

Select Committee on the Impact of Gambling

The impact of gambling

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Terms of reference

1. That the Select Committee on the Impact of Gambling inquire into and report on the impact of gambling on individuals and families in New South Wales, and in particular:
 - 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.

Committee membership

Revd the Hon Fred Nile MLC	Christian Democratic Party	<i>Chairman</i>
The Hon Sarah Mitchell MLC	The Nationals	<i>Deputy Chair</i>
Dr John Kaye MLC	The Greens	
The Hon Charlie Lynn MLC	Liberal Party	
The Hon Greg Pearce MLC¹	Liberal Party	
The Hon Mick Veitch MLC	Australian Labor Party	
The Hon Ernest Wong MLC	Australian Labor Party	

¹ Member replaced Hon Matthew Mason-Cox MLC from 14 May 2014.

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Chairman's foreword

I am pleased to present the report of the Select Committee on the Impact of Gambling.

The evidence received by the inquiry highlighted the negative consequences of problem gambling. The costs of problem gambling are borne not only by the individuals concerned but by their families and loved ones. It is important that as a community we continue to look at how we can address problem gambling more effectively.

A number of inquiry participants expressed concern regarding gambling's increasingly pervasive presence within society. The need for governments to adequately respond to such concern is paramount.

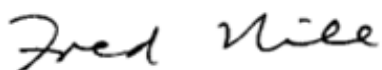
Electronic gaming machines (EGMs) dominate the New South Wales gambling market. In 2012-2013, New South Wales gaming machine players lost \$5.25 billion, while total losses on all gambling products amounted to \$7.92 billion. Consistent with market share, the majority of people seeking treatment for problem gambling are doing so for harms associated with EGMs.

The key focus for this inquiry was to look at how effective government policy has been in preventing EGM related harms from occurring. A number of inquiry participants cogently argued that more needs to be done to protect citizens from the negative impacts of EGMs and problem gambling. In response, the committee has made a number of recommendations which include: a review of both the maximum EGM bet limit and jackpot prize; a review of the means by which venue applications to increase the number of EGMs that they may operate are assessed; and requiring industry to proactively support their patrons regarding gambling problems.

Other important aspects of the inquiry included an assessment of the risks associated with the emergence of online gambling, as well as the effectiveness of problem gambling prevention and treatment services.

On behalf of the committee, I would like to acknowledge the valuable contribution all inquiry participants made to this inquiry, through submissions, hearings and additional information. I would also like to thank those that kindly hosted site visits by the committee. Your contributions are sincerely appreciated.

I am also grateful to my committee colleagues for their thoughtful and engaged contributions to this inquiry. Our work has benefited greatly from both our individual perspectives and our cooperative approach. I would also like to thank the secretariat staff, Stewart Smith, Alex Stedman and Chris Angus for their work in supporting the committee.



Revd Hon Fred Nile MLC
Chairman

Summary of key issues

In November 2013 the Select Committee on the Impact of Gambling was established to inquire into and report on the impact of gambling on individuals and families in New South Wales. The most prominent issue for the inquiry was how to minimise the negative impacts of problem gambling. Other important matters included: the extent to which gambling occurs in New South Wales; the principles underpinning the NSW Government's regulatory approach to gambling; the operation of electronic gaming machines (EGMs); the risks associated with the emergence of online gambling; and how problem gambling treatment and prevention services can be improved. These issues and the committee's recommendations are summarised hereunder.

The New South Wales gambling market and problem gambling

Gambling is the act of placing money on uncertain events driven by chance, with the potential to win more money than initially placed. Gambling is a large industry both in New South Wales and nationally. In 2011-2012, national gambling expenditure (which refers to net losses) exceeded \$20 billion. Gambling expenditure in New South Wales is the highest of any state or territory at \$7.76 billion. Of that figure, EGMs account for \$5.25 billion in gambling expenditure.

The state's gambling participation rate – which refers to citizens that have gambled at least once in the previous 12 months – has declined from 80 per cent in 1999 to 70 per cent in 2008-2009. Despite this drop, the gambling market growth rate has remained stable. It appears that a shrinking interest in gambling by some members of the community has been partly offset by an intensifying interest by others.

The state's problem gambling prevalence rate has trended slightly downward from 0.95 per cent of the adult population in 2006 to a current figure of 0.8 per cent. The seriousness of problem gambling should not be underestimated given there are approximately 47,000 people that meet the problem gambling classification. Problem gambling is a serious social issue given its negative impacts can include depression and anxiety, relationship breakdown, job loss, homelessness and substance abuse.

The regulation of gambling

Gambling regulation in New South Wales is underpinned by a commitment to promote economic and social development while concurrently delivering harm minimisation measures to address the negative consequences of problem gambling. A number of inquiry participants identified the tension between these two seemingly conflicting objectives. The state's gambling regulator, the NSW Office of Liquor, Gaming and Racing (OLGR), argued that the slight reduction in the problem gambling prevalence rate justified its approach.

Electronic gaming machines

Consistent with market share, the majority of people seeking treatment for problem gambling are doing so for harms associated with EGMs. This report considers the primary means through which the government has sought to minimise EGM related harms. Namely, EGM reduction and control; the approval process whereby EGMs are brought to market; self-exclusion; and venue operating requirements.

Evidence was presented which indicated that EGMs are located disproportionately in lower socioeconomic areas and are too readily accessible throughout New South Wales. Concerns were raised regarding the degree to which the Local Impact Assessment process reviews venue applications for an increase in the maximum number of gaming machines they may operate. Since it was established in 2009, the Local Impact Assessment process has not been reviewed. The committee notes that it would benefit from an independent review with the objectives that include identifying mechanisms to stop the concentrations of gaming machines in neighbourhoods and clubs where they will cause greater harm (see recommendation 1).

Manufacturers design EGMs to entice people to commence playing them and remain at the machine to continue their expenditure. Approval authorities seek to minimise the harm of EGMs by restricting the features a machine can have that may cause problem gambling. The committee received evidence which indicated that there are certain harmful EGM design features that are not currently listed on the New South Wales Gaming Machine Prohibited Features Register. It is recommended that the government publish its response and take whatever action is required to a study currently being undertaken by Gambling Research Australia, which is investigating the relationship between gaming machine design features and gambling harms (recommendation 2).

The inquiry received evidence which linked higher jackpot prizes to increased betting amounts and betting frequency. It was argued that high-value maximum jackpots can intensify betting behaviour thereby putting users at an increased risk of loss. The committee recommended that the government review the current maximum jackpot prize for standalone gaming machines (recommendation 3).

The committee was concerned to note Productivity Commission analysis which found that a player betting at the New South Wales maximum bet limit of \$10 per spin could lose on average \$1,200 an hour if played at maximum speed. A number of inquiry participants argued that a lower bet limit would target problem gamblers without unduly affecting the ability of other players to gamble. The committee has recommended that the government review the maximum bet limit (recommendation 4).

Self-exclusion allows a person, at their own request, to be prevented from entering any area of a venue they nominate. All venues with gaming machines are required to provide self-exclusion. The inquiry received evidence which questioned OLGR's effectiveness in overseeing the self-exclusion scheme. One criticism was that OLGR has been providing inconsistent information and advice about self-exclusion. It is critical that OLGR gets its processes right and better assists those seeking help.

Third-party initiated exclusions enables family members or other relevant persons to apply to have a gambler excluded from a venue on welfare grounds. Third-party initiated exclusions are available in the Star Casino, Tasmania and South Australia. We believe that such a scheme should operate in all New South Wales venues with gaming machines. However, we also recognise that third-party initiated exclusions could create unintended consequences, which is why a fair and transparent assessment system is required. The committee has recommended that the government investigate third-party exclusion with a view to implementing a scheme in the state's clubs and hotels. In conducting its investigations the government should consult with industry, healthcare professionals, gambling researchers and other relevant stakeholders (recommendation 5).

Some inquiry participants raised concerns regarding the rules governing access to cash and credit in venues with gaming machines. It was argued that problem gamblers were more likely than other players to withdraw money from an ATM at a venue while playing gaming machines. The committee is mindful that a balance needs to be found with respect to providing tougher restrictions on access to cash and credit in venues to protect problem gamblers and not unduly impinging on the convenience of

other patrons. It is recommended that the NSW government review the daily cash withdrawal limit that applies to ATMs in venues with gaming machines, and specify an appropriate distance between ATMs and gaming machines (recommendations 6 and 7). The committee was also advised that some gaming machine players are using smart phone technology to subvert the prohibition on credit betting. The committee has recommended that the NSW Government work with the Australian Government to develop mechanisms that restrict short-term credit betting being made available through ATMs in venues with gaming machines (recommendation 8).

The emergence of online gambling

There are two distinct components to online gambling, namely online wagering and online gaming. Online wagering is a legal practice and refers to placing bets on racing and sports. Online gaming includes casino and poker machine games delivered via the internet. It is illegal to host an online gaming website in Australia.

Online wagering is as an increasingly popular means by which to bet on racing and sports. The emergence of online wagering has fundamentally changed the Australian racing and sports betting landscape creating more accessible gambling markets. It is concerning that greater accessibility may also exacerbate problem gambling. However, efforts to reverse the growth of domestic online wagering would likely be ineffective given the ability of consumers to switch to unregulated offshore markets. Unregulated offshore sports betting markets are a risky product given they are not subject to local harm minimisation requirements and consumer protection law. There are difficulties in effectively regulating a product that is accessible both domestically and globally. Recommendation 9 calls on the NSW Government to approach 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.

Accompanying the growth of online wagering has been a marked increase in sports betting advertising. A number of inquiry participants voiced concerns regarding this development. In 2013 new national broadcasting codes of practice were established to limit gambling advertising during live sports broadcasts. This is a welcome development. It is acknowledged that Gambling Research Australia is currently looking at the impact of wagering advertising on young people. We believe that if a link between the increase in the advertising of wagering products and problem gambling is established, then the national broadcasting codes of practice should be changed to further limit gambling advertising during live sports broadcasts (see recommendation 10).

Despite the illegality of domestic supply, the inquiry received evidence which indicated that the online gaming market is growing rapidly. It was alarming to note that many consumers are unaware of the dangers of unregulated online gaming. The evidence also emphasised that governments could do a better job in protecting consumers from the risks of online gaming. Hence we have recommended that the government launch an awareness campaign to improve consumer knowledge about the risks of online gaming (recommendation 11).

Problem gambling prevention and treatment

In New South Wales gambling prevention and treatment services are currently delivered via the Responsible Gambling Fund (RGF). Demand for RGF problem gambling treatment services is relatively stable and positive outcomes are being achieved with respect to clients being better able to control their gambling. However, the RGF is funded from one source – a levy imposed on the Star Casino. The announcement of the Barangaroo Restricted Gaming Facility provides the government an opportunity to broaden the contribution base for the RGF. Recommendation 12 calls on the

government to ensure that the Duty and Responsible Gambling Levy Agreement for the Barangaroo Restricted Gaming Facility is used to support the work of the RGF.

It was identified that many individuals face difficulty in first admitting to a gambling problem and then seeking the necessary assistance and support to address the issue. It was commonly argued that this is due to the stigma attached to problem gambling. There was a consensus among problem gambling treatment providers that people should seek help as soon as possible and that the best way to achieve this is via positive messaging which promotes the courage required to admit to a gambling problem and obtain treatment. We are pleased to note that the RGF is currently developing an awareness campaign that does just that. Recommendation 13 seeks to ensure that the RGF is appropriately resourced to deliver its awareness campaign.

It was argued that more should be done within the general health system to better screen gambling related problems and to refer patients to appropriate gambling treatment services. It is recommended that NSW Health review its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services (recommendation 14).

In addition to the regulations governing the use of gaming machines in venues, some inquiry participants argued that industry should do more to assist patrons exhibiting signs of problem gambling. In New South Wales there is no legal obligation requiring venues to intervene to assist problem gamblers. In contrast, in New Zealand and the Australian Capital Territory venues must proactively support their patrons regarding gambling problems. This support includes venues investigating reports of problem gambling, where appropriate referring individuals to treatment and self-exclusion, and in extreme cases banning an individual from a venue. It is recommended that the government investigate 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 (recommendation 15).

Gambling research plays a fundamental role in informing policy development, expanding understanding about gambling, and shaping the creation of problem gambling prevention and treatment services. It was identified that the national gambling research program, Gambling Research Australia, does not have funding beyond mid-2014. It is critical that this issue be resolved. The committee has made two recommendations to secure ongoing funding for gambling research (recommendations 16 and 17).

The inquiry received evidence which emphasised the need for school students to be helped to develop the resilience needed to best enable them to make healthy lifestyle choices. Gambling is a legal activity that young people will inevitably become exposed to as they enter adulthood. The evidence on gambling education is emerging. However, the delivery of school-based gambling education in other Australian states has provided the government the opportunity to investigate what other jurisdictions are doing to protect young people from problem gambling. The gambling education provided within New South Wales is somewhat limited. If it is to be expanded the government should look at the effectiveness of its current approach and assess what is being delivered in other jurisdictions. These findings should form the basis from which to determine whether school-based gambling education programs should be increased in New South Wales schools (recommendation 18).

Summary of recommendations

- Recommendation 1** **36**
 That the NSW Government ensure 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.
- Recommendation 2** **44**
 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.
- Recommendation 3** **44**
 That the NSW Government review the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.
- Recommendation 4** **44**
 That the NSW Government review the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.
- Recommendation 5** **51**
 That the NSW Government investigate 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.
- Recommendation 6** **56**
 That the NSW Government review 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.
- Recommendation 7** **57**
 That the NSW Government amend section 32 of the *Gaming Machines Regulation 2010* (NSW) to specify an appropriate distance between automatic teller machines and electronic gaming machines.
- Recommendation 8** **57**
 That the NSW Government work with the Australian Government to develop mechanisms that restrict short-term credit being made available through automatic teller machines in electronic gaming machine venues.

- Recommendation 9** **69**
That the NSW Government approach 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.
- Recommendation 10** **74**
That the NSW Government review 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.
- Recommendation 11** **77**
That the NSW Government launch 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.
- Recommendation 12** **85**
That the NSW Government ensure 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.
- Recommendation 13** **89**
That the NSW Government review 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.
- Recommendation 14** **92**
That NSW Health review its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services.
- Recommendation 15** **95**
That the NSW Government investigate 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.
- Recommendation 16** **97**
That the NSW Government, via the Council of Australian Government's Select Council on Gambling Reform, work to secure funding for Gambling Research Australia.
- Recommendation 17** **97**
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.

Recommendation 18

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That the NSW Government support 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.

Chapter 1 Introduction

This chapter provides an overview of inquiry process, including the methods the committee used to facilitate participation by members of the public, government, experts from the field of problem gambling, and relevant organisations. It also includes a brief outline of the report structure.

Background to the inquiry

- 1.1 On 27 November 2013, one week after the passage of the *Casino Control Amendment (Barangaroo Restricted Gaming Facility) Bill 2013*, a motion was successfully moved by Revd the Hon Fred Nile in the Legislative Council to establish the Select Committee on Gambling to inquire into and report on the impact of gambling on individuals and families in New South Wales.²

Conduct of the inquiry

Terms of reference

- 1.2 The inquiry terms of reference required the committee to consider a number of issues including: the design and accessibility of electronic gaming machines and new and emerging gambling products and services; the regulation of the number and location of electronic and high-intensity gaming machines; voluntary pre-commitment technology; access to cash and credit in and around gambling venues; the role and capacity of gambling industry staff to address problems caused by gambling; the regulation of telephone and internet gambling services in other jurisdictions in Australia and overseas; gambling education; and the effectiveness of problem gambling treatment services.
- 1.3 The full terms of reference are set out on page iv.

Submissions

- 1.4 The committee invited submissions by advertising in the *Sydney Morning Herald* and the *Daily Telegraph* on Wednesday 18 December 2013. A media release announcing the inquiry was also sent to media outlets around the state.
- 1.5 The Committee also sought submissions by writing to key stakeholders and inviting them to make a submission to the inquiry. The closing date for submissions was Friday 7 March 2014. However, the Committee continued to accept submissions after this date.
- 1.6 The committee received a total 35 submissions and one supplementary submission. A full list of submissions is set out in Appendix 1.

² *Minutes*, Legislative Council, 27 November 2013, pp 2,276-2,277.

Hearings

- 1.7** The committee held three public hearings. Two at Parliament House on 10 April 2014 and 11 April 2014, and one at the Mounties Club on 5 June 2014.
- 1.8** A full list of witnesses who appeared at the hearings is set out in Appendix 2. The list of documents tabled during the hearing is available at Appendix 4, and the list of witnesses who provided answers to questions taken on notice during hearings can be found at Appendix 5.
- 1.9** Transcripts of the hearings are available on the committee's webpage and the minutes of proceedings of all committee meetings regarding the inquiry are included in Appendix 6.

Site visits

- 1.10** The committee undertook three site visits: to the Mounties Club, Oakdene House Gambling Treatment Clinic, Fairfield; and to the offices of the sports and racing betting firm William Hill Australia, Sydney – William Hill Australian comprises Sportingbet, Centrebet and TomWaterhouse.com.
- 1.11** The committee wishes to thank all the stakeholders who provided written submissions to the inquiry, gave evidence at public hearings, or hosted a site visit.
- 1.12** For further information regarding the site visits please refer to Appendix 3.

Report structure

- 1.13** Chapter 2 sets the context for the inquiry by detailing background information on a number of key issues relevant to gambling in New South Wales. It establishes a definition of gambling and identifies different forms of gambling. It also presents data and statistics so as to outline the extent to which gambling occurs in New South Wales and discusses some of the harms associated with problem gambling. In addition, the chapter also looks at the principles underpinning the NSW Government's regulatory approach to gambling and what is meant by the concept of responsible gambling.
- 1.14** Chapter 3 provides a background to electronic gaming machines (EGMs) in New South Wales. It details the historical context and identifies some of the outcomes that followed the 1956 decision to legalise EGMs. It also presents data on the state's EGM market. The chapter concludes with an overview of the regulatory environment.
- 1.15** Chapter 4 examines the key means through which the NSW government has sought to address the harms associated with EGMs. Specifically, the chapter considers the: measures taken to reduce and control the number of EGMs within the state; approval process whereby EGMs are brought to market; relationship between certain machine design features and betting behaviours; operation of the self-exclusion program; and application of venue operating requirements that encourage the adoption of responsible gaming practices.
- 1.16** Chapter 5 considers the emergence of the online gambling market and its two distinct components: online wagering and online gaming. Online wagering is a legal practice and refers to placing bets on racing and sports – there was a concern among some inquiry participants as

to whether online wagering is having a negative impact on sport. Online gaming, a prohibited product in Australia, includes casino and poker machine games delivered via the internet. The chapter begins by looking at the increasing popularity of online sports wagering and the challenges this poses with respect to effective regulation, problem gambling, and maintaining sports integrity. Issues regarding online racing and sports wagering advertising are also examined. The chapter concludes by looking at online gaming from a regulatory and consumer risk standpoint.

- 1.17** Chapter 6 examines issues pertinent to the reduction of problem gambling in New South Wales. Firstly, it looks at the problem gambling prevention and treatment services delivered via the Responsible Gambling Fund. The chapter then considers a number of issues regarding the effectiveness of problem gambling prevention and treatment. It concludes by considering the role of gambling education in schools.

Chapter 2 Gambling in New South Wales

This chapter provides the context for the inquiry by providing background information on a number of key issues relevant to gambling in New South Wales. It begins by establishing a definition of gambling and identifying different forms of gambling. The next section presents data and statistics so as to outline the extent to which gambling occurs in New South Wales. Some of the harms associated with problem gambling are then discussed. The chapter concludes by looking at the principles underpinning the NSW Government's regulatory approach to gambling and by considering differing interpretations of what is meant by responsible gambling.

What is gambling?

- 2.1 This section establishes a definition of gambling and identifies the different forms of gambling undertaken in New South Wales.

Defining gambling

- 2.2 Gambling is the act of placing money on uncertain events driven by chance, with the potential to win more money than initially placed. In its 2010 inquiry into gambling, the Productivity Commission noted that in all probability gamblers as a group will lose over time and the fact that gambling is intended to be a recreational activity, distinguishes it from investment activities, where chance also plays a prominent role.³ This report focuses on recreational gambling as distinct from professional gambling and business risk taking as these were not part of the terms of reference.
- 2.3 Gambling can be undertaken legally via gaming which includes casinos, electronic gaming machines (EGMs) and lotteries or via wagering which refers to bets placed on racing (thoroughbreds, harness and greyhounds) and sports with licensed bookmakers. In New South Wales, the Office of Liquor, Gaming and Racing (OLGR) is the government agency responsible for regulatory enforcement of most gambling laws while the Independent Liquor and Gambling Authority determines many of the regulatory outcomes.⁴
- 2.4 Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, commented on the use of the words gambling and gaming. She advised the committee that the term gaming originates from the United States and was an attempt by industry to disassociate itself with the term gambling. Dr Gainsbury also advised that in the Australian context, the term gambling is the umbrella term under which both gaming and wagering are incorporated:

³ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Introduction', Canberra: Commonwealth of Australia (2010), p 1.4. The inquiry was undertaken following an agreement of the Council of Australian Governments for the Australian Government to request that the Productivity Commission undertake a public inquiry into Australia's gambling industries.

⁴ *NSW Office of Liquor, Gaming and Racing – About us*, accessed 6 May 2014, http://www.olgr.nsw.gov.au/about_us_home.asp.

The use of the terms gambling and gaming is an interesting area. I have read some papers on this, and there are differences internationally as well. My understanding is that the term “gaming” originated from the American Gaming Association quite a number of years ago when they were trying to distance themselves from the term “gambling”. In the United States “gaming” is how it is commonly described. In Australia we use “gambling” to incorporate gaming and wagering. So “gaming” is separate and means non-wagering—it is more of a chance-based or self-contained game that you are betting on.⁵

- 2.5 In addition to receiving evidence regarding gaming and wagering, the inquiry was alerted to the growth in online gambling. In Australia consumers have the ability to access legal licensed domestic wagering products, and unregulated online gaming and wagering products provided by offshore operators. The committee received evidence from a number of witnesses as to risks associated with the growth of both regulated and unregulated online gambling.⁶
- 2.6 Regarding the regulation of online gambling, the NSW Government advised the committee that it is the responsibility of the Commonwealth to oversee this area and that it does so via the *Interactive Gambling Act 2001* (Cth). In its submission the government also emphasised the need for a national approach to the issue of online gambling.⁷

Gambling data

- 2.7 Gambling is a large industry both in New South Wales and nationally. To gather appropriate data the committee wrote to the Parliamentary Library requesting statistics on gambling.⁸
- 2.8 The information presented below summarises some of the information that was provided to the committee by the Parliamentary Library, as well as other data presented by inquiry participants. As a general rule the report has quoted the most recent data available.

The gambling market

- 2.9 According to the Productivity Commission, in 2008-2009 total national gambling expenditure (which refers only to net losses) reached over \$19 billion. New South Wales had the largest share of gambling expenditure of any state or territory at \$7.15 billion. In 2008-2009, gambling expenditure as a proportion of household consumption in New South Wales was at 3.5 per cent while the corresponding national figure was 3.1 per cent.⁹

⁵ Evidence, Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, 5 June 2014, p 20.

⁶ For examples please see submission 2, Wesley Mission, p 2 and Evidence, Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW, 11 April 2014, p 12.

⁷ Submission 33, NSW Government, p 2.

⁸ Select Committee on the Impact of Gambling, NSW Parliament, Minutes No. 1, 9 December 2013, Item No. 5.

⁹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘A snapshot of the gambling industry’, p 2.3.

- 2.10** The Productivity Commission also estimated that 3.7 million New South Wales residents—or 69 per cent of the state’s population—participated in some form of gambling activity in the year 2008-2009.¹⁰
- 2.11** In 2008-2009, per capita expenditure on gambling in New South Wales was \$1,319 while average expenditure per gambling adult was \$1,911. The average national figures were \$1,147 and \$1,500 respectively, thus placing New South Wales above the national average in both categories.¹¹
- 2.12** Another repository of gambling data – Australian Gambling Statistics (AGS), produced by Queensland Treasury and Trade¹² – provides similar figures to those of the Productivity Commission. In 2009-2010, gambling expenditure for New South Wales was \$6.373 billion out of a total national share of \$18.456 billion. New South Wales’ gambling expenditure share was again the highest of any state or territory. In 2009-2010, per capita expenditure on gambling in New South Wales was \$1,201 while the corresponding national figure was \$1,081.¹³

Social and economic benefit

- 2.13** Citing Productivity Commission data, ClubsNSW informed the committee that the estimated net social benefit (this includes contributions made by the gambling industry to community organisations and local infrastructure) from gambling in Australia, having accounted for the costs of problem gambling, ranged between \$3.7 billion and \$11.1 billion in 2008-09. National total tax revenue from gambling was an estimated \$6.3 billion per annum while the total number of people employed by the gambling industry nationally was approximately 200,000.¹⁴
- 2.14** Regarding the employment generated by the gambling industry, the Productivity Commission did qualify the figure by arguing that the ‘presence of jobs in an industry does not mean that those jobs are additional in a net sense since most people would be employed elsewhere if the gambling industry was smaller’. The Productivity Commission also emphasised that ‘like most other industries, the real benefits of the gambling industry depend on the extent to which consumers enjoy its products’.¹⁵
- 2.15** Regarding gambling products and consumer participation, the Presbyterian Church of Australia in NSW questioned the ‘enjoyment’ experienced by problem gamblers. The Church cited data that indicated ‘15 per cent of people who regularly play EGMs are problem

¹⁰ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘A snapshot of the gambling industry’, p 2.6.

¹¹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘A snapshot of the gambling industry’, p 2.3.

¹² Australian Gambling Statistics is a comprehensive set of statistics related to gambling in Australia, covering the entire range of legalised Australian gambling products. The publication has been produced since 1984, and is compiled annually by the Government Statistician in co-operation with all Australian state and territory governments.

¹³ Queensland Treasury and Trade, *Australian Gambling Statistics*, ‘Summary Table D’, 28th Edition. Brisbane: the State of Queensland (2012), pp 4-5.

¹⁴ Submission 23, ClubsNSW, p 3.

¹⁵ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘Overview’, p 10.

gamblers who bear the cost of 40 per cent of spending—or, more accurately, losses incurred—on these machines’.¹⁶

Gambling expenditure by product

2.16 The total expenditure by legal gambling product in New South Wales for the last five financial years is shown in Table 1. It is evident that EGMs represent the largest share of expenditure in the state’s gambling market with a market share of 66.3 per cent (or \$5.25 billion) in 2012-2013.

Table 1 Gambling expenditure in New South Wales by product – dollar value and percentage of total gambling expenditure

Product	2008-2009 \$ million/%	2009-2010 \$ million/%	2010-2011 \$ million/%	2011-2012 \$ million/%	2012-2013 \$ million/%
Electronic gaming machines in clubs and hotels	5153.4/ 67.8%	5019.6/ 68.4%	5114.4/ 67.6%	5179.4/ 66.7%	5250.4/ 66.3%
Star Casino	807.5/ 10.6%	775.1/ 10.5%	902.0/ 11.9%	953.7/ 12.3%	1057.5/ 13.5%
Totalizator	829.6/ 10.9%	869.5/ 11.8%	838.3/ 11.1%	862.0/ 11.1%	819.1/ 10.3%
Lotteries	668.8/ 8.8%	526.0*/ 7.2%	455.4/ 6%	500.9/ 6.5%	536.3/ 6.8%
Keno	113.8/ 1.5%	118.8/ 1.6%	126.5/ 1.7%	134.0/ 1.7%	134.7/ 1.7%
Bookmakers	32/ 0.4%	33.5/ 0.5%	28.7/ 0.4%	31.9/ 0.4%	15.5/ 0.2%
Fixed odds racing	-	-	99.6/ 1.3%	103.8/ 1.3%	106.0/ 1.3%
Total (\$ billion)	\$7.605 billion	\$7.324 billion	\$7.564 billion	\$7.764 billion	\$7.919 billion

*Answers to questions on notice, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, question 13. * Extrapolation of only available data - 3 months April to June 2010.*

2.17 According to AGS data in 2011-2012, total gambling expenditure on racing (\$889.45 million) and gaming machines (\$5.179 billion) was higher in New South Wales than in any other Australian jurisdiction. Victoria was the second highest with respect to total gaming machine expenditure (\$2.681 billion) and total racing expenditure (\$637.65 million).¹⁷

¹⁶ Submission 6, Presbyterian Church of Australia in NSW, p 3

¹⁷ Queensland Treasury and Trade, *Australian Gambling Statistics*, ‘Summary Table D’, 29th Edition. Brisbane: the State of Queensland (2014), p 4.

- 2.18** The Productivity Commission noted that the gambling industry has a relatively stable growth rate. The rapid growth that accompanied the liberalisation of EGMs in the 1990s has long since receded. However, the industry has recently experienced radical change with new products taking an increasingly significant market share.¹⁸
- 2.19** For example, the Productivity Commission estimated that unregulated online gaming, though invisible in official records, has grown rapidly with national spending amounting to approximately \$800 million in 2008-2009.¹⁹
- 2.20** Wagering on sports has also grown with AGS figures showing that sports betting, as a percentage of total gambling expenditure in New South Wales, has increased from 0.14 per cent in 1997-1998 to 1.4 per cent in 2011-2012. In monetary terms, total sports betting expenditure in New South Wales has grown from \$5.88 million in 1997-1998 to \$108.53 million in 2011-2012.²⁰
- 2.21** The growth in some products would appear to have been at the expense of others. For example, AGS racing's share of total gambling expenditure in New South Wales declined from 28.9 per cent in 1986-1987 to 11.45 per cent in 2011-2012.²¹
- 2.22** Productivity Commission data also showed that EGMs in clubs and hotels have experienced declining growth. The national growth rate peaked at 15.7 per cent in 1993-1994 while it was negative 1.1 per cent in 2008-2009. EGMs, however, are still the dominant gambling product accounting for 55 per cent of total national expenditure on gambling. In monetary terms, this figure amounts to \$10.5 billion.²²

Gambling participation rates

- 2.23** In 2008-2009, approximately 70 per cent of the New South Wales community participated in at least one form of gambling in the previous twelve months. This represents a decline from 80 per cent in 1999. Noting the stability of the gambling market growth rate, the Productivity Commission argued that 'a shrinking interest in gambling by some [members of the community] has been partly offset by an intensifying interest by others'.²³
- 2.24** Table 2 shows the participation rate by gambling product for the twelve months prior to 2009. The three products with the highest participation rate were instant scratch tickets, lotto or other lottery games (50.9 per cent), EGMs (24.6 per cent), and horse or greyhound racing (15.7 per cent).

¹⁸ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Overview', p 8.

¹⁹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Overview', p 8.

²⁰ Queensland Treasury and Trade, *Australian Gambling Statistics*, 'Table NSW 50', 29th edition, p 58.

²¹ Queensland Treasury and Trade, *Australian Gambling Statistics*, 'Table NSW 50', 29th edition, p 58.

²² Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'A snapshot of the gambling industry', p 2.8.

²³ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'A snapshot of the gambling industry', p 2.6.

Table 2 Gambling participation rate by product in the last 12 months, adults aged 18 years and over, New South Wales, 2009

Product	Participation rate
Electronic Gaming Machines (EGMs)	24.6%
Horse or greyhound racing	15.7%
Instant scratch tickets, lotto or other lottery games	50.9%
Keno	11.8%
Table casino games such as blackjack or roulette	4%
Sporting events	4%
Casino games via the internet	6.7%
No gambling in the last twelve months	30.4%

Correspondence from the New South Wales Parliamentary Library to the Committee, 9 January 2014, quoting NSW Health, Gambling Module: NSW Population Health Survey 2008-2009, (2010), retrieved December 2013 <http://www.olgr.nsw.gov.au/pdfs/Gambling%20Module%2018+%20edited.pdf>.

2.25 The NSW Health data also showed that for those who participated in at least one form of gambling in the twelve months prior to 2009:

- The 55-64 year age bracket had the highest participation rate at 76 per cent
- Men (71.7 per cent) had a higher participation rate than women (67.7 per cent)
- People in regional areas (74.3 per cent) had a higher participation rate than people in urban areas (67.8 per cent).²⁴

Problem gambling

2.26 This section explores issues relevant to problem gambling, including the prevalence rate and its negative impacts on families and individuals.

2.27 Problem gambling has been defined as a ‘pattern of behaviour that compromises, disrupts or causes damage to health, family, personal or vocational activities’.²⁵

2.28 As noted below, the most recent data on the New South Wales problem gambling prevalence rate indicated there were an estimated 46,800 problem gamblers in 2011.

Prevalence rate

2.29 There are a range of different screening tests that are used to estimate the prevalence of problem gambling. A commonly used test in Australia is the Canadian Problem Gambling Index (CPGI) – which involves responding to nine questions regarding gambling related

²⁴ NSW Health, *Gambling Module: NSW Population Health Survey 2008-2009*.

²⁵ Submission 10, Royal Australian and New Zealand College of Psychiatrists, p 1

behaviours. Answers are allocated graded scores (never zero, sometimes one, most of the time two, and almost always three) and the resultant index classifications are as follows:

- Zero: non-problem gambling
- One to two: low level of problems with few or no identified negative consequences
- Three to seven: moderate level of problems leading to some negative consequences
- Eight or more: problem gambling with negative consequences and a possible loss of control.²⁶

- 2.30** In 2006, the problem gambling prevalence rate in New South Wales for the adult population (a score of eight or more) was 0.95 per cent.²⁷ Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing (OLGR), advised that current prevalence studies indicate that this figure has declined slightly to 0.8 per cent.²⁸
- 2.31** The latest New South Wales figures for moderate gambling problems (a score of three to seven) were 1.76 per cent (2006) and 1.3 per cent (2009).²⁹
- 2.32** National figures are only available for 2009, with the problem gambling prevalence rate at 0.69 per cent and the moderate gambling rate at 1.67 per cent.³⁰
- 2.33** The national prevalence rates show that, on average, an estimated 116,000 people are problem gamblers and 279,000 are moderate risk gamblers – a total of 395,000.³¹
- 2.34** If the latest problem gambling prevalence rate of 0.8 per cent is applied to the New South Wales resident adult population figures,³² there were an estimated 46,800 problem gamblers in 2011.
- 2.35** If the 2009 moderate gambling problem metric of 1.3 per cent is applied to the New South Wales resident adult population that year, there were an estimated 75,140 people with moderate gambling problems.³³

²⁶ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The prevalence of problem gambling in Australia’, p 5.5.

²⁷ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The prevalence of problem gambling in Australia’, p 5.18.

²⁸ Evidence, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, pp 4-5.

²⁹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The prevalence of problem gambling in Australia’, p 5.18.

³⁰ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The prevalence of problem gambling in Australia’, p 5.20

³¹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The prevalence of problem gambling in Australia’, p 5.20.

³² The New South Wales resident adult population was estimated to be 5.85 million in June 2011. See Australian Bureau of Statistics, *3235.0 - Population by Age and Sex, Regions of Australia, 2011*.

³³ The New South Wales resident adult population was estimated to be 5.78 million in June 2009. See Australian Bureau of Statistics, *3235.0 - Population by Age and Sex, Regions of Australia, 2009*.

