



PARLIAMENT OF AUSTRALIA

# **You win some, you lose more**

**Online gambling and its impacts on those experiencing  
gambling harm**

**House of Representatives**

**Standing Committee on Social Policy and Legal Affairs**

June 2023

CANBERRA

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ISBN 978-1-76092-517-8 (Printed version)

ISBN 978-1-76092-518-5 (HTML version)

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# Foreword

‘You win some, you lose more.’ This government tagline on gambling advertising, adopted as part of the National Consumer Protection Framework, aptly sums up the evidence received during this inquiry. If the status quo of online gambling regulation, including but not limited to advertising, was to continue Australians would continue to lose more – more money, more relationships, more love of sport for the game rather than the odds.

This inquiry considered whether the current regulatory framework for online gambling and gambling advertising in Australia is fit for purpose and meeting community expectations. The Committee received powerful evidence from people with lived experience of online gambling harm, and from academic and health experts, peak bodies, community organisations and concerned individuals about the harm online gambling is causing to everyday Australians, the people they love, and to their communities.

Australians outspend the citizens of every other country on online gambling. This is wreaking havoc in our communities. Saturation advertising ensures our future losses. Only online wagering service providers (WSPs), major sporting organisations and media gain from the status quo. This inquiry heard evidence from gamblers who lost and were encouraged by WSPs to gamble more; and from those who won and were prevented from gambling further. Any business model which encourages harm deserves to be closely scrutinised.

Australians do not like being flooded by messages and inducements to gamble online and worry about the effect this is having on children and young people. Most believe that gambling is harmful for society and that it has become too easy to gamble in Australia. Almost half of Australians surveyed in 2022 placed a bet on sports or racing and about two-thirds of those people are at risk of harm. It is easier now than ever before to lose big with a few taps on a mobile phone.

Online gambling is unlike other forms of entertainment because of its potential to cause psychological, health, relationship, legal and financial harm to individuals and those around them, and tragically, gambling is a key risk factor for suicide. A person’s gambling can progress to the behavioural addiction of gambling disorder, which is like addictions to substances. There are currently few safeguards to protect people with gambling disorder from online gambling harm, and many find it difficult to ask for help because the stigma associated with harm from gambling is silencing. Those who do seek help find it difficult to access appropriate treatment and support.

Australians lose the most to online gambling because we have a weak and fragmented regulatory framework, which places all the onus for reducing harm onto the person who gambles. Despite gambling harm being a major public health issue, we do not treat it like one. Instead, our policies and regulation encourage ‘responsible gambling’, which absolves online WSPs of much of the responsibility for the harm their products cause. There is inconsistency across the states and territories in how online gambling is regulated and there

is little incentive for the states and territories to impose tougher regulations, or licensing fees. As a result, the Northern Territory Racing Commission is Australia's de facto online gambling regulator.

I am proud to say this Committee has delivered a unanimous report that says, "enough is enough". The Committee has made 31 recommendations that apply a public health lens to online gambling to reduce harm across the whole Australian population. We have recommended that a single Australian Government Minister be responsible for developing and implementing a comprehensive national strategy on online gambling harm reduction, supported by national regulation, an online gambling ombudsman, a harm reduction levy on online WSPs, and a public education campaign, more independent research, and improved data collection. We have also recommended a crackdown on illegal gambling operators, including online casinos, and skins and esports betting websites. A range of measures have been recommended to improve the availability and adequacy of the support and treatment available to those experiencing gambling harm, and to reduce stigma.

Under national regulation, the Australian Government would be responsible for all regulation and licencing of online gambling, although the states and territories would retain the capacity to levy point of consumption taxes on online gambling. The Committee has recommended stronger consumer protections for online gambling, including a requirement for WSPs to verify their customer's identity before accepting bets from them, a ban on inducements, and a legislated duty of care on WSPs.

Online gambling companies advertise so much in Australia because it works. Online gambling has been deliberately and strategically marketed alongside sport, which has normalised it as a fun, harmless, and sociable activity that is part of a favourite pastime. Gambling advertising is grooming children and young people to gamble and encourages riskier behaviour. The torrent of advertising is inescapable. It is manipulating an impressionable and vulnerable audience to gamble online. Australia's largest professional sporting codes and broadcast media were largely in lockstep with their advertising and sponsorship partners in the gambling industry during this inquiry to oppose further restrictions.

The Committee shares the concerns of many witnesses and the community that the status quo is leading to a generation of young Australians who view gambling and sport as inextricably linked. This is concerning, not only because of the potential increase in Australians experiencing gambling harm, but also about changes to the culture of sport. Australia would be diminished if sport was to be so captured by gambling revenue that providing an opportunity for betting came to be seen as its primary purpose.

A phased, comprehensive ban on all gambling advertising on all media – broadcast and online, that leaves no room for circumvention, is needed. Partial bans on gambling advertising do not work. The 2017 media reforms resulted in gambling advertising on television increasing. Harmful industries have shown they will identify and capitalise on any gaps in marketing restrictions and that they are taking advantage of the less regulated online environment. The advertising ban should be enforced sequentially, with advertising that has the highest risk of harm to be addressed immediately. To enable sporting bodies and broadcasters adequate time to locate alternative sources of advertising revenue and to

comply with current contractual obligations, the Committee recommends that the comprehensive ban be phased in over a three-year period.

The number of Australians who want to control their gambling is staggering. Half a million Australians have asked their banks to put temporary or permanent gambling blocks on their bank accounts. While most Australian banks have introduced measures to assist their customers in managing their gambling, there is inconsistency in the approaches taken by individual banks. Other payment methods do not offer similar protections and allow Australians to bypass the blocks they have placed on their bank accounts. Some payment methods are widely accepted by illegal online gambling operators and may facilitate criminal activity. The Committee has recommended the Australian Government develop a set of minimum gambling harm prevention standards to be implemented by all Australian banks, and for a ban on payment methods for online gambling that do not minimise the risk of criminal activity and gambling harm.

The Australian Government's recently announced ban on the use of credit cards for online gambling is recognition that people should not be gambling with money they do not have. However, the Committee heard that some gamblers are using payday loans to fund their gambling. There is a need to ensure the compliance of the payday lending sector with their responsible lending obligations relating to customers who gamble, following the Australian Government's 2022 reforms.

Children and young people are also being exposed to gambling through interactive games like social casinos, which simulate real gambling or include gambling like features such as loot boxes. These games are currently being provided on some platforms without appropriate classification guidance. The Committee supports the Australian Government's proposed changes to the classification system to reduce the risk of harm from social casinos and loot box features in interactive games. We have recommended the classification scheme be consistently applied across online app stores, that a simulated gambling warning label be developed, minimum consumer protections on games, and that there be better education for young people, parents, caregivers and teachers about simulated gambling.

I wish to extend my sincere thanks to the many people who contributed their time and expertise to this inquiry, particularly those who shared their personal experiences of gambling harm. It took incredible courage and strength for you to come forward, and it is your experiences, described in your own words that have provided the foundation for this report and its recommendations. I also acknowledge the dedication and collegiality of Members of the Committee in the conduct of this inquiry. Finally, this important and thorough report could not have been written without the outstanding assistance of the committee secretariat; all members express our gratitude for your work.

**Ms Peta Murphy MP**  
**Chair**



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# Members

## ***Chair***

Ms Peta Murphy MP

Dunkley, VIC

## ***Deputy Chair***

Mr Pat Conaghan MP

Cowper, NSW

## ***Members***

Ms Kate Chaney MP

Curtin, WA

Ms Mary Doyle MP (from 10 May 2023)

Aston, VIC

Mr Sam Lim MP

Tangney, WA

Ms Louise Miller-Frost MP

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Hon Shayne Neumann MP

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Ms Jenny Ware MP

Hughes, NSW

Mr Keith Wolahan MP

Menzies, VIC





# Abbreviations

AANA	Australian Association of National Advertisers
ABA	Australian Banking Association
ACCC	Australian Competition and Consumer Commission
ACL	Australian Consumer Law
ACMA	Australian Communications and Media Authority
AFL	Australian Football League
AGR	Alliance for Gambling Reform
AGRC	Australian Institute of Family Studies' Australian Gambling Research Centre
AGSA	Australian Gaming and Screens Alliance
AHISA	Association of Heads of Independent Schools of Australia
AHPA	Australian Health Promotion Association
AIFS	Australian Institute of Family Studies
ALNA	Australian Lottery and Newsagents Association
AMA	Australian Medical Association
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
APS	Australian Psychological Society
ASWS	Australian Sports Wagering Scheme
AUSTRAC	Australian Transaction Reports and Analysis Centre
BGC	Betting and Gaming Council
BSA	<i>Broadcasting Services Act 1992</i>
CALD	culturally and linguistically diverse
COMPPS	Coalition of Major Professional and Participation Sports
CPRC	Consumer Policy Research Centre
CQ University	Central Queensland University
CRA	Commercial Radio and Audio
DIGI	Digital Industry group Inc.
DITRDCA	Department of Infrastructure, Transport, Regional Development and Communications and the Arts
DSS	Department of Social Services
FCA	Financial Counselling Australia

GMA	<i>Gambling Measures Act 2021</i>
GST	Goods and Services Tax
GTRC	Gambling Treatment and Research Clinic, University of Sydney
IARC	International Age Rating Coalition
IGA	<i>Interactive Gambling Act 2001</i>
IGEA	Interactive Games and Entertainment Association
ISGA	International Social Games Association
NACCHO	National Aboriginal Community Controlled Health Organisation
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
NCPF	National Consumer Protection Framework for Online Wagering
NIGA	Norfolk Island Gaming Authority
NRL	National Rugby League
NTRC	Northern Territory Racing Commission
OAIC	Office of the Australian Information Commissioner
PJCCFS	Parliamentary Joint Committee on Corporations and Financial Services
POC	point of consumption
QUT	Queensland University of Technology
RACP	Royal Australasian College of Physicians
RANZCP	Royal Australian and New Zealand College of Psychiatrists
RWA	Responsible Wagering Australia
SACCs	Small amount credit contracts
SPA	Suicide Prevention Australia
URLs	Uniform Resource Locators
VASS	Victorian Arabic Social Services
VPNs	virtual private networks
VRGF	Victorian Responsible Gambling Foundation
WHO	World Health Organization
WHO FTC 2003	<i>World Health Organization Framework Convention on Tobacco Control</i>
WSPs	wagering service providers





# Terms of reference

The House of Representatives Standing Committee on Social Policy and Legal Affairs will inquire into and report on online gambling and its impacts on those experiencing gambling harm. The inquiry will have regard to:

- the effectiveness of existing consumer protections aimed at reducing online gambling harm
- how to better target programs to address online gambling harm to reduce the potential exploitation of at-risk people, and protect individuals, families and communities
- the effectiveness of current counselling and support services to address online gambling harm
- the quality of and access to protective online gambling education programs
- the impact of current regulatory and licensing regimes for online gambling on the effectiveness of harm minimisation and consumer protection efforts
- the appropriateness of the definition of ‘gambling service’ in the Interactive Gambling Act 2001 (Cth), and whether it should be amended to capture additional gambling-like activities such as simulated gambling in video games (e.g. ‘loot boxes’ and social casino games)
- the appropriateness of current gambling regulations in light of emerging technologies, payment options and products
- the effectiveness of protections against illegal online gambling services, including casino style gambling such as online blackjack and slot machines
- the effectiveness of current gambling advertising restrictions on limiting children’s exposure to gambling products and services (e.g. promotion of betting odds during live sport broadcasts), including consideration of the impact of advertising through social media, sponsorship or branding from online licenced gambling operators, and
- any other related matters.



# List of recommendations

## Recommendation 1

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**2.132** The Committee recommends that responsibility for online gambling harm reduction is held by a single Australian Government Minister.

## Recommendation 2

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**2.133** The Committee recommends that the Australian Government, with the states and territories, develop a comprehensive national strategy on online gambling harm reduction. The strategy should be based on public health principles and include measures that:

- prevent gambling harm from occurring
- intervene early when there is risk of harm
- provide appropriate treatment and support for those experiencing harm
- include measures to protect the most vulnerable that are developed with communities to ensure they are culturally safe and linguistically appropriate.

**2.134** The national strategy should be in place within twelve months, allowing that implementation would be progressive.

## Recommendation 3

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**2.136** The Committee recommends that, as the priority of the national strategy and with the cooperation of the states and territories, the Australian Government:

- establish national regulation and a national online gambling regulator with the sole purpose of reducing harm and with responsibility for all licencing and regulation
- levy online wagering service providers (WSPs) to fund the national strategy harm reduction measures for which the Australian Government has responsibility.

## Recommendation 4

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**2.142** The Committee recommends that the Australian Government develop and fund an ongoing, online gambling public education campaign with national

advertising and marketing, particularly online. The campaign should target and be relevant to:

- children and young people
- parents and caregivers, with the aim of helping them to guide children and young people to make safer choices online
- individuals who are at risk of or who are experiencing gambling harm
- Aboriginal and Torres Strait Islander people
- culturally and linguistically diverse communities.

**2.143** The campaign should:

- seek to counter the harmful messages of gambling advertising
- be informed by rigorous, independent research
- be developed with input from target individuals and communities to ensure they are relevant, culturally safe and linguistically appropriate
- accurately present the risks and harms of gambling with licenced operators and illegal offshore websites
- aim to reduce stigma and encourage help-seeking, and protect the most vulnerable from gambling harm
- educate Australians about available consumer protection tools for online gambling and encourage healthy behaviours
- provide resources that can be used by schools, universities and community organisations, such as sporting clubs
- be thoroughly evaluated, with the evaluations to be publicly available.

**2.144** All gambling-related public education resources should be made available on the Australian Government's Student Wellbeing Hub and by the Office of the eSafety Commissioner to help promote awareness of gambling harm to young people and offer strategies to limit exposure.

## **Recommendation 5**

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**2.146** The Committee recommends that the Australian Government:

- resource the Australian Institute of Family Studies' Australian Gambling Research Centre to take on an additional role as a national clearinghouse for gambling research
- provide ongoing funding for gambling research, in particular:
  - research to develop a set of standard indicators of risk and harm that can be applied in regulation and policy

- prevalence studies on online gambling harm across both licenced and illegal gambling platforms and websites
- research into vulnerable groups
- research into best practice interventions, treatments and supports
- research about gambling-related suicides.

## **Recommendation 6**

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**2.149** The Committee recommends that:

- national regulation requires online WSPs to disclose de-identified customer data on gambling participation, risk indicators, interventions and harm to the regulator and approved researchers on a consistent and systematic basis
- the Australian Government conduct a feasibility study of Spain, France and other jurisdiction's data vault facilities with the aim of implementing a system that provides real-time operator data to the regulator and approved researchers.

## **Recommendation 7**

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**2.152** The Committee recommends that the Australian Government develop and implement:

- technological solutions and resources to quickly and more effectively block offshore gambling websites including skin gambling websites and mirror sites
- a protocol for blocking transactions to known illegal gambling operators, in cooperation with Australian banks and other payment system providers
- stronger sanctions for companies and known individuals who profit from illegal gambling.

## **Recommendation 8**

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**2.154** The Committee recommends that the Australian Government lead the development, with international organisations and other countries, of multilateral agreements that:

- improve international cooperation to combat illegal online gambling across borders
- aim to reduce gambling harm and protect public policy and research from gambling industry interference.

## **Recommendation 9**

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**3.67** The Committee recommends that the levy for online gambling harm reduction support the national regulator to work with all jurisdictions on best practice prevention, detection, early intervention, treatment and rehabilitation programs for people experiencing gambling harms, including:

- better training for staff working in health, community and financial counselling services, and crisis and gambling helpline staff, to identify gambling harms, comorbid issues and suicide risk, to minimise stigma, and to provide best practice treatment and support
- support for Aboriginal and Torres Strait Islander community-controlled health organisations and other organisations that assist culturally and linguistically diverse clients or patients
- increased availability of integrated treatment services
- enhanced referral pathways to specialist treatments and peer-based support services, including at the end of a self-exclusion period
- the development and implementation of screening tools for gambling harm in all mental health and drug and alcohol assessments.

## **Recommendation 10**

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**3.69** The Committee recommends that the Australian Government develops industry guidelines for the banking and financial sector, online WSPs and other relevant organisations to educate staff about gambling harm. The guidelines should include protocols for the referral of customers experiencing gambling harm who are at risk of suicide.

## **Recommendation 11**

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**3.71** The Committee recommends that the Australian Government, in cooperation with the states and territories, establish a national data collection program on gambling harms and suicides. Data should be systematically collected from health and other practitioners and support services that interact with people who experience gambling harm, including emergency departments and coroners. The data collection should include de-identified customer data provided to the regulator by online WSPs.

## **Recommendation 12**

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**4.134** The Committee recommends that the multi-stage evaluation of the National Consumer Protection Framework for Online Gambling (NCPF), due to commence in 2023, includes an investigation into whether the small consumer credit contract sector is complying with its responsible lending obligations to customers who gamble.

### **Recommendation 13**

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**4.136** The Committee recommends that the Australian Government work with the Australian Banking Association to develop a set of minimum gambling consumer protection standards for implementation by all banks, including a block on gambling merchant categories for self-excluded individuals using BetStop. If agreement is unable to be reached, minimum standards should be mandated in legislation.

### **Recommendation 14**

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**4.138** The Committee recommends that, in developing national regulation, the Australian Government conduct a risk assessment of available payment methods. Payment methods that do not minimise the risk of criminal activity and gambling harm should be prohibited from being used for online gambling.

### **Recommendation 15**

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**4.140** The Committee recommends that national regulation should require customers' identities to be verified prior to the commencement of online gambling.

### **Recommendation 16**

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**4.142** The Committee recommends that the Australian Government prohibit all online gambling inducements and inducement advertising, and that it do so without delay.

### **Recommendation 17**

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- 4.145** The Committee recommends that the evaluation of the NCPF:
- analyse deidentified customer data to determine whether voluntary pre-commitment is working to reduce harm
  - examine the strengths and weaknesses of universal, mandatory pre-commitment systems overseas, in comparison to Australia's current voluntary system, and undertake further reforms if it can be demonstrated that an alternative approach will drive improved outcomes overall.

### **Recommendation 18**

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**4.148** The Committee recommends that national regulation impose a customer duty of care on online WSPs. An online WSPs' compliance with this legal duty should be assessed against a set of standard indicators of risk and harm.

## **Recommendation 19**

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**4.150** The Committee recommends that the Australian Government should investigate the benefits and feasibility of requiring online WSPs to apply a standard behavioural algorithm to reduce online gambling harm.

## **Recommendation 20**

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**4.153** The Committee recommends national regulation require online WSP staff to undertake research-informed training that demonstrates a sound awareness of the legal obligations and guidelines for practice in responsible service of online gambling. Staff should also undertake annual refresher training.

## **Recommendation 21**

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**4.155** The Committee recommends national regulation prohibit commissions being paid to staff or any third party involved in the referral or provision of online gambling to an individual.

## **Recommendation 22**

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**4.156** The Committee recommends that national regulation include provisions to prevent the proceeds of crime from being used to fund online gambling. A legal taskforce should be established as soon as practical to develop these provisions.

## **Recommendation 23**

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**4.159** The Committee recommends that the national regulator be provided with a broad suite of powers to monitor online gambling, ensure compliance and enforce the law. Penalties should be severe enough to be a genuine deterrent to multinational corporations breaching their legal obligations.

## **Recommendation 24**

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**4.161** The Committee recommends that the Australian Government establish an appropriately resourced national online gambling ombudsman, to sit within the national regulator.

## **Recommendation 25**

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**4.163** The Committee recommends the Australian Government consult with industry and people who gamble to determine minimum bet limits for online wagering for inclusion in national regulation.



