related strategies such as screening ATMs so there is no direct line-of-sight between gaming machines and ATMs. This research will also take into account matters such as the widely varying configurations of gaming machine venues, workplace health and safety considerations and venue security requirements.

The Government will consult stakeholders on the research findings. If the research identifies a workable minimum separation distance, the Government will commission an economic assessment of the potential impacts of setting a minimum separation distance.

Timeline: Research commissioned within six months of the tabling of this response.

Recommendation 8

That the NSW Government works with the Australian Government to develop mechanisms that restrict short-term credit being made available through automatic teller machines in electronic gaming machine venues.

Response: Supported-in-principle

The Government agrees with the Committee that easy access to short-term credit is problematic within electronic gaming machine venues while noting that the regulation of short-term credit is not within the NSW Government's jurisdiction.

Rationale:

The regulation of financial services (and the telecommunications services that may be used to access financial services) falls within the jurisdiction of the Commonwealth Government. Therefore, NSW Government has no capacity to affect the operations of short term credit providers utilising the telecommunications system to provide their services.

The Government also recognises that there are technical impediments associated with restricting access to funds derived from particular sources to account holders using ATM facilities in registered clubs and hotels. Measures such as banning Wi-fi service in venues with gaming machines cannot be effective because hand-held devices operate on the 3G/4G mobile phone networks – which, as noted, are regulated by the Commonwealth Government.

Consultation with stakeholders raised concerns about the impression of 'easy money' created by some pay-day lender advertising, and how that may lead to further problems for vulnerable gamblers. The Government shares these concerns.

Next Steps:

The Government will write to the Commonwealth Government seeking its support for the better regulation of short-term credit providers (with a particular focus on the risks to problem gamblers and the capacity to address the issues raised by the Committee) and the advertising of short-term credit products.

Timeline: Within six months of the tabling of this response.

Theme 5 – Online gambling

Recommendation 9

That the NSW Government approaches the Australian Government to request that a set of standards be established for online wagering websites and that the *Interactive Gambling Act 2001* (Cth) be amended to prohibit financial institutions from processing transactions to non-compliant online offshore wagering websites.

Response: Supported

The Government supports establishing appropriate, and uniform, minimum standards of consumer protection and gambling harm minimisation for online wagering operators registered in Australia.

Rationale:

The Government notes that the Commonwealth Government's review of its *Interactive Gambling Act 2001* (IGA), conducted in 2012, made the following recommendations on this issue:

- the IGA should provide for the development of a national standard, applicable to all Australian licensed interactive gambling providers, that establishes the framework for a minimum set of harm minimisation and consumer protection measures;
- online gambling providers that do not become licensed by an Australian state/territory jurisdiction, and thus do not sign up to the national standard, should be prohibited under the IGA; and
- a range of harm minimisation and protection measures should be included in the IGA.

The review also recommended that the IGA be amended to provide a safe harbour for financial institutions that choose to voluntarily block financial transactions between Australian consumers and unlicensed online gambling service providers (or any intermediaries involved in such transactions) as part of their services to customers.

The Government supports the principle of prohibiting financial transactions with offshore online gambling sites and will pursue further action to this end with the Commonwealth Government.

Next Steps:

The NSW Government will write to the Commonwealth Government seeking:

- support for a process to develop a national standard, applicable to all Australian licensed interactive gambling providers, that establishes the framework for a minimum set of harm minimisation and consumer protection measures, and

- advice on what measures have been implemented in relation to blocking financial transactions between Australian consumers and unlicensed online gambling service providers since the review of the IGA.

Timeline: Within six months of the tabling of this response.

Recommendation 10

That the NSW Government reviews Gambling Research Australia's report into the impact of wagering advertising on young people when it is published in 2015. If a link between wagering advertising and problem gambling is found, then the NSW Government should approach the Australian Government to request that the national broadcasting codes of practice further restrict betting odds promotions and gambling advertising during live sports broadcasts.

Response: Supported

The Government supports this recommendation and shares the Committee's concerns in relation to the advertising of wagering to young people.

Rationale:

The NSW Government has been advocating, at a national level with the Commonwealth Government and the other State and Territory Governments, a strengthening of regulation of wagering advertising for some time.

In response, the then Commonwealth Government, in May 2013, announced that broadcasters had agreed to amend their codes of practice to end promotion of odds during sports broadcasts and the use of wagering company representatives to act as commentators during an event/game. More recently, the Commonwealth Government has undertaken to legislate to control wagering advertising during sporting events if the current self-imposed industry standards prove ineffective.