2.36 According to Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., a non-government organisation that circulates gambling information, problem gambling is rarely captured in health studies. She stated that the only time it was included as a question ‘in our annual health study around families and gambling we elicited a figure of 10.4 per cent of New South Wales families were identifying someone in the family with a problem’.³⁴

2.37 In New South Wales in 2009:

- Men (0.7 per cent) were more likely than women (0.2 per cent) to meet the problem gambling classification³⁵
- By age and by gender the group with the highest problem gambling prevalence rate was men aged 35 to 44 (0.9 per cent).³⁶

2.38 In New South Wales in 2012:

- The region with the state’s highest prevalence of moderate gambling risk was the Central Coast (4.7 per cent)³⁷
- The region with the state’s highest prevalence of problem gambling was the Riverina (1.6 per cent)³⁸
- Those with university level qualifications scored lower on the CPGI for problem gambling (0.1 per cent) and moderate gambling risk (2.0), than those with Year 12 or trade certificate qualifications (1.0 per cent problem gambling) and (3.5 per cent moderate gambling risk)³⁹
- By employment status, unemployed individuals had the highest prevalence of moderate gambling risk (10.2 per cent) and problem gambling (3.2 per cent).⁴⁰

Problem gambling and its associated harms

2.39 According to the RANZCP gamblers are not a homogeneous group. There are those that gamble for recreational purposes and there are others for which gambling has become a problem. To distinguish between problem gamblers and recreational gamblers, the RANZCP advised the committee that the American Psychiatric Association’s Diagnostic and Statistical Manual of Mental Disorders defines an individual with a gambling disorder as someone that

³⁴ Evidence, Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., 10 April 2014, p 53.

³⁵ NSW Health, *Gambling Module: NSW Population Health Survey 2008-2009*.

³⁶ NSW Health, *Gambling Module: NSW Population Health Survey 2008-2009*.

³⁷ Ogilvy Illumination, *Prevalence of Gambling and Problem Gambling in New South Wales – prepared for the Office of Liquor, Gaming and Racing* (2012), ‘Table 12’, p 61, retrieved December 2013 http://www.olgr.nsw.gov.au/rr_prevalence_study_2012.asp.

³⁸ Ogilvy Illumination, *Prevalence of Gambling and Problem Gambling in New South Wales – prepared for the Office of Liquor, Gaming and Racing* (2012), ‘Table 12’, p 61.

³⁹ Ogilvy Illumination, *Prevalence of Gambling and Problem Gambling in New South Wales – prepared for the Office of Liquor, Gaming and Racing* (2012), ‘Table 13’, p 62.

⁴⁰ Ogilvy Illumination, *Prevalence of Gambling and Problem Gambling in New South Wales – prepared for the Office of Liquor, Gaming and Racing*, ‘Table 15’, p 63.

demonstrates ‘persistent and recurrent problematic gambling behaviour leading to clinically significant impairment or distress’.⁴¹

- 2.40** Other inquiry participants such as Mr Anthony Ball, Chief Executive Officer, ClubsNSW and Mr Newson also made the distinction between the recreational gambler that gambles with what they can afford and the problem gambler whose behaviour is leading to negative consequences. Mr Ball stated that:

It was often talked about when Kerry Packer dropped \$10 million at the races and no-one cared about that. Of course not, because he had plenty; whereas, for another individual, a spend of \$50 can be more than they can afford.⁴²

- 2.41** Mr Newson, speaking in the context of public policy measures to address problem gambling, emphasised that there is ‘a balance of employing rigorous harm minimisation approaches and not unduly interfering with the majority of the population that enjoys the recreation responsibly’.⁴³

- 2.42** The Gambling Impact Society (NSW) Inc. highlighted that there is no one uniform type of gambler. The Society referred to the report of the Australian Parliamentary Joint Select Committee on Gambling Reform, entitled, *The prevention and treatment of problem gambling*. The report noted the evidence of Dr Christopher Hunt, Psychologist, Gambling Treatment Clinic, University of Sydney, who emphasised that there is no clear reason for why some people develop gambling problems and others do not.⁴⁴

- 2.43** Although it may be difficult to ascertain why some individuals develop gambling problems and others do not, a number of witnesses identified the damage that problem gambling can cause. For example, Ms Kelly Lester, Policy and Research Adviser, CatholicCare, an organisation providing programs to assist problem gamblers and their families, stated that problem gambling can have devastating consequences and stressed the need for impacted individuals and families to receive support and care:

[We are] a witness to the incredible devastation that can be caused by problem gambling. This devastation is felt by individuals, families, friends and communities as a whole. We seek to assist people affected by problem gambling in the context of our mission to assist vulnerable people across the spectrum of the community to overcome their challenges and live a life that is meaningful to them.⁴⁵

- 2.44** The Rev Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, another service provider assisting individuals and families with gambling related issues, likewise expressed concern regarding the problems faced by those for whom gambling has moved beyond a recreational activity:

⁴¹ Submission 10, Royal Australian and New Zealand College of Psychiatrists, p 1.

⁴² Evidence, Mr Anthony Ball, Chief Executive Officer, ClubsNSW, 11 April 2014, p 2.

⁴³ Evidence, Mr Newson, 10 April 2014, p 10.

⁴⁴ Answers to supplementary questions, 10 April 2014, Gambling Impact Society (NSW) Inc., Question 1, Commonwealth Parliamentary Joint Select Committee on Gambling Reform, Parliament of Australia, *The prevention and treatment of problem gambling*, (2012), p 111.

⁴⁵ Evidence, Ms Kelly Lester, Policy and Research Adviser, CatholicCare, 11 April 2014, p 26.

We stand not as the moral cop on the beat but as a Christian agency actively concerned about the wellbeing of damaged and broken people and the wellbeing of our community...Wesley Mission does not support gambling but recognises that because of legislation there will be gambling activities in New South Wales. Wesley Mission works with hundreds of individuals each year for whom gambling has gone beyond recreation and become an addiction. [We] support their families who suffer because of this addiction.⁴⁶

2.45 Ms Alexandra Kelly, Principal Solicitor, Consumer Credit Legal Centre, advised the committee that in her responsibilities for managing the Credit and Debt Hotline, a national 1800 phone service for consumers with financial difficulty, she had observed the often dire financial consequences for individuals suffering from problem gambling:

Often consumers will contact us stating that they have gotten into a problem because of gambling and are now seeking some sort of outcome or assistance in getting out of that situation. These situations vary from: "I have a \$20,000 credit card that I used to gamble. What can I do about it?" to "I have got a notice to vacate next week. I haven't paid my mortgage for so many years because I have been gambling".⁴⁷

2.46 In addition to the financial impact of problem gambling, other gambling related harms that were brought to the committee's attention, included:

- Depression and anxiety⁴⁸
- Relationship and family breakdown⁴⁹
- Job loss and poor workplace productivity⁵⁰
- Homelessness⁵¹
- Alcohol and illicit substance abuse.⁵²

2.47 Dr Clive Allcock, Senior Psychiatrist, the RANZCP, informed the committee that problem gambling can often be comorbid with other issues such as depression and substance abuse. He noted that 'somewhere between 50 to 65 per cent of people who walk through the door to talk about their gambling problem will also meet the criteria for depression'. Dr Allcock also

⁴⁶ Evidence, The Rev Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, 11 April 2014, p 25

⁴⁷ Evidence, Ms Alexandra Kelly, Principal Solicitor, Consumer Credit Legal Centre, 11 April 2014, p 40

⁴⁸ Evidence, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 21.

⁴⁹ Evidence, Mr Ralph Bristow, Deputy Chair, Gambling Impact Society (NSW) Inc., 10 April 2014, p 48.

⁵⁰ Tabled document, Gambling Impact Society (NSW) Inc., *Is gambling affecting you or someone you know?*, p 1.

⁵¹ Submission 7, Mr Alex Greenwich MP, p 1.

⁵² Evidence, Dr Lisa Jukes, Addiction Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 31.

observed that ‘20 to 40 per cent of people with a gambling problem also have an alcohol problem’ and regarding illicit substances that the figure is between 7 to 15 per cent.⁵³

- 2.48** Regarding the gambling products causing the most harm, Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., advised the committee that, notwithstanding the issue of emerging products, the majority of gambling related harms are related to EGMs:

Electronic gaming machines—and that is not negating the fact that we are in for a new wave of products via mobile internet gambling—currently the largest level of harm, 80 per cent of people who do come to treatment are coming with poker machine addictions.⁵⁴

- 2.49** Likewise, Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent’s Hospital Sydney, Gambling Treatment Program, advised the committee that the proportion of clients seeking treatment for EGM related issues was approximately 70 per cent. Mr McIntosh also noted that he had observed an increasing demand for treatment for other products, most notably sports betting.⁵⁵
- 2.50** The recognition that there are individuals and families within the community suffering gambling related harms has led industry, community and social groups and government to act to address the issue via a number of harm prevention measures. Issues pertinent to preventing gambling related harms from occurring are considered throughout the report.

Regulation of gambling

- 2.51** This section looks at the policy objectives underpinning the government’s regulation of gambling, and introduces issues relevant to economic development and harm minimisation. It also discusses some differing interpretations as to what is meant by responsible gambling.

Government position

- 2.52** Economic and social development balanced with harm minimisation measures to address the negative consequences of problem gambling underpins the government’s policy approach to gambling.⁵⁶
- 2.53** The origins of this approach can be found in schedule 4 of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998* (NSW) which required the government to initiate an independent inquiry into the social impacts of gaming in New South Wales. This inquiry was undertaken by the Independent Pricing and Regulatory Tribunal (IPART). The IPART found that gaming has both positive and negative impacts:

⁵³ Evidence, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 33.

⁵⁴ Evidence, Ms Roberts, 10 April 2014, p 33.

⁵⁵ Evidence, Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent’s Hospital Sydney, Gambling Treatment Program, 10 April 2014, p 72.

⁵⁶ Evidence, Mr Newson, 10 April 2014, p 4 and 10.

Whilst gaming is an entertaining pastime for many people, it can also cause harm to particular gamblers and their families. The gaming industry also has impacts, both positive and negative, on the New South Wales economy as a whole.⁵⁷

2.54 To address the negative impacts of problem gambling, the IPART recommended that appropriate support services be developed for problem gamblers and that responsible gambling be fostered through appropriate research and regulatory measures.⁵⁸

2.55 The legislative response to the IPART report was the *Gambling Legislation Amendment (Responsible Gambling) Act 1999* (NSW) (the Act). The Act amended existing gaming and wagering laws so as to minimise the harms associated with problem gambling and to promote the responsible conduct of gambling activities. When introducing the law into Parliament, the then Minister for Gaming and Racing, the Hon Richard Face MP, argued that it achieved a balance between addressing problem gambling and respecting the fact that, for many, gambling is an enjoyable form of entertainment with associated social and economic benefits. The Minister also stressed that he was introducing responsible gambling measures that were a world first:

The [bill] represents the most emphatic legislative statement about the need for [gambling] activities to be conducted and promoted in a responsible manner...No other level of government has ventured along this path...The bill recognises the balance between the vast majority of those in the community who participate in gambling as an enjoyable and harmless pastime, and those for whom gambling causes significant problems...⁵⁹

2.56 The dual goals of minimising gambling related harms while promoting economic development via gambling still apply today. In response to questioning regarding how the government seeks to minimise the harms associated with the abuse of gambling activities, while concurrently promoting the development of the gambling industry for economic reasons, Mr Newson, Executive Director, OLGR, recognised that there is a tension but also emphasised that there are significant benefits that justify such an approach:

We certainly recognise that on its face there is a tension there, but it is balancing—it must balance a recognition that the majority [of participants] enjoy responsible gambling, and a recognition, whether it is in this context or another regulatory environment such as liquor, that there are enormous contributions to the community—whether that be economic, whether that be recreational—with harm minimisation and a need to ameliorate that risk of harm...It is a balance of employing rigorous harm minimisation approaches and not unduly interfering with the majority of the population that enjoys the recreation responsibly.⁶⁰

2.57 Issues pertinent to economic and social development and harm minimisation are considered throughout this report. The following points provide a snapshot regarding some of the issues raised in evidence:

⁵⁷ Independent Pricing and Regulatory Tribunal, *Report to Government: Inquiry into Gaming in NSW*, (1998), p vii.

⁵⁸ Independent Pricing and Regulatory Tribunal, *Report to Government: Inquiry into Gaming in NSW*, p 75.

⁵⁹ *Hansard*, Legislative Assembly, 15 September 1999, pp 495-496 (Richard Face).

⁶⁰ Evidence, Mr Newson, 10 April 2014, p 10.

- Dr Betty Con Walker noted that gambling is a significant source of government revenue, contributing over \$1.8 billion to the New South Wales budget in 2012-13.⁶¹
- The Australian Christian Lobby emphasised the negative consequences of gambling addiction and argued that numerous inquiries, conducted by various public bodies, have resulted in little being done to address the issue. The Australian Christian Lobby also claimed that governments are reliant on EGM tax revenues.⁶²
- ClubsNSW argued that revenue from EGMs enables the clubs industry to provide significant social and economic benefits in terms of community support and engagement, entertainment, employment and funding for social and sporting infrastructure and community organisations.⁶³
- The YMCA Youth & Government, NSW Think Tank argued that ‘the gambling industry can contribute positively back to the community through community programs and job creation; however, the tendency of [our members] was to highlight the commonly known negative impacts of gambling including addiction, breakdown of the family unit, social isolation and significant financial loss’.⁶⁴
- According to the Australian Hotels Association (NSW), EGMs are an important revenue stream for regional pubs. The Association argued that without this revenue stream it would be very difficult for regional pubs to provide a service and facility for their local community.⁶⁵
- Wesley Mission questioned the apparent conflict for gaming industry staff of having to promote gaming in their venues while at the same time being responsible for implementing gambling harm minimisation measures.⁶⁶
- The Australian Wagering Council, the peak industry body representing the online wagering and sports betting industry in Australia, asserted that Commonwealth restrictions on certain online wagering products is leading to consumers placing bets with unregulated offshore wagering providers.⁶⁷
- Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, questioned the worth of some of the harm minimisation measures implemented to date. Professor Blaszczynski cited the failure of both industry and government to effectively monitor harm minimisation measures in order to ‘determine which ones are effective and which ones are simply knee-jerk reactions to ideology and philosophical positions and give the impression they are being effective but in fact they are not effective’.⁶⁸

⁶¹ Submission 11, Dr Betty Con Walker, p 8.

⁶² Submission 22, Australian Christian Lobby, p 2.

⁶³ Evidence, Mr Ball, 11 April 2014, p 2.

⁶⁴ Submission 12, YMCA Youth & Government, NSW Think Tank, p 2.

⁶⁵ Evidence, Mr John Whelan, Director, Responsible Gambling, Australian Hotels Association (NSW), 11 April 2014, p 15.

⁶⁶ Submission 2, Wesley Mission, p 3.

⁶⁷ Submission 28, Australian Wagering Council, p 4.

⁶⁸ Evidence, Professor Blaszczynski, 10 April 2014, p 18.

Responsible gambling

2.58 In addition to identifying the tension between minimising problem gambling while concurrently promoting the gambling industry for social and economic reasons, the committee became aware that there were differing interpretations among inquiry participants as to what is meant by responsible gambling and how it should be implemented.

2.59 Ms Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., argued that responsible gambling was creating a barrier for those needing to seek gambling treatment as it was reinforcing their insecurities about being irresponsible, and as consequence people were more likely to distance themselves from their problems.⁶⁹ Ms Roberts also argued that responsible gambling as a concept was furthering the normalisation of gambling in society:

One of the issues is about reframing the normalisation of gambling. What does safe gambling look like? The concept of responsible gambling seems to be something we cannot measure.⁷⁰

2.60 Dr Gainsbury from the Southern Cross University, Centre for Gambling Education and Research similarly observed that the term responsible gambling has become conflated with problem gambling, and that is an undoubted stigma attached to problem gambling within the community. According to Dr Gainsbury the issue is one of messaging and there needs to be a change in how language is currently used with respect to gambling:

We should look at reframing those messages and refocusing on making gambling a responsible activity and keeping it fun and entertaining, not only for those who have a problem but for everybody. The gambling population needs to be provided with these messages. We need to normalise the idea of responsible gambling rather than demonise problem gambling.⁷¹

2.61 Mr Chris Downy, Chief Executive Officer, the Australian Wagering Council, emphasised the importance of the individual in determining what is responsible by linking it to the issue of affordability and gambling within one's means. Mr Downy also advised the committee that it was his understanding that it had taken various gambling stakeholders close to three years to agree on a national definition of responsible gambling:

I suppose one way to put it would be to say that, really, if you are talking about responsible gambling, it is to ensure—like everything—that people can gamble within their means. The terms “safety” and “harm minimisation” are used a lot these days. This is just a personal view but I would think that if you are talking about responsible gambling, you are talking about ensuring that a person is gambling within their means and it is not going to lead to a situation where they find themselves in financial trouble and other trouble as well. By the way, if I remember correctly, there is a national definition of “responsible gambling” that took about three years to develop about five years ago.⁷²

⁶⁹ Evidence, Ms Roberts, 10 April 2014, p 45.

⁷⁰ Evidence, Ms Roberts, 10 April 2014, p 52

⁷¹ Evidence, Dr Gainsbury, 5 June 2014, p 12.

⁷² Evidence, Mr Chris Downy, Chief Executive Officer of the Australian Wagering Council, 10 April 2014, p 56.

2.62 Conversely, Dr Allcock, Senior Psychiatrist, the RANZCP, indicated a preference for gambling product providers to take a more interventionist role in promoting responsible gambling. Dr Allcock floated the idea that, similar to the responsible service of alcohol regulations, thought should be given to creating a responsible service of gambling through which industry staff could intervene if they noticed someone to have been gambling for a significant time:

That is where the responsibility perhaps needs to be moved more towards the clubs. They should be encouraging and training their people to go around. If they are seeing somebody there—and they must know; they do know, who has got a particular machine for a long period of time—they must be able to go up and say, “Gosh, been here a little while. Would you like a cup of tea? How are things going?” That is the sort of approach. It is there; but, again, how do you put it into practice.⁷³

2.63 When questioned about the possibility of such a system being implemented in clubs, Mr Ball, Chief Executive Officer, ClubsNSW, expressed reservations regarding its workability:

I doubt it...Even if we draw the comparison—and it is not a strict one—with alcoholism, someone can be awfully drunk but exhibit no signs of that. With gambling, it is even more complex because...The club cannot be aware of everything it needs to be aware of to make a decision to actually turn someone off arbitrarily.⁷⁴

2.64 Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW, also argued that clubs wanted to see their patrons enjoy gambling responsibly so that it does not cause ‘financial pain or emotional, psychological distress’. Mr Landis noted that it was a venue’s role to make treatment measures readily accessible for those that need them:

In terms of venues, we believe it is about the environment that we provide being an environment in which people are able to enjoy the activity...that they understand that there are treatment measures in place if they choose to access them where we try to train our staff to recognise if people have a problem and put in place options for those who want them.⁷⁵

2.65 According to Professor Blaszczynski, ‘the term of responsible gambling is not well defined’ and ‘it has certain different nuances depending whether you are the industry, whether you are community or welfare’. Professor Blaszczynski further noted that fundamentally the idea is to ‘instigate interventions, promotions, strategies, that enable people to gamble within affordable levels’, before arguing that differing philosophical approaches will also help determine one’s assessment of responsible gambling:

The concept of responsible gambling as an oxymoron applies to prohibitionists; it does not apply to libertarians, who would say if you want to gamble, gamble responsibly; we will have consumer protection in there but an individual has the right to gamble. That is more the UK model where the government there tends to be less intrusive. As I mentioned before, the question basically is if you are a prohibitionist or leading towards that end of the spectrum you are going to tolerate gambling and what you are going to say is let’s minimise it, let’s regulate it, let’s try to contain it as much as possible. If you are more towards the acceptance or civil libertarian perspective you

⁷³ Evidence, Dr Allcock, 10 April 2014, p 38.

⁷⁴ Evidence, Mr Ball, 11 April 2014, p 11.

⁷⁵ Evidence, Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW, 11 April 2014, p 3.

are going to say let's make sure there is consumer protection but then it is up to individuals to ensure that they gamble responsibly.⁷⁶

- 2.66** From a government standpoint, Professor Blaszczynski advised that policy will be influenced by where a government positions itself between prohibitionist and libertarian standpoints:

The question I think from a government policy point of view is which position are you going to adopt and from that, which responsible gambling initiatives are you going to adopt? Is it going to be complete prohibition or is it going to be more towards the sort of open slather?⁷⁷

- 2.67** As noted, the government has set itself the objective of minimising problem gambling while concurrently promoting the development of the gambling industry for social and economic reasons.

Committee comment

- 2.68** The Committee notes with concern the evidence presented regarding the negative impacts of problem gambling. These negative impacts include depression and anxiety, relationship and family breakdown, job loss and poor workplace productivity, homelessness and substance abuse.
- 2.69** The committee believes that the data indicating that there are approximately 47,000 people in New South Wales suffering from problem gambling strongly emphasises the importance of minimising gambling related harms via effective measures.
- 2.70** The Committee also recognises that gambling is a legal activity in New South Wales and acknowledges the size of the industry in terms of its social and economic impact. However, it should also be noted that problem gambling is an issue that hurts not only individuals but their families and loved ones. The focus for this report is to consider whether the particularly negative impacts of problem gambling can be addressed more effectively.

⁷⁶ Evidence, Professor Blaszczynski, 10 April 2014, p 28.

⁷⁷ Evidence, Professor Blaszczynski, 10 April 2014, p 28.

Chapter 3 Electronic gaming machines in New South Wales

This chapter provides a background to the provision of electronic gaming machines (EGMs) in New South Wales. It begins by detailing the historical context and identifying some of the outcomes that followed the 1956 decision to legalise EGMs. The chapter then presents data on the state's EGM market. The chapter concludes with an overview of the regulatory environment for EGMs.

Historical context

- 3.1** This section sets out the historical context for EGMs in New South Wales, including their legalisation in 1956 and introduction into non-profit clubs; the issue of tax concessions for non-profit clubs; and the community disquiet that followed the liberalisation of gambling in the 1990s which in turn led to the adoption of harm minimisation.

Gaming machines legalisation

- 3.2** EGMs, or their equivalent,⁷⁸ have existed in New South Wales since 1956, following the commencement of the *Gaming and Betting (Poker Machines) Act 1956* (NSW) which legalised the use of poker machines in non-profit clubs.⁷⁹
- 3.3** The genesis for the policy decision to allow poker machines in non-profit clubs was twofold. Firstly, the Colonial Secretary, the Hon C.A. Kelly, member of the Australian Labor Party, speaking in Parliament to the *Gaming and Betting (Poker Machines) Bill 1956*, noted that poker machines had become a feature of many non-profit clubs used by, for the main part, reputable citizens:

[Poker machines have] become a basic feature in the economy of many worthy organisations such as bowling clubs, golf clubs and returned soldiers' clubs... for thirty years these machines have been used in clubs by many thousands of decent, respectable and normally law-abiding citizens without any feelings of guilt or wrongdoing.⁸⁰

- 3.4** Mr Kelly's second observation was that the profits derived by poker machines were used for purposes of community development:

The profits of the machines are used not for the personal enrichment of individuals but for the provision of amenities, improvements and conveniences that are an asset to the district.⁸¹

⁷⁸ Throughout this report the terms poker machine, gaming machine and electronic gaming machine are used interchangeably.

⁷⁹ Submission 11, Dr Betty Con Walker, p 4.

⁸⁰ Submission 11, Dr Betty Con Walker, p 4, quoting Hansard, Legislative Assembly, 21 August 1956, pp 1693-1694 (C.A. Kelly).

⁸¹ Submission 11, Dr Betty Con Walker, p 4, quoting Hansard, Legislative Assembly, 21 August 1956, p 1695 (C.A. Kelly).

3.5 The *Gaming and Betting (Poker Machines) Bill 1956* authorised the Minister to issue licences for poker machines in non-profit clubs. There was no restriction on the number of poker machines allowed. Clubs holding a licence were required to pay tax on each machine. The tax was paid to Treasury and spent on health expenses. Government reasoning for the tax was that it would be used for ‘wider community purposes’.⁸²

3.6 In her submission, Dr Betty Con Walker, author of a book, entitled, *Casino Clubs NSW*, noted that the opposition of the day did not support the legalisation of poker machines due to concerns that it would result in increased gambling and because they did not agree with government appropriating revenue from such activity:

Interestingly, members of the Liberal/Country Party Opposition had varying views on the legalisation of poker machines, but did not support the legislation because they believed that the machines would lead to an increase in gambling and because they opposed government revenue raising from them.⁸³

The clubs non-profit model

3.7 According to ClubsNSW, the system created by the *Gaming and Betting (Poker Machines) Act 1956* (NSW) had the benefit of creating a safe regulated gambling environment from which the profits could be reinvested in the community:

The not-profit community gaming model is unique in that it provides a safe and reputable market for gambling while redirecting the profits of gambling back into local communities to maximise social benefit.⁸⁴

3.8 In addition to community investment, ClubsNSW argued that the decision to legalise EGMs had resulted in removing an outlet for organised crime, while also providing employment and government taxation revenue:

The NSW Parliament has been successful in transforming gambling from an activity that provided significant funding for organised crime into a well-regulated industry that provides substantial employment and amenity to the NSW community and is a significant source of taxation revenues for Government.⁸⁵

3.9 Other inquiry participants were not as enthusiastic in their assessment of the model created by the 1956 reform. For instance, Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., argued that something that had been originally designed to provide clubs a little more income had since become their major revenue stream:

The revenue in many of these clubs is something like 6 or 7 per cent from alcohol sales, 3 per cent from the restaurant and up to 95 per cent in some areas from poker machine gambling. I do not think that was what was anticipated when we said in 1956,

⁸² Submission 11, Dr Betty Con Walker, p 4.

⁸³ Submission 11, Dr Betty Con Walker, p 5.

⁸⁴ Submission 23, ClubsNSW, p 49.

⁸⁵ Submission 23, ClubsNSW, p 6.

“Let’s fund our local clubs to have a bit more money.” That was not what we were anticipating.⁸⁶

- 3.10** Dr Con Walker raised two issues regarding the decision to legalise poker machines. Firstly, that poker machines experienced exponential growth which remained unchecked until a cap was introduced in the early 2000s. Dr Con Walker argued that the primary reason for this growth was due to their concessional tax and regulatory treatment in non-profit clubs:

By the end of 1956, permission had been granted for clubs to operate some 800 poker machines. More than fifty years later, those numbers had grown to 71,836. The lack of restrictions on numbers (until 2002, and again after December 2008), combined with concessional tax and regulatory treatment, have led to clubs dominating the NSW gaming industry.⁸⁷

- 3.11** According to Dr Con Walker, the concessional tax rates granted to the clubs industry costs the New South Wales budget \$800 million annually.⁸⁸

- 3.12** In response to the issues raised by Dr Con Walker, Mr Anthony Ball, Chief Executive Officer, ClubsNSW, referred the committee to a KPMG analysis which valued the contribution of clubs to the New South Wales economy at \$3.2 billion. Mr Ball further stated that despite the tax concession the clubs industry still paid over \$1 billion in taxes:

If you look at the work that we have done through KPMG you will see that the clubs make a value-add of \$3.2 billion a year to New South Wales. On top of that there is a social contribution or dividend of \$1.2 billion dollars, which is substantial. We pay taxes of around \$1 billion so you can talk about [the tax concession], so-called, or you can talk about an actual tax contribution that employs police, nurses and teachers of over \$1 billion.⁸⁹

Introduction into hotels

- 3.13** In 1984, approved amusement devices, a simpler form of electronic gaming machine, were permitted in hotels. Then in 1997 hotels were allowed to install standard poker machines. Unlike the non-profit clubs model, a cap was immediately placed on the number of machines available per hotel. In addition, income and gaming taxes were set at a higher rate than what clubs were required to pay.⁹⁰

- 3.14** Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, criticised the introduction of poker machines into hotels. Professor Blaszczynski advised the committee that although poker machines had existed in clubs for a number of decades, racing had remained the primary form of problem gambling. Professor Blaszczynski argued that the expansion of poker machines into different venues made them readily accessible and had created a new batch of players:

⁸⁶ Evidence, Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., 10 April 2014, p 46.

⁸⁷ Submission 11, Dr Betty Con Walker, p i.

⁸⁸ Submission 11, Dr Betty Con Walker, p iii.

⁸⁹ Evidence, Mr Anthony Ball, Chief Executive Officer, ClubsNSW, 11 April 2014, p 11.

⁹⁰ Submission 11, Dr Betty Con Walker, p ii.

If we look at the history of it, poker machines were in club locations in the sort of cooperative venues since 1956 until the eighties and, again, during that particular period of time the primary form of problem gambling related to horse racing. Then [for] some reason, which I presume was more politically driven, Bob Carr allowed the expansion of poker machines into hotels. I think it then flooded into the community, permeated multiple venues, increased accessibility of gambling and targeted a different population.⁹¹

Community concern and public inquiries

- 3.15** Soon after the entry of poker machines into hotels a number of public inquiries were held into the impacts of gambling. The background to the inquiries was community concern regarding the negative impacts of problem gambling. This concern stemmed from the liberalisation of gambling markets in most Australian states and territories in the 1990s.⁹²
- 3.16** The most prominent inquiry was undertaken in 1999 by the Productivity Commission which examined Australia's gambling industries and the economic and social impact of gambling. The Productivity Commission report, entitled, *Australia's Gambling Industries*, highlighted the negative financial and social impacts caused by excessive gambling. It also recommended that a harm minimisation framework be developed to address the issue.⁹³
- 3.17** According to ClubsNSW, the Productivity Commission report provided much of the impetus for the gambling harm minimisation framework that applies today. ClubsNSW noted that in 2001, the government introduced 'the most significant' of its reform responses to the Productivity Commission inquiry – the *Gaming Machines Act 2001* (NSW).⁹⁴
- 3.18** Upon the introduction of the *Gaming Machines Bill 2001* into Parliament, the then Minister for Gaming and Racing, the Hon Richard Face MP, stated its key measures were 'aimed at addressing community concerns about the increasing number of gaming machines in the community, and introducing further controls to reduce any harm associated with problem gambling'.⁹⁵
- 3.19** The *Gaming Machines Act 2001* (NSW) has subsequently been amended by the Parliament on multiple occasions to further provide for the regulation, control and management of EGMs. Essentially, the regulatory system first introduced in 2001 has continued to evolve.⁹⁶
- 3.20** In 2009, the Productivity Commission held another inquiry into gambling to provide an update on developments since 1999. Its report was published in 2010 and it made further recommendations to address problem gambling. Many of the recommendations focussed on

⁹¹ Evidence, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 16.

⁹² NSW Parliamentary Library Research Service, *The Economic and Social Implications of Gambling*, Background Paper No 9, (2003), p 17.

⁹³ NSW Parliamentary Library Research Service, *The Economic and Social Implications of Gambling*, Background Paper No 9, p 17.

⁹⁴ Submission 23, ClubsNSW, p 8.

⁹⁵ *Hansard*, Legislative Assembly, 30 November 2001, p 19,275 (Richard Face).

⁹⁶ *Gaming Machines Act 2001* (NSW), historical notes.

reducing the harms associated with EGMs, several which such as pre-commitment generated significant community debate.⁹⁷

Electronic gaming machines data

3.21 The section presents data on the current state of the New South Wales gaming machines industry. It looks at EGM market share as a proportion of the total New South Wales gambling market and provides data on the number of gaming machines in the state.

The dominant gambling product

3.22 As noted in chapter 2, EGMs dominate the New South Wales gambling market with Australian Gambling Statistics (AGS) showing that in 2012-2013, they accounted for 66.3 per cent of total gambling expenditure (expenditure refers only to net loses). In monetary terms this was \$5.25 billion out of a total gambling expenditure of \$7.92 billion.⁹⁸

3.23 According to Productivity Commission analysis of a New South Wales gambling prevalence study conducted in 2006, average EGM expenditure by playing adult in New South Wales was \$1,737. Average EGM expenditure by those classified as problem gamblers was \$20,642.⁹⁹

3.24 The Productivity Commission figures also showed that the EGM expenditure of New South Wales problem gamblers (of which there were 46,228) totalled \$954 million, while the corresponding figure for those classified as recreational gamblers (of which there were 1,357,869) totalled \$945 million.¹⁰⁰ In effect, the expenditure of 46,228 EGM problem gamblers exceeded that of over 1.35 million EGM recreational players.

Gaming machine numbers

3.25 There were 99,000 EGM entitlements in New South Wales in 2009.¹⁰¹ This was the highest figure of any Australian jurisdiction with Queensland second (45,311) and Victoria (30,000) third.¹⁰² In 2009, the total number of EGMs nationally was 197,820.¹⁰³ Internationally,

⁹⁷ Evidence, Ms Roberts, 10 April 2014, p 46.

⁹⁸ Answers to questions on notice, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, question 13.

⁹⁹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘Appendix B: The expenditure share of people experiencing problems’, p B.14.

¹⁰⁰ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘Appendix B: The expenditure share of people experiencing problems’, p B.14.

¹⁰¹ Submission 33, NSW Government, p 3.

¹⁰² Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘A snapshot of the gambling industry’, p 2.26.

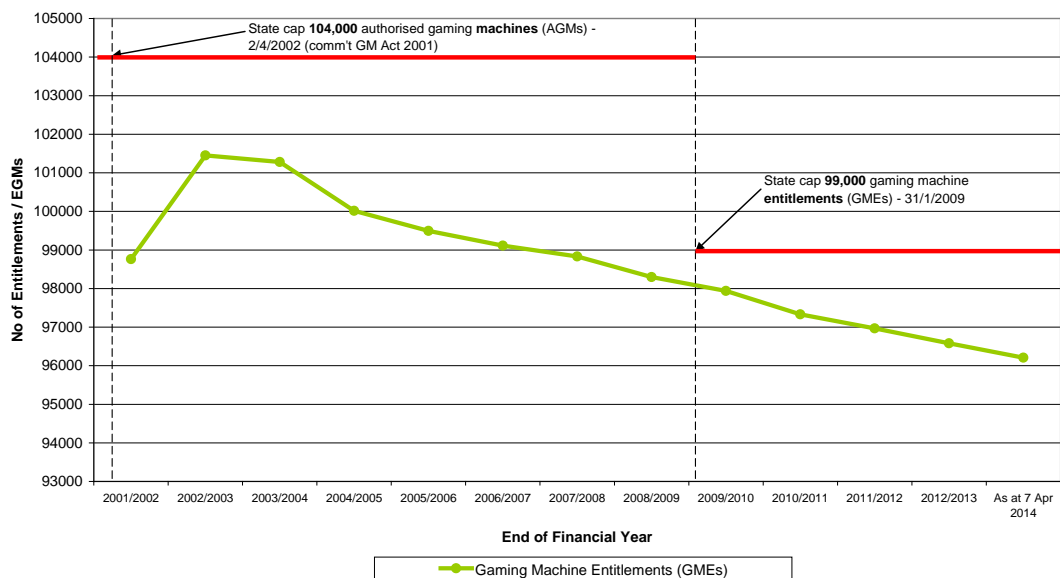
¹⁰³ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘A snapshot of the gambling industry’, p 2.26.