## **Recommendation 26**

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**5.148** The Committee recommends the Australian Government, with the cooperation of the states and territories, implement a comprehensive ban on all forms of advertising for online gambling, to be introduced in four phases, over three years, commencing immediately:

- **Phase One:** prohibition of all online gambling inducements and inducement advertising, and all advertising of online gambling on social media and online platforms. Removal of the exemption for advertising online gambling during news and current affairs broadcasts. Prohibition of advertising online gambling on commercial radio between 8.30-9.00 am and 3.30-4.00 pm (school drop off and pick up).
- **Phase Two:** prohibition of all online gambling advertising and commentary on odds, during and an hour either side of a sports broadcast. Prohibition on all in-stadia advertising, including logos on players' uniforms.
- **Phase Three:** prohibition of all broadcast online gambling advertising between the hours of 6.00 am and 10.00 pm.
- **Phase Four:** by the end of year three, prohibition on all online gambling advertising and sponsorship.

**5.149** Gambling advertising on dedicated racing channels and programming should be exempt from the ban.

**5.150** Small community radio broadcasters should be exempt from further restrictions until December 2025.

## **Recommendation 27**

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**6.94** The Committee recommends that the National Classification Scheme be consistently applied to games available from online app stores, such as the Google Play Store, Apple App Store and the Steam Store.

## **Recommendation 28**

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**6.97** The Committee recommends that the Australian Government develops and implements a public information campaign that educates all consumers, in particular parents, caregivers, teachers and young people, on all elements of simulated gambling. The campaign should be informed by research and publicly evaluated.

## **Recommendation 29**

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**6.99** The Committee recommends that the Australian Government commissions research into an effective simulated gambling warning label. The label should be incorporated into the National Classification Scheme.

## **Recommendation 30**

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**6.102** The Committee recommends that the Australian Government convene a working group to develop and implement minimum consumer protections for interactive games and make suggestions for legislative mechanisms to implement tighter controls on simulated gambling and its advertising. The working group should consider whether games containing loot boxes that can be purchased for money or simulated gambling should have:

- spending controls as a default function
- transparent odds and drop rates for items
- algorithmic loot box features disabled as a default setting, allowing players to opt in.

**6.103** The Australian Government should conduct a review of the implementation of these protective measures and consider legislative options if minimum consumer protections are not being consistently applied.

## **Recommendation 31**

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**6.107** The Committee recommends that a legislative review of the national regulator (Recommendation three) be conducted, two years after commencement and then every five years subsequently. The review should consider developments in research about the risk of harm from simulated gambling, gambling-like elements in games and the gambling of in-game items, particularly to children and young people, and the effectiveness of regulatory responses to these issues overseas.







# 1. Introduction

## Content warning

- 1.1 This report, and the evidence it is based on, includes material about gambling harm that can be confronting and disturbing. Sometimes words can cause sadness, distress or can trigger traumatic memories for people. For some people, these responses can be overwhelming. If you need to talk to someone, the following services are available 24 hours a day:
- Gambling Help Online - 1800 858 858
  - Lifeline - 131 114
  - MensLine Australia - 1300 789 978
  - Beyondblue - 1300 224 636.

## Harm to individuals, families and communities

- 1.2 Australians spend the most in the world, per capita, on legal forms of gambling, losing \$25 billion every year.<sup>1</sup> Australians also lose the most money to online gambling, per capita, in the world.<sup>2</sup>
- 1.3 The participation of Australians in online gambling increased from 12.6 per cent in 2010-11 to 30.7 per cent in 2019.<sup>3</sup> In 2022, almost half (44 per cent) of Australian adults reported gambling on sports and/or racing in the past year, and of those, most had placed a bet using a smart phone or computer.<sup>4</sup>
- 1.4 Australians are concerned about the harms of gambling. In 2022, most Australians agreed there are too many opportunities to gamble (77 per cent) and that gambling should be discouraged (59 per cent). While many (47 per cent) agreed that Australians should have the right to gamble whenever they want, few Australians (17 per cent) believed that, on balance, gambling is good for society.<sup>5</sup>

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<sup>1</sup> Australian Gambling Research Centre (AGRC), *Submission 76*, page 1; Department of Social Services (DSS), *Submission 87*, page 2.

<sup>2</sup> Alliance for Gambling Reform (AGR), *Supplementary submission 48.2*, page 1.

<sup>3</sup> DSS, *Submission 87*, page 5; N Hing, A Russell, M Browne et al, *The second national study of interactive gambling in Australia (2019-20)*, Sydney, NSW: Gambling Research Australia, 2021, page 10.

<sup>4</sup> AGRC, *Exhibit 21c*, 'Gambling participation and experience of harm in Australia', March 2023, page 3.

<sup>5</sup> AGRC, *Exhibit 21c*, 'Gambling participation and experience of harm in Australia', March 2023, page 5.

- 1.5 Gambling in Australia is a major public health issue.<sup>6</sup> Gambling can cause a range of negative consequences, which are referred to in this report as gambling harms. These can include serious financial, legal, family and relationship, and health and psychological harms<sup>7</sup> and homelessness.<sup>8</sup>
- 1.6 Almost half of those who gambled in 2022 (46 per cent) were classified as being at some risk of gambling harm in the past 12 months. Around two-thirds of all participants who gambled on sports (67 per cent), racing (63 per cent) and electronic gaming machines (67 per cent) were classified as being at risk of harm.<sup>9</sup>
- 1.7 Much higher rates of harmful gambling have been reported in Aboriginal and Torres Strait Islander communities compared to the wider Australian population,<sup>10</sup> and there are a range of factors that mean that help-seeking rates among Aboriginal and Torres Strait Islander people are low.<sup>11</sup> The Committee heard that the full implementation of the National Agreement on Closing the Gap will help reduce the underlying barriers that influence Aboriginal and Torres Strait Islander people's disproportionately high rates of gambling harm.<sup>12</sup>
- 1.8 Australians from culturally and linguistically diverse communities are also at a higher risk of experiencing gambling harm and have lower help-seeking rates.<sup>13</sup>
- 1.9 Harmful gambling occurs in a spectrum of severity that can progress to the behavioural addiction of gambling disorder. Repeated gambling can cause fundamental changes to the brain's reward, prioritisation and stress systems, which are similar to those observed in addiction to psychoactive substances.<sup>14</sup>
- 1.10 In addition to the harms experienced by a person who gambles, an individual's gambling affects other people, particularly those closest to them. On average:
- six others are directly affected by a person gambling at highest risk levels
  - three others are affected at moderate risk levels
  - one other is affected at low risk levels.<sup>15</sup>
- 1.11 Gambling poses serious risks to Australians' physical and mental health. People experiencing gambling harm are more likely to experience other health issues.

<sup>6</sup> Australian Medical Association, *Submission 83*, page 2; Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP), *Submission 110*, page 2; Australian Psychological Society, *Submission 109*, page 1; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 8; Australian Health Promotion Association (AHPA), *Submission 54*, page 1; Relationships Australia, *Submission 93*, page 2; AGR, *Submission 48*, page 4; Fairfield City Council, *Submission 50*, page 7.

<sup>7</sup> AGRC, *Submission 76*, page 1.

<sup>8</sup> Wesley Mission, *Submission 85*, page 5; Name withheld, *Submission 161*, page 17.

<sup>9</sup> AGRC, *Exhibit 21c*, 'Gambling participation and experience of harm in Australia', March 2023, page 4.

<sup>10</sup> Miss Nidhi Rao, *Submission 57*, page 6; STRS Consultants, *Submission 28*, page 4.

<sup>11</sup> National Aboriginal Community Controlled Health Organisation (NACCHO), *Submission 70*, pages 4 and 6.

<sup>12</sup> NACCHO, *Submission 70*, page 3.

<sup>13</sup> New South Wales Government, *Submission 114*, page 5; Salvation Army, *Submission 43*, page 9.

<sup>14</sup> RANZCP and RACP, *Submission 110*, page 9.

<sup>15</sup> AGRC, *Submission 76*, page 1.

Turning Point and the Monash Addiction Research Centre reported that 30 per cent of those seeking treatment for primary care, alcohol and other drug, and/or mental health issues are experiencing gambling problems.<sup>16</sup>

- 1.12 Tragically, too many Australians are taking their own lives because of their gambling. Gambling is associated with an approximately four times higher risk of suicide.<sup>17</sup> Almost one in five people presenting with suicidality also experience harm from gambling.<sup>18</sup> Financial Counselling Australia (FCA) reported that 80 percent of specialist gambling financial counsellors had clients presenting talking about suicide, and 48 percent had clients who had attempted to take their lives.<sup>19</sup>
- 1.13 The Committee heard privately from family members about the loss of a loved-one to suicide, whose young life was cut short by an addiction to gambling. The family's evidence had a profound impact on the Committee. No family should have to go through the grief and loss they continue to experience.
- 1.14 Many individuals shared their experiences about how online gambling has negatively impacted their own and others' lives, the aggressive strategies used by online gambling companies to encourage gambling, and insufficient consumer protections to minimise gambling harm. A selection of personal stories of online gambling harm is included in Box 1.1.
- 1.15 The Committee sincerely thanks everyone who contributed their personal experiences of gambling harm to this inquiry and acknowledges the courage and strength it took for you to come forward. Your experiences, described in your own words, have provided the foundation for this report and its recommendations.

### **Box 1.1 The human cost of online gambling in Australia**

[I] lost millions of dollars in online gambling. As a result of that, I am banned from the profession that I love; I'm bankrupt...I'm in jail awaiting sentencing; I'm unable to provide financial security to my family; and, importantly, so many people have suffered, and that has been my deep shame. I can't see how that won't be my deep shame for the rest of my life. I've been in recovery for just over three years now, which has included inpatient rehabilitation, well over a hundred psychiatry sessions and hundreds of various support group meetings.<sup>20</sup>

Since the age of 16, gambling has plagued my life with misery, financial turmoil, emotional distress, and profoundly affected my mental health and day to day life.<sup>21</sup>

I became extremely insecure, angry human being...I just hated the person that gambling turned me into.<sup>22</sup>

<sup>16</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8.

<sup>17</sup> Australian Psychological Society, *Submission 109*, page 2.

<sup>18</sup> Suicide Prevention Australia, *Submission 41*, page 3.

<sup>19</sup> Financial Counselling Australia (FCA), *Submission 152*, pages 11-12

<sup>20</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 1.

<sup>21</sup> Mr Jeremy Ryan, *Submission 22*, page 1.

<sup>22</sup> Mr Mark Kempster, *Committee Hansard*, 10 February 2023, page 8.

The impacts of gambling on the young generation will be ever lasting...My son fell into the trap after having a couple of wins. Those wins turned into losses and those losses are then chased until there is nothing left but tears and worry and depression.<sup>23</sup>

Online gambling when introduced was a godsend for me, I could freely punt on races by the telephone at first and then through the computer and telephone as online gambling became more sophisticated. Far less lies were told, far less time sneaking off to a TAB...My addiction along with its illogical and irrational thought processes eventually saw me justify behaviours that were illegal and wrong, as right and legitimate. The consequence of course led me to a term of imprisonment, my rock bottom.<sup>24</sup>

Our Son has had our support; financially and emotionally, however his gambling harm has been enormous and at now 21yrs of age he has gambled away in excess of \$100,000. He has suffered a significant financial setback to the start of his life...He has suffered shame, guilt, isolation, the loss of our trust and at times total despair not knowing if taking his own life would be a better option than having to live with the knowledge of the harm that he has experienced and caused to his Family.<sup>25</sup>

It took years to rewire my brain to reclaim me and the life I should have been living. But the urge to gamble is still triggered by advertising images, sounds and pop-ups...I am one of the fortunate ones. I survived. I didn't lose everything, but I always carry the scar of the harm that it caused me. I always have to fight the "stupid, loser" voice in my head.<sup>26</sup>

## Australia's online gambling market is increasing, and so is the potential for harm

- 1.16 While online gambling currently causes less overall harm in Australia than electronic gaming machines ('pokies'),<sup>27</sup> it is nonetheless harmful, and the online gambling market is expanding.<sup>28</sup>
- 1.17 Australians who gamble online are significantly more likely to report experiencing any harm (34 per cent) compared to those who only gamble on land-based forms (15.6 per cent). Among people who report experiencing gambling harm, those who gamble online experience a greater number of harms compared to non-online gamblers.<sup>29</sup>

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<sup>23</sup> Name Withheld, *Submission 73*, page 1.

<sup>24</sup> Alliance for Gambling Reform, *Submission 48*, page 26.

<sup>25</sup> Name Withheld, *Submission 112*, page 1.

<sup>26</sup> Ms Anna Bardsley, Voices for Gambling Reform Coordinator, Alliance for Gambling Reform, *Committee Hansard*, 5 December 2022, page 9.

<sup>27</sup> CQ University, *Submission 24.1*, page 1.

<sup>28</sup> DSS, *Submission 87*, page 6; AHPA, *Submission 54*, page 1; The Lottery Corporation, *Submission 74*, page 8; AGRC, *Submission 76*, page 13; Relationships Australia, *Submission 93*, page 3.

<sup>29</sup> AGRC, *Submission 76*, page 7. Responsible Wagering Australia (RWA) disputes these estimates, see RWA, *Submission 106*, page 5.



- 1.18 Young men are most at risk from online gambling harm. The Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC) reported that, in 2019:
- 55 per cent of men who wagered online were at risk of some harm, compared to 40 per cent of women
  - 64 per cent of participants aged 18-34 years were at risk of some harm
  - of those who were classified as experiencing any risk of gambling harm, 77 per cent reported wagering on horse racing in the last 12 months and 62 per cent on sports.<sup>30</sup>
- 1.19 While there is evidence online gambling caused significant harm in the Australian community prior to 2020, the COVID-19 pandemic accelerated the spread and scale of online gambling harm.<sup>31</sup> Total Australian expenditure on online gambling increased from \$5.57 billion in 2019 to \$9.56 billion in 2022, representing an increase of 72 per cent.<sup>32</sup>
- 1.20 A study conducted during the pandemic in 2020 found that:
- most gambling was conducted online
  - almost one in three participants signed-up for a new online betting account
  - 79 per cent of those who gambled were at risk of some harm
  - men aged 18-34 years were the most likely subgroup to sign up for new online gambling accounts, increase their frequency and monthly spending on gambling (from \$687 to \$1,075), and to be at risk of some harm from their gambling.<sup>33</sup>
- 1.21 FCA noted that, unlike several overseas governments, Australian governments and regulators 'took no special actions to curb gambling expenditure' during COVID-19 lockdowns. FCA stated:
- In Australia, many people withdrew their superannuation and gambled much of it...People were locked down, often worried about earning money and confinement boredom set in. The industry bombarded Australians with marketing. It was the perfect storm for gambling harm. The market exploded in Australia, in a way not replicated in many other jurisdictions.<sup>34</sup>
- 1.22 The Committee heard that many Australians accessed their superannuation to gamble during the COVID-19 early superannuation release program.<sup>35</sup>

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<sup>30</sup> AGRC, *Submission 76*, page 4.

<sup>31</sup> AGRC, *Submission 76*, page 2 and 4; FCA, *Submission 152*, page 13; The Lottery Corporation, *Submission 74*, page 8; Care Incorporated, *Submission 45*, page 1.

<sup>32</sup> Australian Communications and Media Authority (ACMA), *Submission 96*, page 5.

<sup>33</sup> AGRC, *Submission 76*, page 4.

<sup>34</sup> FCA, *Submission 152*, page 13.

<sup>35</sup> FCA, *Submission 152*, page 13; Mr Mark Kempster, *Committee Hansard*, 10 February 2023, pages 10-11; Mr Aaron Smith, *Committee Hansard*, 10 February 2023, page 5.

## Features of online gambling that cause harm

- 1.23 Online gambling can cause substantial harm to individuals and their families in a short period of time. Online gambling products:
- are easily accessible, allowing gamblers to act on an urge to gamble on multiple events and sports from their mobile phones, at any time of the day<sup>36</sup>
  - allow operators to directly target individual customers with promotions and inducements<sup>37</sup>
  - have highly immersive interfaces<sup>38</sup>
  - enable gamblers to gamble secretly and anonymously, which can be disinhibiting and increases the scope and intensity of gambling harm for individuals and their families, and may be more difficult to overcome than other forms of gambling<sup>39</sup>
  - enable simplified and high-speed spending<sup>40</sup>
  - are aggressively marketed.<sup>41</sup> There is a strong association between advertising and gambling harm.<sup>42</sup> Exposure to advertising can normalise gambling participation, lead to early uptake of online gambling and increased risk of harm and can encourage impulse betting and continued and intensified wagering.<sup>43</sup>
- 1.24 CQ University reported that gambling on smartphones accounts for nearly the entire growth of online betting in Australia in recent years.<sup>44</sup>

## Overview of regulatory framework

- 1.25 Gambling is banned in Australia unless it is being carried out under a licence. There are licences for both online and in-venue gambling on lotteries, wagering and sports betting. There are also licences for casinos and pokies in pubs and clubs. The states and territories are responsible for licencing all gambling products and collect all gambling taxes and license fees. Responsibility for gambling regulation and harm minimisation is shared between several Australian Government departments and authorities, and the states and territories.

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<sup>36</sup> AGRC, *Submission 76*, page 7; CQ University, *Submission 23*, page 3.

<sup>37</sup> Relationships Australia, *Submission 93*, page 7; AGRC, *Submission 76*, page 7; CQ University, *Submission 23*, page 3.

<sup>38</sup> AGRC, *Submission 76*, page 7; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 6.

<sup>39</sup> Relationships Australia, *Submission 93*, pages 2-3; Gavin Fineff, *Submission 78*, page 5.

<sup>40</sup> AGRC, *Submission 76*, page 7.

<sup>41</sup> Relationships Australia, *Submission 93*, page 3; Queensland Government, *Submission 140*, page 1; Tabcorp, *Submission 101*, page 5.

<sup>42</sup> AHPA, *Submission 54*, page 2; AGRC, *Exposure and impact of sports and race betting advertising in Australia*, March 2023, page 1.

<sup>43</sup> AGRC, *Submission 76*, page 10; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 6.

<sup>44</sup> CQ University, *Submission 23*, page 3.

- 1.26 All gambling that takes place online, through a website or app and over the phone is regulated by the *Interactive Gambling Act 2001* (IGA). The IGA provides criminal and civil penalties for contraventions and is regulated by the Australian Communications and Media Authority (ACMA). The IGA includes some consumer protections such as the national self-exclusion register, BetStop, which is administered by ACMA. The IGA does not target consumers. Instead, it makes it illegal to offer certain types of gambling services to Australians, such as in-play or 'live betting' as well as online casinos, slot machines and poker.
- 1.27 ACMA regulates communications and media services in Australia, including broadcast and online advertising, through the *Broadcasting Services Act 1992* (BSA). The BSA includes rules about the content and timing of gambling advertising. The BSA requires broadcasting services, such as commercial television and radio, to develop industry codes of practice that are registered with ACMA. ACMA monitors the codes and deals with unresolved complaints from viewers and listeners. ACMA may put extra conditions on a broadcasting service's licence if they do not follow the codes.<sup>45</sup> There are also platform-neutral codes that apply to all gambling advertising, however these are self-regulated by industry.
- 1.28 In 2017, the Australian Government introduced reforms to limit gambling advertising during sports broadcasts, which were given effect in 2018 via revisions to broadcast industry codes of practice.<sup>46</sup> The current commercial television industry code of practice includes rules that prohibit gambling advertising during live sports broadcasts until 8.30 pm,<sup>47</sup> as well as during children's programming (programs classified G or lower from 6 am to 8.30 am and 4 pm to 7 pm).<sup>48</sup> Similar prohibitions also apply in the current commercial radio code of practice.<sup>49</sup>
- 1.29 The IGA and BSA are administered by the Department of Infrastructure, Transport, Regional Development and Communications and the Arts (DITRDCA), which advises the Australian Government on online gambling policy and gambling advertising. DITRDCA also leads policy development for online safety.
- 1.30 Gambling advertisements on broadcast media are also regulated by the states and territories, which have their own laws on advertising and marketing communications. For example, gambling advertising on television is banned in South Australia between 4 pm to 7.30 pm on weekdays. The restriction does not apply to advertising on dedicated sporting channels.<sup>50</sup>

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<sup>45</sup> ACMA, *Industry Codes of Practice*, [www.acma.gov.au/industry-codes-practice](http://www.acma.gov.au/industry-codes-practice), viewed 2 September 2022.