Gambling Research Australia has commissioned research into the relationship between sports betting marketing, gambler product preferences and risk, and the influence of such marketing on young people. The report of this research is expected to be published in the first half of 2015.

Next Steps:

The Government will carefully consider the results of the research and consult with relevant industry and community stakeholders on the appropriate response to the research. Following this consultation and the finalisation of its position, the Government determine what if any action it will recommend to the Commonwealth Government.

Timeline: The Government's position will be finalised within six months of publication of the final research report by GRA.

Theme 6 – Education / Awareness

Recommendation 11

That the NSW Government launches an awareness campaign specific to the risks of online gaming. The awareness campaign should focus on improving consumer knowledge about the risks they face accessing offshore online gaming websites. The campaign should also be delivered in different languages targeting a broad spectrum of communities.

Response: Supported-in-principle

The Government supports, in-principle, an awareness campaign warning of the risks of online gaming.

Rationale:

Any campaign would aim to protect consumers from the risks associated with online gambling by alerting the community to the dangers associated with unregulated and easily accessible online gambling platforms. As the Commonwealth Government has ultimate responsibility for the regulation of online gambling, any campaign should be joint undertaking of the Commonwealth and State Governments.

A major focus of the Responsible Gambling Fund (RGF) is to raise awareness of the risks inherent in all forms of gambling and the services available to assist. Its role is not to warn consumers about the illegality of particular forms of gambling.

The Trustees of the RGF recognise and are concerned about the increase in online wagering generally and will be considering a long-term awareness strategy that will include activities to raise awareness of the risks specific to online wagering.

Next Steps:

The NSW Government will approach the Commonwealth Government to develop and deliver an effective awareness campaign to improve consumer knowledge about the risks of accessing offshore online gaming websites. It is envisaged that the content of any campaign would include the lack of consumer protections and gambling harm minimisation practices evident in online gambling and the potentially greater risk of fraud, for example, the risk of access to a person's bank details when provided to establish online gambling accounts.

Timeline: Within six months of tabling of this report.

Recommendation 18

That the NSW Government supports school education programs that promote healthy lifestyle choices. The Government should:

- Investigate the approaches of other Australian state governments in seeking to protect young people from the risks associated with gambling via school-based gambling education
- Examine whether its school-based gambling education programs are appropriate and achieving the desired outcomes.

These findings should form the basis from which to determine whether school-based gambling education programs need to be expanded in New South Wales.

Response: Supported-in-principle

The Government supports, in-principle, the implementation of school-based gambling education programs.

Rationale:

The Government is investigating options for broadening the curriculum to include 'responsible gambling awareness' in consultation with the Department of Education and Communities (DEC), the Catholic Education Commission and the NSW Association of Independent Schools. Approaches in other jurisdictions have been investigated and the Government will be considering the most effective model for school based education programs in light of the risks identified by the Productivity Commission in its 2010 report on gambling.

The Commission found (Chapter 9) that “[l]ittle evidence has been collected about the effects of school-based gambling education programs on students’ gambling behaviour. Evaluations of similar programs in alcohol and vehicle safety have found that, while they can raise awareness, they tend to have no, or even adverse, behavioural impacts.” The Commission recommended that “[g]iven the risk of adverse outcomes, Governments should not extend or renew school-based gambling education programs without first assessing the impacts of existing programs.”

However, given the advent of high-profile promotion of online wagering since the Commission’s report it is considered the context of this issue has changed. An estimated 20,000 sports betting advertisements were broadcast on Australian free to air television in 2012, including high-density advertising in family viewing timeslots. Current evidence shows:

- Three to four percent of teenagers have gambling problems
- Teenagers are particularly vulnerable to sports betting advertising
- Young people have an uninformed attitude to gambling when they reach the age of 18 and are legally allowed to gamble. This is partly because they have never been educated as gambling consumers.

There have also been developments in the education system’s approach to this issue throughout Australia. For example, in 2013, the Victorian Responsible Gambling Foundation’s school education pilot program was tested in 12 schools, with over 500

participants from metro and regional Victoria (years 10, 11 and 12) and from public schools, private schools and TAFE colleges. Findings from student presentation evaluation indicated that a high percentage of students had a better understanding of the risks and issues around gambling and identified that they had learnt new information.

The DEC has indicated that there is an opportunity for gambling education activities to be included in the revised *Crossroads* course which is mandatory for students in Years 11 and/or 12 in NSW government schools.

The primary aim of any education program in NSW is to increase the understanding by young people of the gambling environment they are exposed to, address misconceptions about skills, random chance and returns-to-player, and promote options for seeking help. Information could also be included around making informed decisions and breaking down messaging around advertising.