Nevada, United States (181,109) is the only state to have more gaming machines than New South Wales.¹⁰⁴

3.26 Despite having the highest number of EGMs in Australia, the New South Wales figure is trending downwards. OLGR stated that this is a consequence of the cap on machine entitlements provided for by the *Gaming Machines Act 2001* (NSW).¹⁰⁵ The operation of the cap is considered in detail in chapter 4.

3.27 Figure 1 shows that the number of EGMs in New South Wales peaked in 2002/2003 at approximately 101,500 machines before decreasing every subsequent year to approximately 96,000 machines as of April 2014.

Figure 1 Gambling machine entitlements in New South Wales since 2001/2002



Answers to questions on notice, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, question 6.

3.28 In 2011-2012 the majority of EGMs in New South Wales were located in clubs:

- The Star Casino – 1,500 (1.6 per cent)
- Clubs – 70,746, (74 per cent)
- Hotels – 23,364 (24.4 per cent)
- Total – 95,610 (100 per cent).¹⁰⁶

3.29 Dr Con Walker advised the committee that between 1996 and 2006 the number of EGMs in New South Wales clubs increased from 64,286 to 74,226. Dr Con Walker also noted that this

¹⁰⁴ Gaming Technologies Association, 'The World Count of Gaming Machines 2013', http://www.gamingta.com/pdf/World_Count_2014.pdf, retrieved 22 July 2014.

¹⁰⁵ Submission 33, NSW Government, p 2.

¹⁰⁶ Queensland Treasury and Trade, *Australian Gambling Statistics*, 28th Edition, 'Table NSW 61', Brisbane: the State of Queensland (2014), p 69.

growth had been largely concentrated in the bigger clubs with ‘a virtual doubling in the number of clubs operating over 300 machines’.¹⁰⁷

Regulation

3.30 This section presents relevant legislation and identifies those agencies responsible for regulating gaming machines in New South Wales.

Gaming Machines Act 2001 and relevant agencies

3.31 As noted earlier, the basis for the New South Wales EGM harm minimisation framework is the *Gaming Machines Act 2001* (NSW) (the act). The act contains five objectives:

1. to minimise harm associated with the misuse and abuse of gambling activities
2. to foster responsible conduct in relation to gambling
3. to facilitate the balanced development, in the public interest, of the gaming industry
4. to ensure the integrity of the gaming industry, and
5. 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.¹⁰⁸

3.32 Supporting the act is the *Gaming Machines Regulation 2010* (NSW) (the regulation). Its primary function is to provide for the general regulation and management of gaming machines in hotels and clubs.¹⁰⁹

3.33 The act and regulation are principally administered by two agencies: the NSW Office of Liquor, Gaming and Racing (OLGR) and the Independent Liquor and Gaming Authority (the authority).¹¹⁰

3.34 OLGR administers the state’s overall gambling regulatory framework. Regarding EGMs its responsibilities include the self-exclusion scheme, ensuring product information guides are available to players, and overseeing support programs for players suffering EGM related harms.¹¹¹

3.35 The authority is the sole body responsible for the regulation of gaming and liquor matters at The Star Casino. Regarding EGMs, the authorities’ responsibilities include setting machine standards, approving machines for use, managing the EGM cap, the threshold and trading programs, and administering the Local Impact Assessment scheme.¹¹²

¹⁰⁷ Submission 11, Dr Betty Con Walker, p 6.

¹⁰⁸ *Gaming Machines Act 2001* (NSW), section 3 (1).

¹⁰⁹ *Gaming Machines Regulation 2010* (NSW), explanatory note (a).

¹¹⁰ NSW Office of Liquor, Gaming and Racing – About us, accessed 6 May 2014, http://www.olgr.nsw.gov.au/about_us_home.asp.

¹¹¹ NSW Office of Liquor, Gaming and Racing – About us, accessed 6 May 2014, http://www.olgr.nsw.gov.au/about_us_home.asp.

¹¹² Evidence, Submission 33, NSW Government, p 1 and Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, p 6.

Committee comment

- 3.36** The committee acknowledges that the New South Wales gaming machine industry has changed greatly since it was established in 1956. It is noted that an initial policy decision to provide non-profit clubs with an additional revenue stream has yielded a product that accounted for \$5.25 billion in gambling expenditure in New South Wales for the year 2012/2013. It is further noted that there is an ongoing debate concerning the level of tax paid by clubs on electronic gaming machine profits and the contribution clubs give back to the community.
- 3.37** Electronic gaming machines are without doubt the state's dominant gambling product. Although the problem gambling prevalence rate has trended slightly downward, the committee was alarmed to note Productivity Commission analysis of a 2006 New South Wales gambling prevalence study which found that the expenditure of 46,228 gaming machine problem gamblers exceeded that of over 1.35 million gaming machine recreational players. This shocking finding underpins the importance of policies and measures which seek to reduce the negative impacts of problem gambling.

Chapter 4 Electronic gaming machines and harm minimisation

This chapter examines the key means through which the NSW Government has sought to address the harms associated with electronic gaming machines (EGMs). The first section considers the measures taken to reduce and control the number of EGMs within the state. The approval process whereby EGMs are brought to market and the relationship between certain machine design features and betting behaviours is then discussed. The third section details the operation of the self-exclusion program and also looks at whether it could be made more effective in assisting people with problem gambling issues. The chapter concludes by considering the application of venue operating requirements that encourage the adoption of responsible gaming practices.

Gaming machine reduction and control

4.1 This section begins by outlining the measures implemented by the government to reduce and control the number of EGMs in New South Wales. Namely, capping the total state-wide number of EGMs, a gaming machine trading forfeiture scheme, and developing rules to assess venue applications to increase the number of EGMs that they may operate. The section then presents the concerns of inquiry participants regarding the effectiveness of these measures. Here, particular attention is given to the location and accessibility of EGMs.

Capped numbers

4.2 In 2002, the *Gaming Machines Act 2001* (NSW) (the Act) established an overall state cap on gaming machine entitlements (GMEs). At the time of the cap's introduction, the then Minister for Gaming and Racing, the Hon Richard Face MP, advised Parliament that it was 'aimed at addressing concerns about the increasing number of gaming machines in the community'.¹¹³

4.3 The cap was originally set at 104,000 but was reduced to the current number of 99,000, following a statutory review of the Act in 2009.¹¹⁴ The cap must be reviewed by the Independent Liquor and Gaming Authority (the authority) at least once every five years.¹¹⁵

4.4 A trading forfeiture scheme has also been established. It requires that one GME must be forfeited to the authority for each 'block' of two or three GMEs traded between venues. Forfeited GMEs cannot be reallocated.¹¹⁶

4.5 In 2012, the Act was amended to exempt amalgamated or related clubs from having to forfeit GMEs when transferring them between premises.¹¹⁷ The NSW Office of Liquor, Gaming and Racing (OLGR) advised that the exemption 'aims to help amalgamated clubs retain these

¹¹³ *Hansard*, Legislative Assembly, 30 November 2001, p 19,275 (Richard Face).

¹¹⁴ Submission 33, NSW Government, p 3.

¹¹⁵ *Gaming Machines Act 2001* (NSW), part 2, 10 (2).

¹¹⁶ Submission 33, NSW Government, p 3.

¹¹⁷ Answers to questions on notice, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, question 10.

assets when relocating to other premises, providing them with a greater opportunity to remain financially viable'.¹¹⁸

- 4.6 OLGR further advised that the authority also sets a threshold on the number of gaming machines a venue may operate. The maximum threshold the authority can allocate for hotels is 30. The authority is not bound by any restriction when determining the maximum threshold limit for clubs.¹¹⁹

Venue applications for increased gaming machines

- 4.7 Any application made by a venue for an increase in the maximum number of gaming machines it may operate is subject to what is known as the Local Impact Assessment (LIA) process.¹²⁰ The Independent Liquor and Gaming Authority is the consent authority for these applications.
- 4.8 The Local Impact Assessment process is the mechanism through which the authority assesses the appropriateness of additional gaming machines in venues.¹²¹ The scheme commenced in 2009 and its objectives are to further control the movement of gaming machines in New South Wales and to assess the impact of additional gaming machines in a local government area. As part of the scheme each local government area is classified as either Band 1, 2 or 3 relative to their gaming machine density, gaming machine expenditure, and Socio-Economic Index for Areas (SEIFA) score.¹²²
- 4.9 A Band 1 local government area typically has a lower than average gaming machine density and expenditure, and a high socio-economic index score.¹²³
- 4.10 In contrast a Band 3 local government area would typically have a higher than average gaming machine density and expenditure, and a low socio-economic index score.¹²⁴
- 4.11 The classification of a local government area into these bands is important because it determines the degree to which the Local Impact Assessment process will apply to a venue seeking an increase in the maximum number of gaming machines it may operate.
- 4.12 The authority has three assessment levels under the Local Impact Assessment process: no assessment required; Class 1; and Class 2.¹²⁵
- 4.13 No assessment is required when gaming machines are transferred within a local government area. The NSW government advised that this is because there is no net increase in the number of gaming machines in that area. However, the trading forfeiture requirements continue to

¹¹⁸ Submission 33, NSW Government, p 12.

¹¹⁹ Answers to questions on notice, Mr Newson, 10 April 2014, question 7.

¹²⁰ Submission 33, NSW Government, pp 11-12.

¹²¹ Submission 33, NSW Government, p 4.

¹²² Submission 33, NSW Government, p 4.

¹²³ Submission 33, NSW Government, p 4.

¹²⁴ Submission 33, NSW Government, p 4.

¹²⁵ Submission 33, NSW Government, p 4.

apply. In addition, no assessment is required when gaming machines are transferred to a venue in a Band 1 local government area and the venues' total number of gaming machines remains less than 20.¹²⁶

4.14 A Class 1 Local Impact Assessment is the next level up from no assessment, and applies in the following circumstances:

- The venue is located in a Band 1 local government area and is seeking a mid-range increase (between 21-40 machines) in the maximum number of gaming machines it may operate
- The venue is located in a Band 2 local government area and is seeking a low range increase (up to 20 machines) in the maximum number of gaming machines it may operate.¹²⁷

4.15 To satisfy the requirements for a Class 1 Local Impact Assessment, the venue must demonstrate that the proposed increase in the maximum number of gaming machines allowed would make a positive contribution towards the local community.¹²⁸

4.16 The most comprehensive assessment is Class 2, which is required in the following circumstances:

- The venue is located in a Band 1 local government area and is seeking a high-range increase (40 or more machines) in the maximum number of gaming machines it may operate
- The venue is located in a Band 2 local government area and is seeking a mid-range increase (between 21-40 machines) or a high-range increase (40 or more machines) in the maximum number of gaming machines it may operate
- The venue is located in a Band 3 local government area and is seeking any increase in the maximum number of gaming machines it may operate.¹²⁹

4.17 To satisfy the requirements for a Class 2 Local Impact Assessment, the venue must consult with the local council and police, the Council of Social Service of New South Wales, the local health network, and local gambling counselling service providers. The venue must satisfy the authority that the proposed increase in the maximum number of gaming machines allowed will have 'an overall positive impact' for the local community.¹³⁰

4.18 According to OLGR, the Local Impact Assessment process makes it difficult for venues in a local government area classified with a high density of gaming machines, high gaming machine expenditure and a low socio-economic index score to obtain an increase in the maximum number of gaming machines it may operate.¹³¹

¹²⁶ Submission 33, NSW Government, p 4.

¹²⁷ Submission 33, NSW Government, p 4.

¹²⁸ Submission 33, NSW Government, p 4.

¹²⁹ Submission 33, NSW Government, p 4.

¹³⁰ Answers to questions on notice, Mr Newson, 10 April 2014, question 8.

¹³¹ Submission 33, NSW Government, p 4.

- 4.19** In response to questioning regarding the effectiveness of the government's approaches for reducing the state's number of gaming machines, Mr Paul Newson, Executive Director, OLGR, advised the committee that there were approximately 96,000 gaming machines in New South Wales, a figure 3,000 below the current cap.¹³²

Concerns regarding Local Impact Assessment and machine location

- 4.20** Despite the apparent success of reducing the number of EGMs in New South Wales, a number of inquiry participants raised concerns applicable to both the policy process and its outcomes. For example, Fairfield City Council asserted that the 'current legislation and system is weighted in favour of the gambling industry'.¹³³ The Council argued that the requirements for Class 1 applications were not onerous enough, and as the majority of applications are made at this level, the degree to which assessments are made is insufficient:

In the majority of cases, only Class 1 LIA is required. These only require a 'positive contribution' to be provided as a result of the additional EGMs. In Class 2 LIAs, an overall positive impact to the community must be proven. The test for Class 2 LIAs provides a clearer and more easily definable test than Class 1 LIAs. The requirement for only a positive benefit to be made as a result of additional EGMs makes it very difficult to argue against an increase and the small donations being made to [the] community.¹³⁴

- 4.21** Similarly, the Gambling Impact Society (NSW) Inc. contended that the positive contribution test for Class 1 applications does not adequately consider the potential harms to a community posed by problem gambling, and argued that the LIA process required reform:

...we raise concern about the current process of Local Impact Assessments and the way EGM expansions are justified based on a concept of "positive contributions" which at the "LIA one" level (20 machines or under) fails to consider community harm from problem gambling. In this particular case the "positive" justification was the proposed funding of health service – the irony of justifying the health benefits to one health target group by exacerbating harm to another was not lost on many in our community who we consulted. We believe this model needs reform.¹³⁵

- 4.22** A number of inquiry participants also advised the committee that EGMs were disproportionately located in lower socioeconomic areas. Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, stated that 'many [EGMs] are located in the lower socioeconomic areas and target people who in fact are more prone to developing problems as a consequence of being unable to afford the level of gambling that they have'.¹³⁶

¹³² Evidence, Mr Paul Newson, Executive Director, Office of Liquor, Gaming and Racing, 10 April 2014, pp 6-7.

¹³³ Submission 16, Fairfield City Council, p 5.

¹³⁴ Submission 16, Fairfield City Council, p 5.

¹³⁵ Submission 20, Gambling Impact Society (NSW) Inc., p 4.

¹³⁶ Evidence, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 16.

4.23 Professor Blaszczyński also considered that when considering EGM locations attention must also be given to whether they are provided by for-profit or non-profit organisations. Professor Blaszczyński argued that non-profits may have more reason to implement a safer gambling environment:

More important are the questions of where those particular machines are located, whether they are in for-profit organisations, which may in fact be less motivated to apply responsible gambling practices, versus clubs and others that are non-profit organisations and have a greater motivation to provide responsible gambling for their patrons.¹³⁷

4.24 UnitingCare Mental Health, a provider of mental health and associated services to people suffering gambling problems, also observed that ‘disadvantaged LGAs have a higher number of poker machines and/or more applications to increase the number of poker machines in those areas.’¹³⁸

4.25 Wesley Mission stated that ‘there are more electronic gaming machines and greater use of them in low-income areas’.¹³⁹ Wesley Mission recommended that the LIA process should be independently evaluated so as to determine whether the three classification levels were appropriate:

The effectiveness of the current Local Impact Assessment process for the transfer of gaming machine licences within and between the three bands needs independent evaluation.¹⁴⁰

4.26 In response to questioning regarding concerns about EGM density in lower socioeconomic areas, OLGR stated that it was this issue that had initially led to the creation of the LIA process and the maximum gaming machine entitlement threshold. OLGR also advised the committee that both initiatives had resulted from a five year statutory review of the Act completed in 2007.¹⁴¹

4.27 To emphasise the robustness of the LIA process, OLGR cited two examples of recent Class 2 applications in the Fairfield LGA which had been rejected by the authority. Both applications were rejected on the basis that they had failed to demonstrate a positive overall impact for the community.¹⁴²

Concerns regarding machine accessibility and problem gambling

4.28 In addition to the issue of EGMs being disproportionately located in lower socioeconomic areas, the committee also received evidence which demonstrated a link between gaming machine accessibility and problem gambling. For example, Ms Kirsten Shannon, Clinic Manager, Gambling Treatment Clinic, University of Sydney, advised the committee that:

¹³⁷ Evidence, Professor Blaszczyński, 10 April 2014, p 16.

¹³⁸ Submission 9, UnitingCare Mental Health, p 4.

¹³⁹ Submission 2, Wesley Mission, p 2.

¹⁴⁰ Submission 2, Wesley Mission, p 2.

¹⁴¹ Answers to questions on notice, Mr Newson, 10 April 2014, question 8.

¹⁴² Answers to questions on notice, Mr Newson, 10 April 2014, question 8.

It is a simple fact that increased accessibility will increase problem gambling... I would say that the more accessible [EGMs] are to people across the community, the more likely we are to have problem gambling as an issue in the community.¹⁴³

4.29 Ms Shannon also made a distinction between total EGM number and accessibility. She argued that the issue was not necessarily whether there are more gaming machines in one venue or another, but rather how many venues will be providing them throughout a community.¹⁴⁴

4.30 Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., similarly asserted that 'it is really about access'. To illustrate her point Ms Roberts pointed to the example of Victoria, noting that although it has a maximum cap of 30,000 EGMs (far less than New South Wales) it still has significant expenditure because they remain accessible in every community.¹⁴⁵

4.31 Speaking to the issue of accessibility, Professor Blaszczynski argued that too little is known about the benefits of EGM reduction with respect to minimising problem gambling. Professor Blaszczynski did not argue against EGM reduction per se, but instead emphasised that because sufficient opportunities to play would likely remain, problem gamblers would not be easily discouraged:

I do not think there has been sufficient evidence to indicate that a reduction of X proportion of machines will lead to an X per cent reduction in problem gambling. In my view, there must be some threshold that reducing the number of gaming machines in a jurisdiction is not going to have a major impact because sufficient machines remain to allow people to play. Then if you get down to a certain low level, you may in fact be targeting more of the ardent gambler, and recreational gamblers will fall aside and not participate. You are going to get more of a hard-core group of people playing those machines. These are questions that I think are important but have not been adequately investigated, in my view.¹⁴⁶

4.32 Regarding whether it would be prudent to restrict EGM access in the expectation that it would lower the problem gambling prevalence rate, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists (the RANZCP) issued a note of caution based on the Norwegian experience. Dr Allcock observed that the restriction of EGM access in Norway had not lessened problem gambling but had instead diverted gamblers to other markets, thus suggesting that there will always be people with issues irrespective of the product:

...what happened in Norway is quite relevant. They tightened up enormously...the EGMs and the access to them, but it did not seem to decrease the prevalence of problem gambling because people started going on the internet and into horseracing. There seems to be a core of people who will always have some degree of problem. You have to be careful that if you close one door or reduce the impact of one door,

¹⁴³ Evidence, Ms Kirsten Shannon, Clinic Manager, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 16.

¹⁴⁴ Evidence, Ms Shannon, 10 April 2014, p 16.

¹⁴⁵ Evidence, Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc., 10 April 2014, p 45.

¹⁴⁶ Evidence, Professor Blaszczynski, 10 April 2014, pp 16-17.

you do not leave it too far open for the next. That was an interesting experience in Norway.¹⁴⁷

Committee comment

- 4.33** The committee supports government efforts that aim to reduce and control the number of electronic gaming machines in New South Wales. However, the committee also acknowledges the evidence that gaming machine reduction in itself is not the only harm minimisation measure required, and that issues of location and accessibility must also be effectively addressed. The committee recognises that this is a challenging policy area and we therefore emphasise the need for ongoing research and evaluation. However, on-going research should not be a barrier to action that addresses the known adverse impacts of EGMs.
- 4.34** The committee notes with concern that electronic gaming machines are increasingly located disproportionately in lower socioeconomic areas. We also note that the Local Impact Assessment process, the key measure by which the government has sought to address this issue, was established in 2009 and has not been subject to review. Based on the evidence received, the committee notes that the EGM Local Impact Assessment process has in many cases failed to protect the local community and would benefit from an independent review so as to determine its effectiveness in achieving its stated objectives. Here, particular emphasis must be given to the Class 1 application test and whether it is sufficiently rigorous.
- 4.35** The committee therefore recommends that the NSW government ensure 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.
- 4.36** 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.

¹⁴⁷ Evidence, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 32.

Recommendation 1

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

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- 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.

Gaming machine design features

4.37 Manufacturers design electronic gaming machines (EGMs) to entice people to commence playing them and remain at the machine to continue their expenditure. Approval authorities seek to minimise the harm of gaming machines by restricting the features a machine can have that may lead to problem gambling.

4.38 This section firstly outlines the approval process whereby EGMs are brought to market in New South Wales. It then looks at whether certain gaming machine design features are contributing to gambling related harms. Next, the relationship between jackpot prizes and bet limits and gambling behaviours is considered. The section concludes with a short discussion on pre-commitment.

The approval process

4.39 EGMs in New South Wales, consistent with other Australian states and territories and New Zealand, are subject to the Australian and New Zealand Gaming Machine National Standard. It sets out the core requirements for EGM design throughout Australia and New Zealand. It covers features such as jackpot maximum prize limits, cash input, maximum bet limits, player alerts and spin reel frequency. The Australian and New Zealand Gaming Machine National Standard also guides the work of product development testers in their compliance efforts. Additional or differing requirements for each jurisdiction are set out in an appendix to the Australian and New Zealand Gaming Machine National Standard.¹⁴⁸

4.40 Under the *Gaming Machines Act 2001* (NSW) (the Act), the Independent Liquor and Gaming Authority (the authority) is responsible for approving gaming machines for use in New South Wales. The authority cannot approve a gaming machine that fails to meet Australian and New Zealand Gaming Machine National Standard. The Act also requires the authority to 'have regard for the need to minimise the potential for any harm that may result from the approval

¹⁴⁸ Submission 33, NSW Government, p 1.

of a gaming machine and any feature, function or characteristic that is likely to lead to an exacerbation of problem gambling'.¹⁴⁹

- 4.41** The authority maintains a Gaming Machine Prohibited Features Register, which identifies gaming machines or gaming machine features that are likely to cause gambling harm. Any feature that is identified as being likely to cause harm is not permitted in New South Wales. For example, the NSW government advised that headphone connectivity on EGMs is prohibited.¹⁵⁰
- 4.42** Regarding the introduction of new gaming machine products and innovations, it is the responsibility of the manufacturer to provide an independent peer-reviewed assessment regarding any risks of gambling associated harms, as part of a submission to the authority for evaluation.¹⁵¹
- 4.43** Gaming Technologies Australia, an organisation representing the manufacturers of EGMs, described the process whereby products are submitted for assessment. Gaming Technologies Australia noted that it takes at least a year for a gaming machine product to move from the development stage to the approval stage, and that independent reviews are undertaken at significant cost:

The base software and the game of a modern poker machine make up over one million lines of code, along with several million more for the operating system. Every line of software, every component and every element of game mathematics and statistics must be comprehensively tested and quality assured by the supplier; submitted to independent licensed testing laboratories for audit and review at significant cost; and then submitted to the regulator for approval before the game or machine can be deployed to clubs, hotels or casinos...The development and supply process takes at least a year, sometimes several years, for each game to be approved.¹⁵²

- 4.44** Regarding the introduction of any amendments to existing EGMs, ClubsNSW urged the committee to be aware of implementation issues such as cost and the time needed to retrofit existing hardware.¹⁵³

Problematic design features?

- 4.45** Research has indicated that there are certain design features of electronic gaming machines which encourage problem gambling. This research led some inquiry participants to question whether the EGM approval process was working effectively in minimising the exacerbation of gambling harms.
- 4.46** For example, the Gambling Impact Society (NSW) Inc. submission cited research that 'indicated the design of the machines have some inherent features which are particularly problematic'.¹⁵⁴ The submission went on to list some of the features it deemed to be an issue:

¹⁴⁹ Submission 33, NSW Government, p 1.

¹⁵⁰ Submission 33, NSW Government, p 1.

¹⁵¹ Submission 33, NSW Government, p 1.

¹⁵² Submission 5, Gaming Technologies Australia, p 2.

¹⁵³ Submission 23, ClubsNSW, p 56.

...these include “losses disguised as wins”, speed of gambling, multiple lines of gambling, free spins, linked jackpots [and] the algorithms which underpin these features. We believe these design features are significant contributors to consumer harm.¹⁵⁵

4.47 Ms Roberts from the Gambling Impact Society (NSW) Inc., argued that EGMs combine various design features to cause habitual playing behaviour.¹⁵⁶ She noted research that showed jubilant sound effects and alerts are tied to wins and partial losses so as to provide positive reinforcement and to skew a player’s perception of lost money. In one study that compared outcomes between gamblers that played EGMs with and without sound, it was found that those that had played with sound had significantly overestimated their winnings relative to those that had played with no sound.¹⁵⁷

4.48 Having alerted the committee to this research, Ms Roberts provided an example of a scenario in which “losses disguised as wins” would apply:

...losses disguised as wins is basically where you may put in \$1 and get a credit of 80¢ and it celebrates, with the bells and whistles, that you have won 80¢ when you have lost 20¢.¹⁵⁸

4.49 OLGR advised the committee that the Gaming Machine Prohibited Features Register currently does not prohibit alerts to players on returns that are less than the amount bet on a particular play.¹⁵⁹

Maximum jackpot limits

4.50 Another design feature of concern to inquiry participants was that of jackpots. The New South Wales Jackpot Technical Standard limits the maximum prize of \$10,000 for standalone gaming machines.¹⁶⁰ Ms Shannon, from the Gambling Treatment Clinic at the University of Sydney, advised the committee that there is less of a link between EGMs and problem gambling in Britain because the maximum jackpot was lower:

There is also less of a problem with problem gambling with fruit machines in Britain because they actually have a lower maximum prize value. I think high prize values do encourage people to gamble, more especially if they have been chasing losses. They have a higher propensity to spend more to recoup their losses if they think they can get a higher prize.¹⁶¹

¹⁵⁴ Submission 20, Gambling Impact Society (NSW) Inc., p 1.

¹⁵⁵ Submission 20, Gambling Impact Society (NSW) Inc., p 1.

¹⁵⁶ Evidence, Ms Roberts, 10 April 2014, p 43.

¹⁵⁷ Answers to questions on notice, Ms Roberts, 10 April 2014, Question 1, Meeri Kim, ‘Slot machine sounds can manipulate players, researchers say, Washington Post, 6 July 2013.

¹⁵⁸ Evidence, Ms Roberts, 10 April 2014, p 43.

¹⁵⁹ Answers to questions on notice, Mr Newson, 10 April 2014, question 11.

¹⁶⁰ OLGR, *New South Wales Jackpot Technical Standard Revision 1.3*, p 10, <http://www.olgr.nsw.gov.au/pdfs/Version%201.3%20-%20%20NSW%20Jackpot%20Standard.pdf>, retrieved 30 May 2014.

¹⁶¹ Evidence, Ms Shannon, 10 April 2014, p 17.

- 4.51** Ms Shannon also argued that those in gambling debt were more likely to chase their debts if a high prize value was on offer:

...I certainly know that a higher prize value is encouraging people who are in debt to think there is a possibility of getting out of debt by the potential of winning a large prize even though the likelihood of getting that prize is very low.¹⁶²

- 4.52** Dr Allcock from the RANZCP also referred to the British example and argued that lower jackpots would likely lessen the value of bets placed. Dr Allcock noted that British EGMs are not in the top five causes of gambling related harms in that country and recommended that consideration be given to lowering the value of jackpot prizes:

If we are looking at requirements on machines, one thing to really throw into the melting pot on the basis of my experience is the question of lowering jackpots...It [would be] intriguing how many people would say, "I would not lose \$800 or \$1,000 a night if the maximum prize was \$500." In Britain, where the maximum prize for the fruit machines, as they call them, is £50, [EGMs] are not seen in the top five causes of gambling harms...In my view, one of the serious factors to be considered, if it is at all humanly possible, is to lower the prizes of the jackpots.¹⁶³

- 4.53** Dr John McLean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, likewise highlighted the issue of EGM jackpots by citing a 2014 report from Gambling Research Australia¹⁶⁴ 'which shows that high-value jackpot machines tend to intensify betting behaviour and so put users at an increased risk of loss'.¹⁶⁵

- 4.54** Commenting on the issue of habitual playing behaviours and also the value of jackpot prizes, Professor Blaszczynski argued that the popularity of gaming machines can be explained by win unpredictability. This unpredictability can have the effect of players developing erroneous ideas about their chances of winning thereby contributing to persistence in playing. According to Professor Blaszczynski the singularly most effective way to change the motivation of people to gamble would to minimise the maximum jackpot prize:

Throughout history poker machines, for some reason, intrinsically are popular and part of that is the unpredictability of wins. They are variable ratio reinforcement: you cannot predict when they are going to win and that leads people to develop ideas, erroneous ideas, that sort of contribute to their persistence in gambling. Modifying reel spins, modifying bill acceptors and so forth are tinkering around the edges. I think that if you are looking at the overall prize, level of prize motivates people to gamble. We see that in lotteries. If there is a \$60 million win, there is a significant increase in purchases of lottery tickets. If it is down to \$1 million, people habituate to that and sales drop.¹⁶⁶

¹⁶² Evidence, Ms Shannon, 10 April 2014, p 17.

¹⁶³ Evidence, Dr Allcock, 10 April 2014, p 39.

¹⁶⁴ Gambling Research Australia is a partnership between the Commonwealth, State and Territory Governments that initiates and manages national gambling research.

¹⁶⁵ Evidence, Dr John McLean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, 11 April 2014, p 49.

¹⁶⁶ Evidence, Professor Blaszczynski, 10 April 2014, p 17.

- 4.55** Mr Stephen Zammit, Service Manager, UnitingCare Mental Health, a psychologist specialising in the treatment of problem gambling, argued that higher jackpot prizes offer false hope to people in severe debt. Mr Zammit also argued that people in debt may see a high jackpot as a solution to their problems and would thus pursue this more vigorously than a lower prize:

What [large payouts] can do is give people the hope that they can make that money back. For someone who has lost \$50,000 over a few years in gambling, by having a large prize it can set up the idea that getting that money back is attainable versus the thought that if I know the maximum I could win is \$100 how am I ever going to get to \$50,000?¹⁶⁷

- 4.56** In contrast, ClubsNSW stated that ‘the Productivity Commission found that there has been no reliable research into the relationship between jackpots (or large prizes) and problem gambling’.¹⁶⁸ ClubsNSW also argued that jackpots are an attractive feature for many players and any steps to reduce the maximum jackpot ‘would completely change the attractiveness of the [EGM] product.’¹⁶⁹

- 4.57** Speaking from personal experience, as someone who has suffered from gambling addiction, Mr Ralph Bristow, Deputy Chair, Gambling Impact Society (NSW) Inc., provided the committee with evidence that reinforced the link between high jackpot prizes and problematic gambling:

I am a typical problem gambler, and poker machines brought me undone. If I win it is not enough. If I lose I have to chase it or try to win it back. My psyche was the bigger the bet the more I am going to win. I have not gambled for six years...I try to put myself back to when I was gambling. More than likely the lower the bet it probably would have had an effect...I think if it were a lower bet and lower prize money it probably would not have attracted me as much. That is my personal experience.¹⁷⁰

Maximum bet limits

- 4.58** In addition to minimising jackpot limits, some inquiry participants argued in support of reducing the maximum bet limit which currently stands at \$10 – this limit is outlined in section 8.3 of the Australian and New Zealand Gaming Machine National Standard.¹⁷¹
- 4.59** For example, FamilyVoice Australia urged the committee to adopt a recommendation of the Productivity Commission that the maximum bet per spin be reduced to \$1.¹⁷² FamilyVoice Australia advised the committee that the basis for the recommendation was Productivity Commission analysis which showed that a player betting \$10 per spin could lose on average

¹⁶⁷ Evidence, Mr Stephen Zammit, Service Manager, UnitingCare Mental Health, 5 June 2014, p 24.

¹⁶⁸ Submission 23, ClubsNSW, p 55.

¹⁶⁹ Submission 23, ClubsNSW, p 55.

¹⁷⁰ Evidence, Mr Ralph Bristow, Deputy Chair, Gambling Impact Society (NSW) Inc., 10 April 2014, p 47.

¹⁷¹ *Australian/New Zealand Gaming Machine National Standard*, Revision 10.3, ‘Parameter/Limit Values’, http://www.olgr.nsw.gov.au/pdfs/Gaming%20Machine%20National%20Standard%2010_3.pdf, retrieved 30 May 2014.

¹⁷² Submission 3, FamilyVoice Australia, p 4.

\$1,200 an hour if played at maximum speed.¹⁷³ In contrast, if the maximum bet of \$1 was implemented, this would reduce the cost of one hour's play at maximum speed to \$120 – a reduction of 90 per cent to the current standard.¹⁷⁴

4.60 The Australian Christian Lobby, the Presbyterian Church of Australia in New South Wales, and the Gambling Impact Society (NSW) Inc. all supported support a reduction in the maximum bet per spin to \$1.¹⁷⁵

4.61 Professor Blaszczynski, author of a 2001 study that examined the effects of a reduction in the maximum bet limit, informed the committee that 'I think the \$1 bet limit, subject to how it is going to be implemented, could be useful in reducing problem gambling'.¹⁷⁶

4.62 Regarding his 2001 study, which observed patterns of play of 779 participants in clubs and hotels during regular gaming sessions, Professor Blaszczynski is quoted in the 2010 Productivity Commission Report as stating that the available evidence suggests that a reduction in the bet limit to \$1 would reduce expenditure, but whether it would lead to a decrease in overall expenditure for problem gamblers was unknown:

[The bet limit] would reduce the rate of expenditure for players and these reductions would be greater for problem gamblers than non-problem gamblers. However: Whether or not such a change is likely to translate into a decrease in overall expenditure for problem gamblers is not known.¹⁷⁷

4.63 Similar to its argument against minimising maximum jackpots, ClubsNSW argued against the \$1 bet limit citing limited research into its effectiveness.¹⁷⁸ ClubsNSW also referred to the Blaszczynski study and according to its interpretation the effect of minimising the bet limit would disproportionately impact recreational gamblers, have a minimal impact on problem gambling, and minimise a revenue stream for clubs:

The introduction of a \$1 maximum bet limit will primarily affect recreational gamblers and the revenues that they contribute to clubs. As a result, it would deny clubs from the legitimate revenues they generate from higher spending recreational gamblers and have a minimal impact on problem gambling.¹⁷⁹

¹⁷³ Submission 3, FamilyVoice Australia, p 4. In making its calculation the Productivity Commission factored in the average EGM return to player ration of 90 per cent and assumed that a gambler playing at maximum speed would play 20 spins per minute (there is no maximum number of spins per minute whereas the figure in Queensland and Tasmania is 20) – see Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Game and machine design', Canberra: Commonwealth of Australia (2010), p 11.7.

¹⁷⁴ Submission 3, FamilyVoice Australia, p 4.

¹⁷⁵ Submission 22, Australian Christian Lobby, p 3; Submission 6, Presbyterian Church of Australia in New South Wales, p 2; and Evidence, Ms Roberts, 10 April 2014, p 46.

¹⁷⁶ Evidence, Professor Blaszczynski, 10 April 2014, p 19.

¹⁷⁷ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Game and machine design', p 11.25.

¹⁷⁸ Submission 23, ClubsNSW, p 54.