<sup>46</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *2017 Media Reform Package*, [www.infrastructure.gov.au/media-communications-arts/media-laws-regulation/2017-media-reform-package](http://www.infrastructure.gov.au/media-communications-arts/media-laws-regulation/2017-media-reform-package), viewed 2 September 2022.

<sup>47</sup> ACMA, *Commercial television industry code of practice 2015*, Appendix 3, pages 32-37.

<sup>48</sup> ACMA, *Commercial television industry code of practice 2015*, page 19.

<sup>49</sup> ACMA, *Commercial radio code of practice 2017*, pages 13-18.

<sup>50</sup> Government of South Australia, Consumer and Business Services, *Authorised Betting Operations Gambling Code of Practice*, July 2022, page 7.

- 1.31 Additionally, the states and territories regulate in-stadia and static advertising, such as advertisements displayed in stadiums, logos on sports uniforms and advertisements placed on billboards or infrastructure such as bridges and stations.
- 1.32 The Australian Government, through the Department of Social Services (DSS), shares responsibility for online gambling harm minimisation with the states and territories through the National Consumer Protection Framework for Online Wagering (NCPF).<sup>51</sup> The NCPF consists of 10 agreed consumer protection measures that are being progressively introduced.
- 1.33 The *Gambling Measures Act 2021* (GMA) is administered by the DSS and enables measures that aim to reduce gambling harm, such as voluntary pre-commitment on pokies. The GMA also established the AGRC, which conducts national research on gambling.
- 1.34 The Attorney General's Department, through the Australian Transaction Reports and Analysis Centre, administers the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act), which imposes key obligations on businesses, such as gambling companies, to prevent money laundering and terrorism financing.
- 1.35 Sports Integrity Australia provides advice and assistance to government in maintaining the integrity of sports competitions in Australia, including countering match fixing and leading the development of the Australian Sports Wagering Scheme (ASWS). The ASWS is intended to establish a national approach to the regulation of sports wagering, including:
- embedding robust sport integrity frameworks within sports and WSPs
  - establishing the requirements for information and intelligence gathering and sharing by key stakeholders, which includes the development of a suspicious alert scheme
  - understanding the integrity threat environment and risks associated with sports wagering.<sup>52</sup>

## Recent inquiries

- 1.36 In 2015, the Australian Government commissioned a *Review of the Impact of Illegal Offshore Wagering*. The review considered the importance of robust consumer protection and harm minimisation measures to protect the community from gambling harm, and to reduce the impacts of the offshore market.<sup>53</sup> The recommendations of the review formed the basis for the NCPF.<sup>54</sup>

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<sup>51</sup> Department of Social Services, *National Consumer Protection Framework for Online Wagering in Australia - National Policy Statement*, 26 November 2018 (updated 3 May 2022).

<sup>52</sup> Sports Integrity Australia, *Sports Wagering*, [www.sportintegrity.gov.au/what-we-do/sports-wagering](http://www.sportintegrity.gov.au/what-we-do/sports-wagering), viewed 31 October 2022.

<sup>53</sup> DSS, *Review of Illegal Offshore Wagering*, December 2015, pages 21-22.

<sup>54</sup> DSS, *Government response to the 2015 Review of Illegal Offshore Wagering*, April 2016, pages 4-5.

- 1.37 Four recent parliamentary inquiries have examined aspects of online gambling in Australia:
- *Inquiry into gaming micro-transactions for chance-based items* (2018)
  - *Inquiry into age verification for online wagering and online pornography* (2020)
  - *Inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020* (2021)
  - *Inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia* (2021).
- 1.38 On 27 November 2018, the Senate Environment and Communications References Committee tabled the report of its inquiry into the extent to which gaming micro-transactions for chance-based items ('loot boxes') may be harmful. The Committee recommended that the Australian Government undertake a comprehensive review of loot boxes in video games and conduct further related research.<sup>55</sup> The Australian Government response noted these recommendations.<sup>56</sup>
- 1.39 In February 2020, the Standing Committee on Social Policy and Legal Affairs reported on its inquiry that examined age verification for online wagering. The committee recommended that:
- the NCPF introduces a requirement that customers are not able to use an online wagering service prior to verification of their age as 18 years or over (recommendation four)
  - the Office of the eSafety Commissioner or other relevant government department report to the Australian Government on options for restricting access to loot boxes and other simulated gambling elements in computer and video games to adults aged 18 years or over, including through the use of mandatory age verification (recommendation five)
  - the Office of the eSafety Commissioner develop educational resources to inform parents of the risks and harms associated with online gambling and assist parents to reduce children and young people's exposure to online gambling (recommendation six).<sup>57</sup>
- 1.40 The Australian Government responded to the committee's recommendations in June 2021. The government provided in-principal support for recommendations four and six and noted recommendation five.<sup>58</sup> On 29 March 2023, the Minister for

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<sup>55</sup> Senate Environment and Communications References Committee, *Gaming micro-transactions for chance-based items*, 27 November 2018, page 73.

<sup>56</sup> DITRDCA, *Australian Government response to the Senate Environment and Communications References Committee report: Gaming micro-transactions for chance-based items*, March 2019.

<sup>57</sup> House of Representatives Standing Committee on Social Policy and Legal Affairs, *Protecting the age of innocence – Inquiry into age verification for online wagering and online pornography*, February 2020, page xvi.

<sup>58</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Australian Government response to the House of Representatives Standing Committee on Social Policy and Legal Affairs report: Protecting the age of innocence*, June 2021, pages 6-11.

Communications, the Hon Michelle Rowland MP, announced that the Australian Government will seek the agreement of states and territory governments to introduce a mandatory minimum classification of R 18+ for games that contain simulated gambling and M for computer games containing paid loot boxes.<sup>59</sup>

- 1.41 In October 2021, the Senate Environment and Communications Legislation Committee reported on its inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020. The private members' bill would amend the IGA to implement a ban on the use of credit cards for betting using certain regulated interactive gambling services. The Committee concluded that the bill was unnecessary due to work being undertaken by Responsible Wagering Australia's<sup>60</sup> members to ban credit card betting, and a review by ACMA into the effectiveness of existing credit betting prohibitions in the IGA.<sup>61</sup> The Committee recommended the Senate not pass the bill.<sup>62</sup> The bill lapsed at the end of the 46th Parliament.
- 1.42 In November 2021, the Parliamentary Joint Committee on Corporations and Financial Services (PJCCFS) reported on its inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia. The committee recommended that the Australian Government:
- prioritise the collection of data on online gambling in Australia, including the size and growth of the online gambling market, online gambling with credit, and the extent and nature of the associated harms
  - develop and implement legislation to ban online gambling service providers of wagering, gaming and other gambling services (but not lotteries) from accepting payment by credit cards, including via digital wallets
  - ensure that, in designing and implementing recommendation two, these measures have no adverse consequences for lotteries, including the activities of not-for-profits, charities and newsagents.<sup>63</sup>
- 1.43 In May 2023, the Australian Government responded by announcing it will legislate a ban on the use of credit card payments for online gambling, excluding lotteries, and flagged further work on the collection of data on online gambling.<sup>64</sup>

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<sup>59</sup> The Hon Michelle Rowland MP, Minister for Communications, 'Albanese Government outlines key reforms to National Classification Scheme', *Media release*, 29 March 2023.

<sup>60</sup> Responsible Wagering Australia is the peak body for Australian-licensed wagering service providers.

<sup>61</sup> Senate Environment and Communications Legislation Committee, *Inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020*, October 2021, page 20.

<sup>62</sup> Senate Environment and Communications Legislation Committee, *Inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020*, October 2021, page 20.

<sup>63</sup> Parliamentary Joint Committee on Corporations and Financial Services, *Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia*, November 2021, page ix.

<sup>64</sup> DITRDCA, *Australian Government Response to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry report: Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia*, May 2023, pages 2-4.



## Scope and conduct of the inquiry

- 1.44 Online gambling includes all gambling that is conducted via telephone or online including betting on races, sports and special events through licenced wagering service providers (WSPs), and via illegal offshore websites offering simulated casinos and gaming machines. Many Australians also play interactive games that contain paid gambling-like elements such as loot boxes, and social casinos, which mimic regular casinos, but don't involve real money.
- 1.45 In undertaking this inquiry, the Committee was concerned about the increasing reach of online gambling platforms into Australians' lives, the exposure of children and young people to gambling marketing and how this may contribute to increases in gambling harm in the future.
- 1.46 The Committee adopted this inquiry on 15 September 2022, following a referral from the Minister for Social Services, the Hon Amanda Rishworth MP. The terms of reference for the inquiry are provided in the front pages of this report and are available on the inquiry webpage at [www.aph.gov.au/onlinegambling](http://www.aph.gov.au/onlinegambling).
- 1.47 The Committee called for written submissions, ideally of no more than ten pages, from individuals and organisations providing recommendations relating to any or all of the inquiry terms of reference by Friday, 11 November 2022.
- 1.48 The Committee received 161 submissions and 26 exhibits and held 13 public hearings. The list of submissions is provided at Appendix A. The list of public hearings and witnesses is provided at Appendix B. The list of exhibits is provided at Appendix C.

## Terminology

- 1.49 On 12 October 2022, the Committee amended the inquiry title and terms of reference to ensure the language of the inquiry is inclusive to support people with lived experience of gambling harm to participate. This decision was taken following feedback from several stakeholders. The Minister supported these changes.
- 1.50 The Committee understood that the language used by the inquiry is important and formed the view that terms such as 'problem gambler' that are used to describe people with lived experience of gambling harm are stigmatising and should be avoided.
- 1.51 The inquiry title was changed to the *Inquiry into online gambling and its impacts on those experiencing gambling harm*.
- 1.52 The inquiry terms of reference were amended to replace the words 'problem gamblers' with 'those experiencing gambling harm', and 'problem gambling' with 'gambling harm'.

- 1.53 The Committee asked inquiry contributors to adopt this neutral terminology where possible.
- 1.54 The term ‘problem gambling’ is commonly used to describe the highest risk category of the Problem Gambling Severity Index, which is based on clinical criteria for addiction. This report uses ‘highest risk gambling’, where possible, in reference to this category.

## Report structure

- 1.55 Chapter two considers the adequacy of Australia’s current approach to preventing online gambling harm. The limitations of this approach are considered, and include:
- the absence of a comprehensive national strategy on gambling harm reduction
  - complex, fragmented and inconsistent regulation
  - a failure to address gambling harm as a serious public health issue through an overreliance on individual responsibility
  - concerns the gambling industry has too much influence over how it is regulated
  - the need for stronger, evidence-based public health messaging and education to counter the influence of gambling marketing and to encourage help-seeking by Australians experiencing gambling harm
  - a lack of independent research and transparent data to inform regulation and policy
  - the need for further measures to disrupt illegal online gambling.
- 1.56 Chapter three considers the adequacy of current counselling and supports available to Australians experiencing gambling harm. It examines barriers to help-seeking, such as shame and stigma, and whether current services are meeting peoples’ diverse needs.
- 1.57 Chapter four considers the adequacy of current legislation and industry codes that regulate online WSPs, and current consumer protections including:
- NCPF measures and operator-led interventions
  - enforcement and penalties
  - complaints and dispute resolution.
- 1.58 Chapter five considers whether Australia’s current restrictions on gambling advertising are meeting community expectations and are adequately protecting children, young people and Australians who are experiencing gambling harm. It examines:
- the links between the normalisation of gambling through advertising and sport, and gambling harm



- the limitations of the current legislative and regulatory framework for gambling advertising
- the concerns of those who have a financial interest in the advertising of online gambling products, such as media and sporting organisations, and WSPs, about further restrictions on gambling advertising.

1.59 Chapter six examines whether Australia's current regulation of simulated gambling and gambling-like elements in interactive games is adequate to protect children and young people from harm. It considers strategies for harm prevention and international responses to these issues.





## 2. A national strategy on online gambling harm reduction

2.1 This chapter considers the adequacy of Australia's current approach to preventing online gambling harm. The Committee examined this issue holistically, recognising that there are range of individual, socio-cultural, environmental, commercial and political factors that contribute to gambling harm.<sup>1</sup> The limitations of the current approach are considered, and include:

- the absence of a comprehensive national strategy on gambling harm reduction
- complex, fragmented and inconsistent regulation
- a failure to address gambling harm as a serious public health issue through an overreliance on individual responsibility
- concerns the gambling industry has too much influence over how it is regulated
- the need for stronger, evidence-based public health messaging and education to counter the influence of gambling marketing and to encourage help-seeking by Australians experiencing gambling harm
- a lack of independent research and transparent data to inform regulation and policy
- the need for further measures to disrupt illegal online gambling.

### Complex, fragmented and inconsistent regulatory framework

2.2 Australia does not have a comprehensive national strategy on online gambling harm reduction, despite our world-leading gambling losses. Instead, evidence to this inquiry suggests that Australia has a complex, fragmented and inconsistent regulatory framework<sup>2</sup> with insufficient consumer protections<sup>3</sup> and inadequately

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<sup>1</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4.

<sup>2</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4; Salvation Army, *Submission 43*, page 11; Entain, *Submission 61*, page 11; Sportsbet, *Submission 81*, page 4; Tabcorp, *Submission 101*, page 1.

<sup>3</sup> Australian Psychological Society, *Submission 109*, page 3; Wesley Mission, *Submission 85*, page 4; STRS Consultants, *Submission 28*, page 1; Queensland University of Technology (QUT), *Submission 91*, page 2.

resourced harm reduction, treatment and support measures.<sup>4</sup>

2.3 There are currently four Australian Government ministers, and at least seven state and territory ministers with some responsibility for online gambling regulation and harm reduction. At the Australian Government level:

- The Minister for Social Services is responsible for a range of gambling harm reduction measures including the National Consumer Protection Framework for Online Wagering (NCPF).
- The Minister for Communications is responsible for aspects of online gambling regulation and harm reduction, and gambling advertising, through the Australian Communications and Media Authority (ACMA), and for the classification of interactive games, including those containing simulated gambling and gambling like elements.
- The Attorney-General, through the Australian Transaction Reports and Analysis Centre, is responsible for ensuring that companies, including gambling operators, do not facilitate money laundering or finance terrorism.
- The Minister for Sport, through Sports Integrity Australia, is leading development of the Australian Sports Wagering Scheme.

2.4 The Australian Government shares responsibility for online gambling harm reduction with the states and territories through the NCPF. While there is support for the NCPF,<sup>5</sup> it has been criticised for not offering sufficient safeguards and relying too heavily on personal responsibility.<sup>6</sup> Furthermore, there is evidence that opt-in consumer protections are relatively ineffective for individuals experiencing gambling harm<sup>7</sup> and their uptake and use by gamblers has been limited.<sup>8</sup> The Committee also heard concerns about the adequacy of the implementation, enforcement and monitoring of the NCPF.<sup>9</sup>

2.5 There is inconsistency in the way the states and territories implement the NCPF and regulate online gambling<sup>10</sup> through a combination of legislation and mandatory<sup>11</sup> or voluntary<sup>12</sup> codes, and the strategies used by different jurisdictions to reduce

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<sup>4</sup> Financial Counselling Australia (FCA), *Submission 152*, page 1; Gambling Treatment and Research Clinic, University of Sydney (GTRC), *Submission 65*, page 12; Dr Matthew Stevens, *Committee Hansard*, 28 February 2023, pages 17-18; Suicide Prevention Australia (SPA), *Submission 41*, page 9.

<sup>5</sup> Queensland Government, *Submission 140*, page 7; Entain, *Submission 61*, page 4; Responsible Wagering Australia (RWA), *Submission 106*, page 2;

<sup>6</sup> Australian Psychological Society, *Submission 109*, page 3; Wesley Mission, *Submission 85*, page 4; STRS Consultants, *Submission 28*, page 1; QUT, *Submission 91*, page 2.

<sup>7</sup> GTRC, *Submission 65*, page 4.

<sup>8</sup> Central Queensland (CQ) University, *Submission 24*, page 2.

<sup>9</sup> Dr Aino Suomi, *Submission 90*, page 3.

<sup>10</sup> RWA, *Submission 106*, page 14; FCA, *Submission 152*, pages 5 and 37; Entain, *Submission 61*, page 10; Sportsbet, *Submission 81*, page 13; Dr Angela Rintoul, *Submission 150*, page 4.

<sup>11</sup> Shane Rattenbury MLA, *Submission 82*, page 3; Northern Territory Racing Commission (NTRC), *Submission 143*, page 1.

<sup>12</sup> Queensland Government, *Submission 140*, page 6.

gambling harm vary.<sup>13</sup> This inconsistency and fragmentation has negatively impacted harm reduction efforts.<sup>14</sup>

2.6 For example, Financial Counselling Australia (FCA) said:

Australia has created a huge gambling harm problem. We have licensed online gambling in a haphazard way. We have done this by not opening our market slowly and cautiously. Instead, our federated model has allowed a huge number of operators to find a state or territory licence provider. We have too many operators for regulators to keep on top of, especially as most are licensed in the NT. Competition between jurisdictions has not been good for consumers.<sup>15</sup>

2.7 Responsible Wagering Australia (RWA) and the online wagering service providers (WSPs) it represents were generally supportive of the current regulatory framework for their businesses, but objected to inconsistencies and complex regulation.<sup>16</sup> Licenced online WSPs claimed they are more heavily regulated than their land-based and illegal offshore competitors,<sup>17</sup> and warned against introducing further complexity or regulatory measures until the effects of existing measures, such as the NCPF, had been assessed.<sup>18</sup>

2.8 By contrast, Tabcorp (which holds licences for both online and land-based wagering in seven jurisdictions) said that foreign-owned online WSPs, like Sportsbet and Ladbrokes, are less regulated and pay less taxes and fees because they are licenced in the Northern Territory.<sup>19</sup> Tabcorp called for there to be nationally consistent regulations and consumer protections for online wagering.<sup>20</sup>

## National regulation

2.9 There was strong support for the Australian Government to establish national regulation and a national regulator for online gambling with the cooperation of the states and territories.<sup>21</sup> For example, Suicide Prevention Australia (SPA) said, 'gambling regulation is failing to provide adequate consumer protection and the

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<sup>13</sup> Shane Rattenbury MLA, *Submission 82.1*, pages 1-2 and Attachment 1; Queensland Government, *Submission 140*, page 1.

<sup>14</sup> Salvation Army, *Submission 43*, page 11; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4.

<sup>15</sup> FCA, *Submission 152*, page 4.

<sup>16</sup> RWA, *Submission 106*, page 14; Entain, *Submission 61*, page 11; Sportsbet, *Submission 81*, page 4.

<sup>17</sup> Mr Nick Minchin, Chairman, RWA, *Committee Hansard*, 4 April 2023, pages 50 and 58; Sportsbet, *Submission 81*, page 2.

<sup>18</sup> PointsBet Australia, *Submission 105*, page 2; Sportsbet, *Submission 81*, page 2; Entain, *Submission 61*, page 4.

<sup>19</sup> Tabcorp, *Submission 101*, pages 1 and 3.