Next Steps:

In conjunction with DEC, the Catholic Education Commission and the NSW Association of Independent Schools, it is proposed that lesson plans and supporting materials are developed for NSW high schools, and launched in schools in 2015.

Timeline: Already in progress

Theme 7 – Research funding

Recommendation 12

That the NSW Government ensures that the Duty and Responsible Gambling Levy Agreement for the Barangaroo Restricted Gaming Facility is used to support the work of the Responsible Gambling Fund. If in future other large gambling facilities are approved, then these should also be subject to a levy to support the Responsible Gambling Fund.

Response: Noted

The Government notes the recommendation.

Rationale:

The *Casino Control Act* 1992 was amended, on 27 November 2013, to ensure that the operator of the restricted gaming facility at Barangaroo will pay the Responsible Gambling Levy, when the facility commences operations in 2019.

Under their charter the Responsible Gambling Fund (RGF) Trustees, with the approval of the Minister, may only recommend the allocation of funding for gambling research, treatment and support services, and awareness campaigns that reduce the impact of problem gambling on NSW communities. The core activities are:

- free gambling help counselling services for gamblers, family members and friends. These are available in five community languages as well as English, with specialist Aboriginal programs,
- activities that raise awareness of the harms that gambling can cause, strengthen community resilience and promote funded services, and
- research to increase understanding of problem gambling and better inform the development and implementation of responsible gambling and related policy.

Payment of the Responsible Gambling Levy is currently restricted to casinos – for the purposes of the levy the facility at Barangaroo is a “casino” – and is applied to ensure competitive neutrality for the casino operators. Determining the amount of the levy included consideration of the level of funding needed for gambling research, and counselling and assistance services.

Widening the funding base by applying the Responsible Gambling Levy to any future “large gambling facilities” i.e. one that is not a “casino”, would have to be considered on a case-by-case basis. Any such consideration would include an assessment of whether or not additional funds are required as well as the principle of competitive neutrality – as applied to the current arrangements.

Recommendation 13

That the NSW Government reviews the adequacy of funds committed to the Responsible Gambling Fund to ensure that it is appropriately resourced to deliver in different languages an awareness campaign that promotes the courage required to admit to a gambling problem and to seek treatment.

Response: Noted

The Government notes the Committee’s intent in supporting awareness campaigns that promote the courage to confront gambling problems and to seek treatment.

Rationale:

The Responsible Gambling Levy is determined by the Casino Duty and Responsible Gambling Levy Agreement between the State of NSW and the casino operator. It was signed in June 2008 and is effective until 2019. The Levy will also apply to the restricted gaming facility at Barangaroo when the facility commences operations in 2019.

Over the years, Responsible Gambling Fund (RGF) funding has increased as the casino’s gross revenue has increased. Future allocations to the RGF will be boosted when the restricted gaming facility at Barangaroo commences operations in 2019. As a result, the current funding arrangements for the RGF are considered by the NSW Government to be appropriate.

For 2014/15 the RGF Trustees have committed a significant level of funding to a range of awareness-raising activities, including activities directed to non English speakers. The RGF has also recently launched a major advertising campaign in mid-October – *You’re Stronger Than You Think* – that is designed to raise awareness

amongst problem gamblers and their families to get help as early as possible. *You're Stronger Than You Think* uses a positive motivational approach to encourage people to seek help from the Government's range of free Gambling Help services. The campaign adopts a multimedia approach to promote courage, strength and respect to overcome entrenched fears and stigma.

Awareness activities are one of three main areas of operation for the RGF and are appropriately funded (the others being provision of counselling and support services and research).

With respect to the Culturally and Linguistically Diverse (CALD) communities the RGF funded a range of materials and services. For example, the RGF has funded the production of a 20 minute DVD titled *Gaming machine facts and myths* and its translation into Chinese, Vietnamese, Italian and Arabic. All the material for the online *Gambling Hangover* campaign, which targeted 18 – 24 year old men, was translated into Chinese, Vietnamese, Italian, Greek and Arabic. A recently completed review of the CALD communities and their gambling practices recommended that material also be produced in the following languages to address emerging needs: Bosnian, Croatian, Dari, Farsi, Hindi, Korean, Tamil, Thai and Turkish.

Specific counselling services for the Chinese, Vietnamese, Italian and Arabic communities have been established in seven locations, with RGF funding. An on-demand multicultural gambling help service has also been established to provide advice in whichever language is required.

Finally, the RGF has \$480,000 for the production of multicultural advertising over the next four years.