¹⁷⁹ Submission 23, ClubsNSW, p 53.

- 4.64** In contrast to the position of ClubsNSW, Dr Maclean from the Presbyterian Church of Australia in New South Wales argued that if Parliament was to reduce the maximum bet limit, venues would still be free to provide EGMs and there would be ‘relatively little impact on freedom but potentially a significant reduction in harm’.¹⁸⁰

Government response to concerns regarding gaming machine features

- 4.65** When questioned on the issue of EGMs and whether certain design features are encouraging problem gambling, Mr Newson, Executive Director, OLGR, advised the committee that Gambling Research Australia is currently investigating the matter with a report scheduled to be published by the end of 2014.¹⁸¹
- 4.66** Mr Newson also noted that the Gambling Research Australia investigation would contribute to future policy development, stating that ‘the intent, clearly, of that work is to support an informed view on the characteristics or the features of gaming machines that would support policy advice going forward’.¹⁸²
- 4.67** OLGR further advised the committee that it would consider the ‘extent to which [the investigation] informs the position on prohibited gaming machine features’.¹⁸³ Regarding any subsequent amendments to the Gaming Machine Prohibited Features Register, OLGR noted that this would ultimately be a matter for the authority but that it expected to be consulted.¹⁸⁴
- 4.68** OLGR also noted an observation of the Productivity Commission that public policy makers may need to adopt the precautionary principle approach with respect to the operation of regulatory measures such as the Gaming Machine Prohibited Features Register. Namely, that further preventative approaches may be required so as to better address gambling related risks.¹⁸⁵

Pre-commitment

- 4.69** Pre-commitment refers to a system that is designed to enable individuals to set binding limits on their EGM expenditure before they start playing on a machine. The issue of pre-commitment was examined at length in the 2010 Productivity Commission report.¹⁸⁶ In the evidence presented to the inquiry opinion on the benefits of pre-commitment was divided.
- 4.70** The Presbyterian Church of Australia in NSW and FamilyVoice Australia were among those inquiry participants that called for the implementation of mandatory pre-commitment.¹⁸⁷

¹⁸⁰ Evidence, Dr McLean, 11 April 2014, p 49.

¹⁸¹ Evidence, Mr Newson, 10 April 2014, p 8.

¹⁸² Evidence, Mr Newson, 10 April 2014, p 8.

¹⁸³ Answers to supplementary questions, OLGR, 10 April 2014, question 6.

¹⁸⁴ Answers to supplementary questions, OLGR, 10 April 2014, question 6.

¹⁸⁵ Answers to supplementary questions, OLGR, 10 April 2014, question 6.

¹⁸⁶ Evidence, Ms Roberts, 10 April 2014, p 46.

¹⁸⁷ Submission 6, Presbyterian Church of Australia in NSW, p 1; and Submission 3 FamilyVoice Australia, p 2.

- 4.71 Conversely, Dr Christopher Hunt advised the committee to be ‘extremely wary of any claims made about pre-commitment given the lack of currently available research evidence on the topic’.¹⁸⁸
- 4.72 Wesley Mission informed the committee that voluntary pre-commitment was being introduced in Victoria but stated that the research conducted to date has not shown significant consumer interest in voluntary pre-commitment. Wesley Mission also argued that New South Wales should hold off on investing in pre-commitment until there is evidence of consumer benefit.¹⁸⁹
- 4.73 In its submission, the NSW government stated that it supported voluntary pre-commitment. It also pledged to work with its federal counterpart to promote and implement a venue-based voluntary pre-commitment system.¹⁹⁰
- 4.74 The NSW government also noted that, at the time of drafting its submission, the Australian coalition government had introduced legislation to repeal a mandatory pre-commitment trial in the Australian Capital Territory. This trial was recommended by the Productivity Commission.¹⁹¹ The bill providing for the repeal of the trial has since passed the Australian Parliament.¹⁹²
- 4.75 In early 2014, Victoria passed the *Gambling Regulation Amendment (Pre-commitment) Act 2014* (Vic) to make it compulsory for venue operators to connect their gaming machines to a state-wide voluntary pre-commitment system from 1 December 2015.¹⁹³

Committee comment

- 4.76 The committee is concerned that there are certain electronic game machine design features which may exacerbate gambling harms. This appears contradictory to the purpose of regulatory measures such as the Gaming Machine Prohibited Features Register which seek to prohibit design features deemed likely to cause harm.
- 4.77 The committee acknowledges that the relationship between gaming machine design features and gambling harms is being investigated by Gambling Research Australia, with a report scheduled to be published by the end of 2014. We also acknowledge that OLGR has committed to review the research findings as they relate to current policy on prohibited gaming machine features.
- 4.78 The committee believes that if Gambling Research Australia identifies certain electronic game machine design features which exacerbate gambling harms that are not currently prohibited in New South Wales, then these should be added to the prohibited register. The committee

¹⁸⁸ Submission 8, Dr Christopher Hunt, p 6.

¹⁸⁹ Submission 2, Wesley Mission, p 3.

¹⁹⁰ Submission 33, NSW Government, p 5.

¹⁹¹ Submission 33, NSW Government, p 5.

¹⁹² Australian Parliament, *Social Services and Other Legislation Amendment Bill 2013* (Cth), accessed 11 June 2013, http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5149.

¹⁹³ *Gambling Regulation Amendment (Pre-commitment) Act 2014* (Victoria).

recommends 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.

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.

- 4.79** Regarding jackpot prizes, the committee notes the evidence linking higher jackpots to increased betting amounts and betting frequency. It is concerning that high-value maximum jackpots appear to intensify betting behaviour thereby putting users at an increased risk of loss. Hence we recommend that the NSW government review the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.
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Recommendation 3

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

- 4.80** As to the issue of bet limits, the committee notes the arguments made by those inquiry participants seeking a reduction in the maximum bet limit. It is apparent that a reduction in the bet limit could protect problem gamblers without unduly affecting the freedoms of other players. The committee recommends that the NSW government review the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.
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Recommendation 4

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

- 4.81** Regarding the issue of pre-commitment, the committee acknowledges the debate on the merits of pre-commitment. The committee believes that at this time OLGR should take a proactive approach to monitoring the outcomes stemming from the implementation of voluntary pre-commitment in Victoria.

Self-exclusion

- 4.82** This section begins by outlining the legislative requirements for self-exclusion and the rationale for its operation. Attention is then given to the issue of whether self-exclusion is being enforced effectively. Matters regarding how self-exclusion can be further improved are also considered.
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The operation of and rationale for self-exclusion

- 4.83** Section 49 of the *Gaming Machines Act 2001* (NSW) (the Act) requires venues with approved EGMs to provide patrons access to a self-exclusion scheme. The scheme allows a person, at their own request, to sign a self-exclusion deed and in doing so be prevented from entering any area of a venue they nominate. A further requirement is that venues publicise the availability of self-exclusion schemes and information about how they operate to patrons.¹⁹⁴ The minimum term for a self-exclusion agreement is three months.¹⁹⁵
- 4.84** The Star Casino has been required to provide self-exclusion since 1995, while clubs and hotels have been required to do so since 2002.¹⁹⁶
- 4.85** A penalty of \$11,000 applies for venues that do not meet the above requirements.¹⁹⁷ However, while there are penalties for not providing self-exclusion, the committee was advised by Mr Richard Brading, Principal Solicitor, Wesley Community Legal Service, Wesley Mission, that ‘there is no sanction that can be imposed on venues other than the Star Casino for failure to enforce self-exclusion’.¹⁹⁸
- 4.86** The Office of Liquor, Gaming and Racing (OLGR) advised that it monitors compliance with the requirements of the self-exclusion scheme via corporate governance audits of clubs and audits of hotels. OLGR also noted that it investigates complaints regarding the self-exclusion scheme, and that between April 2011–April 2014 it had issued 15 penalty notices for non-compliance with the Act’s self-exclusion requirements.¹⁹⁹
- 4.87** The Independent Liquor and Gaming Authority (the authority) is responsible for overseeing the operation of the Star Casino’s self-exclusion scheme.²⁰⁰
- 4.88** OLGR does not keep statistics on the number of people that have accessed the self-exclusion scheme in clubs and hotels. This is because clubs and hotels are not required to provide returns on the number of people that have self-excluded from their venue. OLGR estimates that between 2,470 to 6,722 people may be accessing the self-exclusion scheme at any given time.²⁰¹
- 4.89** The Star Casino is required to keep statistics and the number of people that have accessed its self-exclusion scheme over the last five years has averaged 203 per year.²⁰²
- 4.90** Citing the 2010 Productivity Commission report, OLGR noted that the benefits of self-exclusion include reducing gambling expenditure, improved family relationships and a reduced

¹⁹⁴ *Gaming Machines Act 2001* (NSW), s 49.

¹⁹⁵ Answers to questions on notice, Mr Newson, 10 April 2014, question 3.

¹⁹⁶ Submission 33, NSW Government, p 8.

¹⁹⁷ Submission 33, NSW Government, p 8.

¹⁹⁸ Evidence, Mr Richard Brading, Principal Solicitor, Wesley Community Legal Service, Wesley Mission, 11 April 2014, p 27.

¹⁹⁹ Answers to supplementary questions, OLGR, 10 April 2014, question 3.

²⁰⁰ Answers to supplementary questions, OLGR, 10 April 2014, question 3

²⁰¹ Answers to questions on notice, Mr Newson, 10 April 2014, question 3.

²⁰² Answers to questions on notice, Mr Newson, 10 April 2014, question 3.

urge to gamble.²⁰³ OLGR also argued that the number of people that have self-excluded, in itself, is not considered a useful indication of the scheme's effectiveness and cautioned against requiring clubs and hotels to provide statistics as it would be an unnecessary administrative burden.²⁰⁴

Third-party initiated exclusion

- 4.91** Third-party initiated exclusion refers to a process that would allow people to apply to have a family members excluded from gambling venues if they have a problem. The NSW government advised that, in addition to the current self-exclusion scheme, it is in the preliminary stages of considering the provision of third-party initiated exclusions for clubs and hotels. There is, however, no timeframe for the implementation of any such scheme and the government has not commissioned any research to examine the issue.²⁰⁵
- 4.92** In response to a question taken on notice, OLGR advised the committee that the Productivity Commission had found that 'subject to evidence [of a gambling problem] and due process there should be a capacity for family members to make applications for third-party exclusions and for nominated venue staff to initiate involuntary exclusions of gamblers on welfare grounds'.²⁰⁶ OLGR further noted that Tasmania and South Australia have both had long-standing third-party exclusion schemes for clubs and hotels.²⁰⁷
- 4.93** Third-party exclusion is provided by the Star Casino, with section 79(1) of the *Casino Control Act 1992* (NSW) requiring the Star Casino or the authority to issue involuntary exclusion orders to persons identified by the Star Casino, the authority or family as experiencing gambling problems. Appeal provisions are available for involuntary exclusion orders issued by the Star Casino but not the authority.²⁰⁸
- 4.94** ClubsNSW indicated its in principle support for third-party exclusion. However, Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW, did stress that his organisation's support was contingent on an appropriate regulatory set-up, one that maintains anonymity to negate any unintended consequences, such as domestic violence, and also that provides for the fair assessment of complaints:

We recommend a process, a family intervention, a third-party intervention. We think there needs to be some regulatory support to enable that process to occur...I will just caution the Committee. As good an idea this is, like all measures in this space we need to tread carefully. For example, failing to keep the anonymity of the complainant can potentially result in domestic violence in the home. We need to ensure that the club observes and assesses whether the complaint stacks up, has a respectful conversation with the individual, protects that anonymity, provides information and then there is a process that can be followed that has the support of the relevant parties that can determine whether the complaint is right or not.²⁰⁹

²⁰³ Answers to supplementary questions, OLGR, 10 April 2014, question 3

²⁰⁴ Answers to questions on notice, Mr Newson, 10 April 2014, question 3.

²⁰⁵ Answers to questions on notice, Mr Newson, 10 April 2014, question 1.

²⁰⁶ Answers to questions on notice, Mr Newson, 10 April 2014, question 1.

²⁰⁷ Answers to questions on notice, Mr Newson, 10 April 2014, question 1.

²⁰⁸ Submission 33, NSW Government, p 8.

²⁰⁹ Evidence, Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW, 11 April 2014, p 5.

4.95 Mr Landis then recommended that third-party initiated problem gambling complaints be reviewed by an independent panel comprising a clinical psychologist, a lawyer, and a social worker:

We have suggested that there be three panel members—one being a clinical psychologist with a background in treating problem gamblers, one being a lawyer with a background in judicial process and procedural fairness, and the third being a social worker with a background in family and relationship issues. That independent panel would then assess and determine whether an involuntary exclusion is justified.²¹⁰

Enforcement concerns

4.96 Some inquiry participants raised concerns regarding the apparent failure of venues to enforce self-exclusion and also the regulatory oversight of the scheme. Such concerns led some inquiry participants to question the effectiveness of self-exclusion as currently provided.

4.97 The St Vincent’s Hospital Sydney Gambling Treatment Program informed the committee that on numerous occasions clinicians have been advised by patients that they have been allowed to enter venues from where they have been self-excluded and have subsequently lost significant amounts of money on gaming machines.²¹¹

4.98 St Vincent’s further noted that many patients have reported that ‘even when they have informed the venue that they have been allowed in to gamble despite being self-excluded, and have emphasised their self-exclusion, they have subsequently still been allowed to enter and gamble’.²¹²

4.99 According to St Vincent’s when either patients or clinicians have contacted OLGR for further information and clarification the responses provided have been inconsistent. This led St Vincent’s to suggest that ‘there is no established formal protocol for making complaints related to failures of the self-exclusion program’.²¹³

4.100 In addition to the above, St Vincent’s also expressed concerns regarding section 49 (5) of the *Gaming Machines Act 2001* (NSW), namely that it not does penalise venues for failing to enforce self-exclusion:

This state of affairs raises serious concerns about the validity and genuineness of the self-exclusion program. If there are no regulatory consequences for failures to implement self-exclusion, and no formal complaints procedure, what incentive is there for venues to enforce their self-exclusion scheme?²¹⁴

4.101 Mr Brading from Wesley Mission emphasised that any failure of a self-exclusion commitment must recognise the likelihood that individuals will regress and that the consequences can be

²¹⁰ Evidence, Mr Landis, 5 June 2014, p 2.

²¹¹ Submission 21, St Vincent’s Hospital Sydney Gambling Treatment Program, 2.

²¹² Submission 21, St Vincent’s Hospital Sydney Gambling Treatment Program, p 2.

²¹³ Submission 21, St Vincent’s Hospital Sydney Gambling Treatment Program, p 3.

²¹⁴ Submission 21, St Vincent’s Hospital Sydney Gambling Treatment Program, p 3.

severe, by stating ‘presumably a substantial proportion of people who gamble and self-exclude go back to try it out. They go back in, they gamble and they lose their money’.²¹⁵

- 4.102** While Mr Brading noted that ‘the vast majority of venues make a reasonable effort to keep people out’ he also recommended that OLGR be given punitive powers to enable it to better enforce self-exclusion:

The regulator needs to have the power to enforce and prosecute those venues that are not doing the right thing. At the moment there is a statutory protection [preventing penalties] in section 49 (5) of the *Gaming Machines Act*.²¹⁶

- 4.103** Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, expressed reservations as to the effectiveness of OLGR in overseeing self-exclusion. He argued that it would be difficult to get an answer from OLGR regarding the venues that were performing well and those venues that were performing poorly.²¹⁷

- 4.104** In response to the concerns raised regarding self-exclusion, Mr Newson, Executive Director, OLGR, emphasised that its supervisory role is underpinned by a risk-based compliance approach. He stated that OLGR responded to complaints promptly, and that he was only aware of a limited number of complaints:

The Office of Liquor, Gaming and Racing has a risk-based compliance supervision approach; it is also complemented by a responsive approach when there are complaints—whether that be from the community or other channels. I am certainly aware generally that there have been a limited number of complaints in regard to the operation of self-exclusion schemes and there have been inquiries around those.²¹⁸

- 4.105** Mr Newson also stressed the difficulty of enforcing a scheme that relies on an individual to first self-identify and then opt in, ‘the best of systems will remain imperfect and a self-exclusion scheme, I think by its very nature, does rely on a person to self-identify and opt in to the scheme’.²¹⁹

Facilitating better self-exclusion outcomes

- 4.106** Several inquiry participants commented on other matters regarding the effectiveness of the self-exclusion program. For example, Professor Blaszczynski from the Gambling Treatment Clinic at the University of Sydney, advised the committee that it works well for those that access it and adhere to the program. Professor Blaszczynski further noted that it can help those that may have breached their self-exclusion commitment as it provides a pathway to other interventions such as counselling.²²⁰

²¹⁵ Evidence, Mr Brading, 11 April 2014, p 28.

²¹⁶ Evidence, Mr Brading, 11 April 2014, pp 27-28.

²¹⁷ Evidence, Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, 11 April 2014, p 28.

²¹⁸ Evidence, Mr Newson, 10 April 2014, p 9.

²¹⁹ Evidence, Mr Newson, 10 April 2014, p 10.

²²⁰ Evidence, Professor Blaszczynski, 10 April 2014, p 23.

4.107 Professor Blaszczyński's colleague, Ms Shannon informed the committee that the issue of access plays a key role in determining the effectiveness of self-exclusion. To illustrate her point, Ms Shannon argued that self-exclusion is easier to implement in rural and regional areas where it is common for there to be only one venue rather than in urban areas where venues are much more accessible:

I think self-exclusion in rural areas is much more helpful because often in places there is only one club and if somebody self-excludes from that club they do not have access. Like we said, accessibility tends to increase problem gambling. It does get difficult when you are in small inner city areas where gambling is so accessible in clubs and hotels and other places.²²¹

4.108 Regarding the challenge of multi-venue self-exclusion, both ClubsNSW and the Australian Hotels Association (NSW) informed the committee of the steps they were taking to help facilitate better outcomes for self-excludees. Both organisations have developed multi-venue self-exclusion programs, namely ClubSAFE by ClubsNSW and GameCare by the Australian Hotels Association (NSW).

4.109 ClubSAFE allows a problem gambler to exclude themselves from up to 25 clubs via a single online application with the details of the applicant then forwarded to relevant venues for enforcement. ClubsNSW noted that it is often difficult for an individual to publically admit to a problem, and argued that the provision of online self-exclusion makes the process more accessible by allowing a problem gambler to seek help discretely.²²² To further emphasise the benefits of online multi-venue self-exclusion, ClubsNSW stated that its program 'has received strong support from the Executive Director of the Office of Liquor, Gaming and Racing'.²²³

4.110 Regarding the Australian Hotels Association (NSW) and its GameCare program, the organisation's Director of Responsible Gambling, Mr John Whelan, informed the committee that the program allows an individual, wishing to self-exclude, to do so by calling a toll-free number. The self-exclusion is applicable to gaming areas of the hotel(s) in the individual's district and the associated administrative costs are borne by the Australian Hotels Association (NSW).²²⁴

4.111 Mr Whelan noted that since its establishment in 2002, approximately 3,500 individuals have signed up for self-exclusion via GameCare. Similar to the ClubsNSW online offering, Mr Whelan stressed that by having an individual call once and exclude themselves from multiple venues simultaneously, the need for the individual to visit each venue was removed thus addressing a key disincentive to participation.²²⁵

4.112 In response to questioning regarding concerns about non-compliance with self-exclusion, Mr Whelan stated that to his knowledge it was not a common problem. He did add that hotel staff were strongly encouraged to be vigilant and to take the necessary steps to remind patrons of their commitment to self-exclusion:

²²¹ Evidence, Ms Shannon, 10 April 2014, p 23.

²²² Submission 23, ClubsNSW, p 39.

²²³ Submission 23, ClubsNSW, p 39.

²²⁴ Evidence, Mr John Whelan, Director, Responsible Gambling, Australian Hotels Association (NSW), 11 April 2014, p 13.

²²⁵ Evidence, Mr Whelan, 11 April 2014, p 18.

I certainly do not hear of it being a common occurrence but that is not to say that those who have chosen to self-exclude themselves do not try to sneak back into a venue. Our venues are on notice...We certainly take that very seriously and staff are on notice, and it is an absolute responsibility of the staff, to keep an eye out for any self-excluded gambler who might come into the venue. If they do identify someone they should approach them and remind the individual that they signed to be self-excluded from that venue and did not want to be there in the first place.²²⁶

- 4.113** In addition to their individual efforts, both industry associations informed the committee that they were working together to investigate ways to combine their programs to provide for a state-wide self-exclusion scheme for clubs and hotels.²²⁷

Committee comment

- 4.114** The committee supports self-exclusion because it provides a means by which gamblers can prevent themselves from playing electronic gaming machines at specified venues. Based on the evidence received it would appear that OLGR could provide more effective oversight of the self-exclusion scheme. The evidence claiming that OLGR has been providing inconsistent information and advice about self-exclusion is particularly concerning.
- 4.115** The committee recognises that amending the *Gaming Machines Act 2001* (NSW), so as to provide sanctions that can be imposed on venues for failing to enforce self-exclusion, may be one way to achieve greater compliance with self-exclusion. However, the committee considers that before making any such amendment, OLGR should be given time to evaluate whether its protocols for investigating complaints regarding the apparent failure of venues to enforce self-exclusion, are appropriate. It is critical that OLGR as the body responsible for overseeing self-exclusion in clubs and hotels gets it processes right.
- 4.116** The committee acknowledges the evidence that showed the ease of enrolling in a self-exclusion program is a key factor in determining its effectiveness. The committee supports industry moves to make it easier for individuals to self-exclude at multiple venues.
- 4.117** Regarding third-party exclusion, the committee believes that family members or other relevant persons should be able to make applications for third-party exclusions of gamblers on welfare grounds.
- 4.118** Third-party exclusion schemes already exist in Tasmania and South Australia and for the Star Casino, meaning there are sufficient examples for the NSW government to refer to when investigating how a third-party exclusion scheme could be implemented. The committee stresses the need for caution in this area so as to mitigate any unintended consequences and also to ensure that a fair assessment system is provided. It is important that industry, healthcare professionals, gambling researchers and other relevant stakeholders all be consulted to best inform the development of a state-wide third-party exclusion scheme.
- 4.119** The committee accepts that the NSW government will need sufficient time to conduct the investigations required to inform the implementation of third-party exclusion. A timeframe of

²²⁶ Evidence, Mr Whelan, 11 April 2014, p 18.

²²⁷ Submission 23, ClubsNSW, p 39, and Evidence, Mr Whelan, 11 April 2014, p 14.

two years is suggested as an adequate time for the NSW government to undertake the required work.

- 4.120** The committee recommends that the NSW government investigate 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.

Recommendation 5

That the NSW Government investigate 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.

Venue operating requirements

- 4.121** Section 47 of the *Gaming Machines Act 2001* (NSW) provides that the *Gaming Machines Regulation 2010* (NSW) (the regulations) may set venue operating requirements that encourage the adoption of responsible gaming practices.
- 4.122** This section looks at some of the key venue operating requirements introduced to facilitate the responsible use of EGMs, namely information provision and advertising prohibition, venue shut-down, and rules governing access to cash and credit.

Information provision and advertising prohibition

- 4.123** All venues are required to make information which explains how EGMs work and details the chances of winning readily accessible. The objective here is to help players understand that their chances of winning the maximum jackpot are very small.²²⁸
- 4.124** It is also a requirement that all venues display the Gambling Help contact number. Gambling Help provides free telephone crisis counselling and provides information to people and families suffering gambling related problems.²²⁹ Further consideration is given to issues regarding gambling treatment and support in chapter 7.
- 4.125** Venues are prohibited from advertising gaming machines. The intent here is to limit patron awareness of their availability. The Secretary of NSW Trade and Investment also has the ability to direct venues to move or screen EGMs. The Secretary has this power so as to prevent venues from locating EGMs in such a way that subverts the prohibition on advertising.²³⁰

²²⁸ Submission 33, NSW Government, p 7.

²²⁹ Submission 33, NSW Government, p 7.

²³⁰ Submission 33, NSW Government, p 11.

Venue shut-down

- 4.126** Since 2003, it has been a mandatory requirement for all clubs and hotels to shut-down their EGMs for six hours between 4 am to 10 am each day. Venues can apply to the Independent Liquor and Gaming Authority (the authority) to have the requirement reduced to three hours. Such applications are assessed against whether a venue has a history of early opening hours or if hardship can be demonstrated. The intent of the shut-down is to limit the opportunity for continuous play by providing a break that allows individuals to reassess their gambling.²³¹
- 4.127** In its submission, the Office of Liquor, Gaming and Racing (OLGR) informed the committee that it has had the venue shut-down independently evaluated. The evaluation found that the shut-down was effective because it encouraged the majority of problem and moderate risk gamblers to go home, thus achieving its objective of a break in play.²³²

Rules governing access to cash and credit

- 4.128** There is a general prohibition on the location of automatic teller machines (ATMs) within the gaming machine areas of the clubs, hotels and the Star Casino. This is designed to force individuals who may have run out of playing credits to leave their machine and provide them the opportunity to reflect on whether they want to continue playing before withdrawing further funds.²³³
- 4.129** ATMs are prohibited from dispensing cash via withdrawals made on credit. This seeks to deny individuals the chance to play with money that they do not have.²³⁴
- 4.130** It is also a requirement that venues must pay prize money exceeding \$2,000 via cheque or electronic money transfer. This is intended as a security measure for patrons.²³⁵
- 4.131** Previously, the *National Gambling Reform Act 2012* (Cth) provided a national \$250 daily cash withdrawal limit applicable to all venues with EGMs.²³⁶ When introduced the then federal minister for Families, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, stated that the \$250 limit was based on a recommendation of the Productivity Commission that had found it would help address problem gambling without overly affecting non-problem gamblers and other patrons:

This change responds to the recommendation of the Productivity Commission that a daily limit of \$250 could help address gambling harm without overly affecting non-problem gamblers and other patrons. An analysis of ATM transactions shows that 85 per cent of withdrawals from ATMs in venues with gaming machines are below the proposed \$250 limit.²³⁷

²³¹ Submission 33, NSW Government, p 2.

²³² Submission 33, NSW Government, p 2.

²³³ Submission 33, NSW Government, p 5.

²³⁴ Submission 33, NSW Government, p 5.

²³⁵ Submission 33, NSW Government, pp 6-7.

²³⁶ Submission 33, NSW Government, p 6.

²³⁷ Hansard, House of Representatives, 1 November 2012, p 12,911 (Jenny Macklin).

- 4.132** On 25 March 2014, the new Federal Government passed the *Social Services and Other Legislation Amendment Bill 2013* (Cth).²³⁸ The amendment bill included provisions that repealed the \$250 daily cash withdrawal limit. The minister for Social Services, the Hon Kevin Andrews MP, stated that the intent of the legislation was to ‘reduce the duplication of functions between the Australian government and the state and territory governments’ with respect to gambling policy.²³⁹

Concerns regarding access to cash and credit

- 4.133** The issue of most concern to inquiry participants regarding venue operating requirements were the rules governing access to cash and credit.

- 4.134** For example, FamilyVoice Australia cited Productivity Commission research, which found that problem gamblers were more likely than other players to withdraw money from an ATM at a venue while playing EGMs, and that problem gamblers viewed ATM location as a key harm minimisation measure:

Only 4.6 per cent of recreational players reported that they often or always withdraw money from an ATM at a venue when playing poker machines compared to 58.7 per cent of serious problem gamblers reporting that they did so. Problem gamblers surveyed by the Productivity Commission ranked ATM location as one of the most important issues for effective harm minimisation.²⁴⁰

- 4.135** FamilyVoice Australia also referred to a 2006 survey conducted in New South Wales which found that problem gamblers ‘are nearly nine times as likely to use [venue] ATMs to withdraw money for gambling compared with gaming machine players overall – 62 per cent versus 7 per cent’.²⁴¹

- 4.136** FamilyVoice Australia recommended that ‘ATMs and EFTPOS services providing cash withdrawals should be prohibited within all venues licensed to have EGMs’.²⁴²

- 4.137** The Presbyterian Church of Australia in NSW similarly argued in support of ‘limiting access to cash withdrawals from ATMs at venues where EGMs are installed’.²⁴³

- 4.138** Conversely, the Australian Hotels Association (NSW) contended that restrictions on access to cash withdrawals via ATMs are not supported by evidence and would inconvenience the vast majority of the population. The Australian Hotels Association (NSW) further argued that ATMs located in venues provided a safe means for patrons to withdraw cash to pay for food and beverages, and that any restrictions would have an undue financial impact on rural and regional venues:

²³⁸ Australian Parliament, *Social Services and Other Legislation Amendment Bill 2013* (Cth), accessed 11 June 2013, http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5149.

²³⁹ Hansard, House of Representatives, 20 November 2013, p 758 (Kevin Andrews).

²⁴⁰ Submission 3, FamilyVoice Australia, p 5.

²⁴¹ Submission 3, FamilyVoice Australia, p 5.

²⁴² Submission 3, FamilyVoice Australia, p 5.

²⁴³ Submission 6, Presbyterian Church of Australia in New South Wales, p 2.

Restrictions on access to cash in NSW hotels are not supported by evidence. Such a move will however inconvenience 99% of the population who are not problem gamblers, have a devastating financial impact on hotel food and beverage sales, unfairly harm many small, rural and regional hotels and create safety issues for patrons...Hotels rely on ATMs to support their core business – food and beverage sales. The typical NSW hotel customer uses the in-venue ATM because it is a safe and convenient place to withdraw cash to buy food and drinks or to spend elsewhere.²⁴⁴

- 4.139** The ATM Industry Reference Group, an industry body representing independent ATM operators, likewise argued that ATMs in venues provided a safe environment for cash withdrawals. Citing a 2009 report by PricewaterhouseCoopers, the ATM Industry Reference Group stated that ‘more than 80 per cent of hotels are heavily reliant on ATMs for food-and-beverage sales’.²⁴⁵
- 4.140** ClubsNSW similarly emphasised that a higher proportion of people use ATMs withdrawals for food (76 per cent) and beverages (70 per cent) than gambling (35 per cent).²⁴⁶
- 4.141** ClubsNSW also noted that ATMs are not available in Tasmanian clubs and hotels yet its problem gambling prevalence rate is higher than that of New South Wales. This led ClubsNSW to question whether there is any causality between ATM provision in venues and increased gambling. ClubsNSW then argued that restricting cash withdrawals via ATMs in venues with EGMs would result in players making outside withdrawals which are not subject to credit prohibition.²⁴⁷
- 4.142** The Consumer Credit Legal Centre (NSW) Inc. (CCLC), a community-based consumer service specialising in personal credit, debt, banking and insurance law that supports people in financial difficulty, informed the committee that not only were the regulatory provisions regarding ATMs ineffective, but that via free wireless internet patrons were circumventing the prohibition on betting with credit to obtain payday loans and fringe credit to gamble on EGMs.²⁴⁸
- 4.143** The CCLC contended that while section 32 of the regulation requires clubs and hotels to not locate ATMs in the area of a venue designated for gaming, many venues were positioning their ATMs technically outside the gaming area but within arm’s reach so that EGM players have easy access.
- 4.144** Section 32 of the regulations states that:

A hotelier or registered club must not permit a facility for the withdrawal or transfer of money from a bank or authorised deposit-taking institution (such as an ATM or EFTPOS terminal) to be located in a part of the hotel, or a part of the premises of the club, in which approved gaming machines are located.²⁴⁹

²⁴⁴ Submission 24, Australian Hotels Association (NSW), p 7 and p 28.

²⁴⁵ Submission 35, ATM Industry Reference Group, pp 4-5.

²⁴⁶ Submission 23, ClubsNSW, p 57.

²⁴⁷ Submission 23, ClubsNSW, p 58.

²⁴⁸ Submission 29, Consumer Credit Legal Centre (NSW) Inc., p 2.

²⁴⁹ Section 32, *Gaming Machines Regulation 2010* (NSW).

4.145 The CCLC argued that the wording of section 32 was allowing the policy intent, of having individuals leave the gaming area and reflect on their expenditure prior to withdrawing further cash, to be subverted:

Many pubs and clubs are allowed to have an ATM located within a metre of gaming machine as long it is technically in the “next room” but often this distinction of spaces is a partition or part screen...If gaming patrons were forced to leave the gaming venue atmosphere this may create a break in their gambling binge thus allowing the problem gamblers an opportunity to decide not to place further bets that they had not planned on spending.²⁵⁰

4.146 In response to questioning regarding ATM access, Ms Alexandra Kelly, Principal Solicitor, CCLC, advised the committee that in her dealings with clients suffering gambling problems it is often the case that ‘you will see multiple withdrawals from [the venue] machine in a one-day period so you can see that is the purpose to keep going back to that ATM to withdraw those funds’.²⁵¹

4.147 Ms Kelly then argued that the best solution would be to remove ATMs from venues with gaming machines. Regarding the issue of access to cash for non-gambling patrons, Ms Kelly stated that ‘they could do it with an over-the-counter facility with an electronic funds transfer. To me having the ATM in there is for the gaming room, not for the convenience of other consumers’.²⁵²

4.148 Concerning the issue of free wireless internet being used to facilitate betting with credit, Ms Kelly drew the committee’s attention to the fact that you cannot access credit via an ATM but you can get a cash advance from a payday lender or fringe credit provider through a smartphone and get the money deposited into your bank account for withdrawal in under an hour:

What we see is that you get a proliferation of these fringe lenders on the television advertising that they can provide you immediate access to funds. At the moment you cannot go to the ATM and get a cash advance but you can go on your phone, apply for one of these loans and have the money in your account within the hour, according to some of their advertising...consumers who run out of money whilst gaming and who want to continue can now just access on their phone wirelessly these sites and can get the money fairly quickly.²⁵³

4.149 According to Ms Kelly the provision of free wireless internet in venues serves as an enabler to gambling, ‘if you have got wireless access and you are not paying for it on your own data plan then it is just another way, in effect, of tapping into free access into gambling and facilitating that’.²⁵⁴

²⁵⁰ Submission 29, Consumer Credit Legal Centre (NSW) Inc., p 2.

²⁵¹ Evidence, Ms Alexandra Kelly, Principal Solicitor Consumer Credit Legal Centre (NSW) Inc., 11 April 2014, p 43.

²⁵² Evidence, Ms Kelly, 11 April 2014, p 43.

²⁵³ Evidence, Ms Kelly, 11 April 2014, p 45.

²⁵⁴ Evidence, Ms Kelly, 11 April 2014, p 45.

- 4.150** In its submission the CCLC observed that it has noticed a significant increase in persons experiencing financial difficulties as a consequence of obtaining payday loans and fringe credit for the purpose of gambling.²⁵⁵

Committee comment

- 4.151** The committee acknowledges that the NSW government has introduced a series of regulatory measures which seek to provide a safe environment for electronic game machine players. Upon reviewing the evidence it became clear that some of these measures will only work to the extent that individuals are willing to comply with them.
- 4.152** Nonetheless, the committee believes an argument can still be made in support of reducing access to cash in and around gaming venues to limit the opportunity for unplanned gambling expenditure. Although these may be circumvented by some players, the committee considers that additional restrictions would have the effect of creating further opportunity for expenditure review prior to funds withdrawal. This is the objective of the NSW government's current regulations pertaining to access to cash and credit in gaming venues.
- 4.153** Regarding the issue of developing policy to protect the minority but unduly affecting the majority, the committee is hopeful that a balance can be reached. The committee recommends that the NSW government review the *Gaming Machines Regulation 2010* (NSW) to provide that a daily cash withdrawal limit applies to ATMs in venues with electronic gaming machines.