<sup>20</sup> Tabcorp, *Submission 101*, page 1.

<sup>21</sup> Alliance for Gambling Reform (AGR), *Submission 48*, page 2; Dr Angela Rintoul, *Submission 150*, page 4; Tabcorp, *Submission 101*, page 1; Mr Adam Rytskild, Chief Executive Officer, Tabcorp, *Committee Hansard*, 4 April 2023, pages 8, 11 and 15; FCA, *Submission 152*, page 6; Carole Flood, Margaret Bourke, Susan Chessell, Mary Constable, Elspeth Humphries, Beth Peedom, Jan Pryor, Jane Smyth, Marie Wood, *Submission 11*, page 3; Anna Bardsley, *Submission 128*, page 2; CQ University, *Submission 24.1*, page 4; SPA, *Submission 41*, page 3; Australian Medical Association (AMA), *Submission 83*, page 3.

myriad of state and federal regulators involved in gambling regulation operate in silos.<sup>22</sup> SPA recommended the ‘establishment of a coherent, Commonwealth-led, adequately funded, national regulatory structure.’<sup>23</sup>

2.10 Similarly, the Alliance for Gambling Reform (AGR) said that ‘the different processes, legislation, departments and regulatory systems in each state need to be replaced with a single, independent, sufficiently resourced national regulator with gambling harm minimisation at the core of its purpose.’<sup>24</sup>

2.11 Tabcorp recommended the establishment of a ‘single national betting regulator that can effectively enforce consistent regulations and consumer protections across Australia’, noting:

The internet and construct of the Australian Constitution mean that only the Federal Government has the levers and authority to effectively introduce nationally consistent regulations in line with consumer expectations and the betting environment. Effective enforcement is only possible if a single national betting regulator has the power to license and impose conditions on betting operators.<sup>25</sup>

2.12 Other online wagering operators and the former New South Wales government were opposed to the idea of a national regulator. RWA noted that the online WSPs it represents are already accountable to 26 different regulatory bodies and ‘in many cases a single event may be overseen by multiple regulators.’<sup>26</sup> RWA said that, because of this, it ‘does not support the creation of an additional and potentially conflicting layer of regulation in a national gambling regulator.’<sup>27</sup> RWA explained:

...to be effective as a national regulator...it would require the vacating of the field by all the other regulators, and that almost never happens. The reality of government in this country is that the imposition of an overarching regulator, in this case, does not result in the rationalisation of the regulatory approach.<sup>28</sup>

2.13 RWA favoured an approach where the Australian, state and territory governments adopt a uniform set of regulatory requirements.<sup>29</sup>

2.14 The New South Wales Government warned that ‘a single overarching national regulator is unable to harness the “best of both worlds” flexibility that state and territory-based regulators have in being able to choose between a coordinated or unique approach.’<sup>30</sup>

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<sup>22</sup> SPA, *Submission 41*, page 4.

<sup>23</sup> SPA, *Submission 41*, page 4.

<sup>24</sup> AGR, *Submission 48*, page 10.

<sup>25</sup> Tabcorp, *Submission 101*, page 4.

<sup>26</sup> Mr Nick Minchin, RWA, *Committee Hansard*, 4 April 2023, page 50. See also: Ms Tanya Abbotto, Chief Customer, Sustainability and People Officer, Sportsbet, *Committee Hansard*, 4 April 2023, page 42.

<sup>27</sup> Mr Nick Minchin, RWA, *Committee Hansard*, 4 April 2023, page 50.

<sup>28</sup> Mr Nick Minchin, RWA, *Committee Hansard*, 4 April 2023, page 57.

<sup>29</sup> Mr Nick Minchin, RWA, *Committee Hansard*, 4 April 2023, page 57.

<sup>30</sup> New South Wales Government, *Submission 114*, page 9.

- 2.15 Chapter four examines the effectiveness of the current regulatory framework and existing consumer protections in reducing the harm from online WSPs, with a focus on the intersection of various legislation and codes through NCPF measures, operator-led interventions and the adequacy of enforcement and penalties.

## Online gambling revenue and the funding of harm reduction measures

- 2.16 The taxes and licencing fees levied by the states and territories on WSPs vary considerably. Concerns were raised that Australia's federal system allows for competition between jurisdictions to secure gambling revenue in a 'race to the bottom' on online gambling regulation, taxes and licencing fees, in an expanding and diversifying market.<sup>31</sup>
- 2.17 The NTRC licenses and regulates most online WSPs in Australia, which includes 32 sports bookmakers and two betting exchanges with a total combined annual turnover of approximately \$50 billion.<sup>32</sup> This is because the Northern Territory charges the lowest taxes and fees and has been described as a light touch regulatory regime.<sup>33</sup> The other states and territories impose point of consumption (POC) taxes on online gambling to offset revenue flowing to the Northern Territory from residents of their jurisdictions.<sup>34</sup>
- 2.18 To address this, Associate Professor Charles Livingstone proposed that a standard regulatory scheme be adopted by all states and territories, which includes a standardised POC tax and standardised taxation for the jurisdiction issuing licenses.<sup>35</sup> The other, popular proposal to establish national licensing and regulation and a national regulator for online gambling, would also address the issue of a 'race to the bottom'.
- 2.19 There are concerns current funding is inadequate to support the services required to assist those experiencing gambling harm.<sup>36</sup> FCA said the current system sees the Northern Territory 'receive all the benefits, such as licensing revenue, but [it] socialises the losses to the rest of the country.'<sup>37</sup> FCA also noted that POC taxes in New South Wales and Queensland have increased to 20 per cent and expressed concern this money is not being used to fund gambling harm support services.<sup>38</sup> FCA suggested that help services could be funded either by 10 per cent of POC taxes, or via a 'social impact levy' with an independent body to distribute funding.<sup>39</sup>

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<sup>31</sup> CQ University, *Submission 24.1*, page 4; Associate Professor Charles Livingstone, *Submission 113*, page 8; FCA, *Submission 152*, page 4.

<sup>32</sup> NTRC, *Submission 143*, page 1.

<sup>33</sup> Associate Professor Charles Livingstone, *Submission 113*, page 2.

<sup>34</sup> Associate Professor Charles Livingstone, *Submission 113*, page 2.

<sup>35</sup> Associate Professor Charles Livingstone, *Submission 113*, page 8.

<sup>36</sup> FCA, *Submission 152*, page 1; GTRC, *Submission 65*, page 12; Dr Matthew Stevens, *Committee Hansard*, 28 February 2023, pages 17-18; SPA, *Submission 41*, page 9.

<sup>37</sup> FCA, *Submission 152*, page 4.

<sup>38</sup> FCA, *Submission 152*, page 4.

<sup>39</sup> FCA, *Submission 152*, page 5.

- 2.20 At the Australian Government level, the Department of Social Services (DSS) currently has few staff and resources specifically allocated towards gambling harm reduction.<sup>40</sup> In 2022-23, DSS was allocated \$5.55 million to support financial counselling for those experiencing gambling harm, and \$3.18 million for the National Debt Helpline.<sup>41</sup>

## Reliance on individual responsibility

- 2.21 For many years, Australians have been told to ‘gamble responsibly’ through mandated messages at the end of gambling advertisements. The Australian Government has recently replaced this message with seven new gambling advertising taglines. The ‘gamble responsibly’ slogan was a conflicting and potentially harmful message,<sup>42</sup> but is broadly representative of Australia’s approach to minimising gambling harm, which relies mainly on individual responsibility.<sup>43</sup>
- 2.22 Dr Angela Rintoul said the focus on individual responsibility has ‘often been deployed to the detriment of people who gamble, compounding shame, contributing to stigma associated with gambling problems, and limiting help seeking and regulatory reform activities.’<sup>44</sup>
- 2.23 Similarly, Wesley Mission said that framing the issue around personal responsibility can be harmful for gamblers who are struggling to manage their gambling and absolves the industry and the nature of its products ‘from any responsibility for the creation or exacerbation of harm.’<sup>45</sup>
- 2.24 Australia’s current approach relies on consumers making rational decisions that are in their best interest if they are provided with enough responsible gambling messages, information and tools. Central Queensland (CQ) University said:

This clearly hasn’t worked to reduce gambling harm in Australia, partly because people are prone to irrational and excessive behaviour with respect to gambling in general, and partly because modern gambling products are optimised to promote such behaviour. Online gambling is now faster, easier and more heavily incentivised than ever before, and current safeguards are inadequate in this environment to prevent harm and the escalation of gambling problems.<sup>46</sup>

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<sup>40</sup> Ms Liz Hefren-Webb, Deputy Secretary, Families and Communities, Department of Social Services (DSS), *Committee Hansard*, 23 November 2022, page 3. DSS said this was around five staff.

<sup>41</sup> DSS, *Submission 87*, page 12.

<sup>42</sup> Associate Professor Charles Livingstone, *Submission 113*, page 6; APS, *Submission 109*, page 3; STRS Consultants, *Submission 28*, page 2; Wesley Mission, *Submission 85*, page 1.

<sup>43</sup> Associate Professor Charles Livingstone, *Submission 113*, pages 2-3; Dr Angela Rintoul, *Submission 150*, pages 1 and 4; Wesley Mission, *Submission 85*, page 1; CQ University, *Submission 24.1*, page 2; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 3; Shane Rattenbury MLA, Attorney-General and Minister for Gaming, Australian Capital Territory Government, *Committee Hansard*, 28 February 2023, page 32.

<sup>44</sup> Dr Angela Rintoul, *Submission 150*, page 1.

<sup>45</sup> Wesley Mission, *Submission 85*, page 1.

<sup>46</sup> CQ University, *Submission 24.1*, page 2.



2.25 Mr Gavin Fineff said:

Imagine the dysfunction if road authorities enforced no clear rules, instead telling the public to 'drive responsibly', 'be careful if you're visually impaired', 'go as fast as you wish, it's your choice'. This is the current regulatory and licensing regime for online gambling in Australia.<sup>47</sup>

2.26 While the shift away from the 'gamble responsibly' message was welcomed, the Committee heard that it is also important to change the language and definitions used to describe gambling harm. For example, it was recommended that 'harm reduction' and 'gambling harm' should be used instead of 'responsible gambling' and 'problem gambling'.<sup>48</sup>

2.27 AGR said, 'while the use of language such as "problem gambler" continues, governments and industry can justify not taking action by convincing themselves and others that it is an issue of personal responsibility.'<sup>49</sup>

2.28 RWA and its members remain in favour of an emphasis in policy and regulation on individual responsibility, while arguing their members are socially responsible in how they conduct online gambling.<sup>50</sup> Sportsbet said that government policy should target 'those who are at-risk or experiencing harm, without unduly restricting the enjoyment of the majority who gamble responsibly.'<sup>51</sup>

2.29 Tabcorp said that it supports 'a well-regulated and responsible gambling industry.'<sup>52</sup>

## Calls for a public health approach

2.30 There was considerable support for Australia adopting stronger, comprehensive policies to prevent gambling harm, as it has done for other products that are addictive and harmful to both individuals and the community, such as tobacco.<sup>53</sup> The Committee heard this is likely to be more effective than solely targeting those engaging in high-risk gambling.<sup>54</sup>

2.31 Dr Rintoul said that 'those at low and moderate risk make up the largest burden of harm at the population level. Therefore, universal interventions are most likely to be

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<sup>47</sup> Mr Gavin Fineff, *Submission 7*, page 5.

<sup>48</sup> AGR, *Submission 48.1*, pages 1-3; Dr Sophie Scamps MP, *Submission 100*, page 5.

<sup>49</sup> AGR, *Submission 48.1*, page 2.

<sup>50</sup> RWA, *Submission 106*, page 1.

<sup>51</sup> Sportsbet, *Submission 81*, page 1.

<sup>52</sup> Tabcorp, *Submission 101*, page 1.

<sup>53</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5; Name withheld, *Submission 8*, page 1; Carole Flood, Margaret Bourke, Susan Chessell, Mary Constable, Elspeth Humphries, Beth Peedom, Jan Pryor, Jane Smyth, Marie Wood, *Submission 11*, page 3; CQ University, *Submission 24.1*, page 2; Hobson's Bay City Council, *Submission 38*, page 4; Australian Health Promotion Association (AHPA), *Submission 54*, page 4; AGRC, *Submission 76*, pages 10-11; Dr Aino Suomi, *Submission 90*, page 2; Queensland University of Technology, *Submission 91*, page 2; Dr Arthur Chesterfield-Evans, *Submission 99*, page 1.

<sup>54</sup> AGRC, *Submission 76*, page 10.

effective in reducing the burden of gambling harm.<sup>55</sup> Dr Rintoul said a national strategy is required to 'establish a framework for action that informs future program design, monitoring, and evaluation, and a unified approach to prevent and reduce gambling-related harms.'<sup>56</sup>

2.32 SPA called for a public health approach where responsibility is shared by individuals, community groups, gambling companies, financial institutions and all levels of government.<sup>57</sup>

2.33 Relationships Australia said that 'harm minimisation and consumer protection efforts will only be truly effective if they take a holistic preventative approach, based on the public health model.'<sup>58</sup> For programs to effectively address online gambling harm, a combination of primary, secondary and tertiary reduction measures must be considered. These measures, respectively, should aim to:

- prevent harm from occurring in the first place
- reduce harm when harm is occurring in its early stages, through early intervention measures
- support individuals experiencing harm with treatment and other services.<sup>59</sup>

2.34 Associate Professor Livingstone similarly called for a public health approach that acknowledges the progression of gambling harm to addiction, noting that current approaches mainly attempt to change an individual's behaviour when gambling is already causing them significant harm.<sup>60</sup>

2.35 CQ University recommended a public health approach to 'address gambling harm across the spectrum of gamblers by implementing more proactive consumer protection measures, and policy and regulation that focus on the provision of less harmful gambling products and gambling environments.'<sup>61</sup>

2.36 Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy noted that applying a public health approach to gambling will require a choice by governments whether 'to prioritise protecting the public from being harmed by gambling, over the economic interests of the gambling industry.'<sup>62</sup> They said that a comprehensive public health approach to gambling harm reduction is one that:

- recognises that gambling harm is caused by a complex interplay of individual, socio-cultural, environmental, commercial, and political determinants; and

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<sup>55</sup> Dr Angela Rintoul, *Submission 150*, page 1.

<sup>56</sup> Dr Angela Rintoul, *Submission 150*, page 9.

<sup>57</sup> SPA, *Submission 41*, page 4.

<sup>58</sup> Relationships Australia, *Submission 93*, page 4.

<sup>59</sup> Relationships Australia, *Submission 93*, pages 4-5.

<sup>60</sup> Associate Professor Charles Livingstone, *Submission 113*, pages 2-3.

<sup>61</sup> CQ University, *Submission 24*, page 6.

<sup>62</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 3.

- advocates for independent policies and strategies that seek to prioritise health and wellbeing, and protect individuals, their communities, and families from being harmed by the gambling industry, its products, and practices.<sup>63</sup>

2.37 Professor Thomas noted that the Department of Health currently doesn't have a role in gambling harm reduction and said this 'creates gambling exceptionalism, because it creates this perception that gambling is somehow different from other health issues, and it's not.'<sup>64</sup> Professor Thomas argued that regulation should be dealt with separately, but the Department of Health should take the lead in developing harm reduction campaigns, and commissioning research and public education campaigns because it has 'the best knowledge and expertise in developing these campaigns, and the best, world-recognised academics and experts who can help them.'<sup>65</sup>

### Preventing harm from tobacco

2.38 While the Department of Health does not currently have any responsibility for gambling harm minimisation, it does administer several public health strategies that have been developed with state and territory governments, such as the *National Tobacco Strategy 2023-2030* (the strategy).<sup>66</sup> The goal of the strategy is to 'improve the health of all Australians by reducing the prevalence of tobacco use and its associated health, social, environmental and economic costs, and the inequalities it causes.'<sup>67</sup> The strategy has eleven priority areas that include:

- measures to protect policy from industry interference
- mass media campaigns and other communication tools to discourage use and to reshape the social norms around use
- measures to reduce use and harm among Aboriginal and Torres Strait Islander people and those at higher risk of harm
- eliminating advertising, promotion and sponsorship
- providing greater access to cessation support services.<sup>68</sup>

2.39 Australia has made significant progress in reducing tobacco consumption. Daily smoking among adults reduced from 23.8 per cent in 1995 to 13.8 per cent in 2017-18. Substantial progress has also been made in preventing the uptake of smoking among children and young adults and reducing passive smoking in homes.<sup>69</sup>

2.40 Australia is not alone in regulating tobacco with the primary purpose of preventing harm. The *World Health Organization Framework Convention on Tobacco Control* (WHO FTC 2003) commits parties to implement measures to reduce tobacco

<sup>63</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4.

<sup>64</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 49.

<sup>65</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 49.

<sup>66</sup> Department of Health, *Submission 159*, page 3.

<sup>67</sup> Department of Health, *Consultation Draft National Tobacco Strategy 2022-2030*, February 2022, page 8.

<sup>68</sup> Department of Health, *Consultation Draft National Tobacco Strategy 2022-2030*, February 2022, page 9.

<sup>69</sup> Department of Health, *Consultation Draft National Tobacco Strategy 2022-2030*, February 2022, pages 4-5.

consumption and exposure to tobacco smoke, and to protect public policy from vested interests.<sup>70</sup> The Committee heard that there is ‘a clear lack of such available mechanisms to protect gambling research, policy, or practice’ from vested interests.<sup>71</sup>

- 2.41 To date, the WHO’s work on the commercial determinants of health has mainly focussed on tobacco, the marketing of baby formula and noncommunicable diseases. However, the WHO has initiated a new programme of action, the Economic and Commercial Determinants of Health,<sup>72</sup> which is being supported by the Lancet Series on the Commercial Determinants of Health. The Lancet series has developed a conceptual model of the commercial determinants of health, which identifies gambling among ‘unhealthy commodity industries’.<sup>73</sup> The WHO is also progressing work on addictive behaviours, including gaming and gambling.<sup>74</sup>

## Risk of regulatory capture

- 2.42 There is concern that the gambling industry in Australia has far too much influence over how online gambling is regulated and the measures that are adopted to prevent online gambling harm.<sup>75</sup> The success of industry strategies to influence policy and regulation is referred to as regulatory capture.
- 2.43 Concerns were raised about perceived regulatory capture by online wagering providers in the Northern Territory. FCA said that the NTRC had become ‘our main regulator’ but had been ‘set up to further the development of the racing and betting industry in the NT’.<sup>76</sup> Similarly, STRS Consultants said the NTRC’s relationship with the online gambling industry is too close and described the NTRC as a ‘business partner’ rather than regulator.<sup>77</sup> Associate Professor Charles Livingstone said that, in the Northern Territory, there was ‘a much too cosy relationship between the regulator and the regulated’.<sup>78</sup> He described the NTRC’s enforcement of regulation as very poor and said there had been a ‘revolving door’ between regulators and gambling operators.<sup>79</sup>

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<sup>70</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4; World Health Organization (WHO), *WHO Framework Convention on Tobacco Control*, 2003, Geneva, Switzerland.

<sup>71</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 4.

<sup>72</sup> WHO, ‘Commercial determinants of health, *Media release*, 21 March 2023.

<sup>73</sup> A Gilmore, A Fabbri, F Baum, et al, ‘Commercial Determinants of Health 1: Defining and conceptualising the commercial determinants of health,’ the *Lancet*, vol 401, March 2023, page 1195.

<sup>74</sup> WHO, *Health topics*, ‘Addictive behaviours’, [www.who.int/health-topics/addictive-behaviour](http://www.who.int/health-topics/addictive-behaviour), viewed 8 June 2023.