The Office of Liquor, Gaming and Racing (OLGR) has also produced various types of gambling information that is translated into a number of community languages. The player information brochures on gaming machines, casino games, lottery products and totalisator betting are translated into Chinese, Korean, Arabic, Turkish and Vietnamese. OLGR's model self-exclusion scheme form has also been translated into these languages.

Recommendation 16

That the NSW Government, via the Council of Australian Government's Select Council on Gambling Reform, works to secure funding for Gambling Research Australia.

Response: Supported-in-principle

The Government supports the Committee's intent, which is that Gambling Research Australia continues to receive funding support.

Rationale:

While the remit of the Select Council on Gambling Reform expired in 2011 and has not been reconstituted nor replaced by another body, the NSW Government supports

the Committee's intent that Gambling Research Australia (GRA) continues to receive funding support.

The funding period under the current Memorandum of Understanding ended on 30 June 2014. All funding up until this date has been allocated to research projects six of which are still underway and due for completion after 2014. GRA decided against submitting a funding proposal for 2014/15 to allow for the development of a range of funding options by all governments for GRA beyond June 2015.

GRA has undertaken 31 national gambling research projects. The range of policy areas covered has been extensive, from gaming machines, sports-betting and online gambling, to indigenous and Culturally and Linguistically Diverse communities, young people as well as problem gambling and treatment. Little was known about many of these issues before they were researched by GRA.

Key achievements of GRA include:

- a critical overview of Australian gambling research and the extent to which this can be used to inform inter-jurisdictional and national public health policy
- identified the gaming machines structural characteristics that impact player behaviour and particularly those that affect problem gamblers
- the first national study of gambler pre-commitment behaviour and identified those factors that influence players to exceed their expenditure limit during gaming machine play
- one of the first major research studies into online gambling in Australia and produced the most comprehensive examination of interactive gambling in Australia
- developed the Gambling Behaviour Checklist which helps inform staff working at venues to better identify and assist customers experiencing problems with their gambling
- conducted significant Australian research into understanding Indigenous gambling behaviour, consequences, risk factors and potential interventions
- examined gambling problems in culturally and linguistically diverse populations across Australia
- the first national study of gambling behaviour among young people in Australia and conducted research into children at risk of developing problem gambling
- examined relapse into problem gambling and help seeking behaviour
- developed a nationally agreed definition of problem gambling
- agreed to a nationally used screening tool to identify problem gambling
- developed nationally consistent data collection across all problem gambling treatment services in Australia, and
- developed nationally consistent core questions for inclusion into jurisdictional gambling prevalence studies

The NSW Government considers that this research has been beneficial, has been undertaken according to appropriate priorities, has represented value for money

through the collaboration with other jurisdictions and has been undertaken in consultation with industry. The research has been important in informing a wide range of Government policies and programs into gambling and problem gambling in Australia.

Discussions are underway between all Australian Governments regarding the future of a national gambling research program. All jurisdictions have indicated substantial benefit and value for money from GRA and would like to see the program or a similar collaborative arrangement going forward, pending approval from relevant Ministers. There is also a desire from jurisdictions to retain influence over the research program in order that it is as relevant as possible to jurisdictions and their governments. NSW is developing a funding options proposal for GRA, for the consideration of the other States and Territories.

Next Steps:

On 5 December 2014, all jurisdictions met to discuss the future of a national gambling research program. At the meeting, NSW presented a paper to GRA on the future of a national gambling research program. All jurisdictions agreed that the program has provided significant benefits and has been cost effective. It was agreed, by all governments, in-principle, to continue a national gambling research program, subject to the final funding and operational model and Ministerial approval.

Timeline: NSW is now leading the work on developing options on how the new program might operate and what funding model will be most appropriate. This is due in the first half of 2015.

Recommendation 17

That if the NSW Government is unsuccessful in securing an ongoing national role for Gambling Research Australia beyond 2014, then the government should develop alternate models for the provision of publically funded gambling research in New South Wales.

Response: Supported

The Government supports this recommendation.

Rationale:

NSW already has a publicly funded gambling research program managed by the Trustees of the Responsible Gambling Fund (RGF). The RGF is funded via the Responsible Gambling Levy applied on casino operators under section 115 of the *Casino Control Act 1992*. The amount of the levy is determined by the Casino Duty and Responsible Gambling Levy Agreement.

A proportion of RGF funds forms the NSW contribution to funding the GRA national research program. If GRA is not continued beyond June 2015 the NSW contribution to GRA will return to the RGF for use in the NSW research program.

NSW already conducts collaborative research projects with other individual jurisdictions e.g. the joint NSW/ACT longitudinal study of clients using gambling help services. Greater use could be made of such arrangements in the absence of GRA.