Recommendation 6

That the NSW Government review 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.

- 4.154** While the committee understands that the majority of the gambling industry works studiously to facilitate responsible gaming, section 32 of the Gaming Machine Regulation does not strictly make provision for an adequate separation between the location of ATMs and the section of a venue approved for EGMs. Currently, section 32 stipulates that an ATM need only be in an area separate from the gaming room. This provides a loophole whereby an ATM may technically be in another area but only several feet away from EGMs.
- 4.155** The committee believes that the regulations should specify an appropriate distance between ATMs and EGMs – a distance that will more likely achieve the NSW government's objective of providing individuals the opportunity to reflect on whether they want to continue playing before withdrawing further funds. The committee recommends that the NSW government amend section of 32 of the regulations to specify an appropriate distance between ATMs and electronic gaming machines.

²⁵⁵ Submission 29, Consumer Credit Legal Centre (NSW) Inc., p 3.

Recommendation 7

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

- 4.156** The committee is concerned about the evidence of the Consumer Credit Legal Centre (NSW) Inc. which indicated that gaming machine players are using smartphone technology to access payday loans and fringe credit with which to gamble and in doing so subvert the prohibition on credit betting. The committee recommends that the NSW government work with the Australian government to develop mechanisms that restrict short-term credit being made available through automatic teller machines in electronic gaming machine venues.
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Recommendation 8

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

Chapter 5 The emergence of online gambling

This chapter considers issues relevant to the emergence of the online gambling market of which there are two distinct components: online wagering and online gaming. Online wagering is a legal practice and refers to placing bets on racing and sports. Online gaming includes casino and poker machine games delivered via the internet. It is illegal to host an online gaming website in Australia.

The chapter firstly looks at online wagering. It does so by charting the development of online wagering as an increasingly popular means by which to bet on racing and sports. It then considers the challenges online wagering poses with respect to effective regulation, problem gambling, and maintaining sports integrity. Issues regarding online racing and sports wagering advertising are then examined.

Despite the illegality of domestic supply, the inquiry received evidence which indicated that the online gaming market is growing rapidly. The chapter concludes by looking at online gaming primarily from a regulatory and consumer risk standpoint.

A changing wagering market

- 5.1** This section outlines the recent structural changes that have taken place within the racing and sports wagering market, namely the shift from retail and on-course wagering to online wagering.

Racing wagering

- 5.2** Wagering²⁵⁶ on horses is a long-standing practice in New South Wales. For the majority of the 19th and 20th centuries this practice was pursued via bets placed with private bookmakers, many of whom operated illegally and were known commonly as SP bookmakers in reference to the practice of paying out winning bets on the basis of the starting price.²⁵⁷
- 5.3** In the 1960s various state governments established state owned pari-mutuel totalizators, a betting system known as the TAB through which all bets of a particular type are placed together in a pool and returns are calculated by sharing the pool among winning bets.²⁵⁸
- 5.4** Harness Racing Australia (HRA) noted that the TABs transformed the wagering landscape. TABs became a significant source of revenue for state governments with each jurisdiction setting its own wagering taxes along with regulatory standards.²⁵⁹
- 5.5** In 1998, the New South Wales TAB was privatised and listed on the Australian stock exchange to become Tabcorp following the passage of the *Totalizator Agency Board Privatisation Act 1997* (NSW). Today, the TAB operates totalizator and fixed odds betting through retail outlets, clubs and hotels, online products, and on-course totalizators.²⁶⁰ According to its

²⁵⁶ Please note that throughout the chapter the terms sports wagering and sports betting are used interchangeably.

²⁵⁷ Submission 15, Harness Racing Australia, p 3.

²⁵⁸ Submission 15, Harness Racing Australia, p 3.

²⁵⁹ Submission 15, Harness Racing Australia, p 3.

²⁶⁰ Submission 19, Tabcorp Holdings Limited, p 2.

submission, Tabcorp in 2012/2013 generated approximately \$250 million for the racing industry and paid \$157 million in state taxes.²⁶¹

- 5.6** The operation of the TAB is subject to the *Totalizator Act 1997* (NSW) (the Act). The Act's objective is to make provision for the proper conduct of totalizator betting in the public interest and to minimise any harm associated with such betting. The Act requires the TAB to: make available to consumers problem gambling brochures; print gambling information and warnings on betting tickets; display notices relating to gambling counselling services; and offer self-exclusion. The Act also generally prohibits consumers from betting with credit.²⁶²
- 5.7** In addition to the TAB, licensed on-course bookmakers operate at thoroughbred, harness and greyhound racecourses across New South Wales. All licensed bookmakers have responsible gambling obligations and like the TAB they are required to offer self-exclusion.²⁶³
- 5.8** In their submissions both Tabcorp and the NSW Bookmakers' Co-operative (the state industry body for New South Wales bookmakers) stated that the market has experienced significant change, largely as a consequence of a growing number of European owned online corporate bookmakers, primarily licensed in the Northern Territory, operating in Australian wagering markets.²⁶⁴
- 5.9** The practice of corporate bookmakers establishing themselves in the Northern Territory has occurred since the 1990s. In its 2010 report the Productivity Commission noted that a 'lower rate of taxation and more permissive regulatory regime in the Northern Territory dramatically increased the size of their wagering industry, resulting in funding being diverted away from the states that actually provided the racing product'.²⁶⁵
- 5.10** According to Wesley Mission, there are currently four bookmakers in New South Wales licensed to provider online betting products as opposed to 18 in the Northern Territory.²⁶⁶
- 5.11** A concern common to both Tabcorp and the NSW Bookmakers' Co-operative was that the lower taxes set by the Northern Territory, as well as its lower racing industry fees, has created an unequal market.²⁶⁷ According to Tabcorp, the Northern Territory based corporate bookmakers have a price advantage in that lower taxes enable them to offer more attractive odds and products (such as credit betting) in a market that is national in scope but one that is regulated at the state and territory level:

By basing themselves in the NT, corporate bookmakers benefit from playing lower taxes and racing industry fees than the TABs. This price advantage has enabled them

²⁶¹ Submission 19, Tabcorp Holdings Limited, p 2 and p 4.

²⁶² Submission 19, Tabcorp Holdings Limited, p 5.

²⁶³ Submission 19, Tabcorp Holdings Limited, p 8.

²⁶⁴ Submission 19, Tabcorp Holdings Limited, p 2; and Submission 30, NSW Bookmakers' Co-operative, p 2.

²⁶⁵ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Developments in the racing and wagering industries', Canberra: Commonwealth of Australia (2010), p 16.19.

²⁶⁶ Submission 2, Wesley Mission, p 2.

²⁶⁷ Submission 19, Tabcorp Holdings Limited, p 2; and Submission 30, NSW Bookmakers' Co-operative, p 2.

to promote their tote odds based products, in which they duplicate the TAB dividend and add 5 or 10 per cent to that dividend, which is highly attractive to customers...Furthermore, the NT [regime] enables corporate bookmakers to offer a broader range of wagering products and greater freedom to advertise their products and offer credit to their customers.²⁶⁸

- 5.12** Tabcorp also asserted that this price advantage has enabled the Northern Territory based corporate bookmakers to achieve a higher share of betting turnover (at the expense of the TAB and the on-course bookmakers) in a market experiencing relatively modest overall growth. A consequence of this is that New South Wales tax revenues and racing industry fees have declined. Under the Racing Distribution Agreement, Tabcorp is required to pass on 5 per cent of race betting turnover back to the New South Wales racing industry. Tabcorp claimed that this figure is sometimes less than 0.75 per cent for corporate bookmakers.²⁶⁹
- 5.13** In 2008, the Parliament passed the *Racing Administration Amendment Act 2008* (NSW) to enable the relevant racing authority to set a product fee for the use of New South Wales racing fields information by wagering operators across Australia. A key objective of the Act was to address the issue of racing funding being diverted from New South Wales to the Northern Territory.²⁷⁰
- 5.14** In 2012, the *Racing Administration Amendment Act 2008* was subject to an unsuccessful challenge in the High Court. The applicant, Betfair Pty Ltd (an online corporate bookmaker) challenged the *Racing Administration Amendment Act 2008* on the basis that it was invalid under section 92 of the Australian Constitution which provides for free trade amongst the states and territories.²⁷¹ With the High Court upholding the *Racing Administration Amendment Act 2008*, Australian licensed bookers, irrespective of location, must pay a fee to the relevant racing authority for establishing a betting market on a New South Wales race.²⁷² The current New South Wales fees are 1.5 per cent of turnover for horse racing and harness racing, and 10 per cent of gross revenue for greyhound racing.²⁷³
- 5.15** Sportsbet Pty Ltd, one of Australia's largest online corporate bookmakers with over 1 million Australian customers and an estimated 20 per cent of the Australian online wagering market, offered a different explanation to that of Tabcorp and other inquiry participants regarding the emergence of online corporate bookmakers. According to Sportsbet, the shift from retail and on-course betting to online wagering reflects a broader market shift in consumer preference to online products, a development applicable to other sectors:

While there has been only moderate growth in wagering turnover over this period... there has been a material shift in the channels through which that spend is occurring. Improved technology and better innovation has seen a shift from the more traditional 'offline' TAB wagering products (i.e. retail outlets, on-course and phone operator) to 'online' channels such as the internet and more recently, smart-phones and tablet

²⁶⁸ Submission 19, Tabcorp Holdings Limited, pp 2-3.

²⁶⁹ Submission 19, Tabcorp Holdings Limited, p 3.

²⁷⁰ *Hansard*, Legislative Assembly, 29 October 2008, p 10,781 (Kevin Greene).

²⁷¹ *Betfair Pty Ltd v Racing New South Wales* [2012] HCA 12 (30 March 2012).

²⁷² *Betfair Pty Ltd v Racing New South Wales* [2012] HCA 12 (30 March 2012).

²⁷³ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Developments in the racing and wagering industries', (2010), p 16.21.

devices. This trend is in line with consumer spending patterns in other retail sectors such as books, clothing and electronic goods which have also seen high levels of online growth.²⁷⁴

- 5.16** Regarding the issue of taxation and racing industry investment, the Australian Wagering Council (AWC), the peak industry body representing the online wagering and sportsbetting industry in Australia, stated that, nationally, online bookmakers pay ‘in excess of \$100 million in product fees per annum and over \$100 million per annum in taxes’.²⁷⁵
- 5.17** The AWC also informed the committee that according to KPMG industry forecasts, the national gross gambling yield of online wagering (both racing and sports) is expected to grow at an annual rate of 6.8 per cent to \$1.2 billion in 2021-22.²⁷⁶

Sports wagering

- 5.18** Sports wagering is the practice of predicting sporting results and placing a bet on the outcome. It is a practice that has grown in popularity with total sports betting expenditure (note, this only refers to net losses) in New South Wales having grown from \$5.88 million in 1997-1998 to \$108.53 million in 2011-2012.²⁷⁷
- 5.19** According to Mr Chris Downy, Chief Executive Officer, AWC, growth in sports wagering has resulted in a decline in racing wagering growth.²⁷⁸ This is reflected in Australian Gambling Statistics data which shows that racing’s share of total gambling expenditure in New South Wales declined from 28.9 per cent in 1986-1987 to 11.45 per cent in 2011-2012.²⁷⁹
- 5.20** Mr Downy also stated that consistent with racing wagering, there has been an increasing consumer preference to place sports bets online. Mr Downy likened this development to the growth of online digital music which has occurred at the expense of the traditional record store:

There has been a change in consumer preferences from betting using traditional offline betting channels such as retail or TAB outlets on-course bookmakers and with bookmakers over the phone to online channels such as the internet, mobile tablet, et cetera... This change in consumer preference in wagering is similar to what has taken place in other sectors. For example, a significant percentage of music is now

²⁷⁴ Submission 32, Sportsbet Pty Ltd, p 22. Sportsbet operates an internet betting website. It accepts wagers on Australian and international horse, harness, and greyhound racing, as well as various manners of local and international sporting, political, and entertainment events. The company was founded in 1993 and is based in Fannie Bay, Australia with locations in Melbourne, Australia; and Dublin, Ireland. As of July 1, 2009, Sportsbet Pty Ltd. operates as a subsidiary of Paddy Power PLC an Irish owned bookmaker.

²⁷⁵ Submission 28, Australian Wagering Council, p 2.

²⁷⁶ Submission 28, Australian Wagering Council, p 3.

²⁷⁷ Queensland Treasury and Trade, *Australian Gambling Statistics*, ‘Table NSW 50’, 29th edition, Brisbane: the State of Queensland (2014), p 58.

²⁷⁸ Evidence, Mr Chris Downy, Chief Executive Officer, the Australian Wagering Council, 10 April 2014, p 54.

²⁷⁹ Queensland Treasury and Trade, *Australian Gambling Statistics*, ‘Table NSW 50’, 29th edition, p 58.

purchased online through iTunes, Pandora, Spotify and the like instead of in a music store.²⁸⁰

5.21 At a national level the Productivity Commission, in its 2010 report, cited research which estimated that around:

- 424 000 online sports wagering accounts were active in 2008 – a 103 per cent increase on 2004 levels
- \$391 million was spent on online sports wagering in 2008 – a 73 per cent increase on 2004 levels.²⁸¹

5.22 Despite its growth sports wagering comprises a relatively small proportion of the total New South Wales gambling market (1.39 per cent) when compared to the dominant product of gaming machines (66.3 per cent).²⁸²

5.23 Notwithstanding the fact that sports wagering is conducted on a much smaller scale than gaming machines, some inquiry participants questioned the seemingly larger profile it is beginning to take in society. For example, Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, argued that sport has morphed into a marketing opportunity for corporate bookmakers:

Sport, which is traditionally a family activity, has become a marketing exercise for betting companies. Sports commentary is just as likely to be talked about in terms of odds rather than just the sporting competition or athletic ability.²⁸³

Responding to market change

5.24 This section considers the challenges posed by the increasing popularity of online wagering from a regulatory, problem gambling, and sports integrity standpoint.

Regulatory issues

5.25 In addition to the state and territory governments setting wagering taxes and regulatory standards as well as the respective racing governing bodies receiving industry fees, the Australian wagering market is also influenced by the commonwealth via the *Interactive Gambling Act 2001* (Cth) (the Act).²⁸⁴

²⁸⁰ Evidence, Mr Downy, 10 April 2014, p 54.

²⁸¹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, ‘The gambling industry’, (2010), p 2.39.

²⁸² Queensland Treasury and Trade, *Australian Gambling Statistics*, ‘Table NSW 50’, 29th edition, p 58; and Answers to questions on notice, Mr Paul Newson, Executive Director, Office of Liquor, Gaming and Racing, 10 April 2014, question 13.

²⁸³ Evidence, Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission, 11 April 2014, p 25.

²⁸⁴ Submission 30, NSW Bookmakers’ Co-operative, p 2.

5.26 Wagering is primarily exempt from the Act, while the provision of domestic online gaming products – which includes casino and poker machine games delivered via the internet – is prohibited. Wagering’s exemption from the Act has effectively maintained state and territory control of the Australian wagering industry. However, with online wagering allowing an individual to place a bet from a jurisdiction remote to both the event and wagering operator, the Act includes certain provisions to protect the Australian wagering industry from offshore operators not bound by state and territory government taxation rates and regulatory standards as well as racing governing body industry fees.²⁸⁵

5.27 A number of inquiry participants, including Tabcorp, Sportsbet and the NSW Office of Liquor, Gaming and Racing were critical of the commonwealth’s enforcement of the Act.²⁸⁶ For example, Tabcorp advised the committee:

To date the federal government has taken a relatively passive role with enforcement in the gambling industry. The *Interactive Gambling Act (Cth)* includes the necessary legislative means to address issues like online gambling with offshore operators, but we are not aware of any prosecutions in this area.²⁸⁷

5.28 According to HRA the negative consequences of Australians wagering with offshore operators are twofold. Firstly, betting offshore leads to revenue leakage, the effect of which is lower taxation receipts and no financial contributions being made to the governing body responsible for the racing product. Secondly, offshore operators are not bound by consumer protection law and other responsible gambling requirements, meaning Australians may be victims of unscrupulous practices.²⁸⁸

5.29 HRA identified one way for the commonwealth to take a more active role in preventing offshore operators from offering odds on Australian wagering markets. Namely, amending the Act to prohibit financial institutions from processing transactions to non-approved online gambling sites. HRA advised the committee that although the Act has a mechanism providing for regulations to be made regarding financial agreements involving illegal gambling services, to date there have not been any regulations made.²⁸⁹

5.30 Acknowledging that such financial regulation exists in the United States, HRA argued that, if adopted, it would benefit the wagering industry by ensuring bets are placed with approved operators that are subject to appropriate regulatory standards:

The United States Federal Government has led the way in this area, with the *Unlawful Internet Gambling Enforcement Act 2006*. The incorporation of similar provisions in the IGA would enhance Australia’s ability to ensure that punters deal with betting providers who have been approved by the appropriate regulatory body. This would

²⁸⁵ Submission 19, Tabcorp Holdings Limited, p 6.

²⁸⁶ Submission 19, Tabcorp Holdings Limited, p 6; Submission 32, Sportsbet Pty Ltd, p 8; and Evidence, Mr Brendan Stone, Assistant Director, Policy and Strategy, NSW Office of Liquor, Gaming and Racing; 10 April 2014, p 3.

²⁸⁷ Submission 19, Tabcorp Holdings Limited, p 6.

²⁸⁸ Submission 15, Harness Racing Australia, p 7.

²⁸⁹ Submission 15, Harness Racing Australia, p 7.

ensure punters are dealing with betting providers who meet minimum integrity, harm minimisation and problem gambling standards.²⁹⁰

- 5.31** Another potential protection against offshore operators presented to the committee was IP address blocking. However, Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, counseled against such an approach by noting IP address blocking is relatively easy to get around and that it would be more worthwhile to encourage consumers not to bet with offshore providers:

You can also look at IP blocking and creating a list of sites that would be blocked. But the difficulty is that new operators can pop up every day to get around that list. Anyone who is somewhat technologically sophisticated can usually get around those measures of force. So I think it would be a more worthwhile use of effort to encourage consumers not to go to those sites rather than using force so that they do not go to those sites.²⁹¹

In-play sports betting

- 5.32** The Act also prohibits certain bet types, including in-play sports betting. This refers to betting on an outcome during an event while being played. Currently, in-play sports bets can only be made over the phone. A consequence of this is that it encourages consumers to bet online with offshore providers who are not subject to the same restrictions. The Australian Wagering Council (AWC) asserted that consumers are ‘seeking [in-play] from illegal offshore operators [which] has obvious implications on the integrity of sport and the funding returned via product fees and taxes’.²⁹²
- 5.33** According to the AWC, the prohibition on in-play betting serves as an example which shows the prohibition of online wagering products does not work, simply because Australian consumers are able to access these products online through unregulated offshore providers:

[F]ederal, state and territory regulators [need to] consider how Australians interact with the global online market as should a wagering product or service be prohibited or become unviable, Australians are still able to access the same products online through unregulated overseas websites which do not meet Australia’s stringent regulatory requirements for consumer protection and harm minimization nor contribute to protecting the integrity of Australian sport and racing.²⁹³

- 5.34** Although the committee was alerted to the prohibition of in-play betting and the risks that such prohibition entails, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists (the RANZCP), advised the committee that the issue is more complicated than it may first seem. Dr Allcock stated that while an argument could be made to allow industry to offer in-play betting, this bet type provides an opportunity for people to chase their losses. In effect, there are risks regulators must be aware of whichever policy direction is chosen:

²⁹⁰ Submission 15, Harness Racing Australia, p 7.

²⁹¹ Evidence, Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, 5 June 2014, p 17.

²⁹² Submission 32, Sportsbet Pty Ltd, p 4.

²⁹³ Submission 32, Sportsbet Pty Ltd, p 9.

[I]t is a bit of a conflict between letting industry do their thing and letting industry and Government gain some benefit from that versus trying to protect those for whom it is harmful...One of the biggest issues with people who have got a problem with gambling is chasing losses. If you have too many opportunities to come in and bet again on the event you have already started—suppose you had backed the Eels to win and suddenly Souths look as if they are all over [the win], what will you do? Will you put another 100, another 200 to try to get your first lot back and then maybe the score changes again. It encourages that impulsive on-the-spot, heat-of-the-moment type betting.²⁹⁴

- 5.35** Dr Lisa Juckes, Addiction Psychiatrist, the RANZCP, emphasised the need to approach the matter in balanced way:

The college's position...is not about saying have none of that ever, but perhaps have a balance so those messages such as "This could be harmful for some people" and some advice about what to look at, where you can get help or contact, some of that would perhaps moderate that. That is something the college would like to see.²⁹⁵

Sports wagering and problem gambling

- 5.36** A concern raised by a number of inquiry participants was that the growth of online sports wagering has led to an increase in the number of individuals seeking treatment for problems associated with this form of gambling. Added to this concern was a caveat that online sports betting is an emerging issue and at this point some of the evidence is anecdotal rather than definitive.
- 5.37** For example, Ms Abigail Kazal, Senior Clinical Psychologist, Service Coordinator, St Vincent's Hospital Sydney, advised the committee that with regard to online sports betting 'we are probably seeing more of that particular clientele in our service in the past couple of years'.²⁹⁶
- 5.38** In addition, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, noted that there has been 'an increase in the number of people coming in with sports betting type problems [particularly]—young males'.
- 5.39** Regarding possible triggers for the increase in people seeking treatment for problems associated with sports betting, Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent's Hospital Sydney, Gambling Treatment Program, observed that 'my clinical impression is that a lot of the sports betting comes from an almost ego-driven type of perspective'.²⁹⁷

²⁹⁴ Evidence, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 33.

²⁹⁵ Evidence, Dr Lisa Juckes, Addiction Psychiatrist the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 33.

²⁹⁶ Evidence, Ms Abigail Kazal, Senior Clinical Psychologist, Service Coordinator, St Vincent's Hospital Sydney, 10 April 2014, p 72.

²⁹⁷ Evidence, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 22.

5.40 In response to questioning regarding how its members monitor individuals who may be exhibiting signs of problem gambling, Mr Ben Sleep Director of the Australian Wagering Council stated that betting activities were not actively profiled. He also noted that customer service staff, in receiving phone calls, are trained to detect certain trigger words and in the event an individual admits to a problem their account is suspended and they are referred to counselling:

We do not profile betting activities, as such, but what we do [is] that members of the Australian Wagering Council train their customer service staff. We have 20-odd trigger words. If you ring up customer service and talk about chasing losses, or talk about having regret or being depressed, your account is suspended and you are referred to counselling. When we do have that human interaction and you can get more of a sense of what someone is going through, then we do take those steps.²⁹⁸

5.41 The AWC in its submission also stated that all its members ‘are strongly committed to promoting responsible gambling’. The submission went on to further state that each AWC member offers a range ‘of effective harm minimisation measures’ with the most prominent being voluntary pre-commitment.²⁹⁹

5.42 According to the AWC online wagering accounts offer a safer gambling environment when compared to traditional cash based wagering, because online operators have a greater ability to identify consumers thereby allowing for a more effective enforcement of pre-commitment. The AWC also argued that online wagering enables consumers to readily access information about gambling expenditure which can be used as ‘budgetary function in enhancing a customer’s awareness of the nature and scale of their wagering activity’.³⁰⁰

5.43 Despite the measures online wagering operators may be able to take with respect to responsible gambling, Dr Gainsbury, Centre for Gambling Education and Research, Southern Cross University, advised the committee that it is a product not without risk. Namely, that it is highly accessible and some of the traditional barriers to gambling, such as venue opening times, no longer apply:

The key risks of internet gambling are that it is highly accessible and it is very convenient and easy to access. People usually gamble at home on their computers, but they can also gamble using mobile phones. It can be accessed anywhere... They do not have to think about getting to the venue, organising the time, finding out whether it is open, drive to the venue and so on.³⁰¹

Racing and sports integrity

5.44 An emerging issue regarding the growth of online wagering is whether it poses a risk to the integrity of racing and sporting events. In 2011, Australian sports ministers, both state and federal, endorsed the ‘National Policy on Match-Fixing in Sport’, which commits all Australian

²⁹⁸ Evidence, Mr Ben Sleep Director of the Australian Wagering Council, 10 April 2014, p 57.

²⁹⁹ Submission 28, Australian Wagering Council, pp 6-7.

³⁰⁰ Submission 28, Australian Wagering Council, pp 6-7.

³⁰¹ Evidence, Dr Gainsbury, 5 June 2014, p 13.

governments to work together to address inappropriate and fraudulent sports betting and match-fixing activities so as to protect the integrity of sport.³⁰²

5.45 Since the adoption of the policy, the Parliament of New South Wales has passed two bills to further protect the integrity of sport.

5.46 The *Crimes Amendment (Cheating at Gambling) Act 2012* (NSW) provides a maximum penalty of 10 years imprisonment for anyone found to have engaged in or facilitated conduct that corrupts the outcome of an event.³⁰³

5.47 The *Racing Administration Amendment (Sports Betting National Operational Model) Act 2014* (the Act) regulates betting on sporting events in accordance with the National Policy on Match-Fixing in Sport. The Act requires that a person who seeks to establish a betting market on a sporting event must be licensed, and enter into an integrity agreement with the relevant sports governing body before being permitted to offer betting products. The Act also permits the relevant sports governing body to prevent a betting market from being established.³⁰⁴

5.48 Sportsbet advised that ‘licensed Australian-based wagering providers have integrity agreements in place with all major sporting codes’. A requirement of these integrity agreements is that wagering operators must report suspicious betting activity to the relevant sports governing body.³⁰⁵

5.49 A concern for Sportsbet, shared by the AWC, was that the prohibition within the *Interactive Gambling Act 2001* (Cth) preventing online in-play sports bets in Australia, was undermining integrity agreements given consumers were working around the prohibition by placing bets with unlicensed offshore operators. Sportsbet argued that, as the internet enables a global online wagering market, prohibition is not effective:

The internet is a global market meaning that prohibition doesn’t work – if Australian-based companies are prohibited from offering a gambling product or service to Australian consumers, Australian consumers who wish to access the prohibited product or service can do this by switching to offshore-based websites, which are not regulated in Australia.³⁰⁶

5.50 According to Mr Downy, CEO, AWC, Australians place approximately \$900 million in offshore bets on online in-play sports markets each year. Mr Downy stressed that although only an estimate, this figure equates to 14 per cent of the total turnover for the Australian online sports wagering market.³⁰⁷

³⁰² Australian Government, Health Department, ‘National Policy on Match-Fixing in Sport’, retrieved 26 June 2014, <http://www.health.gov.au/internet/main/publishing.nsf/Content/national-policy-on-match-fixing-in-sport>.

³⁰³ *Hansard*, Legislative Assembly, 22 August 2012, p 14,227 (Greg Smith).

³⁰⁴ *Hansard*, Legislative Assembly, 19 March 2014, p 14 (George Souris).

³⁰⁵ Submission 32, Sportsbet Pty Ltd, p 18.

³⁰⁶ Submission 32, Sportsbet Pty Ltd, p 9.

³⁰⁷ Evidence, Mr Downy, 10 April 2014, p 64.

Committee comment

- 5.51** The committee acknowledges that the emergence of online wagering has fundamentally changed the Australian racing and sports betting landscape. This process has created new opportunities for individuals to gamble in ways more accessible than ever before. The committee is concerned that greater accessibility may increase gambling frequency and also exacerbate problem gambling.
- 5.52** However, it must equally be noted that efforts to reverse the growth of online wagering would likely be ineffective given the ability of consumers to switch to unregulated offshore markets. At both a national and state and territory level, a system has evolved that seeks to regulate wagering markets, promote responsible gambling and protect the integrity of racing and sporting events. If individuals are to bet on sports, it is preferable that they do so within Australia, where at a minimum they have access to consumer protection law and problem gambling support services, and where a percentage of gambling turnover is provided to the relevant governing body as industry fees.
- 5.53** The committee is concerned that a significant proportion of online sports bets on Australian markets are being placed with offshore operators not bound by regulatory and responsible gambling standards. Notwithstanding the issue of whether online in-play sports betting should be legal, given it is a risky product that could enable people to chase their losses, it does serve as an example which highlights the challenges of effectively regulating a product that is accessible globally.
- 5.54** The committee believes that governments should make it as difficult as possible for unregulated offshore operators to provide markets on Australian sports to domestic consumers. The committee therefore recommends that the NSW government approach 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.

Recommendation 9

That the NSW Government approach 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.

Advertising

- 5.55** This section considers issues relevant to wagering advertising. Primarily, it acknowledges community concern regarding the advertising of online wagering products and looks at whether sports betting advertising is contributing to gambling normalisation. Attention is also given to the recent changes to the Australian broadcasting codes of conduct which banned live odds advertising during sports matches.

Background and community concern

5.56 Advertising of wagering products in New South Wales by operators licensed interstate was prohibited until 2008. The prohibition was lifted via a decision of the High Court which ruled that it was unconstitutional to prohibit bookmakers from advertising in one state and operating in another.³⁰⁸

5.57 Since 2008, there has been a marked increase in the advertising of wagering, particularly online wagering products. This development has become a significant issue generating much debate within the community. A concern common to a number of inquiry participants was that the advertising of sports betting is inescapable and is being forced upon the public during a time previously reserved for family entertainment.

5.58 For example, the YMCA Youth & Government, NSW Think Tank criticised the frequency of sports betting advertisements, raised concern over the use of celebrities to spruik gambling products and drew attention to the issue that children and young people comprise a key part of the audience for sports telecasts:

TV adverts are very common, for example, the recent Tom Waterhouse ad in relation to his new online betting agency as well as Samuel L Jackson's endorsement of Bet365. Not only do these ads use celebrity endorsement but they are repeated very frequently during sports telecasts when children and young people are watching sports.³⁰⁹

5.59 In its submission, the Australian Christian Lobby similarly expressed that 'there is a high level of community concern with well-known gambling figures appearing on sports broadcasts to offer analysis from a betting perspective and promote their betting agencies'.³¹⁰

5.60 Dr John McClean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, observed that within the church one of its primary social concerns was the intrusiveness of gambling advertising:

[C]oncern about advertising actually seems to be the thing I hear people in our circles talking about the most; the intrusiveness of gambling advertising often in what seems to be obviously inappropriate settings, especially associated with sport.³¹¹

5.61 In response to such concerns, Sportsbet argued that despite an increase in wagering advertising there has not been an increase in the problem gambling prevalence rate.³¹² Sportsbet also argued that the growth in advertising has not facilitated a marked growth in wagering turnover:

Despite an increase in advertising since the lifting of the prohibition on advertising of wagering services in 2008 and the prominence of corporate bookmakers in the Australian wagering landscape, and despite a perception in some sections of the

³⁰⁸ Betfair Pty Limited v Western Australia [2008] HCA 11 (27 March 2008).

³⁰⁹ Submission 12, YMCA Youth & Government, NSW Think Tank, pp 4-5.

³¹⁰ Submission 22, Australian Christian Lobby, p 6.

³¹¹ Evidence, Dr John McClean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, 11 April 2014, p 56.

³¹² Submission 32, Sportsbet Pty Ltd, p 22.

media/public that there has been an ‘explosion’ in wagering spend, there has not been a significant increase in the level of wagering spend in recent times...overall wagering has grown only 3.6 per cent per annum since 2008.³¹³

- 5.62** Professor Blaszczynski from the Gambling Treatment Clinic at the University of Sydney was not as definitive in his assessment of the impacts caused by the increase in wagering advertising. Professor Blaszczynski stressed that is too early to tell, but did note that an increasing number of people were seeking treatment for sports betting related problems and expressed concern at sporting events being used to market odds:

Many of those questions are only beginning to be addressed so we do not really have a definitive answer. What we do know essentially is, as reflected by an increase in the number of people coming in with sports betting type problems—young males—that the proliferation and the aggressive nature of sports betting advertising and the integration of odds within sort of sporting commentary has shifted the focus away from sort of family entertainment focusing on skills to a sort of gambling environment.³¹⁴

- 5.63** Regarding the research on wagering advertising that has been conducted to date, Dr Gainsbury from the Centre for Gambling Education and Research at Southern Cross University advised the committee that there is a risk of gambling becoming normalised within society.³¹⁵

- 5.64** Dr Gainsbury noted that gambling messages are likely being absorbed by viewers, in particular by impressionable adolescents and young people, and that there is a link between team affiliation and their corporate sponsor. Dr Gainsbury explained that such findings is what led to the ban on tobacco advertising:

The concept is that gambling advertising on sporting teams, seeing sporting celebrities running around with gambling ads on their uniforms and seeing how gambling is depicted in movies and TV shows is all taken in by, in particular, impressionable adolescents and young people. One of the reasons tobacco advertising was banned was a study that found that children who watched their favourite team’s sporting events could identify strongly the brand of cigarettes that sponsored that team. So it was quite clear that children were picking up on this advertising and having an affiliation with the corporate sponsor.³¹⁶

- 5.65** In terms of the effect of gambling advertising on gambling expenditure, Dr Gainsbury explained that the research does not show a cause and effect, namely that increased advertising is not causing children to become problems gamblers.³¹⁷ However, Dr Gainsbury stressed that increased advertising is making them more aware and if this trend is to continue then there must be an emphasis on balanced messaging. Specifically, equal air time must be given to promoting the concept of responsible gambling:

³¹³ Submission 32, Sportsbet Pty Ltd, p 22.

³¹⁴ Evidence, Professor Blaszczynski, 10 April 2014, p 22.

³¹⁵ Evidence, Dr Gainsbury, 5 June 2014, p 20.

³¹⁶ Evidence, Dr Gainsbury, 5 June 2014, pp 19-20.

³¹⁷ Evidence, Dr Gainsbury, 5 June 2014, p 20.

But it is making them aware of it and it is making gambling part of a normal everyday life event. That is where I think it is critical that a balanced message is put across. If there is going to be promotion of gambling then there also needs to be equal time and space given to promotion of the ideas of responsible gambling. It is certainly not the case that everyone should gamble or that gambling is part of a healthy lifestyle—but if you are going to gamble then this is how you do it. It is a very fine line because it is an adult activity so children should not be engaged in it at all. I think it is something we need to monitor.³¹⁸

5.66 In addition to what Dr Gainsbury was able to advise the committee, she noted that Gambling Research Australia has been funded to look at the impact of wagering advertising on young people. Dr Gainsbury acknowledged that such research will better improve the understanding of what is known about wagering advertising and its impacts.³¹⁹ This research is due to be completed by 2015.³²⁰

5.67 However, it is not evident what role the NSW government can have, as the regulation of television broadcasting is an Australian government responsibility.³²¹

Changes to broadcasting codes

5.68 In 2013, disquiet within some sections of the community regarding the growth of sports wagering advertising, in particular the issue of live odds (the practice of advertising betting products during sports broadcasts), resulted in the Australian Communications and Media Authority (ACMA) registering new broadcasting codes of practice to limit betting odds promotions and gambling advertising during live sports broadcasts.³²²

5.69 Sportsbet advised the committee that the codes of practice, which came into effect in September 2013, broadly:

- Banned the advertising of live odds siren-to-siren during live sports broadcasts
- Restricted generic gambling advertisements to scheduled breaks such as the half time interval
- Banned gambling ‘plugs’ by commentators and other sporting identities.³²³

5.70 Regarding the ACMA changes, the AWC informed the committee that they had been immediately adopted by all its members, and stated that ‘there has been a notable decrease in advertising with the amended broadcast codes allowing Australians who enjoy analysing and discussing the odds prior to the start of a sporting event to be able to continue doing so’.³²⁴

³¹⁸ Evidence, Dr Gainsbury, 5 June 2014, p 20.