<sup>75</sup> AGR, *Submission 48.1*, page 2; Mr Gavin Fineff, *Submission 7*, page 2; Associate Professor Charles Livingstone, *Submission 113*, pages 2-3; Allegra Spender MP, *Submission 115*, page 3; Public Health Association of Australia, *Submission 125*, page 2; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5; Care Incorporated, *Submission 45*, page 4; Zoe Peet, *Submission 94*, page 7; FCA, *Submission 152*, page 31; Ms Louise Francis, Member, AHPA, *Committee Hansard*, 10 February 2023, page 25; Dr Arthur Chesterfield-Evans, *Submission 99*, page 4.

<sup>76</sup> FCA, *Submission 152*, page 4.

<sup>77</sup> STRS Consultants, *Submission 28*, page 2.

<sup>78</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 24.

<sup>79</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 24.

2.44 When asked about perceptions of regulatory capture by industry, the NTRC confirmed that a previous NTRC chair is now chair of the Darwin Turf Club and claimed this didn't present a conflict of interest. The NTRC said:

In terms of commission members, we have a disclosure requirement and people disclose their involvement. As you would imagine, some have an interest in the racing industry and sports, but those interests are declared as part of our regular commission meetings.<sup>80</sup>

2.45 The Committee heard that the gambling industry uses similar methods to the tobacco industry to minimise the impact of regulation on its business and maximise its profits.<sup>81</sup> These tactics include lobbying, public relations, political donations and funding and supporting research agendas that further industry interests.<sup>82</sup> Associate Professor Livingstone said these activities 'provide a platform for harmful industries to maintain control over regulatory systems and ensure that their ability to market their products is as unhindered as possible.'<sup>83</sup>

2.46 Several witnesses argued that the current emphasis and reliance on individual responsibility in Australia's policy response to online gambling is evidence of regulatory capture.<sup>84</sup> For example, Associate Professor Livingstone said the 'responsible gambling paradigm' was developed by industry in response to community concerns '...as means to short circuit possible regulatory interventions, demonstrate a simulacrum of concern by industry, and effectively download responsibility for gambling harm on to those experiencing the harm.'<sup>85</sup> Associate Professor Livingstone said, "these goals have, until recently, been achieved with spectacular success from the industry perspective. As a harm reduction or minimisation strategy, however, "responsible gambling" has been a dismal failure."<sup>86</sup>

2.47 Emeritus Professor Mike Daube said 'we have known for decades that the commercial gambling industry in Australia and overseas is predatory' and that the '...primary focus of this industry is to make as much money as possible from gamblers, knowing with certainty that the odds are stacked against the gambler, and that gamblers and others will suffer harm as a consequence.'<sup>87</sup> Emeritus Professor Daube said the gambling industry has a long history of claiming to act responsibly while 'the overwhelming evidence is that this is no more than PR [public relations] spin; and the industries involved continue to oppose measures that might impact significantly on their marketing activities.'<sup>88</sup>

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<sup>80</sup> Mr Alastair Shields, Chair, NTRC, *Committee Hansard*, 28 February 2023, page 42.

<sup>81</sup> Mr Rod Pitcher, *Submission 3*, page 2; Emeritus Professor Mike Daube, *Submission 137*, page 3 and *Submission 137.1*, pages 1-10; Associate Professor Charles Livingstone, *Submission 113*, page 5.

<sup>82</sup> Emeritus Professor Mike Daube, *Submission 137*, page 2.

<sup>83</sup> Associate Professor Charles Livingstone, *Submission 113*, page 5.

<sup>84</sup> Associate Professor Charles Livingstone, *Submission 113*, pages 2-3; Dr Angela Rintoul, *Submission 150*, page 1; Wesley Mission, *Submission 85*, page 1; AGR, *Submission 48.1*, page 2.

<sup>85</sup> Associate Professor Charles Livingstone, *Submission 113*, pages 2-3; See also Dr Angela Rintoul, *Submission 150*, pages 1 and 4.

<sup>86</sup> Associate Professor Charles Livingstone, *Submission 113*, pages 2-3.

<sup>87</sup> Emeritus Professor Mike Daube, *Submission 137*, page 2.

<sup>88</sup> Emeritus Professor Mike Daube, *Submission 137*, page 2.

## The industry perspective

- 2.48 Licenced wagering operators told the Committee they take their responsibilities for gambling harm reduction seriously<sup>89</sup> and further emphasised their contribution to the Australian economy and role in supporting jobs.
- 2.49 RWA said its members<sup>90</sup> ‘support a safe and responsible wagering industry that balances the enjoyment of its products with the need to protect the community.’<sup>91</sup> RWA claimed its members ‘take gambling harm seriously and support evidence-based measures to promote safe habits and reduce numbers of people experiencing gambling harm.’<sup>92</sup>
- 2.50 RWA said its ‘members contributed \$5.8 billion directly and indirectly into the Australian economy in the financial year ending June 2022. During the same period, RWA members sustained over 32,000 jobs.’<sup>93</sup>
- 2.51 Similarly, Tabcorp said it is ‘committed to putting its customers first, delivering experiences safely and responsibly, and supporting a well-regulated and responsible gambling industry. We strive to be the responsible gambling industry leader.’<sup>94</sup>
- 2.52 Tabcorp said it makes an economic contribution in Australia of around \$1.8 billion each year, directly employs 3,000 Australians and supports 333,000 indirect jobs in the racing industry and pubs and clubs.<sup>95</sup>
- 2.53 Sportsbet provided the Committee with a transcript of a phone call between one of its customers and a Sportsbet employee as an example of how it interacts with people who may be experiencing gambling harm.

## Measures to limit industry influence over policy and regulation

- 2.54 There was strong support for measures to limit industry influence over policy and regulation,<sup>96</sup> including by prohibiting political donations from the gambling industry in Australia<sup>97</sup> and pursuing international agreements and instruments that prevent regulatory capture across jurisdictions.<sup>98</sup> Political donations are not covered by this inquiry’s terms of reference. It is noted that the Joint Standing Committee into Electoral Matters is currently reviewing Australia’s political donation system.

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<sup>89</sup> Tabcorp, *Submission 101*, page 1; Sportbet, *Submission 81*, page 1; Entain, *Submission 61*, pages 1; PointsBet, *Submission 105*, page 2; Mr Brendon Dorff, *Submission 97*, page 6.

<sup>90</sup> RWA’s members include bet365, Betfair, Entain (Ladbrokes and Neds), PointsBet, Sportsbet and Unibet.

<sup>91</sup> RWA, *Submission 106*, page 1.

<sup>92</sup> RWA, *Submission 106*, page 2.

<sup>93</sup> RWA, *Submission 106*, page 4.

<sup>94</sup> Tabcorp, *Submission 101*, page 1.

<sup>95</sup> Tabcorp, *Submission 101*, page 2.

<sup>96</sup> Associate Professor Charles Livingstone, *Submission 113*, page 5.

<sup>97</sup> Allegra Spender MP, *Submission 115*, page 1; Public Health Association of Australia, *Submission 125*, page 2; Emeritus Professor Mike Daube, *Submission 137*, page 6; Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 24; Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 48.

<sup>98</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 22.



- 2.55 Emeritus Professor Daube recommended Australia adopt measures to ensure the gambling industry and those it funds directly or indirectly have no involvement in government policy or program development and said this approach should be based on the WHO FTC.<sup>99</sup>
- 2.56 FCA called for a new Australian Government Minister for Safe Gambling and Gambling Crime Prevention to be appointed. FCA said that the new portfolio should have no concurrent responsibility for the economic interests of the gambling, sporting or racing sectors.<sup>100</sup>
- 2.57 Similarly, Mr Russell Northe called for the Australian, state and territory governments to appoint ministers for gambling safety. He said that ministers with responsibility for looking after the interests of Australians experiencing gambling harm should have no responsibility for the interests of the gambling industry.<sup>101</sup>
- 2.58 Nonetheless, there is a practical need for government to engage in industry consultation about the design and implementation of policy and legislation, given that it is online WSPs in most instances which will have to deliver those reforms.

## Inadequate public health messaging and education

- 2.59 The exposure to marketing is central to gambling becoming normalised for children and young people.<sup>102</sup> Marketing creates a perception that gambling is a fun, social and easy way to win money,<sup>103</sup> and that it is a normal social and cultural practice.<sup>104</sup> Gambling marketing in Australia seeks to embed the activity within an Australian culture that values sport and mateship.<sup>105</sup>
- 2.60 The Committee heard Australia needs better public health messaging and programs that accurately describe the risks and harms of gambling and ‘denormalise’ gambling as a social and cultural activity.<sup>106</sup>
- 2.61 Professor Thomas, Dr Pitt and Dr McCarthy said that sporting organisations, broadcasters, the gambling industry, and the government play a role in the creation of social norms around gambling. This includes framing gambling as a legitimate leisure activity that has many socio-cultural and economic benefits for communities, which creates a collective ‘blueprint’ for the normalisation of gambling.<sup>107</sup> They

<sup>99</sup> Emeritus Professor Mike Daube, *Submission 137*, page 6.

<sup>100</sup> FCA, *Exhibit 20*, ‘The sky didn’t fall in’, Winston Churchill Trust, March 2023, page 7.

<sup>101</sup> Mr Russell Northe, *Submission 29*, page 13.

<sup>102</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 6. Chapter five examines the effectiveness of Australia’s current gambling advertising restrictions in reducing harm.

<sup>103</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5.

<sup>104</sup> AHPA, *Submission 54*, page 2.

<sup>105</sup> AHPA, *Submission 54*, page 2.

<sup>106</sup> Ms Louise Francis, Member, AHPA, *Committee Hansard*, 10 February 2023, page 22. Mr Gavin Fineff, *Submission 7*, page 7; Dr Sophie Scamps MP, *Submission 100*, page 5; SPA, *Submission 41*, pages 7-9; The Salvation Army, *Submission 43*, page 9.

<sup>107</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5.

argued that 'gambling is already normalised for young people, and significant efforts now need to be made to denormalise these harmful products in order to prevent the next generation of harm.'<sup>108</sup>

- 2.62 Professor Thomas said that 'one of the things that we learned so well from tobacco is that counter-framing messages were an incredibly important part of prevention.'<sup>109</sup> She said 'we need the hard-hitting messages that we've seen in tobacco around the tactics of industry and the harms that these products can cause people. We don't have those in gambling at the moment.'<sup>110</sup>
- 2.63 DSS noted the success of Australia's 1997 National Tobacco Campaign in countering the narrative of the tobacco industry. The campaign increased quitting intentions among smokers and prevented relapse among former smokers. It was estimated the campaign reduced the number of Australians smoking by 190,000.<sup>111</sup>
- 2.64 Care Incorporated said that gambling 'is a large, wealthy and powerful industry with capacity to influence government policy and community attitudes' and said, 'there are much fewer resources available for education programs aimed at reducing gambling harm, particularly harm from online gambling in our community.'<sup>112</sup>

## Public education campaigns

- 2.65 Currently, the Australian Government does not fund any public education campaigns about the risks and harms of online gambling apart from the development of the new gambling advertisement taglines. The states and territories provide a variety of programs and resources.
- 2.66 For example, the New South Wales Government delivers campaigns for the general community as well as 'targeted campaigns for priority populations, such as culturally and linguistically diverse (CALD) communities, young people, Aboriginal communities, lower socio-economic and other at-risk groups.'<sup>113</sup>
- 2.67 The South Australian Government is progressing several projects including the *Here For The Game* initiative, in partnership with Adelaide United Football Club. According to the South Australian Liquor and Gambling Commissioner, *Here For The Game* 'seeks to disrupt the normalisation of betting in sport and provides an alternative narrative to that provided by betting companies.'<sup>114</sup> In the coming year, the South Australian Government stated that it will also deliver 'a mainstream communications campaign that seeks to educate the community about gambling harm, raise awareness of the support available, and tackle stigma'.<sup>115</sup>

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<sup>108</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 2.

<sup>109</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 49.

<sup>110</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 49.

<sup>111</sup> DSS, *Submission 87*, page 10.

<sup>112</sup> Care Incorporated, *Submission 45*, page 4.

<sup>113</sup> New South Wales Government, *Submission 114*, page 5.

<sup>114</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 3.

<sup>115</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4.



- 2.68 The Tasmanian Government funds community education programs that it says are research-based and regularly evaluated, including:
- the *Know Your Odds* campaign, which provides information about how commercial gambling works with links to support services
  - the *Give Change A Chance* campaign, which ‘encourages online gamblers, young people and their families to reflect on online gambling and seek information or support through the Gamblers Help suite of services’.<sup>116</sup>
- 2.69 The Queensland Government is developing consistent community education resources for Gambling Help providers and a new preventative education resource that aims ‘to inform parents and young people on the risks of gambling including online gambling and simulated gambling’.<sup>117</sup>
- 2.70 AGR noted that state and territory funding for education campaigns is minimal compared to the advertising budgets of WSPs, and expressed concern that evaluations of current government education campaigns are not made public. AGR suggested a review of how the public are informed about the harms of online gambling, noting that some existing campaigns are inappropriate.<sup>118</sup>
- 2.71 Dr Sophie Scamps MP called for a long term, federally funded education campaign to shift the culture of gambling in the manner of campaigns to prevent harm from smoking and drink driving. Dr Scamps said:
- Gambling should not be normalised or celebrated but it also should not be shamed, it should be an issue that people are aware of and encouraged to talk about and seek help for, without stigmatisation. The campaign and messaging should increase public awareness of gambling and its harms as well as how to manage problem gambling and where to seek support.<sup>119</sup>
- 2.72 The Committee heard that any future public education programs should be large enough to counter industry marketing, be well informed, based on independent research and thoroughly evaluated and should aim to protect the most vulnerable from gambling-related harm.<sup>120</sup> However, simply providing education resources is insufficient and these need to be part of a comprehensive public health approach to reducing harm. Furthermore, education resources will be more effective if they are informed by high-quality independent research.<sup>121</sup>
- 2.73 GTRC reported that the effectiveness of education resources to reduce harmful gambling is limited by ‘individuals’ tendency to believe that they are unlikely to

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<sup>116</sup> Treasurer of Tasmania, *Submission 23*, page 2.

<sup>117</sup> Queensland Government, *Submission 140*, page 5.

<sup>118</sup> AGR, *Submission 48*, page 14.

<sup>119</sup> Dr Sophie Scamps MP, *Submission 100*, page 5.

<sup>120</sup> Australian Psychological Society, *Submission 109*, page 4; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4.

<sup>121</sup> GTRC, *Submission 65*, page 14; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 9; Emeritus Professor Mike Daube, *Submission 137*, page 4.

develop a problem.<sup>122</sup> Furthermore, many individuals experiencing gambling harms have difficulty moderating their behaviour, despite being aware of the harm they are experiencing. GTRC recommended that ‘education programs should encourage healthy behaviours such as safer or sustainable gambling.’<sup>123</sup>

- 2.74 GTRC also suggested that ‘broader resources, such as those [that] assist people to be savvy digital consumers would potentially reduce the impact of predatory gambling and gambling marketing (in addition to other problematic online behaviours).’<sup>124</sup>

## Children and young people

- 2.75 The Australian Medical Association (AMA) said that education programs are needed to inform children and young people of the harms of gambling, and said they ‘must be designed in a way that engages young people and uses appropriate language, messaging and digital information platforms.’<sup>125</sup> AMA suggested ‘these should be developed in partnership with education departments and include support resources for parents to talk with their children around their use of digital media.’<sup>126</sup>
- 2.76 Similarly, the Salvation Army recommended developing publicly funded campaigns that are delivered in ways and online spaces that appeal to young people. The Salvation Army suggested a campaign featuring ‘young people in scenarios, possibly in familiar peer settings, reflecting on real-life experiences of online gambling harm.’<sup>127</sup> The benefit of this approach is that it encourages young people to think critically about harmful gambling and the development of unsafe habits.<sup>128</sup>
- 2.77 The Association of Heads of Independent Schools of Australia (AHISA) recommended that ‘information and resource offerings on the Australian Government’s Student Wellbeing Hub and on the website of the Office of the eSafety Commissioner be expanded to help promote awareness of and responses to gambling as an issue affecting young Australians.’<sup>129</sup>
- 2.78 AHISA noted research that found parents to be the strongest influence on youth gambling and suggested they should be targeted in education and awareness campaigns.<sup>130</sup>
- 2.79 The need for a public information campaign to educate parents, caregivers and teachers on all elements of simulated gambling including loot boxes, skins, gambling

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<sup>122</sup> GTRC, *Submission 65*, page 14.

<sup>123</sup> GTRC, *Submission 65*, page 14.

<sup>124</sup> GTRC, *Submission 65*, page 2.

<sup>125</sup> AMA, *Submission 83*, page 3.

<sup>126</sup> AMA, *Submission 83*, page 3.

<sup>127</sup> The Salvation Army, *Submission 43*, page 9.

<sup>128</sup> The Salvation Army, *Submission 43*, page 9.

<sup>129</sup> Association of Heads of Independent Schools of Australia (AHISA), *Submission 62*, page 3.

<sup>130</sup> AHISA, *Submission 62*, page 10.

with virtual currency, chance based micro-transactions and emergent features is examined in Chapter six.

- 2.80 There was support for education to be provided in schools about the risks and harms of gambling.<sup>131</sup> For example, Mrs Annie Boehm called for online gambling and simulated gambling education programs for children from Kindergarten to Year 12, as well as education programs in universities and sporting clubs.<sup>132</sup>

## Reducing stigma and encouraging help-seeking

- 2.81 The Committee heard there is a need for public education campaigns that recognise gambling addiction as a health issue and encourage higher levels of help-seeking behaviour.<sup>133</sup> For example, Turning Point and the Monash Addiction Research Centre suggested that:

Scaling successful anti-stigma initiatives such as the Rethink Addiction campaign for alcohol, other drug, and gambling harms, can tell the real stories of addiction, break down stigma, and challenge negative public attitudes that limit help-seeking.<sup>134</sup>

- 2.82 The Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP) suggested ‘basing education programs around the existence of gambling disorder as a medical condition, and subsequent evidence-based clinical treatments, would support the public’s understanding of effective supports.’<sup>135</sup>
- 2.83 AMA suggested that ‘community centred programs have the ability to change attitudes surrounding gambling and help destigmatise it’ which can be implemented ‘in a variety of places, including sports clubs and community hubs.’<sup>136</sup>

## Gambling taglines

- 2.84 All gambling advertising currently must include a ‘responsible gambling message’.<sup>137</sup> As previously noted, seven new gambling taglines have been introduced as part of the NCPF to replace the message to ‘gamble responsibly’. These are:

- Chances are you're about to lose.

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<sup>131</sup> AGR, *Submission 48*, page 3; Name Withheld, *Submission 112*, page 2; Clubs Australia, *Submission 124*, page 7; Mrs Lyn McDermott, *Submission 27*, page 3; Fairfield City Council, *Submission 50*, page 4.

<sup>132</sup> Mrs Annie Boehm, *Submission 25*, page 9.

<sup>133</sup> Mr Gavin Fineff, *Submission 7*, p 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 9; QUT, *Submission 91*, page 3; GTRC, University of Sydney, *Submission 65*, page 4; AMA, *Submission 83*, page 3.

<sup>134</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 9.

<sup>135</sup> Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP), *Submission 110*, page 5.

<sup>136</sup> AMA, *Submission 83*, page 3.

<sup>137</sup> Australian Communications and Media Authority (ACMA), *Submission 96*, page 14; Free TV Australia, *Commercial Television Industry Code of Practice*, 2018, page 40.