³¹⁹ Evidence, Dr Gainsbury, 5 June 2014, p 20.

³²⁰ Evidence, Mr Stone, 10 April 2014, p 4.

³²¹ Answers to questions on notice, Mr Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, question 12.

³²² Submission 32, Sportsbet Pty Ltd, p 22.

³²³ Submission 32, Sportsbet Pty Ltd, p 22.

³²⁴ Submission 28, Australian Wagering Council, p 11.

- 5.71** The AWC also argued that the ACMA changes struck a balance between allowing industry to advertise its gambling products and minimising the exposure of audiences, particularly children, to live odds.³²⁵
- 5.72** Conversely, the Australian Christian Lobby argued that while the adoption of new broadcasting codes of practice for sports gambling advertisements has been a positive development, the changes implemented to date have not gone far enough:
- While these changes are positive, they should be taken further. Live odds promotion at any point during a broadcast should not be permitted, whether clearly identified as a sponsorship segment, or during scheduled breaks, or in any other circumstances. Live odds promotions should not be permitted after the cessation of play or before play commences...children are still viewing at these times and the tight link between sport and gambling is maintained.³²⁶
- 5.73** In announcing the new gambling broadcasting codes of practice, ACMA indicated that it will consider the need to review and evaluate them in future so as to ascertain their effectiveness.³²⁷

Committee comment

- 5.74** It is clear that since 2008 the advertising of online wagering products has become a significant issue within the community. The committee accepts that there are many who disapprove of the advertising of online wagering products and who view it as an insidious business practice.
- 5.75** Based on the research findings presented to this inquiry, it would be premature to definitively state that the increase in sports gambling advertising has led to a commensurate increase in the problem gambling prevalence rate. However, the evidence of Professor Alexander Blaszczynski from the Gambling Treatment Clinic at the University of Sydney, who has observed an increase the number of people seeking treatment for sports related betting problems, suggests that those worried about the increase in sports gambling advertising have legitimate reason for concern.
- 5.76** The committee welcomes the recent adoption of new national broadcasting codes of practice to limit betting odds promotions and gambling advertising during live sports broadcasts. We also welcome Gambling Research Australia looking at the impact of wagering advertising on young people. The committee believes that if a link between the increase in the advertising of wagering products and an increase in the problem gambling prevalence rate is established, then the national broadcasting codes of practice must be immediately changed to further limit betting odds promotions and gambling advertising during live sports broadcasts.
- 5.77** The committee therefore recommends that the NSW government review Gambling Research Australia's report into the impact of wagering advertising on young people when it is

³²⁵ Submission 28, Australian Wagering Council, p 11.

³²⁶ Submission 22, Australian Christian Lobby, p 6.

³²⁷ The Australian Communications and Media Authority, 'Betting Sports odds and gambling codes registered', Media release 57/2013 – 31 July 2013, <http://www.acma.gov.au/Industry/Broadcast/Television/TV-content-regulation/betting-odds-and-gambling-codes-registered>, retrieved 24 June 2014.

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.

Recommendation 10

That the NSW Government review 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.

Online gaming

5.78 Online gaming includes casino and poker machine games delivered via the internet. It is illegal to host an online gaming website in Australia.

5.79 This section begins by presenting data regarding the size of the online gaming market. It then looks at the regulation of online gaming and considers whether more can be done to alert people to the dangers of this form of gambling.

Market share

5.80 The provision of domestic online gaming products is prohibited in Australia. Because of its prohibition there are no official records regarding online gaming and New South Wales specific data was unable to be found. However, the Productivity Commission considered that the online gaming market has grown rapidly, and estimated that approximately \$800 million was spent nationally on online gaming products in 2008-2009.³²⁸

5.81 In its 2010 report, the Productivity Commission also quoted research which estimated that nationally:

- \$249 million was spent on online poker – a 170 per cent increase on 2004 levels
- \$541 million was spent on online casinos – a 105 per cent increase on 2004 levels
- 363 000 accounts were active for online poker – a 177 per cent increase on 2004 levels
- 703 000 accounts were active for online casinos – a 116 per cent increase on 2004 levels.³²⁹

³²⁸ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'Overview', p 8.

³²⁹ Productivity Commission, *Gambling – Productivity Commission Inquiry Report Volume 1, No. 50*, 'The Gambling Industry', p 2.36.

Regulation of online gaming

- 5.82** Online gaming is the regulatory responsibility of the Australian government with the relevant statute being the *Interactive Gambling Act 2001* (Cth) (the Act). The Act's principal feature is a prohibition on the domestic supply of online gaming products to Australians.³³⁰
- 5.83** Similar to the issue regarding in-play online sports betting, some inquiry participants noted that the Act's prohibition on domestic online gaming had resulted in forcing people to offshore gaming websites. A common concern was that many offshore online gaming websites have no or limited harm minimisation features, and consumer protection may be non-existent.
- 5.84** For instance, Dr Gainsbury from the Centre for Gambling Education and Research at Southern Cross University noted that 'with an offshore-regulated site: if you are cheated, defrauded or have any problem there is nothing you can do'.³³¹
- 5.85** Dr Gainsbury added she had given evidence to a recent review of the Act, conducted by the Australian Department of Broadband, Communications and the Digital Economy. (DBCDE).³³² In that particular review, Dr Gainsbury advocated for the prohibition to be lifted and that 'appropriate policy be developed to provide as safe a playing environment as possible and [to] minimise potential harms'.³³³
- 5.86** Dr Gainsbury's also told the DBCDE that 'few jurisdictions have successfully defended the prohibition of online gambling' and that by blocking access to reputable operators, the market had been left open to shady websites located in jurisdictions with little or no restrictions or protections:

One potential negative impact of prohibition is that by blocking reputable sites that are more likely to obey jurisdictional requirements, the market is left open for disreputable sites, located in jurisdictions with few restrictions or requirements, that arguable offer a greater risk to players.³³⁴

- 5.87** Regarding the failure of preventing offshore operators from offering online gaming products in Australia, some witnesses, such as Mr Anthony Ball, Chief Executive Officer, ClubsNSW, called for greater enforcement of the Act. Mr Ball argued that, to date, governments had done a poor job in regulating online gaming, but admitted that the issue was a complicated one:

We have a piece of Federal legislation that is unenforced, the Interactive Gambling Act. If we have a bit of legislation then enforce it like the government enforces the *Registered Clubs Act* or the *Gaming Machines Act*. Do your job...I think governments need to grapple with it and they have not been able to yet. It is complicated no doubt; all things around the internet are.³³⁵

³³⁰ Part 2, section 15, *Interactive Gambling Act 2001* (Cth).

³³¹ Evidence, Dr Gainsbury, 5 June 2014, p 17.

³³² Evidence, Dr Gainsbury, 5 June 2014, p 18.

³³³ Correspondence from Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, to the Committee, 4 June 2014, 'Gainsbury response to DBCDE Interim report May 2012'.

³³⁴ Correspondence from Dr Sally Gainsbury to the Committee, 4 June 2014.

³³⁵ Evidence, Mr Anthony Ball, Chief Executive Officer, ClubsNSW, 5 June 2014, p 8.

- 5.88** Others witnesses, including Dr Allcock from the Royal Australian and New Zealand College of Psychiatrists made a similar argument to that of Dr Gainsbury. Namely, that people are gambling on illegal websites and that this should be acknowledged, with attention needing to be then given to how it can be best monitored:

I have been through the whole debate about whether it should be unregulated, regulated or restricted...I have come to the view that the better thing is to say that it is happening. We know people are going offshore. We know people are betting with illegal casinos. Why not accept that and look at ways of regulating it within Australia so we can monitor it.³³⁶

- 5.89** Irrespective of whether a witness argued in favour of further enforcement or a relaxation of the prohibition, the evidence of all witnesses on this issue made it abundantly clear that more needs to be done to effectively mitigate the risks of online gaming.

Consumer risk

- 5.90** A concern raised in evidence regarding online gaming was that there is lack of consumer awareness about the risky nature of betting with offshore operators. Dr Gainsbury informed the committee of research she has undertaken which found an alarming lack of consumer understanding regarding the perils of gambling offshore:

Our surveys have found that only 3 per cent of internet gamblers look to see where a site is regulated when choosing to gamble. Less than 10 per cent check or even care whether it is regulated in Australia. That shows a critical lack of understanding amongst Australian consumers of the importance of using only domestically regulated sites and the risks of gambling with an offshore-regulated site.³³⁷

- 5.91** Dr Gainsbury also noted that studies have found that while gambling online does not necessary predict gambling problems, the availability of betting via the internet can worsen outcomes for already vulnerable gamblers. According to Dr Gainsbury, online gamblers are more involved gamblers, they also bet offline on gaming machines and sports, and the accessibility to gambling afforded by the internet is a potential problem:

A number of studies, particularly early studies, have demonstrated a higher prevalence of gambling among the people who gamble online. I have been able to analyse the results more closely. We know that gambling online does not predict gambling problems. However, the people who gamble online are more involved gamblers. So they are also playing offline, they are playing gaming machines, and they are betting on sports and races. That accessibility can make the situation worse for vulnerable people who already have gambling problems.³³⁸

- 5.92** Acknowledging the difficulties of regulation in the online space and the dangers faced by people who access gaming products via the internet, Dr McClean from the Presbyterian Church of Australia in New South Wales urged the committee to consider the merits of education as a means by which to mitigate consumer risk:

³³⁶ Evidence, Dr Allcock, 10 April 2014, p 31.

³³⁷ Evidence, Dr Gainsbury, 5 June 2014, p 17.

³³⁸ Evidence, Dr Gainsbury, 5 June 2014, p 13.

[Regulation] is fairly difficult. Even the Federal Government cannot get at the online gaming sector, so the New South Wales Government has even less hope. That obviously is an area where education will be useful because that is the only real angle you have got on that one.³³⁹

- 5.93** Dr Gainsbury likewise argued in favour of education, stating that ‘there needs to be a better job of educating consumers about only using Australian sites’.³⁴⁰ For Dr Gainsbury education has to be the first step, followed by an ‘increase [in] harm minimisation on those sites. Then we can start making a more regulated consumer environment’.³⁴¹

Committee comment

- 5.94** The committee notes the evidence that emphasised the difficulties faced by governments in successfully regulating online gaming. It also acknowledges the dissatisfaction of those inquiry participants that indicated a better job could be done in protecting consumers from the risks of online gaming.
- 5.95** The committee believes that governments should be more proactive in alerting citizens to the dangers of unregulated online gaming. Hence we recommend that the NSW government launch an awareness campaign specific to the risks of online gaming. The awareness campaign should not stigmatise gambling but instead 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.

Recommendation 11

That the NSW Government launch 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.

³³⁹ Evidence, Dr McClean, 11 April 2014, p 52.

³⁴⁰ Evidence, Dr Gainsbury, 5 June 2014, p 17.

³⁴¹ Evidence, Dr Gainsbury, 5 June 2014, p 17.

Chapter 6 Reducing problem gambling

This chapter considers issues pertinent to the reduction of problem gambling in New South Wales. The first section details the prevention and treatment services currently delivered via the Responsible Gambling Fund (RGF). Attention is also given to client feedback and outcomes, the demand for services, and the appropriateness of funding levels.

The second section looks at a number of issues regarding the effectiveness of problem gambling prevention and treatment. This includes a key issue for many inquiry participants, namely how can the barriers faced by some individuals in first identifying that they have a gambling problem and then seeking the necessary assistance and support be addressed. Other issues considered include: whether it is appropriate that gambling treatment is administered by the same government body responsible for gambling regulation; the role of industry with respect to diverting people into treatment; and research funding.

The chapter concludes by considering the role of gambling education in schools. It firstly identifies the school-based gambling education programs currently delivered in New South Wales. It then discusses the merits of school-based gambling education.

Prevention and treatment services

- 6.1** This section outlines the problem gambling treatment services provided by the RGF. It also looks at client feedback, the demand for services, and the appropriateness of funding levels.

Responsible Gambling Fund

- 6.2** The RGF draws its income from a levy paid by the operator of the Star Casino. The RGF is used to support activities that seek to reduce the impact of problem gambling in New South Wales and is guided by a Board of Trustees and the Minister for Gaming and Racing. On an administrative level it sits within the NSW Office of Liquor, Gaming and Racing (OLGR) cluster.³⁴²
- 6.3** \$48.1 million has been allocated by the RGF for the four years 2013-2017 to fund 56 problem gambling and support services throughout New South Wales.³⁴³
- 6.4** The services funded by the RGF are delivered in both urban and regional settings. Face-to-face counselling for gamblers, family members and friends is offered in Sydney, the Hunter, the Central Coast, Illawarra, New England and North West, the North Coast, the Riverina and Murray regions, and the South East and Western NSW regions.³⁴⁴
- 6.5** Irrespective of location, people can also access 24 hour counselling services via a Gambling Helpline and the associated Gambling Help online service.³⁴⁵

³⁴² NSW Office of Liquor, Gaming and Racing, 'Responsible Gambling Fund', accessed 27 June 2014, http://www.olgr.nsw.gov.au/rgf_home.asp.

³⁴³ Submission 33, NSW Government, p 13.

³⁴⁴ Submission 33, NSW Government, p 13.

³⁴⁵ Submission 33, NSW Government, p 13.

- 6.6** Counselling is available in various languages (including Italian, Vietnamese, Arabic and Mandarin) as well as English, and there are also four specialist Aboriginal counselling services located in Western Sydney, Wagga Wagga, Kempsey and Newcastle.³⁴⁶
- 6.7** The RGF also funds activities to raise awareness of the harm problem gambling can cause, as well as research to improve the understanding of problem gambling and to better inform policy development.³⁴⁷

Client feedback and outcomes

- 6.8** According to a review undertaken by the provider of the Gambling Helpline, over 85 per cent of its callers who received a follow-up phone call at one, three and six months following their counselling reported being better able to manage their gambling.³⁴⁸
- 6.9** Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, a service funded by the RGF to deliver a cognitive behavioural therapy (CBT) program³⁴⁹ to sufferers of problem gambling, informed the committee that CBT achieves a 75 to 85 per cent success rate with respect to improved gambling behaviours, namely getting individuals to gamble within their means and to control their gambling.³⁵⁰
- 6.10** Regarding client outcomes specific to the Gambling Treatment Clinic at the University of Sydney its Clinic Manager, Ms Kirsten Shannon, noted that two years after treatment approximately 50 per cent of its clients had ceased their gambling completely.³⁵¹
- 6.11** Further to the outcomes achieved by direct professional interventions, Professor Blaszczynski stated that studies 'indicate that 70 per cent of people who meet the criteria for problem gambling cease gambling of their own volition'.³⁵²

Demand

- 6.12** Demand for three key RGF funded services – face-to-face counselling, the Gambling Helpline and the Gambling Help online service – has been relatively stable. As shown in tables 1-3

³⁴⁶ NSW Office of Liquor, Gaming and Racing, 'Responsible Gambling Fund', accessed 27 June 2014, http://www.olgr.nsw.gov.au/rgf_home.asp.

³⁴⁷ Submission 33, NSW Government, p 14.

³⁴⁸ Answers to questions on notice, Mr Paul Newson, Executive Director, Office of Liquor, Gaming and Racing, 10 April 2014, question 17.

³⁴⁹ Cognitive behavioural therapy is the treatment form with the most available evidence supporting its efficacy. It focuses on identifying and working with triggers to gambling, addressing some irrational beliefs about gambling, and looking for alternative behaviours to engage in instead of gambling (Submission 8, Dr Christopher Hunt, p 4).

³⁵⁰ Evidence, Professor Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 22.

³⁵¹ Evidence, Ms Kirsten Shannon, Clinic Manager, Gambling Treatment Clinic, University of Sydney, 10 April 2014, p 22.

³⁵² Evidence, Professor Blaszczynski, 10 April 2014, p 22.

during the last five years, demand for each service has grown incrementally (except for an 11 per cent spike in callers to the Gambling Helpline between 2010/2011 and 2011/2012, and a marked jump in the Gambling Help online service's second year of operation which may be explained by the fact that it was a new service and knowledge of its availability was limited).

Table 3 Number of clients who received face-to-face gambling counselling for each of the last five years

Year	Number
2008/2009	4,382
2009/2010	4,495
2010/2011	4,237
2011/2012	4,414
2012/2013	4,522

Answers to questions on notice, Mr Paul Newson, NSW Office of Liquor, Gaming and Racing (OLGR), 10 April 2014, question 17.

Table 4 Number of target callers to the Gambling Helpline for each of the last five years

Year	Number
2008/2009	6,374
2009/2010	6,226
2010/2011	6,700
2011/2012	7,425
2012/2013	7,724

Answers to questions on notice, Mr Newson, OLGR, 10 April 2014, question 17.

Table 5 Number of live counselling clients for the Gambling Help online service for the last four financial years

Year	Number
N/A	N/A
2009/2010	204
2010/2011	586
2011/2012	482
2012/2013	567

Answers to questions on notice, Mr Newson, OLGR, 10 April 2014, question 17.

6.13 Mr Stephen Zammit, Service Manager, UnitingCare Mental Health, observed that during his career as a psychologist specialising in the treatment of problem gambling the demand for his

service has been fairly consistent. He remarked that this broadly reflected the stability in the problem gambling prevalence rate.³⁵³

6.14 Ms Shannon, Manager of the Gambling Treatment Clinic at the University of Sydney, similarly advised that her service had the capacity to meet client need, and during spikes in demand was able to refer people to other services.³⁵⁴

6.15 One service that did report heightened demand was the Consumer Credit Legal Centre (CCLC), a first port of call for consumers experiencing financial difficulties. The CCLC's principal solicitor, Ms Alexandra Kelly, reflected that her organisation had experienced an increase in demand for its service from people with financial issues attributable to problem gambling. Ms Kelly asserted that gambling related clients typically present with issues far more complex than non-gambling clients, and as a result the CCLC has had to turn away some people due to the expertise required to address the negative financial consequences of problem gambling:

We are finding more and more that we need to turn away consumers because we just cannot meet the demand on our service and part of that is because of the time taken and the expertise required in relation to gambling-related issues.³⁵⁵

6.16 From a clinical perspective, Ms Abigail Kazal, Senior Clinical Psychologist, St Vincent's Hospital Sydney, Gambling Treatment Program, noted that from her twelve years of treating individuals experiencing problems with their gambling, she could observe that demand for treatment had remained stable but the severity of problem gambling issues had worsened.³⁵⁶

6.17 Ms Kazal also argued that not enough has been done to promote the issue of problem gambling and asserted that this might explain why demand for treatment has remained stable. Ms Kazal's argument was based on an observation that a targeted problem gambling television campaign in 2002 led to a spike in treatment referrals, and in the years following minimal advertising had resulted in fewer referrals since the 2002 peak.³⁵⁷

6.18 According to Professor Blaszczynski, at any point in time there are typically 8 to 15 per cent of problem gamblers in treatment. Professor Blaszczynski was also circumspect with regard to the impact awareness campaigns have on treatment demand:

We have had campaigns such as the Responsible Gambling Awareness Week and the Wilkie-Xenophon issue with pre-commitment that highlight the attention of issues related to problem gambling but that did not necessarily lead to a significant vast increase in reach.³⁵⁸

³⁵³ Evidence, Mr Stephen Zammit, Service Manager, UnitingCare Mental Health, 5 June 2014, p 25.

³⁵⁴ Evidence, Ms Shannon, 10 April 2014, p 27.

³⁵⁵ Evidence, Ms Alexandra Kelly, Principal Solicitor, Consumer Credit Legal Centre, 11 April 2014, p 40.

³⁵⁶ Evidence, Ms Abigail Kazal, Senior Clinical Psychologist, Service Coordinator, St Vincent's Hospital Sydney, Gambling Treatment Program, 10 April 2014, p 74.

³⁵⁷ Evidence, Ms Kazal, 10 April 2014, p 74.

³⁵⁸ Evidence, Professor Blaszczynski, 10 April 2014, p 20.

- 6.19** Professor Blaszczynski's colleague Ms Shannon noted that awareness campaigns have previously focused on 'stigmatising problem gambling'. She advised that research indicates that negative scare campaigns can have the unintended effect of shaming individuals and in the process minimises their ability to admit to a problem and seek help.³⁵⁹

Funding and workforce capacity

- 6.20** Another matter raised in evidence was whether the funding allocated by the RGF to treatment providers was sufficient in supporting an effective problem gambling workforce.
- 6.21** For example, Mr Zammit from UnitingCare Mental Health observed that an aim of the RGF is to make sure funded gambling treatment services are available to people across New South Wales, irrespective of location. Mr Zammit, while not critical of the objective of state-wide coverage, argued that the commitment to funding services with a reach as wide as possible meant that they were sometimes spread too thin. Often only one individual, qualified as either a counsellor or psychologist, was responsible for managing the operation of an entire service, including roles such as marketing:

What often happens is that in order to achieve that wide spread there are many services that have only one staff member. That makes it very ineffective. That one staff member is always a counsellor or psychologist who has the qualifications to do that work. However, because they are a sole person and they are under-resourced it often means that they are required to do a lot of other roles such as marketing, relationship development and so on... That is not their skills set and they do not have the right personality to do that. It makes it extremely difficult to do that job effectively.³⁶⁰

- 6.22** Mr Zammit also argued that the issue of resources being spread too thinly was a likely consequence of the fact that RGF money 'comes from only one source in New South Wales; that is, Star casino. That limits what can be done with that money'.³⁶¹
- 6.23** After the committee had completed its hearings, the Independent Liquor and Gaming Authority announced via media release that it had 'granted approval to Crown Sydney Gaming Pty Ltd to operate the proposed Barangaroo Restricted Gaming Facility from 15 November 2019.'³⁶² The media release also noted that Crown would be required to pay gaming taxes to New South Wales via a Duty and Responsible Gambling Levy Agreement.³⁶³

³⁵⁹ Evidence, Ms Shannon, 10 April 2014, p 20.

³⁶⁰ Evidence, Mr Zammit, 5 June 2014, p 27.

³⁶¹ Evidence, Mr Zammit, 5 June 2014, p 27.

³⁶² Independent Liquor and Gaming Authority, 8 July 2014, 'Crown Sydney granted licence to operate Barangaroo restricted gaming facility', retrieved 22 July 2014 <http://www.ilga.nsw.gov.au/resource/AuthorityNews/Final-Media-Release-Crown-Sydney-Restricted-Gaming-Facility-Licence-Barangaroo.pdf>.

³⁶³ Independent Liquor and Gaming Authority, 8 July 2014, 'Crown Sydney granted licence to operate Barangaroo restricted gaming facility', retrieved 22 July 2014 <http://www.ilga.nsw.gov.au/resource/AuthorityNews/Final-Media-Release-Crown-Sydney-Restricted-Gaming-Facility-Licence-Barangaroo.pdf>.

- 6.24** Speaking from the perspective of a former employee of a RGF service, Ms Kate Roberts, Executive Officer, the Gambling Impact Society (NSW) Inc., argued that about 20 per cent of the funding that goes to RGF service is absorbed by administration costs and that a significant proportion of what remains goes to staff salary. Ms Roberts argued that as a result minimal money is left for developing and improving the actual service. Ms Roberts also emphasised that her comments were not a criticism of the work performed by RGF staff but rather the overall funding structure.³⁶⁴
- 6.25** The NSW government advised that the RGF is in the process of implementing a new set of service standards for problem gambling service providers. The government noted that the previous standards had strongly promoted quality but were often too onerous on the service providers. No indication was given as to whether the new service standards would be supported by additional funding.³⁶⁵
- 6.26** Professor Blaszczyński commented positively on the work of the current RGF by noting that it is working to provide training opportunities to problem gambling counsellors, allocate additional resources and improve efficiencies within the sector:

The current Responsible Gambling Fund is focusing on providing counsellors with training support, with additional resources and looking at improving the efficiency and effectiveness of treatment programs for problem gambling.³⁶⁶

Committee comment

- 6.27** The committee supports the aims and objectives of the Responsible Gaming Fund, and notes that the demand for problem gambling services has been relatively stable. We also recognise that valuable social services, such as problem gambling treatment, need to be funded appropriately.
- 6.28** The committee urges the NSW government to consider whether having just one funding source for the Responsible Gaming Fund is optimal. It should also look at the option of broadening its contribution base so as to better resource the services that seek to reduce the impact of problem gambling in New South Wales.
- 6.29** The committee believes that the announcement of the Barangaroo Restricted Gaming Facility provides the government an opportunity to broaden the contribution base for the Responsible Gaming Fund. We recommend that the NSW government ensure 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.

³⁶⁴ Evidence, Ms Kate Roberts, Executive Officer, the Gambling Impact Society (NSW) Inc., 10 April 2014, p 43.

³⁶⁵ Submission 33, NSW Government, pp 13-14.

³⁶⁶ Evidence, Professor Blaszczyński, 10 April 2014, p 19.

Recommendation 12

That the NSW Government ensure 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.

Effectiveness of prevention and treatment services

- 6.30** This section considers a number of issues raised by inquiry participants relevant to the effectiveness of problem gambling prevention and treatment services. It begins by looking at a key issue raised in evidence, namely how can the barriers faced by some individuals in first identifying that they have a gambling problem and then seeking the necessary assistance and support be addressed. The section then considers other issues, including whether the current structure underpinning prevention and treatment services is appropriate, the role of industry with respect to diverting people into treatment, and research funding.
- 6.31** The section also provides a case study which details the work of Oakdene House, a non-profit organisation established to assist sufferers of problem gambling.

Overcoming barriers to treatment

- 6.32** A key issue for many inquiry participants was that while gambling treatment services are available, many individuals are not accessing them early enough to give themselves the best chance to address the negative consequences of problem gambling.
- 6.33** For instance, Mr Sean Panambalana, Manager, Holyoake Family Alcohol and Other Drugs Programs, CatholicCare, advised the committee that he has been involved in developing a support program for problem gamblers via a club setting and that the biggest challenge was overcoming the stigmatisation associated with problem gambling. Mr Panambalana noted this stigma is a barrier to accessing treatment:

[We] are seeing gaps in terms of how do you encourage a patron, a patron's family or a staff member for that matter to overcome the stigma and access support? There is an increasing amount of support being provided. Let me put it this way: There is an increasing number of resources within club settings to help the problem gambler, but they are all on one particular side of the river. It takes the problem gambler or the family member to build and build and build the bridge to get to other side.³⁶⁷

- 6.34** Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, called for a shift in the language used with respect to problem gambling. She noted that the language regarding problem gambling had been taken from the field of drug and alcohol

³⁶⁷ Evidence, Mr Sean Panambalana, Manager, Holyoake Family Alcohol and Other Drugs Programs, Gambling Interventions Family Team, Clubs Gambling Awareness Intervention and Support, CatholicCare, 11 April 2014, p 32.

addiction and that it was not strictly applicable to gambling. In addition, Dr Gainsbury stated that most problem gamblers do not identify with their problems and thus do not seek help:

[T]he idea of problem gambling has become highly stigmatised in the population. I think there needs to be a shift in the language and strategies which are currently being implemented and which have been implemented historically. They have been taken from drug and alcohol strategies and were never specifically created to address gambling problems. They were merged from what we knew a little bit about in an area that we did not know a lot about at the time. Most problem gamblers do not recognise themselves as having gambling problems or identify with the idea of being a problem gambler and most do not seek help.³⁶⁸

6.35 Ms Shannon from the Gambling Treatment Clinic at the University of Sydney, referred to research that indicates it can take over seven years for an individual to seek treatment for problem gambling. She also noted that over time their gambling problems will inevitably worsen and it is not until an individual reaches crisis point will they seek treatment:

There is a lot of evidence which shows that it can take up to seven or nine years before people actually seek treatment. So it is a long time. They are actually aware that there is a problem but it is a long time. There is so much behavioural evidence and so many things have gone wrong and they are so far into crisis that they decide to come in.³⁶⁹

6.36 Ms Shannon also identified three barriers as to why people shy away from treatment for problem gambling. These were: a lack of awareness that they have a problem; refusal to admit to a problem and seek treatment; and an uncertainty regarding the benefits of treatment. Ms Shannon then stated ‘we need to increase people’s confidence that counselling services can help them...Hopefully awareness campaigns that focus on a positive message might improve the likelihood of people attending services’.³⁷⁰

6.37 Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent’s Hospital Sydney, Gambling Treatment Program, also emphasised the worth of a positive messaging campaign to address the stigma associated with problem gambling and to convince people of the worth of seeking treatment:

This is a hugely stigmatised area, so any sort of public health campaign that attacks the stigma around this I think will open the way for people to access treatment, because there are a lot of people who, certainly across different cultures and things, find it very difficult to take that step because of the stigma. It is not only because they do not think it is a problem—they definitely know they have got a problem—but they think “the consequences of me seeking treatment are that I am going to be embarrassed or ashamed. It is all going to be out. I am going to have to give my name. Everybody in the hospital is going to know about it”, et cetera, et cetera.³⁷¹

³⁶⁸ Evidence, Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, 5 June 2014, p 12.

³⁶⁹ Evidence, Ms Shannon, 10 April 2014, p 20.

³⁷⁰ Evidence, Ms Shannon, 10 April 2014, p 20.

³⁷¹ Evidence, Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent’s Hospital Sydney, Gambling Treatment Program, 10 April 2014, p 75.

- 6.38** Professor Blaszczynski stressed the importance of early interventions to get people into treatment for problem gambling. Without early intervention individuals often attempt to deal with the consequences of their gambling by betting more in an attempt to recover their losses. Professor Blaszczynski noted that it is often not until such behaviour is unsustainable that problem gamblers ‘start to identify either themselves—they sort of give up and say, “This is too much for me, I need help.”—or somebody else comes in and persuades them to come in for treatment’.³⁷²
- 6.39** Ms Shannon advised that the issue of individuals not seeking treatment had been acknowledged by the Responsible Gambling Fund (RGF) and that it is ‘working towards a new awareness campaign that focuses on the strength and courage that it takes to seek treatment and [that] encourages people to seek treatment’. It was Ms Shannon’s belief that messages of empowerment and courage would serve as better conduit into treatment than previous awareness campaigns that had focused on shaming people.³⁷³

Cultural barriers to treatment

- 6.40** Cultural barriers can also provide an impediment to treatment for problem gambling. Mr Ashley Gordon, an Indigenous Gambling Researcher and Gambling Consultant with Southern Cross University, observed that aboriginal people often face difficulties in accessing gambling treatment services because of a ‘lack of confidence with the service to understand and recognise their cultural needs and sensitivities’.³⁷⁴
- 6.41** Mr Gordon argued that a critical component to better engagement with the aboriginal community is effective consultation and that ‘service providers must build rapport and trust before any direct support can be implemented’. He also argued that such engagement is not currently being done as well as it could be, and that further work is required to better understand the needs of aboriginal people with respect to problem gambling.³⁷⁵
- 6.42** Ms Shannon advised the committee that the Gambling Treatment Clinic at the University of Sydney has been working with Mr Gordon to better tailor problem gambling treatment services to aboriginal people. She emphasised the importance of building trust prior to delivering actual treatment services and noted that this may take some time as it is a challenging process:

Three of our services are in areas with a high proportion of Aboriginal counsellors. We have found it quite a challenge. One of the things that is required is that our counsellors go into the communities and start a conversation. We need to build up a level of trust. One counsellor at one of our services goes to an Aboriginal men’s group every week to try to engage. He is starting to make some headway in the Aboriginal community with that group.³⁷⁶

- 6.43** The inquiry received minimal evidence regarding the specific needs of other cultural groups. Professor Blaszczynski noted that the cultural values of third and fourth generation Chinese

³⁷² Evidence, Professor Blaszczynski, 10 April 2014, p 21.

³⁷³ Evidence, Ms Shannon, 10 April 2014, p 20.

³⁷⁴ Submission 31, Mr Ashley Gordon, pp 5-6.

³⁷⁵ Submission 31, Mr Ashley Gordon, p 5.

³⁷⁶ Evidence, Ms Shannon, 10 April 2014, p 25.

Australians are likely to be different than more recent Chinese arrivals, and that service providers need to be mindful of acculturation – a process through which members of one cultural group adopt the beliefs and behaviors of another group.³⁷⁷ He also provided the committee with data which indicated that the rate of problem gambling within the Indochinese community ‘was two to three times higher than the mainstream population’.³⁷⁸

- 6.44** Mr Zammit from UnitingCare Mental Health advised that the Chinese, Middle Eastern and Anglo-Saxon cultures were often represented amongst his clients. He also stressed ‘that problem gambling affects people of all shapes and sizes, so we have to be ready for that’.³⁷⁹

Online treatment

- 6.45** The committee was also alerted to the emerging use of online technologies to make problem gambling treatment more accessible. This is of particular benefit in rural and regional areas where often people do not want to be identified as having accessed a local treatment service.³⁸⁰
- 6.46** Ms Shannon informed the committee of the benefits of online treatment options. She noted that it is cost effective, readily accessible and that more people are looking online for assistance with health-related issues. Some of the online tools developed to date have been designed to help people to maintain budgets, monitor their expenditure, and provide positive messages of reinforcement.³⁸¹
- 6.47** Compared to traditional face-to-face treatment services, Ms Shannon noted that randomised control trials³⁸² have found online treatment options ‘match up really well’.³⁸³
- 6.48** It was also noted that online treatment programs would likely better serve those with only a gambling issue and no other related problems. Mr McIntosh emphasised that where people have issues comorbid to their gambling then face-to-face counselling is still the most appropriate form of treatment.³⁸⁴

Committee comment

- 6.49** The committee acknowledges the challenges faced by many individuals suffering from problem gambling in first admitting to a problem and then seeking support and help.
- 6.50** The committee welcomes the evidence of those inquiry participants who emphasised the need to reframe the language around problem gambling from overtones of shame and guilt, to more positive messaging that emphasises the courage required to admit to a problem and to

³⁷⁷ Evidence, Professor Blaszczyński, 10 April 2014, pp 20-21.

³⁷⁸ Evidence, Professor Blaszczyński, 10 April 2014, p 21.

³⁷⁹ Evidence, Mr Zammit, 5 June 2014, p 21.

³⁸⁰ Evidence, Professor Blaszczyński, 10 April 2014, p 24.

³⁸¹ Evidence, Ms Shannon, 10 April 2014, p 24.

³⁸² Randomised control trials refer to the random allocation of research subjects into separate groups, namely the medical intervention group and the control/placebo group. The outcomes of each group are then compared.

³⁸³ Evidence, Ms Shannon, 10 April 2014, p 24.

³⁸⁴ Evidence, Mr McIntosh, 10 April 2014, p 75.

access treatment. We are also encouraged by the efforts of those seeking to make treatment for problem gambling culturally appropriate and more accessible.

- 6.51** The committee supports the development of a new campaign by the Responsible Gaming Fund that promotes a positive message and emphasises a person's inner strength to admit to a gambling problem and seek treatment. It is important that the Fund has the resources it needs to deliver this campaign effectively.
- 6.52** Hence we recommend that the NSW government review the adequacy of funds committed to the Responsible Gaming 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.

Recommendation 13

That the NSW Government review 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.

The appropriateness of the current treatment structure

- 6.53** In evidence, some inquiry participants commented on the fact that the management of gambling treatment is located within an area of government responsible for gambling regulation and not in the health portfolio.
- 6.54** The Gambling Impact Society (NSW) Inc. criticised the fact that the NSW Office of Liquor, Gaming and Racing (OLGR) manages both the regulation of gambling and the administration of problem gambling treatment services. The Society argued that the current structure creates a conflict of interest in that the one government agency is responsible for industry development while concurrently working to address the harms of such development. Another argument made was that if treatment for problem gambling was in the health portfolio gamblers would benefit from its broad resources and expertise in treating addiction related disorders:

At present the responsibility for the development of policy and service delivery for problem gambling treatment programs, education, and research lies with the primary regulatory body for the gambling industry (the OLGR). This is unheard of in other related areas such as Alcohol. It creates a major conflict of interest and also fails to avail the target group (gamblers and their families) the benefit of the professional knowledge, models for intervention (both primary and tertiary) and organisational culture substantially available to other related health disorders through the Ministry of Health and Health services.³⁸⁵

- 6.55** Ms Kate Roberts from the Gambling Impact Society (NSW) Inc. argued that as an alternative to the current treatment structure a public health approach should be adopted. Ms Roberts

³⁸⁵ Submission 20, Gambling Impact Society (NSW) Inc., p 7.

further argued that such an approach would facilitate new innovative approaches to problem gambling treatment while also maintaining current programs:

We believe that there is a lack of comprehensive public health approach to gambling and this creates barriers for those affected and limits the development and delivery of the breadth of interventions to prevent and address gambling harms at a population health level. Structural reform is required to address this... [By] engaging the health department and services in models to address problem gambling through both existing and new programs.³⁸⁶

- 6.56** Dr John McLean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, similarly spoke in support of a public health approach to problem gambling. Dr McLean did however stress that the issue should not be ‘medicalised’ as it may contribute to people feeling increasing shame about having a gambling problem.³⁸⁷
- 6.57** Mr Panambalana from CatholicCare likewise urged against an over reliance on a medical approach by noting that it could add to the stigma associated with problem gambling.³⁸⁸
- 6.58** Ms Kazal from the St Vincent’s Gambling Treatment Program observed that the debate concerning who is best placed to manage gambling treatment has been around for some time. She stated that ‘I am not quite sure if I have a stance on it’ and then outlined arguments both for against any change.³⁸⁹
- 6.59** Ms Kazal noted that if gambling treatment services were transferred to the health portfolio the risk was that the money allocated to treating problem gambling would be subsumed by generalist services and ‘just kind of disappear’. However, she also noted that underpinning the argument for a transfer to the health portfolio was the premise that ‘it would be more appropriate to come from the health angle of things’ and that legitimate questions can be asked as to whether it is suitable that gambling treatment is managed by a regulator also responsible for industry development.³⁹⁰
- 6.60** Both Professor Blaszczynski and Ms Shannon from the Gambling Treatment Clinic at the University of Sydney were more definitive in their response to the issue of who should have responsibility for managing gambling treatment services.
- 6.61** Professor Blaszczynski questioned whether the health portfolio would be as efficient in allocating resources when compared to the RGF, and noted he was not concerned with the regulator also being responsible for treatment. He also argued that there was a risk ‘that the specialist services for gambling would be diluted and subsumed within other particular [health] services and less attention would be given to identifying problem gambling as a key issue within the community’.³⁹¹

³⁸⁶ Evidence, Ms Roberts, 10 April 2014, p 42.

³⁸⁷ Evidence, Dr John McLean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales, 11 April 2014, p 58.

³⁸⁸ Evidence, Mr Panambalana, 11 April 2014, pp 32-33.

³⁸⁹ Evidence, Ms Kazal, 10 April 2014, p 75.

³⁹⁰ Evidence, Ms Kazal, 10 April 2014, p 75.

³⁹¹ Evidence, Professor Blaszczynski, 10 April 2014, p 19.

- 6.62** Ms Shannon commented positively on the work of the RGF. She stated that in her experience it has continued working to improve treatment service delivery, and like other inquiry participants expressed concern that resources could be lost if transferred to the health portfolio:

There is a danger that it will get lost in the mix. I have worked in the sector for 10 years now and certainly the Responsible Gambling Fund has worked pretty consistently to improve the standards and practices of all the services around the State. They have implemented quality assurance standards, minimum qualifications and a centralised database system—a lot of things that were not there when they originally started. They have been working towards improving the quality of services around the State. The Responsible Gambling Fund is part of the Office of Liquor, Gaming and Racing [structure].³⁹²

Better screening of problem gambling

- 6.63** Another issue raised was that generalist medical support services could be more effective in screening problem gambling and in doing so direct more people into specialist treatment.

- 6.64** Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists (RANZCP), stressed the need for better screening on gambling related problems. He observed that within hospitals there was a limited emphasis on diagnosing gambling related disorders and argued that if better screening existed more could be done to assist people.

In the years I have been working with hospitals I have been trying to push gambling as something that is asked for...Sometimes there are major problems to do with gambling but they just get ignored because nobody asks for it. I would like to see the health department be required to ask about gambling—to take a DAG history [drug, alcohol and gambling]. I try to train doctors and psychiatrists to do that....sometimes people will present for health issues and you do not ask about gambling as part of the presentation. Most times it will not be, but when it is there, you have a jackpot, so to speak, and you can start working with it.³⁹³

- 6.65** Mr Panambalana from CatholicCare also argued that ‘generalist support services across the board should have some idea of problem gambling assessment’ so that it better refer people onto specialist treatment.³⁹⁴

Committee comment

- 6.66** While the committee understands the rationale behind the argument to move gambling treatment services to the health sector, we are concerned that this may lead to the dilution of gambling specific services.
- 6.67** The committee believes more should be done within the general health system to better screen gambling related problems and to refer patients to appropriate gambling treatment

³⁹² Evidence, Ms Shannon, 10 April 2014, p 19.

³⁹³ Evidence, Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 40.

³⁹⁴ Evidence, Mr Panambalana, 11 April 2014, p 33.

services. Hence we recommend that NSW Health review its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services.

Recommendation 14

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

Gambling treatment and the role of industry

- 6.68** In addition to the gaming venue operating requirements considered in chapter 4, it also a requirement of the *Gaming Machines Act 2001* (NSW) (the Act) that venue owners and staff with gaming machine related functions have completed the NSW Responsible Conduct of Gambling course (RCG). According to OLGR, the RCG provides the training foundation for industry staff to understand the concept of responsible gambling.³⁹⁵
- 6.69** Wesley Mission advised the committee that the RCG course requires ‘that a staff member who is approached by a patron requesting help for a gambling problem should be able to provide information about gambling help services and self-exclusion’. Wesley Mission argued that this requirement was not proactive enough in providing assistance to people exhibiting signs of problem gambling and voiced concern that the Act does not require ‘NSW gaming venue staff to take action in response to persons who exhibit signs of problem gambling’.³⁹⁶
- 6.70** Wesley Mission advised that in the Australian Capital Territory each gaming venue must employ a gambling contact officer (GCO) whose role it is to oversee compliance with the ACT Responsible Gambling Code of Practice. The GCO is also required to receive and investigate reports of problem gambling, where appropriate refer individuals to treatment and self-exclusion, and in extreme cases take the preventative measure of banning an individual from a venue so the issue does not worsen:
- [T]he GCO is required to receive and investigate all reports about possible problem gambling in the venue, to speak with the individuals concerned to offer them counselling and self-exclusion. Where the GCO determines that problem gambling may be harming the individual or dependents, the GCO is required to act and ban the individual from the venue.³⁹⁷
- 6.71** Wesley Mission argued that the GCO scheme ‘is in strong contrast to NSW where there is no legal obligation on venues to assist problem gamblers or their families’ and urged the government to consider the adoption of the ACT model.³⁹⁸

³⁹⁵ NSW Office of Liquor, Gaming and Racing, ‘Responsible Conduct of Gambling’, accessed 4 July 2014, http://www.olgr.nsw.gov.au/courses_rcg.asp.

³⁹⁶ Submission 2, Wesley Mission, pp 3-4.

³⁹⁷ Submission 2, Wesley Mission, p 4.

³⁹⁸ Submission 2, Wesley Mission, p 4.

- 6.72** Ms Roberts from the Gambling Impact Society (NSW) Inc. also spoke in support of the Australian Capital Territory's GCO scheme, and commended its proactive approach in seeking to prevent gambling problems from escalating out of control.³⁹⁹
- 6.73** The committee was also alerted to the existence of a similar scheme in New Zealand with the RANZCP noting that the 'Ministry of Health advocate[s] for host responsibility in gambling environments plus supports individuals to obtain help for their gambling problems', and that 'New South Wales could learn much' from the New Zealand model.⁴⁰⁰
- 6.74** According to Dr Allcock from the RANZCP, the New Zealand model allows industry to 'approach any player whom they have reasonable grounds to believe is likely to be experiencing difficulties with gambling'. Dr Allcock did admit that it may not be in a venue's commercial interests to intervene and assist problem gamblers but argued that it was a positive initiative nonetheless.⁴⁰¹
- 6.75** In response to questioning as to the feasibility of an industry led intervention scheme in New South Wales gaming venues, Mr Anthony Ball, Chief Executive Officer, ClubsNSW expressed reservations and argued that it is difficult for venues to know the exact context in which people are gambling, thereby making it difficult to cut people off arbitrarily. However, Mr Ball did note that there is still room to investigate such a scheme:

I doubt it. I think there is room for investigation of that. Even if we draw the comparison—and it is not a strict one—with alcoholism, someone can be awfully drunk but exhibit no signs of that. With gambling, it is even more complex because [the] club sees the individual for a couple of hours a day, 10 hours a week, and we do not know their financial position...The club cannot be aware of everything it needs to be aware of to make a decision to actually turn someone off arbitrarily.⁴⁰²

- 6.76** Mr Ball also advised that ClubsNSW was working to assist its patrons with a variety of issues, including gambling, via its burgeoning chaplaincy program.⁴⁰³

The club chaplaincy program

- 6.77** The chaplaincy program is delivered in conjunction with the Salvation Army and involves its officers being available in clubs to 'discuss a wide range of issues with patrons including those issues that are often the cause of problem gambling such as depression, anxiety, divorce or bereavement'. The chaplaincy program also has chaplains screen patrons for problem gambling issues and advise them on the availability of gambling treatment options.⁴⁰⁴
- 6.78** ClubsNSW noted that the chaplaincy program has been subject to a successful trial in the Mingara club located in the Central Coast of New South Wales, and that efforts are underway

³⁹⁹ Evidence, Ms Roberts, 10 April 2014, p 51.

⁴⁰⁰ Submission 10, the Royal Australian and New Zealand College of Psychiatrists, p 3.

⁴⁰¹ Evidence, Dr Allcock, 10 April 2014, p 38.

⁴⁰² Evidence, Mr Anthony Ball, Chief Executive Officer, ClubsNSW, 11 April 2014, p 11.

⁴⁰³ Evidence, Mr Ball, 11 April 2014, p 11.

⁴⁰⁴ Submission 23, ClubsNSW, p 40.

to expand the program 'with the goal of having dedicated chaplain or welfare officer in each local government area who routinely visits the gambling venues in that area'.⁴⁰⁵

- 6.79** Professor Blaszczyński argued that there is scope for improved staff training throughout the gambling industry and acknowledged that to date the perfect model for intervention had not yet been developed. A concern for Professor Blaszczyński was that if a venue is too firm in its interventions patrons will likely be scared into leaving and seek another venue. He did however, speak positively about the chaplaincy program and cited it as a positive initiative that provides a degree of comfort to patrons as it is an intervention separate to the venue itself:

...I think a good example is the chaplaincy program of clubs where they have someone who deals not only with problem gamblers but also identifies as a support person for any type of problem and people are more likely to talk to that person. They are seen as being slightly independent of the club but being part of the club infrastructure. I think those sorts of things promote a degree of comfort in someone coming along and being able to talk to someone because they know that person has that sort of chaplaincy background or pastoral care background.⁴⁰⁶

- 6.80** Dr Christopher Hunt, a gambling researcher and treatment practitioner, urged a degree of caution regarding chaplaincy and other similarly help-focused measures. He noted that there is anecdotal feedback from individuals supporting chaplaincy but stated there was insufficient scholarly evidence to justify it becoming a key form of gambling treatment:

[I]t has been raised in the terms of reference for the current inquiry that chaplaincy, self-help groups and other non-treatment-focused support services should also been granted increased funding. These forms of support are frequently discussed in the context of gambling, and anecdotally there are individuals who report satisfaction and improvements with these forms of support. However, given the paucity of the available scholarly evidence, I would argue against such approaches becoming a mainstay of gambling treatment.⁴⁰⁷

Committee comment

- 6.81** The committee believes that there is greater scope for industry to take a more proactive role in responding to persons who exhibit signs of problem gambling. We also accept that there is no single solution for addressing problem gambling via industry intervention, and that any such scheme would co-exist with other measures such as self-exclusion and venue operating restrictions.
- 6.82** The committee notes with interest the requirement for venues in the Australian Capital Territory and New Zealand to proactively support their patrons regarding gambling problems. The committee believes that there is an opportunity for a model based on those jurisdictions to be implemented in New South Wales.

⁴⁰⁵ Submission 23, ClubsNSW, p 40.

⁴⁰⁶ Evidence, Professor Blaszczyński, 10 April 2014, pp 23-24.

⁴⁰⁷ Submission 8, Dr Christopher Hunt, p 3.

- 6.83** We therefore recommend that the NSW government investigate 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.

Recommendation 15

That the NSW Government investigate 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.

- 6.84** The committee also commends ClubsNSW and the Salvation Army for their efforts in establishing the chaplaincy program. As the chaplaincy program is in its relative infancy, the committee urges ClubsNSW to keep the NSW government informed of the progress and outcomes achieved as it is rolled out in further venues across the state.

Research funding

- 6.85** A number of inquiry participants stressed the importance of gambling treatment research in informing policy development, better understanding gambling, and shaping the creation of prevention and treatment services.
- 6.86** For instance, the NSW government advised that through the Responsible Gambling Fund (RGF) research is funded ‘to determine what other cost-effective treatment models and technologies are available to help people to better manage their problems and change their problematic behaviors’.⁴⁰⁸
- 6.87** The primary mechanism by which gambling research is undertaken is via Gambling Research Australia (GRA), a national research program funded by the state, territory and commonwealth governments. It is overseen by the Council of Australian Government’s Select Council on Gambling Reform. GRA has been funded to undertake a five year research program (2009-2014) and some of its recent projects include:
- The impact of gaming machine jackpots on gambling behaviour
 - The effect of new and emerging gambling technologies and gambling patterns
 - The relationship between gaming machine characteristics and gambling behaviours.⁴⁰⁹
- 6.88** Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing (OLGR), stressed the importance of the work performed by GRA, stating that ‘we rely on Gambling Research Australia to provide a foundation for what ultimately is our policy advice to government’.⁴¹⁰

⁴⁰⁸ Submission 33, NSW Government, p 13.

⁴⁰⁹ Submission 33, NSW Government, p 3.

⁴¹⁰ Evidence, Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing, 10 April 2014, p 5.

6.89 Dr Gainsbury, Centre for Gambling Education and Research, Southern Cross University, a gambling researcher and clinical psychologist, also commented on the significant role research plays in developing evidence based policy when outlining the purpose to her work:

...I undertake research intended to inform policy and practice and conduct empirical evaluations and studies so that we have an evidence base to inform the important decisions that need to be made.⁴¹¹

6.90 In evidence, a number of inquiry participants identified areas of future research need. For example, Dr Lisa Jukes, Addiction Psychiatrist, RANZCP, advised the committee that despite anecdotal evidence indicating the increasing popularity and risks of online gambling in the home, no epidemiological studies have been undertaken thereby making it a difficult issue to effectively address.⁴¹²

6.91 Dr Hunt likewise noted that there is currently a lack of evidence regarding other gambling issues, such as pre-commitment, self-exclusion, and the efficacy of certain psychological interventions for treating problem gambling.⁴¹³

6.92 According to Dr Gainsbury, the future of gambling research in Australia is under threat. She observed that due to the competitive nature of university research grants issued by the Australian Research Council and the National Health and Medical Research Council ‘very few studies into gambling are ever funded’ and that this leaves GRA as the most viable public funding source for independent gambling research.⁴¹⁴

6.93 With GRA having been funded to undertake its research over a five year period (2009-2014), Dr Gainsbury noted that ‘the [GRA] contract is due to expire in June or July [and] to date I have not heard that it is going to be renewed and do not have any indication that it will be’.⁴¹⁵ Dr Gainsbury then revisited her earlier point regarding the value of research in informing evidence based gambling policies:

If we are going to make some changes and implement more effective policies, we need research funding so that these strategies are based on evidence and not just what seems like common sense or a political decision...We need to show that things will work if we are to spend money. We need to ensure that the strategies will be of benefit to the community.⁴¹⁶

6.94 Dr Gainsbury also noted that the paucity of public funding had resulted in alternate research funding being sourced from industry. Dr Gainsbury was not critical of industry funding but acknowledged that it is often questioned even if measures have been undertaken to ensure that it is independent. She then argued that ‘government funding is critical in allowing [independent] gambling research to continue’ and identified certain models for funding such research in the event the GRA ceases to exist. One of the funding models identified by

⁴¹¹ Evidence, Dr Gainsbury, 5 June 2014, p 12.

⁴¹² Evidence, Dr Lisa Jukes, Addiction Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists, 10 April 2014, p 51.

⁴¹³ Submission 8, Dr Christopher Hunt, p 5 and p 7.

⁴¹⁴ Evidence, Dr Gainsbury, 5 June 2014, p 12.

⁴¹⁵ Evidence, Dr Gainsbury, 5 June 2014, pp 12-13.

⁴¹⁶ Evidence, Dr Gainsbury, 5 June 2014, p 12.

Dr Gainsbury exists in Ontario, Canada where it is mandated that ‘that a certain proportion of gambling taxes will be put towards research’.⁴¹⁷

Committee comment

- 6.95** The committee acknowledges the valuable role research plays in informing policy development, expanding understanding about gambling, and shaping the creation of problem gambling prevention and treatment services. The committee was concerned to hear that the national gambling research program, Gambling Research Australia, does not have funding beyond mid-2014. It is critical that this issue be addressed.
- 6.96** The committee recommends that the NSW government, via the Council of Australian Government’s Select Council on Gambling Reform, work to secure funding for Gambling Research Australia. 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.

Recommendation 16

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

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.

Oakdene House

- 6.97** In addition to receiving evidence from inquiry participants regarding the provision of gambling treatment services, the committee, on 5 June 2014, undertook a visit of inspection to Oakdene House in Fairfield, Sydney, and met with organisation representatives Mr Anthony Sobb, Chairman, and Ms Soury Hayati, Centre Manager.
- 6.98** Mr Sobb and Ms Hayati informed the committee about Oakdene House’s problem gambling program, and provided their own personal observations regarding gambling addiction and the challenges faced by individuals in overcoming the negative consequences of problem gambling. The valuable work of Oakdene House is further detailed in the below case study.

⁴¹⁷ Evidence, Dr Gainsbury, 5 June 2014, p 12.

Case study: Oakdene House, Gambling Treatment Clinic

Oakdene House is located in Fairfield, a suburb in Western Sydney. It is part of the Fairfield local government area (LGA) which includes other suburbs such as Cabramatta, Mount Pritchard and Bossley Park. The Fairfield City Council advised the committee that the Fairfield LGA is the third most populated LGA of Sydney with a residential population of 187,768 as per the 2011 census, is the most popular place for settlement by humanitarian entrants to New South Wales, and is also home to a significant number of gaming machines, with the area in possession of 3,789 gaming machine entitlements in 2012 (Submission 16, Fairfield City Council, p 1).

Oakdene House is a non-profit registered charitable organisation established to assist individuals, their families, and friends with the consequences of problem gambling. Oakdene House also provides a problem drinking support program.

Oakdene House's primary objective is to support clients to abstain entirely from their substance of dependence through a combination of self-directed, therapist and peer-supported recovery programs. The organisation works closely with the Las Vegas Problem Gambling Centre and its founder, Dr Rob Hunter, a clinical psychologist and addiction specialist.

Services are offered by Oakdene House at no cost, and include short term assessment and recovery preparation for sufferers of addiction, support and guidance for sufferers and their families, group therapy, an outpatients program and financial counselling services. Additionally, Oakdene House hosts Alcoholics Anonymous and Gamblers Anonymous meetings, and also offers multilingual services.

Mr Anthony Sobb, Founder and Chairman, Oakdene House, explained to the committee that although problem gambling can impact people from all walks of life, a substantial proportion of problem gamblers face stigma which makes it difficult for them to seek help and share their experiences openly with others. Mr Sobb advised that a cornerstone of Oakdene House was its 'Life Choices Program', a program that takes the form of invitation-only closed meetings, with eligible attendees either at risk of or in recovery from gambling or alcohol addictions. The program provides a degree of anonymity and by restricting attendance to those suffering from problem gambling individuals are able to share their experiences in a more comfortable setting.

(Source: tabled document, Mr Anthony Sobb, Founder and Chairman, Oakdene House, 'Oakdene House information materials').

School-based gambling education

6.99 This section considers the role of gambling education in schools. It firstly identifies the school-based gambling education programs currently delivered in New South Wales. It then discusses the merits of school-based gambling education.

Current programs

- 6.100** The NSW government submission advised that in conjunction with various stakeholders – including the Catholic Education Commission NSW, the Association of Independent Schools NSW, and Dr Allcock from the Royal Australian and New Zealand College of Psychiatrists (RANZCP) – it has developed an information kit for distribution to schools and TAFE colleges, entitled, *A Guide for Problem Gambling: Children and Young People*.⁴¹⁸
- 6.101** The information kit provides counsellors with the tools to identify and respond to a student developing a gambling problem and adopts a public health approach with three levels:
- Primary prevention strategies that protect students from developing gambling problems
 - Secondary prevention strategies to limit the potential for problems once gambling has started
 - Tertiary prevention strategies to reduce the severity of existing problems and prevent relapse.⁴¹⁹
- 6.102** In addition, the government advised that via the Responsible Gambling Fund, a number of counselling services are funded to work with schools to run awareness programs for students and parents.⁴²⁰
- 6.103** Problem gambling is not currently identified as a specific area of study within the current curriculum. However the government submission did note a finding from the Productivity Commission gambling inquiry concerning school-based gambling education, namely that little evidence has been collected about the effects of school-based education on students' gambling behavior.⁴²¹
- 6.104** The Productivity Commission also noted that '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'. Given this apparent risk, the Productivity Commission recommended against 'expanding or renewing school-based gambling education programs without first assessing the impacts of existing programs'.⁴²²

The merits of gambling education in schools

- 6.105** A point commonly made by inquiry participants was that students should be helped to develop the resilience needed to enable them to make healthy lifestyle choices. However, a

⁴¹⁸ Submission 33, NSW Government, p 12, and Gambling Help NSW, 'A Guide to Problem Gambling: Children and Young People', retrieved 8 July 2014 <http://www.gamblinghelp.nsw.gov.au/wp-content/uploads/A-Guide-to-Problem-Gambling-Children-and-Young-People-Booklet.pdf>.

⁴¹⁹ Gambling Help NSW, 'A Guide to Problem Gambling: Children and Young People', retrieved 8 July 2014 <http://www.gamblinghelp.nsw.gov.au/wp-content/uploads/A-Guide-to-Problem-Gambling-Children-and-Young-People-Booklet.pdf>.

⁴²⁰ Submission 33, NSW Government, p 12

⁴²¹ Submission 33, NSW Government, p 12

⁴²² Submission 33, NSW Government, p 12

clear path to the most appropriate model for school-based gambling education was not evident.

- 6.106** The YMCA Youth & Government NSW Think Tank, a collection of youth-led events that gives young people aged 15 to 24 the opportunity to make submissions to public inquiries, advised that its members believed education was necessary to alert young people to the risks of gambling, ‘especially given the fact that accessibility and exposure to gambling is very prevalent and widespread’.⁴²³
- 6.107** The YMCA argued that gambling education should take a form similar to that of responsible alcohol education, namely that messaging and advice about what is healthy and socially appropriate would be more beneficial than a zero tolerance approach because ‘young people don’t like to be told what they cannot do’. The YMCA also noted that gambling education should be incorporated within the PDHPE curriculum, but that its members were unsure as to what age such education should commence.⁴²⁴
- 6.108** Dr Jukes from the RANZCP, noted that some efforts have been made to begin incorporating gambling education within the PDHPE curriculum. She stressed that school-based gambling education needed to be universally delivered to all students, rather than simply focused on those students that have been identified as having a predisposition to certain risky behaviours. Dr Jukes also argued that gambling education should focus on the development of resilience.⁴²⁵
- 6.109** Dr Jukes’ colleague, Dr Allcock similarly gave evidence in support of school-based gambling education. However, he did also acknowledge the concerns of the Productivity Commission regarding school-based gambling education, and argued that psychological interventions would be an inappropriate form of treatment for school aged children given ‘personalities are [still] forming and there may be varying changes’.⁴²⁶
- 6.110** The Australian Hotels Association (NSW) also emphasised the need to educate school aged children about the risks of gambling. The Association’s main concern was research that has suggested the 18-30 year old age group is at most risk of developing gambling problems because it does not properly understand the odds when gambling and, as such, young people overestimate their chances of success.⁴²⁷
- 6.111** The Association further noted that the South Australia, Victoria and Queensland state governments had taken ‘the lead in this area’ by implementing various gambling awareness programs in their respective curriculums. The Association argued that the NSW government should do the same as it would help better prepare students for adult life and because students are also taught about the risks associated with sex, alcohol, smoking and drugs:

Today, schools throughout Australia teach students about safe sex, the dangers of smoking and drugs and the responsible consumption of alcohol. However, to adequately prepare students for life after school, gambling education should also be

⁴²³ Submission 12, YMCA Youth & Government, NSW Think Tank, p 5.

⁴²⁴ Submission 12, YMCA Youth & Government, NSW Think Tank, p 5.

⁴²⁵ Evidence, Dr Jukes, 10 April 2014, p 34.

⁴²⁶ Evidence, Dr Allcock, 10 April 2014, p 34.

⁴²⁷ Submission 24, Australian Hotels Association (NSW), p 33.

included in the NSW school curriculum. Most importantly, this educational program would not encourage or glamourise gambling.⁴²⁸

6.112 UnitingCare Mental Health similarly argued that gambling education should be provided in schools on the basis that ‘gambling needs to be given the same exposure as other addictive substances such as alcohol and drugs’ and that ‘there is a lot of research which shows that problem gambling rates are higher in young people than adults’. UnitingCare Mental Health also criticised the education that is currently delivered arguing that it has no consistency in content or message.⁴²⁹

6.113 UnitingCare Mental Health also acknowledged that it is extremely difficult to prevent children from being exposed to gambling and argued that the logical response would be to teach young people about what good and bad can come from gambling so that they can approach it a healthy manner:

Children and young people need to be taught the advantages and, in particular, the disadvantages of gambling as well as setting the foundation for healthy beliefs around their chances of winning in various gambling activities. It would be almost impossible to reduce exposure of gambling to children and young people as gambling is a very natural human concept that often represents itself as schoolyard games.⁴³⁰

Committee comment

6.114 The committee agrees with those inquiry participants that argued students should be helped to develop the resilience needed to best enable them to make healthy lifestyle choices.

6.115 Gambling is a legal activity that young people will inevitably become exposed to as they enter adulthood. It is reasonable that students are educated about the risks of gambling and given the tools necessary to protect themselves from the negative consequences of problem gambling.

6.116 The committee also notes the findings of the Productivity Commission which showed that little evidence has been collected about the effects of school-based education on students’ gambling behavior. The committee asserts that all education initiatives must be supported by an appropriate evidence base.

6.117 The delivery of school-based gambling education in other Australian states has provided the NSW government the opportunity to investigate the approaches of other jurisdictions in seeking to protect young people from the risks associated with gambling. In doing so, the NSW government should also 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 should be expanded in New South Wales schools.

⁴²⁸ Submission 24, Australian Hotels Association (NSW), p 34.

⁴²⁹ Submission 9, UnitingCare Mental Health, p 5.

⁴³⁰ Submission 9, UnitingCare Mental Health, p 5.

6.118 We therefore recommend that the NSW government support 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.

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

Recommendation 18

That the NSW Government support 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.

Appendix 1 Submissions

No	Author
1	Name suppressed
2	Wesley Mission
3	FamilyVoice Australia
4	Confidential
5	Gaming Technologies Association
6	Presbyterian Church of Australia in NSW
7	Sydney Electorate
8	Dr Christopher Hunt
9	UnitingCare Mental Health
10	The Royal Australian and New Zealand College of Psychiatrists
11	Dr Betty Con Walker
12	YMCA NSW (Youth & Government Department)
13	Maxgaming
14	CatholicCare
15	Harness Racing Australia
16	Fairfield City Council
17	Redfern Legal Centre
18	Anglican Church Diocese of Sydney
19	Tabcorp Holdings Limited
20	Gambling Impact Society (NSW) Inc
21	St Vincent's Hospital Sydney Gambling Treatment Program
22	Australian Christian Lobby
23	ClubsNSW
24	AHA NSW
25	Confidential
26	Confidential
27	Name suppressed
28	Australian Wagering Council
29	Consumer Credit Legal Centre (NSW)
30	NSW Bookmakers Co-operative
31	Mr Ashley Gordon
32	Sportsbet

No	Author
33	NSW Government
34	Casinos and Resorts Australasia
35	ATM Industry Reference Group

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
10 April 2014 Macquarie Room, Parliament of New South Wales, Sydney	Mr Paul Newson	Executive Director, NSW Office of Liquor, Gaming & Racing, NSW Trade & Investment
	Mr Brendan Stone	Assistant Director, Policy and Strategy, NSW Office of Liquor, Gaming & Racing, NSW Trade & Investment
	Dr Alex Blaszczynski	Director, Gambling Treatment Clinic, University of Sydney
	Ms Kirsten Shannon	Clinic Manager, Gambling Treatment Clinic, University of Sydney
	Dr Clive Allcock	Member, Royal Australian & New Zealand College of Psychiatrists
	Dr Lisa Jukes	Member, Royal Australian & New Zealand College of Psychiatrists
	Ms Kate Roberts	Executive Officer, Gambling Impact Society (NSW) Inc
	Mr Ralph Bristow	Deputy Chair, Gambling Impact Society (NSW) Inc
	Ms Dorothy Webb	Secretary/Public Officer, Gambling Impact Society (NSW) Inc
	Mr Chris Downy	Chief Executive Officer, Australian Wagering Council
	Mr Ben Sleep	Director, Australian Wagering Council
	Ms Abigail Kazal	Program Manager, St Vincent's Hospital Sydney, Gambling Treatment Program
	Mr Cameron McIntosh	Clinical Psychology Registrar, St Vincent's Hospital Sydney, Gambling Treatment Program
11 April 2014 Macquarie Room, Parliament of New South Wales, Sydney	Mr Anthony Ball	Chief Executive Officer, ClubsNSW
	Mr Josh Landis	Executive Manager of Public Affairs, ClubsNSW
	Mr John Whelan	Director, Responsible Gaming, Australian Hotels Association (NSW)
	Revd Dr Keith Garner	CEO/Superintendent, Wesley

Date	Name	Position and Organisation
	Ms Richard Brading	Mission Principal Solicitor, Wesley Community Legal Service, Wesley Mission
	Mr Sean Panambalana	Manager, Holyoake Family Alcohol & Other Drugs Programs; Gambling Interventions Family Team; Clubs Gambling Awareness Intervention & Support, CatholicCare
	Ms Kelly Lester	Policy and Research Advisor, CatholicCare
	Ms Alexandra Kelly	Principal Solicitor, Consumer Credit Legal Centre
	Revd Dr John McClean	Vice-Principal and Lecturer in Systematic Theology, Presbyterian Church of NSW
	Ms Sheryl Sarkoezy	Researcher/Writer – Gospel, Society and Culture Committee, Presbyterian Church of NSW
5 June 2014	Mr Anthony Ball	Chief Executive Officer, ClubsNSW
Elizabeth Room,	Mr Josh Landis	Executive Manager of Public Affairs, ClubsNSW
Mounties Club,	Dr Sally Gainsbury	Clinical Psychologist, Centre for Gambling Education and Research, Southern Cross University
Mt Pritchard	Mr Malcolm Choat	Service Development Manager, Registered Psychologist, UnitingCare Mental Health
	Mr Stephen Zammit	Registered Psychologist, UCMH Counselling Services, UnitingCare Mental Health
	Dr Betty Con Walker	Principal, Centennial Consulting
	Ms Susan Gibbeson	Manager, Social Development, Fairfield City Council
	Ms Amanda Bray	Group Manager, Community Life, Fairfield City Council

Appendix 3 Site visits

Thursday, 5 June 2014

Mt Pritchard, New South Wales

The committee travelled to Mounties Club, Mt Pritchard and received a briefing about how the staff manage the club's gaming facilities.

Thursday, 5 June 2014

Fairfield, New South Wales

The committee travelled to Oakdene House, Gambling Treatment Clinic in Fairfield, Sydney and met with organisation representatives Mr Anthony Sobb, Chairman, and Ms Souri Hayati, Centre Manager. The committee was briefed on the services provided by Oakdene House. The Oakdene House staff also shared with the committee their observations regarding the challenges faced by problem gamblers in attempting to overcome their addiction.

Thursday, 5 June 2014

Sydney, New South Wales

The committee travelled to the offices of William Hill Australia, Sydney and met with representatives from its betting products Sportingbet, Centrebet TomWaterhouse.com, as well as representatives from the Australian Wagering Council. The committee was briefed about the operation of online wagering products in addition to the harm minimisation and security measures used by William Hill Australia. The committee was advised on the actions taken by William Hill Australia to comply with the national broadcasting codes of practice as they relate to gambling advertising.

Appendix 4 Tabled documents

10 April 2014

Macquarie Room,

Parliament of New South Wales, Sydney

1. Gambling Impact Society, *Problem Gambling: A Self Help Guide for Families*, tendered by Ms Kate Roberts
2. Gambling Impact Society, *Impact News*, Newsletter, Autumn 2014, tendered by Ms Kate Roberts
3. Gambling Impact Society, Promotional materials, tendered by Ms Kate Roberts
4. Australian Wagering Council, Opening statement, tendered by Mr Chris Downy
5. Australian Wagering Council, Examples of 'in-play' online sport gambling market advertisements, tendered by Mr Chris Downy.