- Think. Is this a bet you really want to place?
  - What's gambling really costing you?
  - What are you prepared to lose today? Set a deposit limit.
  - Imagine what you could be buying instead.
  - You win some. You lose more.
  - What are you really gambling with?<sup>138</sup>
- 2.85 While DSS said the taglines were ‘the most effective at engaging consumers, interrupting and encouraging positioning behaviour change, [and] encouraging safer gambling practices’,<sup>139</sup> it is too early to draw any conclusions about the effectiveness of the taglines in reducing harm.
- 2.86 RANZCP and RACP said that, as a harm minimisation measure, the taglines may have limited impact in isolation and need to be complemented by robust licensing and regulatory regimes.<sup>140</sup>
- 2.87 Professor Thomas, Dr Pitt and Dr McCarthy, and Professor Daube were concerned about the depth of research that led to the development of the new taglines.<sup>141</sup> Professor Thomas, Dr Pitt and Dr McCarthy said the taglines do not match with findings from their own research, which showed that community members, young people, and gamblers want honest information about industry tactics, gambling risks and potential harms, alongside strategies that individuals themselves can implement to minimise harm.<sup>142</sup> Professor Daube was concerned about a lack of in-depth and robust research that informed the taglines in comparison to the ‘lengthy, meticulous and in-depth research that have become the norm for tobacco warnings’.<sup>143</sup>

## Lack of independent research and transparent data

- 2.88 Successful public health strategies, such as Australia’s response to tobacco, are based on rigorous, independent research.<sup>144</sup> The Committee heard there is a need for better coordinated and more independently funded and generated research, particularly into vulnerable groups, and transparent data about online gambling to

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<sup>138</sup> DSS, *Submission 87*, page 10.

<sup>139</sup> DSS, *Submission 87*, page 9.

<sup>140</sup> RANZCP and RACP, *Submission 110*, pages 5-6.

<sup>141</sup> Emeritus Professor Mike Daube, *Submission 137*, page 5; and Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 3.

<sup>142</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 3.

<sup>143</sup> Emeritus Professor Mike Daube, *Submission 137*, page 5.

<sup>144</sup> Emeritus Professor Mike Daube, *Submission 137*, page 5.

inform policymaking and harm reduction strategies.<sup>145</sup> There were also calls for better data to be collected about gambling related suicides.<sup>146</sup>

- 2.89 Dr Rintoul said that ‘the dominance of responsible gambling paradigm has led to a significant gap in the evidence base. To date much research in gambling studies has lacked independence.’<sup>147</sup>
- 2.90 RANZCP and RACP said that ‘adequate funding is required to improve this evidence base. Given the very high social and financial cost of gambling in Australia, funding for such initiatives would have very high potential for return on investment.’<sup>148</sup>
- 2.91 CQ University called for prevalence studies that measure the total burden of gambling-related harm in the population, including harm to self, harm to affected others, and harm to children, to enable appropriately informed policy responses.<sup>149</sup>
- 2.92 The National Aboriginal Community Controlled Health Organisation noted that online gambling among Aboriginal and Torres Strait Islander people is likely to be significantly higher than for non-Indigenous Australians and recommended that comprehensive data be collected and made available to Aboriginal and Torres Strait Islander community-controlled health organisations.<sup>150</sup>
- 2.93 Relationships Australia called for further research into online gambling prevalence and the effectiveness of interventions, and a clear definition of when gambling is a ‘problem behaviour’.<sup>151</sup>
- 2.94 There was support for a coordinated approach to collecting and synthesising gambling harm research in a similar manner to Australia’s National Research Organisation for Women’s Safety, which produces and makes evidence accessible to support the reduction of violence against women and their children.<sup>152</sup>
- 2.95 Victorian Arabic Social Services suggested that a coordinated national strategy on gambling harm reduction would enable better cooperation and the development of communities of practice between the various state and territory gambling harm

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<sup>145</sup> Australian Psychological Society, *Submission 109*, pages 2 and 4; CQ University, *Submission 24.1*, page 4; Hobsons Bay City Council, *Submission 38*, page 4; Professor Thomas, Dr Pitt and Dr McCarthy, *Submission 126*, page 9; AGR, *Submission 48*, page 3; Dr Rae Kaspiew, Research Director, Australian Institute of Family Studies (AIFS), and Dr Rebecca Jenkinson, Executive Manager, AGRC, *Committee Hansard*, 5 April 2023, page 3; RANZCP and RACP, *Submission 110*, pages 5 and 10; National Aboriginal Community Controlled Health Organisation (NACCHO), *Submission 70*, pages 4-5.

<sup>146</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 1; Anna Bardsley, *Submission 128*, page 3.

<sup>147</sup> Dr Angela Rintoul, *Submission 150*, page 4.

<sup>148</sup> RANZCP and RACP, *Submission 110*, page 10.

<sup>149</sup> CQ University, *Submission 24*, page 7.

<sup>150</sup> NACCHO, *Submission 70*, pages 4-5.

<sup>151</sup> Relationships Australia, *Submission 93*, page 2.

<sup>152</sup> Mr Nick Tebbey, National Executive Officer, Relationships Australia, *Committee Hansard*, 28 February 2023, pages 2 and 4; Victorian Arabic Social Services (VASS), *Submission 71.1*, page 1; Professor Ross Gordon, QUT, *Committee Hansard*, 28 February 2023, page 10.

bodies. A centralised hub for communication and discussion could allow for a national database of gambling harm programs and initiatives.<sup>153</sup>

- 2.96 The Australian Institute of Family Studies' (AIFS) Australian Gambling Research Centre (AGRC) is an important element of Australia's gambling research landscape. DSS currently contributes \$500,000 annually to supporting high quality gambling research on areas of national significance through AGRC.<sup>154</sup> AGRC noted that, while it currently supports the National Gambling Reporting Study and many smaller studies, 'there needs to be a significant investment in data and evidence, including regular assessments of prevalence.'<sup>155</sup> AGRC said this 'will enable policymakers and the community to understand what gambling behaviours are occurring in the community in this very rapidly evolving sphere.'<sup>156</sup>
- 2.97 AGRC said it would be well placed to take on the additional role of a national clearinghouse for gambling research and resources, noting that AIFS supports other clearinghouses including Child Family Community Australia.<sup>157</sup>

## Using operator data to drive harm reduction

- 2.98 Online WSPs collect vast amounts of data about their customers, which could be harnessed to benefit harm reduction efforts. Several witnesses argued that online WSPs should be required to provide de-identified data for the purposes of harm reduction and research.<sup>158</sup> For example, AGRC said:

To facilitate a strategic and systematic approach to this, operators should be mandated as a licensing requirement to make available de-identified data on gambling participation (e.g. time and money spent wagering online), losses accrued, other related signs of harm, pre-commitment, and self-exclusion to relevant government departments and approved researchers. Analysis of such data will provide insights into the risks associated with online gambling and better inform preventative measures and policy responses.<sup>159</sup>

- 2.99 FCA said that the provision of transparent, real-time gambling data to regulators has several advantages, including:
- identifying and monitoring customer harm risks, and allowing for comparison across operators on their performance in minimising these risks
  - informing harm prevention policy measures

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<sup>153</sup> VASS, *Submission 71.1*, page 1.

<sup>154</sup> DSS, *Submission 87*, page 5.

<sup>155</sup> Dr Rae Kaspiew, Researcher Director, AIFS, *Committee Hansard*, 5 April 2023, page 3.

<sup>156</sup> Dr Rae Kaspiew, Researcher Director, AIFS, *Committee Hansard*, 5 April 2023, page 3.

<sup>157</sup> Dr Rebecca Jenkinson, Executive Manager, AGRC, *Committee Hansard*, 5 April 2023, page 3.

<sup>158</sup> AGRC, *Submission 76*, page 11; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 5; FCA, *Submission 152.1*, page 3; Wesley Mission, *Submission 85*, page 4; Ms Louise Francis, Member, AHPA, *Committee Hansard*, 10 February 2023, page 25.

<sup>159</sup> AGRC, *Submission 76*, page 11.

- informing regulatory action and enforcement, including both operator and integrity of sport investigations
  - identifying anti-money laundering and counter terrorism financing risks.<sup>160</sup>
- 2.100 FCA proposed a ‘data vault’ model that has been implemented by at least 15 countries including Spain, Denmark, and France.<sup>161</sup> According to FCA, the data vault allows countries to ‘understand their market. They can see what companies are doing. They’ve got data for policy.’<sup>162</sup>
- 2.101 FCA reported that, in Spain, Denmark, and France, ‘every bet must be logged through the regulator’s data vault portal in real-time. This means that those countries know exactly what each demographic group spends and on what product’.<sup>163</sup> For example, Spain’s gambling policy interventions focus on young men because their data shows that 18 to 25-year-old men experience greater harm. FCA noted that the data vaults must comply with European data privacy rules, which are more stringent than Australia’s rules.<sup>164</sup>
- 2.102 FCA described the key features of a data vault:
- They typically record every betting transaction placed in that country. They generally comprise of a ‘data capture’ and a ‘data storage’ system.
  - Operators are responsible for securely storing their data and providing access to the regulator, with appropriate security and privacy measures in place. Generally, once the data is in the ‘vault’ operators cannot change it.
  - The regulator’s system pulls data from each operator’s vault (or the operator’s safe server pushes data out to the regulator). The regulator’s database combines the data to have both an individual operator view as well as a whole of market view. The regulator can also access an individual customer view to fulfil its regulatory functions, e.g. if there is a complaint or it is conducting investigations on an operator’s compliance with its responsible gambling obligations.
  - Individual customers may be de-identified and assigned an unique reference number (although some regulators choose to see all data).<sup>165</sup>
- 2.103 FCA noted that several multinational gambling companies operating in Australia, such as Entain (Ladbrokes and Neds) and Flutter (Sportsbet), were already operating in jurisdictions with data vaults.<sup>166</sup>

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<sup>160</sup> FCA, *Submission 152.1*, page 3.

<sup>161</sup> FCA, *Submission 152.1*, page 3.

<sup>162</sup> Ms Lauren Levin, Director, Policy and Campaigns, FCA, *Committee Hansard*, 28 March 2023, page 2.

<sup>163</sup> FCA, *Submission 152*, page 16.

<sup>164</sup> FCA, *Submission 152*, page 16.

<sup>165</sup> FCA, *Submission 152.1*, page 3.

<sup>166</sup> FCA, *Submission 152.1*, pages 9-10.



2.104 RWA indicated support for a data driven and tailored approach for delivering interventions to people experiencing gambling harm.<sup>167</sup> Similarly, Tabcorp said it would be happy to share de-identified data if customers consented to their data being used, and that privacy and other protections were in place.<sup>168</sup>

## Disrupting illegal online gambling

2.105 ACMA is empowered under the IGA to take a range of actions to disrupt illegal online gambling, including investigation and enforcement activities, engagement with industry and other regulators, and consumer education.<sup>169</sup>

### Scale of issue

2.106 ACMA has observed ‘a notable disruption in the supply of illegal gambling services’ since it started enforcing illegal offshore gambling rules in 2017.<sup>170</sup> ACMA said that the majority of services that have been investigated have either withdrawn their services or have had access to their websites blocked by internet service providers at the request of ACMA.<sup>171</sup> It reported that there has been an overall downward trend in illegal offshore gambling expenditure in Australia since 2016, in contrast to total expenditure on online gambling, which increased by 72 per cent from 2019 to 2022.<sup>172</sup>

2.107 During this inquiry, the threat of illegal online gambling was repeatedly raised by licenced online WSP representatives,<sup>173</sup> and those who derive revenue from their products such as the Australian Football League (AFL),<sup>174</sup> in response to questions about whether Australia should adopt new measures to prevent gambling harm, including further restrictions on advertising.

2.108 For example, RWA warned that ‘Australians are increasingly at risk of illegal offshore operators’ and reported that, in 2019, 47 per cent of Australian online gamblers had used an illegal offshore gambling provider.<sup>175</sup> RWA claimed the illegal offshore wagering market in Australia is now worth more than \$1.1 billion, accounting for approximately 15 per cent of the total wagering market. RWA argued that ‘once established, eliminating an offshore wagering market is hard to achieve and it is

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<sup>167</sup> RWA, *Submission 106*, page 8.

<sup>168</sup> Mr Adam Rytenskild, Chief Executive Officer, Tabcorp, *Committee Hansard*, 4 April 2023, page 14.

<sup>169</sup> ACMA, *Submission 96*, page 4.

<sup>170</sup> ACMA, *Submission 96*, page 4.

<sup>171</sup> ACMA, *Submission 96*, page 4.

<sup>172</sup> ACMA, *Submission 96*, page 5.

<sup>173</sup> Responsible Wagering Australia, *Submission 106*, page 3; Ms Tania Abbotto, Chief Customer, Sustainability and People Officer, Sportsbet, *Committee Hansard*, 4 April 2023, page 43; Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain Australia, *Committee Hansard*, 4 April 2023, page 18.

<sup>174</sup> Mr Gillon McLachlan, Chief Executive Officer, Australian Football League (AFL), *Committee Hansard*, 4 April 2023, page 26.

<sup>175</sup> RWA, *Submission 106*, page 3.



therefore important to maintain a broad and fair onshore market that favours licensed operators.<sup>176</sup>

2.109 The Committee asked Sportsbet to provide evidence to support its claim that introducing further consumer protections, such as mandatory deposit limits and affordability checks, would encourage illegal offshore gambling.<sup>177</sup> Sportsbet provided three sources: two were funded by the Betting and Gaming Council (BGC), the industry association for licenced betting and gaming operators in the United Kingdom; and, the third was a survey commissioned by Sportsbet.<sup>178</sup> This evidence suggests that:

- The 'black market' accounts for 66 per cent of all gambling in Norway after it introduced a state gambling monopoly as well as bet limits, affordability checks and advertising restrictions.
- There was a 9 per cent increase in illegal gambling in Denmark after it restricted inducements and introduced mandatory deposit limits.
- Of all gamblers surveyed in Sweden who reached the mandatory deposit limit of about AUD \$700 per week, approximately one third said they continued to bet online with unlicensed providers.
- Most respondents to the BGC's survey in the United Kingdom were opposed to the introduction of mandatory limits and affordability checks and said they would consider a different bookmaker if they were asked to provide private financial documents.
- Most respondents to Sportsbet's customer survey said they would not be willing to provide financial documents and raised privacy and security concerns. About 40 per cent said they would consider using an unlicensed provider if they were asked to provide personal financial information.<sup>179</sup>

2.110 The idea that the introduction of further regulatory measures in Australia on licenced online WSPs would necessarily result in an increase in illegal online gambling was disputed. For example, AGRC said 'there really isn't any evidence yet' and noted that its research found about 10 to 15 per cent of gamblers have accounts with illegal, offshore providers, and of those, most gambled on online table games or poker machines rather than betting on sports or racing.<sup>180</sup>

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<sup>176</sup> RWA, *Submission 106.2*, page 3. RWA's second supplementary submission and attachment were received seven weeks after RWA's appearance at a public hearing, while the report was being drafted. As such, the Committee did not get the opportunity to test this evidence. RWA commissioned the research, which was conducted by the United Kingdom based H2 Gambling Capital. H2 Gambling Capital claims to be the gambling industry's leading market data, intelligence and consulting team.

<sup>177</sup> Ms Tania Abbotto, Chief Customer, Sustainability and People Officer, Sportsbet, *Committee Hansard*, 4 April 2023, page 43.

<sup>178</sup> Sportsbet, *Submission 81.1*, pages 4-6.

<sup>179</sup> Sportsbet, *Submission 81.1*, pages 4-6.

<sup>180</sup> Dr Rebecca Jenkinson, Executive Manager, AGRC, *Committee Hansard*, 5 April 2023, page 3.

- 2.111 Tabcorp said that ‘illegal offshore betting has largely been addressed by the disruptive powers’ given to ACMA.<sup>181</sup>
- 2.112 FCA reported from its casework that illegal offshore gambling is not the main cause of online gambling harm, and the more pressing concern is the harm caused by licensed providers in Australia. FCA said:
- It benefits the existing industry to keep regulatory attention focused externally, and to keep competition out. But it benefits Australian consumers to have regulators focus on Australian licensed operators - the ones who advertise heavily, who service the greatest number of gambling customers and who earn the most revenue.<sup>182</sup>
- 2.113 According to FCA, positioning illegal offshore gambling as the main threat to Australian consumers is another strategy used by licenced online gambling providers to protect their own interests.<sup>183</sup>
- 2.114 When asked whether the introduction of gambling advertising restrictions would result in an increase in illegal online gambling, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) said there was no evidence to suggest this would happen and described it as ‘a pretty long bow to draw’.<sup>184</sup>

## Further measures required

- 2.115 Concerns were raised that unregulated gambling poses a threat to sports and racing integrity, such as through match fixing, and the strong links between offshore online gambling operators and organised crime and money-laundering.<sup>185</sup> The Committee heard that the illegal website operators are predatory and manipulative:
- The promotions, incentives, 100% match bonuses, free play, free chips are sent via all types of correspondence at an alarming level. Even when you unsubscribe or close your account or even contact the casino’s management, advising them that you are a compulsive gambler and you need your account shut down permanently, they continue to send emails, letters via post, text messages, as well as phone calls.<sup>186</sup>
- 2.116 ACMA acknowledged that about half of the websites it has blocked have tried to circumvent the blocks by launching mirror sites,<sup>187</sup> which use slightly different Uniform

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<sup>181</sup> Tabcorp, *Submission 101*, page 1.

<sup>182</sup> FCA, *Submission 152*, page 25.

<sup>183</sup> FCA, *Submission 152*, page 31.

<sup>184</sup> Mr Richard Windeyer, Deputy Secretary, Communications and Media Group, Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Committee Hansard*, 4 April 2023, page 68.

<sup>185</sup> RWA, *Submission 106.2*, page 19; Coalition of Major Professional and Participation Sports, *Submission 42*, page 6.

<sup>186</sup> Name withheld, *Submission 156*, page 1.

<sup>187</sup> ACMA, *Submission 96*, page 5.

Resource Locators (URLs). However, ACMA said it has observed a significant reduction in Australian traffic to the top ten illegal blocked websites, even where operators have launched mirror sites.<sup>188</sup>

- 2.117 There were calls for more effective measures to block illegal online gambling URLs and to raise consumer awareness of the legal restrictions on online gambling.<sup>189</sup> For example, the South Australian Liquor and Gaming Commissioner noted that ‘when one of these sites is blocked, others pop up with minor changes to the URL address. Current ‘blocking’ approaches to these websites are easily overridden by VPNs [virtual private networks] or Geoblockers.’<sup>190</sup>
- 2.118 Clubs Australia called for ACMA’s enforcement powers to be strengthened to establish response timeframes for ACMA to deal with requests to block illegal websites and for ACMA to display information on blocked websites. Clubs Australia also said the IGA should be amended to prevent directors or principals of blocked gambling websites from travelling to Australia.<sup>191</sup>
- 2.119 The Synods of Western Australia and Victoria and Tasmania, Uniting Church in Australia said that Australia’s banks should be required to block transactions to offshore gambling operators identified by ACMA.<sup>192</sup>
- 2.120 Dr Rintoul called on the Australian Government to ‘resource efforts to develop international agreements to regulate gambling across borders.’<sup>193</sup> She said that illegal online gambling operators will continue to target Australian consumers and that regulation will be challenging without ‘international agreements to coordinate efforts to monitor and control illegal online gambling operators.’<sup>194</sup>

## Committee comment

- 2.121 Australia’s online gambling industry has grown rapidly. It is expected to expand further with new market entrants and high levels of gambling marketing if regulatory settings remain unchanged. Given the significant harms online gambling is causing, Australia needs to undertake meaningful structural reform of the regulatory framework for online gambling now to prevent further harm in the future. The current approach is not working.
- 2.122 The COVID-19 lockdowns were a perfect storm for many Australians who cannot gamble safely. Australians could not leave their homes and were bombarded with online gambling advertising across all media. Early access to superannuation gave people who gamble access to substantial lump sums that were used to pay off

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<sup>188</sup> ACMA, *Submission 96*, page 5.

<sup>189</sup> CQ University, *Submission 24*, page 6.

<sup>190</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 7.

<sup>191</sup> Clubs Australia, *Submission 124*, page 7.

<sup>192</sup> The Synods of Western Australia and Victoria and Tasmania, Uniting Church in Australia, *Submission 86*, page 6.

<sup>193</sup> Dr Angela Rintoul, *Submission 150*, page 1.

<sup>194</sup> Dr Angela Rintoul, *Submission 150*, page 4.

gambling debts and to fund further gambling. Australians should not be accessing their superannuation to gamble.

- 2.123 Like tobacco, online gambling is a public health issue; it can be addictive and causes a range of harms to individuals, families and communities. Australia made a choice to prioritise protecting the public over the profit motives of the tobacco industry and adopted a comprehensive public health approach to preventing harm from smoking. This included limiting the influence of industry on policy, regulation and research, banning tobacco marketing and sponsorship, strong public health messaging about the harms of smoking and plain packaging. These measures have reduced smoking rates in Australia, prevented avoidable death and misery, and reduced health care costs to taxpayers.
- 2.124 Australia needs a comprehensive national strategy on online gambling harm reduction that is informed by public health principles. This means doing away with the reliance on an individual's responsibility for 'responsible gambling' and the limited focus on measures to assist high-risk gamblers only. Australia needs a public health strategy that aims to reduce gambling harm at the population level. This requires a combination of prevention and early intervention measures, and support for those experiencing harm.
- 2.125 The regulatory framework for online gambling is inadequate, overly complex and fragmented. It includes a combination of Australian, state and territory legislation and industry codes of practice, some of which are mandatory and some voluntary. This results in poor outcomes for consumers and creates risk for industry. Responsibility is distributed across multiple Australian Government ministries and the racing and gaming portfolios of state and territory governments. Despite online WSPs operating nationwide, there is inconsistency across jurisdictions in how online gambling is regulated and the fees and levies imposed on online WSPs. Currently, the NTRC is Australia's de facto online gambling regulator.
- 2.126 The main point of collaboration between governments, the NCPF, may not cover the field of measures to reduce gambling harm, but it does show that Australian, state and territory governments can work together to progress gambling harm reduction measures for all Australians. The states and territories have expressed a willingness to progress further online gambling harm reduction measures. However, securing their agreement and collaboration on a comprehensive national strategy on gambling harm reduction will require the Australian Government to take a strong and well-coordinated lead.
- 2.127 Further measures are required to support vulnerable Australians. Gambling harm disproportionately affects Aboriginal and Torres Strait Islander and culturally and linguistically diverse (CALD) communities, and help seeking rates in those communities are low.
- 2.128 The Committee strongly encourages Australian governments to implement fully the National Agreement on Closing the Gap to reduce the underlying barriers that influence Aboriginal and Torres Strait Islander people's rates of gambling harm. Further measures to reduce gambling harm in Aboriginal and Torres Strait Islander

communities should be developed and implemented in partnership with Aboriginal Community Controlled Health Organisations, in accordance with the Closing the Gap priority reforms.

- 2.129 Similarly, further measures to reduce gambling harm in CALD communities should be developed and implemented in partnership with CALD community organisations to ensure they are delivered in culturally safe and linguistically appropriate ways.
- 2.130 The Committee considers it essential there be a new Online Gambling Harm Reduction portfolio in the Australian Government to develop and implement the national strategy. Neither DSS, nor DITRDCA, nor ACMA would appear well suited to leading a public health strategy. Both DSS and DITRDCA have very broad policy remits and DSS has limited resources and staff allocated to gambling harm reduction. The Department of Health has no current role in gambling harm reduction but has expertise in leading successful public health responses to harmful products such as tobacco. The new portfolio should draw on the expertise of the Department of Health, public health and gambling researchers and advocates, and Australians with lived experience of gambling harm in developing the national strategy.
- 2.131 As part of a national strategy, the Australian Government should establish national regulation and a national regulator for online gambling with the cooperation of the states and territories. Under a national regulatory scheme, states and territories would retain the capacity to levy point of consumption taxes. The sole purpose of national regulation should be to reduce online gambling harm. The relevant functions of existing Australian Government departments and agencies, such as DSS, DITRDCA and ACMA, should be incorporated into the new portfolio and regulator. This reform will require legislative and machinery of government changes. Crucially, it will also need state and territory governments to vacate the field of online WSP regulation and licensing, thus ensuring national consistency.

## **Recommendation 1**

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- 2.132 The Committee recommends that responsibility for online gambling harm reduction is held by a single Australian Government Minister.**

## **Recommendation 2**

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- 2.133 **The Committee recommends that the Australian Government, with the states and territories, develop a comprehensive national strategy on online gambling harm reduction. The strategy should be based on public health principles and include measures that:**
- **prevent gambling harm from occurring**
  - **intervene early when there is risk of harm**
  - **provide appropriate treatment and support for those experiencing harm**
  - **include measures to protect the most vulnerable that are developed with communities to ensure they are culturally safe and linguistically appropriate.**

**2.134 The national strategy should be in place within twelve months, allowing that implementation would be progressive.**

2.135 To address the perverse disincentive for the states and territories to impose stricter regulatory requirements on online WSPs, Australia needs consistent national regulation, licencing fees and a revenue stream for harm reduction measures. This revenue stream should consist of licensing fees, financial penalties for breaches of regulatory rules and a levy directed towards harm reduction measures.

### **Recommendation 3**

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**2.136 The Committee recommends that, as the priority of the national strategy and with the cooperation of the states and territories, the Australian Government:**

- **establish national regulation and a national online gambling regulator with the sole purpose of reducing harm and with responsibility for all licencing and regulation**
- **levy online wagering service providers (WSPs) to fund the national strategy harm reduction measures for which the Australian Government has responsibility.**

2.137 There is too much potential for the gambling industry to be involved in the development of gambling regulation and policy in Australia. Australia's licenced WSPs have been successful in framing the issue of gambling harm around personal responsibility while diminishing industry and government responsibility. This has been to the detriment of Australians experiencing gambling harm.

2.138 While it is true that harmful industries should not be the architects of their own regulation, it is also true that industry will be required to implement many of the government's desired reforms. The Committee encourages the Australian Government to work with licenced WSPs and those who derive income from their products, to implement its reforms. However, operators and other vested interests should not be allowed to shape, in any way, the intent of the national strategy and national regulation.

2.139 Gambling in Australia is normalised through the marketing of WSPs in competition for market share, and the willingness of media organisations and major sports to carry their messages. It is clear the Australian public has had enough, and that a national strategy on online gambling harm reduction must include restrictions on gambling marketing. However, given the prolonged exposure of Australians, particularly young people and children, to the idea that gambling is a normal, fun, low risk and sociable way to enjoy themselves, there is also a need for coordinated and sustained national public education campaigns to combat these messages.

2.140 It is important to change how we talk and write about gambling. The current language and definitions used to describe gambling harm increase stigma and discourage help seeking. The terms 'responsible gambling' and 'problem gambling' should be

replaced with 'harm reduction' and 'gambling harm', respectively, in policy, government communications and research.

- 2.141 The new gambling advertising taglines are a welcome change after years of focus on individuals gambling responsibly. It is too early to tell whether the new taglines are having their intended effect. The taglines should be thoroughly evaluated and replaced with research-informed public health messages if required.

#### **Recommendation 4**

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- 2.142 **The Committee recommends that the Australian Government develop and fund an ongoing, online gambling public education campaign with national advertising and marketing, particularly online. The campaign should target and be relevant to:**

- **children and young people**
- **parents and caregivers, with the aim of helping them to guide children and young people to make safer choices online**
- **individuals who are at risk of or who are experiencing gambling harm**
- **Aboriginal and Torres Strait Islander people**
- **culturally and linguistically diverse communities.**

- 2.143 **The campaign should:**

- **seek to counter the harmful messages of gambling advertising**
- **be informed by rigorous, independent research**
- **be developed with input from target individuals and communities to ensure they are relevant, culturally safe and linguistically appropriate**
- **accurately present the risks and harms of gambling with licenced operators and illegal offshore websites**
- **aim to reduce stigma and encourage help-seeking, and protect the most vulnerable from gambling harm**
- **educate Australians about available consumer protection tools for online gambling and encourage healthy behaviours**
- **provide resources that can be used by schools, universities and community organisations, such as sporting clubs**
- **be thoroughly evaluated, with the evaluations to be publicly available.**

- 2.144 **All gambling-related public education resources should be made available on the Australian Government's Student Wellbeing Hub and by the Office of the eSafety Commissioner to help promote awareness of gambling harm to young people and offer strategies to limit exposure.**



2.145 There is substantial research that is funded by the gambling industry to further its interests, as is the case with tobacco. To counter this, and to inform future regulation and policy, there needs to be more independently generated and funded research, and a clearinghouse for gambling research and best practice interventions, treatments and supports. It is important that the clearinghouse includes diverse research and opinion, including those supported by the gambling industry.

## **Recommendation 5**

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2.146 **The Committee recommends that the Australian Government:**

- **resource the Australian Institute of Family Studies' Australian Gambling Research Centre to take on an additional role as a national clearinghouse for gambling research**
- **provide ongoing funding for gambling research, in particular:**
  - **research to develop a set of standard indicators of risk and harm that can be applied in regulation and policy**
  - **prevalence studies on online gambling harm across both licenced and illegal gambling platforms and websites**
  - **research into vulnerable groups**
  - **research into best practice interventions, treatments and supports**
  - **research about gambling-related suicides.**

2.147 The data-driven nature of the online gambling industry should be better used to drive harm reduction efforts. Regulators and researchers need transparent access to operator data to monitor for harm, ensure compliance, and to inform regulation and policy. National regulation should, at a minimum, require online WSPs to provide de-identified customer data on gambling participation, risk indicators, interventions and harm to the regulator and approved researchers on a consistent and systematic basis.

2.148 Ultimately, the goal should be for regulators to have real-time access to operator data. The Committee notes that Sportsbet offered to make the algorithm they have developed to identify 'red flags' available to the Australian Government. This offer should be explored. Further, the Australian Government should investigate the data vault facilities used by jurisdictions overseas for feasibility with a view to implementing a similar scheme in Australia under national regulation.

## **Recommendation 6**

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2.149 **The Committee recommends that:**

- **national regulation requires online WSPs to disclose de-identified customer data on gambling participation, risk indicators, interventions and harm to the regulator and approved researchers on a consistent and systematic basis**



- **the Australian Government conduct a feasibility study of Spain, France and other jurisdiction's data vault facilities with the aim of implementing a system that provides real-time operator data to the regulator and approved researchers.**

2.150 Illegal gambling websites are causing significant harm, and their operators display no concern or obligation to the welfare of their customers. Clearly there is more to do to disrupt illegal online gambling. However, there are conflicting positions over the scale of the issue. Licensed online WSPs and those who benefit from their products claim that illegal online gambling is the biggest risk to Australian consumers. Industry, broadcast media and major sports organisations all warned that, if governments took further regulatory action to prevent the harm caused by licenced WSPs, gambling on illegal products would increase. This positioning would appear to be due, in no small part, to self-interest. By contrast, evidence from ACMA, FCA and others suggest that a focus on illegal offshore gambling should not be the 'main game', relative to licenced online WSPs, in reducing online gambling harm. The Committee's view is that governments can take strong measures to prevent the harm caused by both licenced WSPs and illegal online gambling operators simultaneously.

2.151 The Australian Government should commit more resources and empower regulators and law enforcement to disrupt online gambling in a timely and effective manner. There should be significant penalties for the companies and individuals who are blatantly breaking Australian law and appear to care little for the harms their products are causing.

## **Recommendation 7**

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2.152 **The Committee recommends that the Australian Government develop and implement:**

- **technological solutions and resources to quickly and more effectively block offshore gambling websites including skin gambling websites and mirror sites**
- **a protocol for blocking transactions to known illegal gambling operators, in cooperation with Australian banks and other payment system providers**
- **stronger sanctions for companies and known individuals who profit from illegal gambling.**

2.153 The absence of international agreements to reduce gambling harm or to combat illegal online gambling contrasts with multilateral efforts to prevent harm from tobacco. Australia's and other countries' efforts to reduce online gambling harm domestically would be strengthened by coordinated action.

## Recommendation 8

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- 2.154 **The Committee recommends that the Australian Government lead the development, with international organisations and other countries, of multilateral agreements that:**
- **improve international cooperation to combat illegal online gambling across borders**
  - **aim to reduce gambling harm and protect public policy and research from gambling industry interference.**
- 2.155 This inquiry only considered online gambling and it would be outside the Committee's terms of reference to make recommendations in relation to other forms of gambling. However, the Committee recognises that Australians who gamble harmfully do so across multiple product types, and notes that robust consumer protections across all forms of gambling would reduce the likelihood of highest-risk gamblers choosing products with the lowest friction.

## 3. Counselling and support services

- 3.1 Australia's world-leading gambling losses are causing increasingly widespread and serious harm in our communities. The Committee heard that counselling and support services are unable to keep up.
- 3.2 Gambler's Help and Gambling Help Online are state and national telephone and online counselling services for gambling that are delivered by Turning Point. These services have received a significant increase in calls relating to online gambling, which accounts for about 45 to 50 per cent of calls.<sup>1</sup>
- 3.3 This chapter considers the adequacy of current counselling and supports available to Australians experiencing gambling harm. It examines evidence of low levels of awareness and understanding about addiction and gambling disorder, both in the general community and in health and social services, barriers to help-seeking, such as shame and stigma, and whether current services are meeting peoples' diverse needs.

### Gambling disorder

How often have we actually heard people talk about gambling disorder? It's 'problem gambling' or sometimes 'gambling addiction' but it's all under the same umbrella. And I think there's an opportunity there to recognise, maybe, that that's where we're going wrong and that there's a distinction, a segmentation or a difference between what we're doing because of a problem, forgetting that a lot of the destruction comes from the person who has the disorder. And we're not adapting the regulation to stop that person with the disorder.

– Mr Gavin Fineff.<sup>2</sup>

- 3.4 Gambling disorder is an identified psychiatric condition in the International Classification of Diseases (ICD-11) as a disorder due to addictive behaviours and the Diagnostic and Statistical Manual of Mental Disorders (DSM-5) as a category of behavioural addictions.
- 3.5 The Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP) said that the categorisation of gambling disorder reflects research suggesting that 'gambling disorder is similar to

<sup>1</sup> Professor Shalini Arunogiri, Chair, Faculty of Addiction Psychiatry, Royal Australian and New Zealand College of Psychiatrists (RANZCP), *Committee Hansard*, 7 March 2023, page 4.

<sup>2</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, pages 2-3.

substance-related disorders in clinical expression, brain origin, comorbidity, physiology and treatment'.<sup>3</sup>

3.6 Gambling disorders are linked to other health and social issues such as an increased risk of substance abuse and disorders, depressive symptoms and disorders, family breakdown, domestic violence, criminal activity, disruption to or loss of employment, social isolation<sup>4</sup> and homelessness.<sup>5</sup> Individuals with mental health and behavioural disorders, adolescents and children, and Aboriginal and Torres Strait Islander people who gamble may be more likely to experience gambling disorder and addiction.<sup>6</sup>

3.7 The Australian Psychological Society (APS) reported that gambling disorder presents in patients when there is a 'persistent and recurrent preoccupation with gambling that leads to clinically significant impairment or distress', and explained:

This may be associated with a need to gamble with increasing amounts of money to achieve the desired excitement or restlessness or irritability when attempting to cut down or stop gambling.

People with a gambling disorder may also make repeated unsuccessful efforts to control, cut back, or stop gambling and subsequently continue to gamble when feeling distressed. This may result in a pattern of 'chasing losses', with an urgent need to keep gambling...<sup>7</sup>

3.8 During the inquiry the Committee heard powerful testimony from witnesses with first-hand experiences of addiction and gambling disorder that developed from online gambling. For example, Mr Gavin Fineff was diagnosed with gambling disorder and explained that early exposure to gambling through childhood gaming and 'exposure saturation' of online gambling were the key factors in developing gambling disorder later in life.<sup>8</sup> Mr Fineff said that individuals with gambling disorder 'will cause destruction' as they find more ways, including illegal activity, to fund their addiction.<sup>9</sup>

3.9 Mr Fineff told the Committee that recovering from gambling disorder has taken over three years in 'inpatient rehabilitation, well over a hundred psychiatry sessions and hundreds of various support group meetings'.<sup>10</sup> Mr Fineff emphasised the importance of recognising that gambling disorder is different from how other people experience gambling harm:

...it's so important that we do not make the mistake of thinking that the regulation for a person with a problem works for a person with a disorder. To that point, the psychology of someone with a problem is different to someone with a mental

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<sup>3</sup> Royal Australian and New Zealand College of Psychiatrists and Royal Australasian College of Physicians (RACP), *Submission 110*, page 3.

<sup>4</sup> Australian Psychological Society (APS), *Submission 109*, page 2; Australian Medical Association (AMA), *Submission 83*, page 5; Banyule Community Health, *Submission 75*, page 3.

<sup>5</sup> Wesley Mission, *Submission 85*, page 5; Name withheld, *Submission 161*, page 17.

<sup>6</sup> Miss Nidhi Rao, *Submission 57*, page 2.

<sup>7</sup> APS, *Submission 109*, page 2.

<sup>8</sup> Mr Gavin Fineff, *Submission 7*, pages [4] and [7].

<sup>9</sup> Mr Gavin Fineff, *Submission 7*, pages [4] and [7].

<sup>10</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, pages 1-3.

illness. And the destruction continues because conflicted stakeholders in the gambling industry do not acknowledge gambling disorder to its full extent.<sup>11</sup>

## Barriers to seeking help

Addiction is not a choice. People experiencing gambling harm want nothing more than to stop. Many do, but only with the right treatment, care and support. We show incredible compassion to those struggling with cancer, heart disease and mental health, yet we typically blame people living with addiction.

– Professor Dan Lubman.<sup>12</sup>

- 3.10 There are several important reasons why people experiencing gambling harm do not seek help:
- Seeking help for gambling issues is highly stigmatised.
  - People who gamble may not recognise they are experiencing harm until it affects other aspects of their life.
  - People who are experiencing gambling harm may not know where or how to look for support or may have had a negative experience with services.
  - Many people have poor access to the internet and smartphones.
  - The cost of services and transportation to access services can be prohibitive.
  - There are constraints on peoples' time, such as work or caring for children.
  - Services may not be culturally or linguistically appropriate for all people.<sup>13</sup>
- 3.11 The Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC) reported that 'only a small proportion of people experiencing harm from gambling ever seek counselling or support services, and many only do so when problems have become severe'.<sup>14</sup>
- 3.12 In New South Wales, less than one per cent of people who gamble had sought help for problems related to their gambling, in the Northern Territory the estimate was 1.5 per cent, and in the Australian Capital Territory it was two per cent.<sup>15</sup> AGRC noted the importance of affected others having access to counselling, as it 'can

<sup>11</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, pages 1-3.

<sup>12</sup> Professor Dan Lubman, Executive Clinical Director, Turning Point, and Professor of Addiction Studies and Services, Monash Addiction Research Centre, Monash University, *Committee Hansard*, 1 March 2023, page 45.

<sup>13</sup> Wesley Mission, *Submission 85*, page 6.

<sup>14</sup> Australian Institute of Family Studies, Australian Gambling Research Centre (AGRC), *Submission 76*, page 5.