11 April 2014

Macquarie Room,

Parliament of New South Wales, Sydney

6. ClubsNSW, Opening statement, tendered by Mr Anthony Ball
7. Wesley Mission, Opening statement, tendered by Revd Dr Keith Garner.

5 June 2014

Elizabeth Room,

Mounties Club, Mt Pritchard

8. Opening statement, tendered by Dr Betty Con Walker
9. Fairfield City Council, Revised submission, tendered by Ms Susan Gibbeson.

Appendix 5 Answers to questions on notice

The committee received answers to questions on notice from:

- Australian Hotels Association
- Australian Wagering Council
- CatholicCare
- ClubsNSW
- Fairfield City Council
- Dr Sally Gainsbury
- Gambling Impact Society
- NSW Office of Liquor, Gaming and Racing
- Royal Australian and New Zealand College of Psychiatrists
- St Vincent's Hospital Sydney, Gambling Treatment Program
- University of Sydney
- UnitingCare Mental Health.

Appendix 6 Minutes

Minutes No. 1

Monday 9 December 2013

Select Committee on the Impact of Gambling

Room 1254, Parliament House, 2.01 pm

1. Members present

Revd Nile, *Chairman*

Dr Kaye

Mrs Mitchell (via teleconference)

Mr Veitch

Mr Wong

2. Apologies

Mr Lynn

3. Tabling of resolution establishing the Committee

The Chair tabled the resolution of the House of 27 November 2013 establishing the Committee.

4. Procedural resolutions

Resolved, on the motion of Dr Kaye: That unless the Committee decides otherwise, the following procedures apply for the life of the Committee:

Filming, broadcasting and still photography of public proceedings

That the Committee authorises the filming, broadcasting, webcasting and still photography of the public proceedings of the Committee, in accordance with the resolution of the Legislative Council of 18 October 2007.

Publishing transcripts of evidence

That the Committee authorise the publication of transcripts of evidence taken at public hearings.

Questions on notice

That the Committee require that answers to questions taken on notice during the hearings be provided to the Committee Clerk within 21 days and that members provide supplementary questions within two days after a hearing.

Publishing answers to questions on notice

That the Committee authorise the publication of answers to questions on notice.

Publishing submissions

That the Committee authorise the publication of all submissions to the Inquiry, subject to the Committee Clerk checking for confidentiality, adverse mention and other issues and, where those issues arise, bringing them to the attention of the Committee for consideration.

Media statements

That media statements on behalf of the Committee may be made only by the Chairman.

Inviting witnesses

That arrangements for inviting witness be left in the hands of the Chairman and the Committee Clerk, after consultation with the Committee.

5. Conduct of the Inquiry

Resolved, on the motion of Mrs Mitchell: That a media release be issued by the Chairman announcing the Inquiry and calling for submissions.

Resolved, on the motion of Mr Veitch: That the Secretariat email members with a list of stakeholders to be invited to make written submissions, and that members provide additional stakeholders to the Secretariat by midday Thursday 12 December 2013.

Resolved, on the motion of Dr Kaye: That the closing date for submissions be 7 March 2014.

Resolved, on the motion of Mr Wong: That the Inquiry call for submissions through a media release distributed to all media outlets in NSW via Media Monitors.

Resolved, on the motion of Mr Wong: That the Inquiry call for submissions be advertised in the *Sydney Morning Herald* and the *Daily Telegraph*.

Resolved, on the motion of Dr Kaye: That, if time permits, the Secretariat investigate the use of social media for advertising this Inquiry.

Resolved, on the motion of Dr Kaye: That the timeline for hearings be considered by the Committee following the receipt of submissions. Further, that hearing dates be determined by the Chairman after consultation with members regarding their availability.

Resolved, on the motion of Mrs Mitchell: That the Inquiry activity include site visits to venues such as the Star Casino and Panthers, and regional clubs, possibly in the areas of Dubbo, Wagga, Queanbeyan and the Tweed.

Resolved, on the motion of Dr Kaye: That the Secretariat organise an online gambling demonstration for members.

Resolved, on the motion of Dr Kaye: That the Parliamentary Library be asked to gather and provide statistics on:

- online, electronic and terminal gambling, including participation rates, amount of money and distribution
- problem gambling and gambling addiction.

Resolved, on the motion of Mr Veitch: That the Committee table its report by Monday 27 October 2014.

6. Election of Deputy Chair

The Chair called for nominations for the Deputy Chair.

Dr Kaye moved: That Mrs Mitchell be elected Deputy Chair of the Committee.

There being no further nominations, the Chair declared Mrs Mitchell elected Deputy Chair.

7. Adjournment

The Committee adjourned at 2.32pm *sine die*.

Stewart Smith
Clerk to the Committee

Minutes No. 2

Wednesday 19 March 2014

Select Committee on the Impact of Gambling

Members' Lounge, Parliament House, at 1.00 pm

1. Members present

Revd. Nile, *Chairman*
Mrs Mitchell, *Deputy Chair*
Dr Kaye
Mr Lynn
Mr Mason-Cox
Mr Veitch
Mr Wong

2. Previous minutes

Resolved, on the motion of Mr Veitch: That draft Minutes No. 1 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 9 January 2014 – From Ms Krista Meulengracht, Reference Librarian, Department of Parliamentary Services, NSW Parliament, to Committee Director, providing statistics on gambling
- 14 January 2014 – From Mr Peter Thomson, National Manager, Ministerial Coordination and Parliamentary, Australian Department of Human Services, to the Chairman, advising that the Department will not be making a submission to the Inquiry
- 6 March 2014 – From Andrew O'Connor, Policy Director, Ministry for Police and Emergency Services, to the Chairman, advising that the Department will not be making a submission to the Inquiry.

4. Inquiry into the Impact of Gambling

4.1 Submissions

4.1.1. Public

The Committee noted that submission nos 2-3, 5-24 and 28-33 were published by the Committee Clerk under the authorisation of an earlier resolution.

4.1.2. Partially confidential – Name suppressed

Resolved, on the motion of Mr Veitch: That submission nos 1 and 27 be kept partially confidential by suppressing the name and any other information that could potentially identify the authors.

4.1.3. Partially confidential – Identifying information of a third party

Resolved, on the motion of Mrs Mitchell: That submission no 17 be kept partially confidential by suppressing certain information that could potentially identify third parties mentioned in the submission.

4.1.4. Confidential

Resolved, on the motion of Mr Lynn: That submission nos 4, 25 and 26 remain confidential, at the request of the authors.

4.2 Inquiry timeline

Resolved, on the motion of Mr Lynn: That the Committee adopt the proposed timeline.

Thursday 10 April: Hearing

Friday 11 April: Hearing and a demonstration on online gambling

Thursday 22 May: Hearing and site visit

Thursday 12 June: Hearing and site visit

Monday 23 June: Hearing and site visit

Wednesday 1 October: Report to the Chair

Friday 10 October: Report to the committee members

Friday 17 October: Report deliberative meeting

Thursday 23 October: Reporting date.

Resolved, on the motion of Mr Lynn: That the Committee conduct site visits and/or public hearings to Cabramatta, Tweed and Albury and that the Secretariat research and identify organisations in these areas as potential witnesses to give evidence to the Committee.

Resolved, on the motion of Dr Kaye: That the Secretariat identify alternative hearing dates other than 22 May and 12 June and canvass member's availability.

4.3 Witnesses

Resolved, on the motion of Mr Veitch: That the Committee invite evidence from the following witnesses:

- NSW Government
- Gambling Treatment Clinic, University of Sydney
- The Royal Australian & New Zealand College of Psychiatrists
- Tabcorp Holdings Limited
- Australian Wagering Council
- Clubs NSW
- AHA NSW
- Gambling Impact Society (NSW) Inc
- Wesley Mission
- CatholicCare
- FamilyVoice Australia
- Presbyterian Church of Australia in NSW.

5. Adjournment

The Committee adjourned at 1.20 pm until Thursday 10 April 2014, Macquarie Room, Parliament House (*public hearing*).

Stewart Smith
Clerk to the Committee

Minutes No. 3

Thursday 10 April 2014

Select Committee on the Impact of Gambling

Macquarie Room, Parliament House, at 9.23 am

1. Members present

Mrs Mitchell, *Deputy Chair*

Dr Kaye

Mr Lynn (until 10.45 am)

Mr Mason-Cox (until 3.30 pm)

Mr Veitch

Mr Wong.

2. Apologies

Revd Nile.

3. Previous minutes

Resolved, on the motion of Mr Veitch: That draft Minutes No. 2 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Sent

- 21 March 2014 – From Chair to Mr Geoff Provest MP – advising Mr Provest of a committee hearing in the Tweed on 22 May 2014
- 21 March 2014 – From Chair to Mr Nick Lalich MP – advising Mr Lalich of a committee hearing in Cabramatta on 12 June 2014.

Received

- 23 March 2014 – From Dr David Phillips, FamilyVoice Australia to the Secretariat – advising that FamilyVoice is unable to attend the hearings on 10 and 11 April 2014
- 24 March 2014 – From Ms Amanda Lean, Tabcorp, to Chair – declining invitation to appear as a witness at a hearing on 10 April 2014.

5. Inquiry into the Impact of Gambling**5.1 Witnesses**

Resolved on the motion of Dr Kaye: That two additional witnesses, the St Vincent's Hospital Sydney Gambling Treatment Program and the Consumer Credit Legal Centre, were proposed to the Committee via email on 27 March 2014 and that no members raised concern regarding their appearances.

5.2 Allocation of time for questions during hearings

Resolved on the motion of Mr Veitch: That the time allocated for questions during hearings be equally allocated among government, opposition, and cross-bench members.

5.3 Public hearing

Witnesses, the public and the media were admitted.

The Deputy Chair made an opening statement advising of the Chair's absence due to medical reasons and regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming and Racing
- Mr Brendan Stone, Assistant Director, Policy and Strategy, NSW Office of Liquor, Gaming and Racing.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Kirsten Shannon, Clinic Manager, Gambling Treatment Clinic, University of Sydney
- Dr Alexander Blaszczynski, Professor of Psychology and Director, Gambling Treatment Clinic, University of Sydney.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Dr Clive Allcock, Senior Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists

- Dr Lisa Juckes, Addiction Psychiatrist, the Royal Australian and New Zealand College of Psychiatrists.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Dorothy Webb, Public Officer, Gambling Impact Society (NSW) Inc.
- Ms Kate Roberts, Executive Officer, Gambling Impact Society (NSW) Inc.
- Mr Ralph Bristow, Deputy Chair, Gambling Impact Society (NSW) Inc..

Ms Roberts tendered the following documents:

- 'Impact News', newsletter autumn 2014
- Gambling Impact Society promotional materials
- 'Problem Gambling: A self help guide for families'.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Ben Sleep, Director, Australian Wagering Council
- Mr Chris Downy, Chief Executive Officer, Australian Wagering Council.

Mr Sleep tendered the following document:

- 'In-play' online sport gambling market advertisement examples.

Mr Downy tendered the following document:

- Opening statement.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Abigail Kazal, Senior Clinical Psychologist, Service Coordinator, St Vincent's Hospital Sydney, Gambling Treatment Program
- Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent's Hospital Sydney, Gambling Treatment Program.

The evidence concluded and the witnesses withdrew.

6. Adjournment

The Committee adjourned at 4.17 pm until 10.50 am Friday, 11 April 2014, Macquarie Room, Parliament House (*public hearing*).

Alex Stedman

Clerk to the Committee

Minutes No. 4

Thursday 11 April 2014

Select Committee on the Impact of Gambling

Macquarie Room, Parliament House, at 10.50 am

1. Members present

Mrs Mitchell, *Deputy Chair*
Dr Kaye
Mr Mason-Cox (until 1.30 pm)
Mr Veitch
Mr Wong (until 3.27 pm).

2. Apologies

Revd Nile
Mr Lynn.

3. Inquiry into the Impact of Gambling

3.1 Student recording of proceedings

Resolved, on the motion of Dr Kaye: That journalism students from UTS be allowed to make short audio recordings of hearing proceedings for a class project.

3.2 Public hearing

Witnesses, the public and the media were admitted.

The Deputy Chair made an opening statement advising of the Chair's absence due to medical reasons and regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Anthony Ball, Chief Executive Officer, ClubsNSW
- Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW.

Mr Ball tendered the following document:

- Opening statement, ClubsNSW.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr John Whelan, Director, Responsible Gambling, Australian Hotels Association (NSW).

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Ms Kelly Lester, Policy and Research Adviser, CatholicCare
- Mr Sean Panambalana, Manager, Holyoake Family Alcohol and Other Drugs Programs, Gambling Interventions Family Team, Clubs Gambling Awareness Intervention and Support, CatholicCare
- Revd Dr Keith Garner, Superintendent and Chief Executive Officer, Wesley Mission
- Mr Richard Brading, Principal Solicitor, Wesley Community Legal Service, Wesley Mission.

Revd Garner tendered the following document:

- Opening statement, Wesley Mission.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Ms Alexandra Kelly, Principal Solicitor, Consumer Credit Legal Centre.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Dr John McLean, Convener, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales
- Ms Sheryl Sarkoezy, Researcher, Gospel Society and Culture Committee, Presbyterian Church of Australia in New South Wales.

The evidence concluded and the witnesses withdrew.

3.3 Tended documents

Resolved, on the motion of Mr Veitch: That the Committee accept and publish the following documents tendered during the public hearings on 10 and 11 April 2014:

- Opening statement, ClubsNSW
- Opening statement, Wesley Mission
- 'Impact News', newsletter autumn 2014
- Gambling Impact Society promotional materials
- 'Problem Gambling: A self help guide for families'
- 'In-play' online sport gambling market advertisement examples
- Opening statement, Australian Wagering Council.

4. Adjournment

The Committee adjourned at 4.15 pm until Tuesday, 3 June 2014 – site visit to the Tweed.

Alex Stedman

Clerk to the Committee

Minutes No. 5

Thursday 5 June 2014

Select Committee on the Impact of Gambling

Elizabeth Room, Mounties

101 Meadows Road Mt Pritchard NSW 2170 at 9.30 am

1. Members present

Revd Nile, *Chairman*

Mrs Mitchell, *Deputy Chair*

Dr Kaye

Mr Lynn (until 1.30 pm)

Mr Pearce (until 1.30 pm)

Mr Veitch

Mr Wong (until 3.30 pm).

2. Previous minutes

Resolved, on the motion of Mr Veitch: That Draft Minutes Nos. 3 and 4 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Sent

- 7 May 2014 – From Chair to Mr Nick Lalich MP – advising Mr Lalich of a public hearing for the inquiry into the impact of gambling in Fairfield on 5 June 2014
- 7 May 2014 – From Chair to Mr Guy Zangari MP – advising Mr Zangari of the hearing on 5 June 2014
- 7 May 2014 – From Chair to Mr Hermiz Shahen, Deputy Secretary General, Assyrian Universal Alliance – advising Mr Shahen of the hearing on 5 June 2014
- 16 May 2014 – From the secretariat to the Hon Charlie Lynn MLC – Advising Mr Lynn that his request for a committee site visit to the Cabra-Vale Diggers Club will be added to the next committee agenda for consideration
- 22 May 2014 – From the secretariat to Ms Dai Le, Councillor, Fairfield City Council – response to Ms Le's concerns regarding the venue for the hearing on 5 June 2014.

Received

- 29 April 2014 – From Ms Kate Roberts, Executive Officer, Gambling Impact Society NSW Inc. – providing answers to questions on notice and supplementary questions to the 10 April 2014 inquiry hearing
- 5 May 2014 – From Mr Paul Newson, Executive Director, NSW Office of Liquor, Gaming & Racing – providing answers to questions on notice to the 10 April 2014 inquiry hearing
- 6 May 2014 – From Mr John Whelan, Director, Responsible Gaming, Australian Hotels Association (NSW) – providing answers to questions on notice and additional information to the 11 April 2014 inquiry hearing
- 7 May 2014 – From Mr Cameron McIntosh, Clinical Psychology Registrar, St Vincent's Hospital Sydney, Gambling Treatment Program – providing answers to questions on notice to the 10 April 2014 inquiry hearing
- 8 May 2014 – From Professor Alex Blaszczynski, Director, Gambling Treatment Clinic, University of Sydney – providing answers to questions on notice and supplementary questions to the 10 April 2014 inquiry hearing
- 8 May 2014 – From Ms Madelene Fox, Policy Officer, the Royal Australian & New Zealand College of Psychiatrists – providing answers to supplementary questions to the 10 April 2014 inquiry hearing
- 8 May 2014 – From Ms Abigail Kazal, Senior Clinical Psychologist, St Vincent's Hospital Sydney, Gambling Treatment Program – providing answers to questions on notice and supplementary questions to the 10 April 2014 inquiry hearing
- 12 May 2014 – From Ms Ann Holland, Manager – Policy & Regulatory Affairs, Australian Wagering Council – providing answers to questions on notice and supplementary questions to the 10 April 2014 inquiry hearing
- 14 May 2014 – From Ms Kelly Lester, Researcher & Project Advisor, CatholicCare – providing answers to questions on notice to the 11 April 2014 inquiry hearing
- 15 May 2014 – From Hon Charlie Lynn MLC to the secretariat – requesting site visit to the Cabra-Vale Diggers Club, the Vietnamese Community Association and other areas of Cabramatta
- 20 May 2014 – From Ms Dai Le, Councillor, Fairfield City Council – expressing concern regarding the venue for the hearing on 5 June 2014
- 23 May 2014 – From Ms Susan Murray-Smith, Business Manager, Sydney University Press – enclosing book by Dr Betty Con Walker, entitled, *Casino Clubs NSW – Profits, Tax, Sport and Politics*, for committee members
- 26 May 2014 – From Mr Daniel Mitchell, ClubsNSW – providing answers to questions on notice to the 11 April 2014 inquiry hearing.

4. Inquiry into the Impact of Gambling

4.1 Proposed site visit by Mr Lynn

Resolved on the motion of Mr Pearce: That the committee decline Mr Lynn's proposal to undertake a site visit to the Cabra-Vale Diggers Club, the Vietnamese Community Association and other areas of Cabramatta.

4.2 Revised submissions from Dr Betty Con Walker and Fairfield City Council

Resolved on the motion of Mr Veitch: That earlier submissions provided by Dr Betty Con Walker and Fairfield City Council respectively be retracted and revised versions of these submissions published.

4.3 Submissions

Resolved on the motion of Mrs Mitchell: That the committee note that submission Nos. 34 and 35 were published by the Committee Clerk, subject to checking for confidentiality, adverse mention and other issues, in accordance with the committee's resolution of 9 December 2013.

4.4 Cancelled regional site visits

Resolved on the motion of Dr Kaye: That the committee note that it agreed via email on 4 May 2014 that the proposed site visits to the Tweed and Albury would not go ahead and that the hearing at Cabramatta on 5 June 2014 would proceed.

4.5 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Anthony Ball, Chief Executive Officer, ClubsNSW
- Mr Josh Landis, Executive Manager of Public Affairs, ClubsNSW.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Dr Sally Gainsbury, Clinical Psychologist, Centre for Gambling Education & Research, Southern Cross University.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Malcolm Choat, Service Development Manager, Registered Psychologist, UnitingCare Mental Health
- Mr Stephen Zammit, Registered Psychologist, UCMH Counselling Services, UnitingCare Mental Health.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Dr Betty Con Walker, Principal, Centennial Consultancy

Dr Con Walker tendered the following documents:

- Opening statement

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Ms Susan Gibbeson, Manager, Social Development, Fairfield City Council

- Ms Amanda Bray, Group Manager, Community Life, Fairfield City Council.

The evidence concluded and the witnesses withdrew.

4.6 Site visit, Mounties, 101 Meadows Road, Mt Pritchard

The committee toured the Mounties venue and received a briefing about club harm minimisation measures by the following representatives from the Mounties Group:

- Mr Greg Pickering, Group Chief Executive Officer, Mounties Group
- Mr Michael Pullin, Group Gaming Operations Manager, Mounties Group
- Ms Caroline Lumley, Group Marketing & Communication Manager, Mounties Group
- Mr Daniel Mitchell, Senior Policy Officer – Gambling Public Affairs, ClubsNSW.

4.7 Site visit, Oakdene House, 1 Dale St, Fairfield

The committee travelled to Oakdene House for a briefing about problem gambling treatment by the following representatives:

- Mr Anthony Sobb, Chairman, Oakdene House
- Ms Souri Hayati, Centre Manager, Oakdene House.

Mr Sobb tendered the following documents:

- Oakdene House information and promotional materials.

4.8 Site visit, Sportingbet, 30/2 Park St, Sydney

The committee travelled to Sportingbet Australia for a tour of the facilities and a briefing about the measures taken by the William Hill Australia Group to promote both harm minimisation and gambling market integrity. The committee met with the following representatives:

- Mr James Henderson, Group Director of Operations, William Hill Australia
- Mr Dan Pickering, Finance Director, William Hill Australia
- Mr Chris Downy, Chief Executive Officer, Australian Wagering Council
- Ms Ann Holland, Policy and Regulatory Affairs Manager, Australian Wagering Council.

5. Adjournment

The committee adjourned at 6.00 pm until 9.00 am Friday, 8 August 2014, Room 1254, Parliament House (*deliberative meeting*).

Alex Stedman

Clerk to the Committee

Draft minutes No. 6

Friday 8 August 2014

Select Committee on the Impact of Gambling

Room 1254, Parliament House, Sydney at 9.30 am

1. Members present

Revd Nile, *Chairman*

Mrs Mitchell, *Deputy Chair*

Dr Kaye

Mr Lynn

Mr Pearce
Mr Veitch
Mr Wong.

2. Previous minutes

Resolved, on the motion of Mr Wong: That Draft Minutes No. 5 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Sent

- 10 June 2014 – From Chair to Mr Chris Downy, CEO, Australian Wagering Council – thanking Mr Downy for organising site visit to Sportingbet offices on 5 June 2014
- 10 June 2014 – From Chair to Mr James Henderson, CEO, William Hill Australia – thanking Mr Henderson for site visit to Sportingbet offices on 5 June 2014
- 10 June 2014 – From Chair to Mr Anthony Sobb, CEO, Oakdene House – thanking Mr Sobb for site visit to Oakdene House on 5 June 2014
- 10 June 2014 – From Chair to Mr Greg Pickering, CEO, Mounties Group – thanking Mr Pickering for site visit at Mounties on 5 June 2014.

Received

- 3 June 2014 – From Dr Betty Con Walker, Principal, Centennial Consulting, to Chair – providing revised submission to inquiry
- 2 July 2014 – From Dr Betty Con Walker, Principal, Centennial Consulting, to Chair – providing two documents regarding the 5 June 2014 hearing: post-hearing response outlining club tax concessions and use of gaming revenue; and letter arguing for transparency in the gaming industry.

4. Inquiry into the Impact of Gambling

4.1 Responses to questions on notice and supplementary questions

Resolved, on the motion of Mrs Mitchell: That the committee, in accordance with its resolution of 9 December 2013, note the publication by the committee clerk of the following answers to questions on notice and supplementary questions:

- 13 June 2014 –Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, providing answers to questions on notice taken from the 5 June 2014 inquiry hearing
- 23 June 2014 –Mr Daniel Mitchell, ClubsNSW, providing answers to questions on notice and supplementary questions taken from the 5 June 2014 inquiry hearing
- 1 July 2014 –Ms Susan Gibbeson, Manager, Social Development, Fairfield City Council, providing answers to questions on notice taken from the 5 June 2014 inquiry hearing
- 3 July 2014 –Mr Phillip Ryan, Acting Chief Executive Officer, AHA NSW, providing response to supplementary questions taken from the 5 June 2014 inquiry hearing
- 9 July 2014 –Mr Stephen Zammit, Service Manager, UnitingCare Mental Health, providing answers to questions on notice taken from the 5 June 2014 inquiry hearing.

4.2 Consideration of Chair's draft report

The Chair submitted his draft report entitled *The impact of gambling*, which, having been previously circulated, was taken as being read.

Chapter 1

Resolved, on the motion of Dr Kaye: That paragraph 1.1 be amended by inserting 'one week after the passage of the Casino Control Amendment (Barangaroo Restricted Gaming Facility) Bill 2013,' after 'On 27 November 2013,'.

Resolved, on the motion of Dr Kaye: That chapter 1, as amended, be adopted.

Chapter 2

Resolved, on the motion of Dr Kaye: That paragraph 2.2 be amended by inserting at the end 'This report focuses on recreational gambling as distinct from professional gambling and business risk taking as these were not part of the terms of reference.'

Resolved, on the motion of Dr Kaye: That paragraph 2.3 be amended by omitting the words 'The NSW Office of Liquor, Gaming and Racing (OLGR) regulates gambling activity in the state.' and inserting instead 'In New South Wales, the Office of Liquor, Gaming and Racing (OLGR) is the government agency responsible for regulatory enforcement of most gambling laws while the Independent Liquor and Gambling Authority determines many of the regulatory outcomes.'

Resolved, on the motion of Dr Kaye: That paragraph 2.9 be amended by inserting 'net' after 'refers only to'.

Resolved, on the motion of Dr Kaye: That the fourth dot point in paragraph 2.57 be amended by omitting the words 'argued that the purported benefits of EGMs are disproportionate to the associated societal harms caused by problem gambling.' and insert instead the quote 'the gambling industry can contribute positively back to the community through community programs and job creation; however, the tendency of [our members] was to highlight the commonly known negative impacts of gambling including addiction, breakdown of the family unit, social isolation and significant financial loss'.

Resolved, on the motion of Dr Kaye: That chapter 2, as amended, be adopted.

Chapter 3

Resolved, on the motion of Mr Veitch: That chapter 3 be adopted.

Chapter 4

Dr Kaye moved: That paragraph 4.33 be amended by omitting 'government efforts that aim to reduce and control' and inserting instead 'the legislated objective of reducing and controlling'.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong.

Question resolved in the negative.

Dr Kaye moved: That paragraph 4.33 be amended omitting by the second sentence and inserting instead 'However, the committee also acknowledges the that overall cap has not had any effect on the number of gaming machines in New South Wales. Further the evidence shows that reducing the total number of gaming machines is in itself not the only harm minimisation measure required, and that issues of location and accessibility must also be effectively addressed'.

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong.

Question resolved in the negative.

Resolved, on the motion of Dr Kaye: That paragraph 4.33 be amended by inserting at the end 'However, on-going research should not be a barrier to action that addresses the known adverse impacts of EGMs'.

Resolved, on the motion of Dr Kaye: That paragraph 4.34 be amended by inserting 'increasingly' after 'electronic gaming machines are'.

Resolved, on the motion of Mr Pearce: That paragraph 4.34 be amended by omitting 'believes' and inserting instead 'notes' after 'Based on the evidence received, the committee'.

Dr Kaye moved: That paragraph 4.34 be amended by inserting 'has in many cases failed to protect the local community and' after 'EGM Local Impact Assessment process'.

Question put.

The Committee divided.

Ayes: Dr Kaye, Revd Nile, Mr Veitch, Mr Wong

Noes: Mr Lynn, Mrs Mitchell, Mr Pearce.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That Recommendation 1 be amended by inserting 'with objectives that include identifying mechanisms to stop the concentrations of poker machines in neighbourhoods and clubs where they will create greater harm.' after 'independently reviewed'.

Dr Kaye moved: That Recommendation 1 be amended by inserting at the end '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.'

Question put.

The Committee divided.

Ayes: Dr Kaye, Revd Nile, Mr Veitch, Mr Wong

Noes: Mr Lynn, Mrs Mitchell, Mr Pearce.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That Recommendation 1 be amended by inserting at the end 'That this independent review also review the number of entitlements in all local government areas with above average gambling frequencies.'

Resolved, on the motion of Mrs Mitchell: That Recommendation 2 be amended by inserting ', and take whatever action is required.' after 'and gambling harms.'

Resolved, on the motion of Mrs Mitchell: That Recommendation 2, as amended, be adopted.

Dr Kaye moved: That the following new recommendation be inserted after Recommendation 2:

'Recommendation X

In the period before acting on the findings of the Gambling Research Australia, the NSW Government impose a moratorium on any new machines with features identified as dangerous including disguising losses as wins, excessive speed of gambling, free spins and linked jackpots.'

Question put.

The Committee divided.

Ayes: Dr Kaye

Noes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong.

Question resolved in the negative.

Mr Wong moved: That Recommendation 3 be amended by omitting the words 'amend the New South Wales Jackpot Technical Standard to reduce the maximum jackpot prize for electronic gaming machines in New South Wales from \$10,000 to \$500 by 2017 at the latest.' and inserting instead 'review the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.'

Question put.

The Committee divided.

Ayes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong

Noes: Dr Kaye.

Question resolved in the affirmative.

Resolved, on the motion of Mr Wong: That Recommendation 3, as amended, be adopted.

Mr Wong moved: That Recommendation 4 be amended by omitting the words ‘amend the Australian and New Zealand Gaming Machine National Standard to reduce the maximum bet limit for electronic gaming machines in New South Wales from \$10 to \$1 by 2017 at the latest.’ and inserting instead ‘review the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.’.

Question put.

The Committee divided.

Ayes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong

Noes: Dr Kaye.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That paragraph 4.117 be amended by omitting ‘commends the industry for its work in seeking’ and inserting instead ‘supports industry moves’.

Mrs Mitchell moved: That Recommendation 6 be amended by omitting ‘amend’ and inserting instead ‘review’, and by omitting “\$250”.

Question put.

The Committee divided.

Ayes: Mr Lynn, Mrs Mitchell, Revd Nile, Mr Pearce, Mr Veitch, Mr Wong

Noes: Dr Kaye.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That the following new recommendation be inserted after Recommendation 7:

‘Recommendation X

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

Resolved, on the motion of Mrs Mitchell: That chapter 4, as amended, be adopted.

Chapter 5

Resolved, on the motion of Mr Pearce: That Recommendation 8 be amended by inserting ‘a set of standards be established for online wagering websites and that’ after ‘request that’, and omitting ‘non-approved’ and inserting instead ‘non-compliant’.

Resolved, on the motion of Mr Pearce: That Recommendation 8, as amended, be adopted.

Resolved, on the motion of Mr Wong: That Recommendation 10 be amended by inserting at the end ‘The campaign should also be delivered in different languages targeting a broad spectrum of communities’.

Resolved, on the motion of Mr Wong: That Recommendation 10, as amended, be adopted.

Resolved, on the motion of Mr Pearce: That chapter 5, as amended, be adopted.

Chapter 6

Resolved, on the motion of Mr Wong: That Recommendation 12 be amended by inserting ‘delivered in different languages’ before ‘awareness campaign’.

Resolved, on the motion of Mr Wong: That Recommendation 12, as amended, be adopted.

Resolved, on the motion of Mr Lynn: That chapter 6, as amended, be adopted.

Resolved, on the motion of Mr Veitch: That:

- the draft report, as amended, be the report of the committee and that the committee present the report to the House
- the transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, minutes of proceedings and correspondence relating to the inquiry be tabled in the House with the report
- upon tabling, all transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, minutes of proceedings and correspondence relating to the inquiry not already made public, be made public by the committee, except for those documents kept confidential by resolution of the committee
- the committee secretariat correct any typographical, grammatical and formatting errors prior to tabling
- the committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee
- the report be tabled by no later than Thursday 14 August 2014.

Resolved, on the motion of Dr Kaye: That the secretariat circulate a summary of key issues for approval via email.

Resolved, on the motion of Mr Pearce: That dissenting statements be provided to the secretariat by 5 pm Tuesday, 12 August 2014.

Resolved, on the motion of Dr Kaye: That the secretariat be thanked for their work on the report.

5. Adjournment

The committee adjourned at 11.20 am *sine die*.

Alex Stedman
Clerk to the Committee

Appendix 7 Dissenting statements

Dr John Kaye MLC, The Greens

The Report generally recognises that the gambling industry creates addictive and destructive behaviours. It proposes a number of sensible steps to reduce opportunities for problem gambling and to address the harms that gambling causes.

Despite recommending a number of useful measures and seeking reviews of some aspects of industry regulation, the report fails to tackle the politically challenging reforms that would immediately reduce the harms associated with EGMs and other forms of gambling.

Ineffective cap on EGM numbers

The Committee rejected the notion that the overall cap on the number gaming machines has been ineffective. This is despite the evidence before the Committee (see Figure 1 in Chapter 3) that at no time since the introduction of the cap in 2000 has it been binding on the number of machine in NSW. The decline in total EGM numbers in NSW has been driven by forfeitures when entitlements are transferred to more profitable venues.

The cap itself should be tightened to drive real reduction in machine numbers, densities and the harm that results.

Dangerous EGM design features

The Committee received evidence from the Gambling Impact Society citing research that identified features of EGM that were particularly problematic.

The Committee, at Recommendation 2, resolved only to call on the NSW government to publish its response to the Gambling Research Australia (GRA) investigation into gaming machine design features and associated harms, due at the end of 2014, and to 'take whatever action is required'.

The Greens are concerned that the Committee's recommendation would leave the current ineffective restriction on design in place for up to a year.

The stock of machines that could be found to be dangerous would continue to grow as old machines are replaced with newer designs with features that include, for example, the use of jubilant sound effects even when a player loses money.

The Committee, however, rejected a Greens proposed recommendation that in the period before acting on the findings of the Gambling Research Australia, the NSW Government impose a moratorium on any new machines with features identified as dangerous including disguising losses as wins, excessive speed of gambling, free spins and linked jackpots.

Jackpot sizes and bet limits

The Chair's draft report sensibly recommended (at Recommendations 5 and 6) that the standards be amended, by 2017 at the latest, to reduce the jackpot limit from \$10,000 to \$5000 and the maximum bet limit from \$10 to \$1.

Despite receiving and accepting evidence that higher jackpot prize limits are linked to greater betting amounts and frequencies and increased risks of loss, the Committee amended the recommendation to calling only for a review.

Similarly, the Committee acknowledged the recommendation of the Productivity Commission that EGM bet limits be reduced to \$1 but then proceeded to weaken its own draft to call only for a review.

In both cases the evidence for substantial reduction is clear and the harms of not doing so are well established.

It is disappointing that the Committee took one of the most important and strongest recommendations and so substantially weakened it.

The consequences of further delays on action on this important matter will be more gamblers unnecessarily trapped into problematic behaviours and more consequent harms to themselves and their families and communities.

Cash withdrawal limits from Automatic Teller Machines in EGM venues

The impacts of providing Automatic Teller Machines (ATM) cash withdrawal facilities in venues with EGMs was raised by various groups concerned with problem gambling.

Of particular concern was evidence from the Consumer Credit Legal Centre (NSW) that “fringe lenders” have been providing credit on the basis of on-line applications submitted via free WiFi in venues with EGMs, into bank accounts that can then be accessed from ATMs in those venues.

The Chair’s draft report recommended a \$250 daily cash withdrawal limit on ATMs in venues with EGMs. The Committee weakened this to a review.

Again an important protective measure has been lost.

Concerns about the impacts on small rural communities where the ATM in the local club might be the only source of out-of-hours cash in the region can be addressed with hardship exceptions. This moderate measure was not adopted by the Committee.