<sup>15</sup> Australian Institute of Health and Welfare, 'Gambling in Australia', September 2021, [www.aihw.gov.au/reports/australias-welfare/gambling](http://www.aihw.gov.au/reports/australias-welfare/gambling).

improve coping by other affected persons, as well as facilitate access to treatment for the person who is gambling'.<sup>16</sup>

## Shame and stigma

In the last year of my punting, with the shame, the guilt and the stigma, suicide was on my mind everyday. There were only two things that stopped me. One was the kids. Their faces would flash up. And, having been in the police force and attended many, many suicides, I could not find a way that would be gentle on the first responders. Still, I was justifying my behaviour—wrong things as being right. It's okay. It's okay—I only need one big [win]. Irrational thoughts.

– Mr Ken Wolfe.<sup>17</sup>

- 3.13 Many people feel intense shame about their gambling and its impact on the people they love. They may feel a loss of pride and self-worth, embarrassment and guilt, or a fear of being rejected.<sup>18</sup> They may interact with others who are uninformed and have biases about gambling harm or addiction, or they may encounter labels like 'problem gambler', which is stigmatising and places the blame on the individual.
- 3.14 Shame and stigma prevent people from accessing the help they need.<sup>19</sup> In 2015, 80 per cent of Victorians experiencing gambling harm reported that they kept their gambling harm a secret because of shame and stigma.<sup>20</sup>
- 3.15 Many people will seek help from financial counselling services first, rather than treatment services, because this may be easier than admitting to themselves and disclosing to another person that their gambling has become so damaging it requires therapeutic treatment.<sup>21</sup>
- 3.16 Shame and stigma arise because many people associate gambling harm and addiction with poor self-control or decision-making, or criminality, rather than as a health issue.<sup>22</sup> A lack of knowledge and understanding of gambling disorder and

<sup>16</sup> AGRC, *Submission 76*, page 5.

<sup>17</sup> Mr Ken Wolfe, *Committee Hansard*, 5 December 2022, page 9.

<sup>18</sup> Care Incorporated, *Submission 45*, pages 3-4; Wesley Mission, *Submission 85*, page 6; Professor Dan Lubman, Turning Point and the Monash Addiction Research Centre, *Committee Hansard*, 1 March 2023, page 45.

<sup>19</sup> Banyule Community Health, *Submission 75*, page 3; Suicide Prevention Australia (SPA), *Submission 41*, page 7.

<sup>20</sup> Care Incorporated, *Submission 45*, pages 3-4.

<sup>21</sup> Mr Kieran Hough, Senior Social Worker & Win Back Your Life Program Coordinator, Victorian Arabic Social Services (VASS), *Committee Hansard*, 14 February 2023, page 6; Gambling Treatment and Research Clinic, University of Sydney (GTRC), *Submission 65*, page 12.

<sup>22</sup> Mr Rick Loos, Manager, Telephone & Online Services, Turning Point, *Committee Hansard*, 1 March 2023, page 47; AMA, *Submission 83*, page 3.

addiction leads to negative public attitudes that contribute to shame and fear of disclosing gambling behaviour.<sup>23</sup>

## Vulnerable Australians

3.17 Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse (CALD) backgrounds and people living in rural and remote communities are:

- at a higher risk of experiencing gambling harm
- less likely than other Australians to seek help due to shame, stigma, fear of judgement, and barriers such as language or the absence of professional assistance that is culturally informed and safe.<sup>24</sup>

3.18 The National Aboriginal Community Controlled Health Organisation (NACCHO) stated that harmful gambling can lead to ‘devastating health impacts’ in Aboriginal and Torres Strait Islander communities, such as:

poor mental health, stress, trauma, grief, depression, as well as poverty – substandard housing, homelessness, inadequate nutrition and food insecurity, shorter life expectancy and higher death rates.<sup>25</sup>

3.19 In the Northern Territory, where Aboriginal and Torres Strait Islander people make up around 25 per cent of the adult population, they experience over 40 per cent of gambling harm. SRTS Consultants stated that Aboriginal and Torres Strait Islander people are five times more likely to gamble harmfully and about three times more likely to be affected by other people’s gambling than the non-Indigenous population.<sup>26</sup>

3.20 Despite these statistics, almost half (44 per cent) of regular Aboriginal and Torres Strait Islander gamblers do not think they have a gambling problem.<sup>27</sup> NACCHO added that ‘only 5.4 per cent of gamblers receive any kind of gambling help, including from informal sources such as family and friends’.<sup>28</sup> Instead, Aboriginal and Torres Strait Islander people opt for self-help strategies.<sup>29</sup>

3.21 The Committee heard that better education is required to reduce stigma, increase awareness about gambling related harms and bring about culturally safe behavioural change, including supporting friends and family members to better help those who are experiencing gambling harm.<sup>30</sup>

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<sup>23</sup> Mr Gavin Fineff, *Submission 7*, p 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 9; Queensland University of Technology (QUT), *Submission 91*, page 3; GTRC, *Submission 65*, page 4; SPA, *Submission 41*, page 7.

<sup>24</sup> Dr Catriona Davis-McCabe, President, APS, *Committee Hansard*, 7 March 2023, page 2; National Aboriginal Community Controlled Health Organisation (NACCHO), *Submission 70*, page 7; Miss Nidhi Rao, *Submission 57*, pages 2 and 4-5; APS, *Submission 109*, page 3.

<sup>25</sup> NACCHO, *Submission 70*, page 4.

<sup>26</sup> STRS Consultants, *Submission 28*, page 4.

<sup>27</sup> NACCHO, *Submission 70*, page 6.

<sup>28</sup> NACCHO, *Submission 70*, page 6.

<sup>29</sup> NACCHO, *Submission 70*, page 7; Miss Nidhi Rao, *Submission 57*, page 4.

<sup>30</sup> NACCHO, *Submission 70*, page 7; Miss Nidhi Rao, *Submission 57*, page 5.

- 3.22 APS recognised it is important for psychologists working with Aboriginal and Torres Strait Islander people to be ‘well-versed in family and kinship interventions, financial literacy training and financial counselling, and community resilience building’.<sup>31</sup>
- 3.23 In CALD communities, there can be additional stigma about engaging with gambling services. Victorian Arabic Social Services (VASS) said it can be hard for people to admit having a gambling problem when some cultural or religious groups prohibit gambling, which can make it challenging to find a service they can trust. VASS explained:
- ...we specialise in doing in-language gambling harm support for service users, and a lot of them might have come to us because they haven’t felt comfortable about approaching mainstream services. They may have not even looked at approaching them because of that initial level of discomfort...there’s still a huge amount of difficulty just stepping over the threshold and coming to talk to someone and admit that it’s an issue.<sup>32</sup>
- 3.24 VASS reported that its gambling harm program often operates at capacity as people from CALD communities are more likely to seek help from someone who has ‘a lived experience of cultural and community factors’ and specialist in-language qualifications.<sup>33</sup>
- 3.25 A lack of resources available to people in rural and remote areas who are seeking help for gambling harm is a significant issue. Relationships Australia explained that people living in regional and remote areas ‘live with pressures, complexities and uncertainties not experienced by those living in cities and regional centres’.<sup>34</sup>
- 3.26 APS argued that Australian Government support is needed ensure that psychologists are available in communities of need. APS noted that although vulnerable people are ‘often unable to change their behaviours without external intervention and professional support’, there are ‘few or no services available for them to access’.<sup>35</sup>

## The hidden nature of gambling harm and suicidality

How do I know that gambling-related suicides are happening? I have wanted to kill myself from lived experiences and tried. I have heard many stories of people who have tried. I know of a few where the noted reason for the death was different, but the cause of it was really from gambling.

– Person with lived experience, Suicide Prevention Australia.<sup>36</sup>

<sup>31</sup> APS, *Submission 109*, page 3.

<sup>32</sup> Mr Kieran Hough, VASS, *Committee Hansard*, 14 February 2023, page 8.

<sup>33</sup> VASS, *Submission 71*, page 2.

<sup>34</sup> Relationships Australia, *Submission 93*, page 1.

<sup>35</sup> Dr Catriona Davis-McCabe, APS, *Committee Hansard*, 7 March 2023, page 2.

<sup>36</sup> SPA, *Submission 41*, page 7.



- 3.27 It can be difficult for loved ones to know when a person's gambling has become a harmful addiction and offer help. This is because of shame and stigma and the private nature of online gambling, which normally takes place on a person's mobile device, often in secret.<sup>37</sup> For example, Mr Fineff described online gambling as:
- ...invisible to family, friends, employers—no-one can see it. So, because it's so hidden, the escalation of its progression into problem gambling and then to gambling disorder goes unnoticed by the customer and everyone else. For that reason, it's very dangerous.<sup>38</sup>
- 3.28 Significantly, it is difficult to know when a person experiencing gambling harm is at risk of suicide. Despite there being a clear link between gambling harm and the risk of suicide, gambling-related suicides are underreported, largely because of shame and stigma.<sup>39</sup> One individual explained they were only made aware of their partner's gambling harm 'when all funds had been lost and my partner at that time attempted to commit suicide', and said it is 'extremely hard to offer help until it is too late'.<sup>40</sup>
- 3.29 While one in five people presenting to an emergency department with suicidality also reported experiencing gambling harm, the numbers are likely to be much higher. Underreporting of the relationship between gambling harm and suicidality means that there is a lack of a reliable data and framework for data collection. This makes it difficult to respond with treatment and prevention frameworks.<sup>41</sup>

## The effectiveness of counselling and support services for people experiencing gambling harm

- 3.30 Given the potential for addiction and gambling disorder, harmful gambling must be treated as a health issue with treatment offered by appropriately trained health professionals.<sup>42</sup> However, the Committee heard there are often few or no services available and some health care workers lack relevant training. Inadequate funding also affects the availability and effectiveness of services.
- 3.31 Support services specifically for gambling harm have low uptake.<sup>43</sup> Poor mental health, suicidality, or alcohol and substance use issues may be people's more urgent

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<sup>37</sup> Mr Nick Tebbey, National Executive Officer, Relationships Australia, *Committee Hansard*, 10 February 2023, page 2.

<sup>38</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 7.

<sup>39</sup> Mr Matthew McLean, Deputy Chief Executive Officer, SPA, *Committee Hansard*, 10 February 2023, page 16; Mx Caitlin Bambridge, Senior Policy Adviser, SPA, *Committee Hansard*, 10 February 2023, page 17.

<sup>40</sup> Name Withheld, *Submission 131*, page 1.

<sup>41</sup> Mr Matthew McLean, SPA, *Committee Hansard*, 10 February 2023, page 16; Professor Shalini Arunogiri, RANZCP, *Committee Hansard*, 7 March 2023, page 4.

<sup>42</sup> Dr Stephen Robson, President, AMA, *Committee Hansard*, 7 March 2023, page 1.

<sup>43</sup> Care Incorporated, *Submission 45*, page 4; Banyule Community Health, *Submission 75*, page 7; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8; RANZCP and RACP, *Submission 110*, page 5.

consideration, even though gambling is the root cause.<sup>44</sup> People experiencing gambling harms are grossly over-represented in primary care, alcohol, and other drug, and/or mental health treatment settings, with up to 30 per cent of treatment seekers experiencing gambling problems. It is important that, in all support and treatment settings, gambling harm is identified and treated early to ensure beneficial outcomes.<sup>45</sup>

- 3.32 Turning Point and the Monash Addiction Research Centre said that the lack of a public health framework for gambling creates a 'siloes approach to gambling that sits outside the health sector' and explained:

When we are talking about tobacco, alcohol or illicit drugs, we have a very strong public health framework. We don't have a public health framework for gambling. We don't consider it as a health issue. Because of that, it's not surprising that our health practitioners, more broadly, don't see it as a health issue or don't feel equipped to be able to deal with that.<sup>46</sup>

## A lack of integrated treatment services

- 3.33 Integrated services that provide treatment and support for people experiencing gambling harm as well as the mental health, suicidality or drug and alcohol challenges they are experiencing, are critical to ensuring people receive appropriate treatment.
- 3.34 There is a need for greater support for integrated treatment services<sup>47</sup> and better staff training, so that earlier interventions can be delivered to clients experiencing gambling harm. AGRC stated that early interventions play an important role 'for people in the early or intermediate stages of experiencing harm,' for example in encouraging them to set deposit limits, to prevent gambling from progressing to a more harmful stage.<sup>48</sup>
- 3.35 Patients often present to their medical practitioner with other mental health concerns or multiple complex issues linked to their gambling.<sup>49</sup> Banyule Community Health said that gambling harms 'can work like a domino effect...making it more difficult for people to figure out where to start with their journey to recovery'.<sup>50</sup>

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<sup>44</sup> Care Incorporated, *Submission 45*, page 4; Banyule Community Health, *Submission 75*, page 7; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8; RANZCP and RACP, *Submission 110*, page 5; Financial Counselling Australia (FCA), The explosion of gambling harm and the need for urgent training for financial counsellors, May 2022, [www.financialcounsellingaustralia.org.au/docs/gambling-harm-and-training-for-financial-counsellors/](http://www.financialcounsellingaustralia.org.au/docs/gambling-harm-and-training-for-financial-counsellors/), viewed 30 May 2023.

<sup>45</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8.

<sup>46</sup> Professor Dan Lubman, Turning Point and the Monash Addiction Research Centre, *Committee Hansard*, 1 March 2023, page 46.

<sup>47</sup> RANZCP and RACP, *Submission 110*, page 5.

<sup>48</sup> AGRC, *Submission 76*, page 5.

<sup>49</sup> Banyule Community Health, *Submission 75*, page 7; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8; Care Incorporated, *Submission 45*, page 4.

<sup>50</sup> Banyule Community Health, *Submission 75*, page 4.

- 3.36 Currently, screening for gambling harm occurs infrequently and inconsistently. Turning Point and the Monash Addiction Research Centre found that only '10 per cent of clinicians are aware of screening and assessment tools for gambling harm, and most gambling screening that does occur is on an ad hoc basis'.<sup>51</sup> When asked why screening is not conducted for gambling harms, clinicians explained that '...doing so is not an organisational requirement, gambling is not part of standard intake assessments, and they lack knowledge about and training in gambling harm screens'.<sup>52</sup>
- 3.37 There was strong support for standard intake assessments and information kits for healthcare providers, especially general practitioners, that provide screens for gambling harms by default to improve treatment outcomes for people experiencing both mental health conditions and gambling harms.<sup>53</sup>
- 3.38 The Australian Medical Association (AMA) recognised that medical practitioners have a role to play in talking with patients about gambling harms in various settings where people present with symptoms that appear unrelated to gambling. This is outlined in AMA's 2013 position statement *Health Effects of Problem Gambling*.<sup>54</sup>
- 3.39 Care Incorporated emphasised that all healthcare professionals should also 'have access to referral pathways to gambling support services' and services should be 'embedded in or more accessible from mainstream organisations'.<sup>55</sup>
- 3.40 Alliance for Gambling Reform suggested that an 'independent gambling harm national services directory' would be useful for medical and health professionals.<sup>56</sup>

## Training

- 3.41 The effectiveness of services can be undermined by insufficient staff training. This means that people seeking help may not be receiving best practice treatment and support, and some staff may have biases about people experiencing gambling harm, which can contribute to stigma.<sup>57</sup>
- 3.42 Financial Counselling Australia reported that, in 2022, only 57 per cent of specialist gambling financial counsellors had completed gambling-related training.<sup>58</sup>
- 3.43 Callers to gambling, crisis and financial counselling helplines who are experiencing both gambling harm and suicidality may not be adequately supported because there

<sup>51</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8.

<sup>52</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8.

<sup>53</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8; Care Incorporated, *Submission 45*, page 4; SPA, *Submission 41*, page 9; Alliance for Gambling Reform (AGR), *Submission 48*, page 18; AMA, *Submission 83*, page 2.

<sup>54</sup> AMA, *Submission 83*, page 2.

<sup>55</sup> Care Incorporated, *Submission 45*, page 4.

<sup>56</sup> AGR, *Submission 48*, page 3.

<sup>57</sup> AGR, *Submission 48*, page 15.

<sup>58</sup> FCA, 'The explosion of gambling harm and the need for urgent training for financial counsellors', May 2022, [www.financialcounsellingaustralia.org.au/docs/gambling-harm-and-training-for-financial-counsellors/](http://www.financialcounsellingaustralia.org.au/docs/gambling-harm-and-training-for-financial-counsellors/).

is no established best practice model of care in Australia to assist them.<sup>59</sup> This means that:

- some gambling helpline counsellors may not be trained to provide best practice suicide prevention
- some crisis support helpline counsellors may not be trained to provide best practice gambling harm support
- some financial counselling helpline staff may not be trained or supported to enquire about and to appropriately assist clients at risk of suicide
- people experiencing gambling harm disengage from help seeking because of disjointed care.<sup>60</sup>

3.44 Turning Point recommended a best practice suicide prevention model of care be developed for gambling helplines and that the helpline workforce be upskilled through 'national online skills-based training'.<sup>61</sup> Similarly, Suicide Prevention Australia (SPA) argued for crisis support helpline counsellors to be 'trained to have conversations about gambling and know how to refer callers to specialist gambling assistance services'.<sup>62</sup>

3.45 Banyule Community Health suggested further investment in diverse options for support such as 'peer support, groups, care coordination and long and short-term rehabilitation services', which are 'often not accessible for people experiencing gambling harm'.<sup>63</sup>

## **A lack of appropriate support services**

3.46 There are often few or no appropriate services available for people who try to seek help for gambling harm. There may be no services available to access, services may be unresponsive, or it can be difficult to make appointments. Some people may have had poor experiences with services in the past. Many find they have no continuity of care.<sup>64</sup> Some providers may put the onus on the person seeking help and their family to come up with solutions to the issues they face.<sup>65</sup>

3.47 A parent told the Committee their son was unable to access counselling and support services 'quickly enough' and, at times, their son did not know 'if taking his own life would be a better option than having to live with the knowledge of the harm that he has experienced and caused to his family'.<sup>66</sup>

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<sup>59</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 7.

<sup>60</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, pages 7-8.

<sup>61</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, pages 8-9.

<sup>62</sup> SPA, *Submission 41*, page 9.

<sup>63</sup> Banyule Community Health, *Submission 75*, page 7.

<sup>64</sup> Dr Catriona Davis-McCabe, APS, *Committee Hansard*, 7 March 2023, page 2; QUT, *Submission 91*, page 3.

<sup>65</sup> QUT, *Submission 91*, page 3.

<sup>66</sup> Name Withheld, *Submission 112*, pages 1-2.

- 3.48 Some people who are experiencing gambling harm do not know where to look for support as there is often little awareness of the available services among people who gamble and their families'.<sup>67</sup> A survey conducted in the Australian Capital Territory in 2019 found that one in ten people who were experiencing gambling harm did not know where to look for support. When asked where they would seek help, almost half nominated the internet, 15 per cent nominated a gambling helpline and 11.6 per cent nominated family or friends.<sup>68</sup>
- 3.49 There was support for online or telephone helplines that operate around the clock. These services can overcome barriers by allowing people to access anonymous support anytime and anywhere in Australia.<sup>69</sup> AGRC noted that, given the nature of online gambling participation, traditional modes of counselling, such as land-based counselling, 'may not be as effective for some sub-populations'.<sup>70</sup> AGRC said that online gambling counselling is 'especially valued by people experiencing feelings of stigma and shame' and explained:
- the online mode offers a degree of anonymity that traditional modes do not...young people in particular report feeling comfortable using relatively anonymous counselling via instant messaging services. This supports earlier research that found online counselling is appealing because of its anonymity, convenience, ease of access, and the opportunity for 'typing rather than talking'.<sup>71</sup>
- 3.50 Wesley Mission noted that online counselling is 'not appropriate for everyone, for cultural or technical reasons'.<sup>72</sup> For example, in the Fairfield Local Government Area in the west of Sydney, gambling has a 'significantly high' impact but '25 per cent of households do not have access to the internet at home'.<sup>73</sup> Wesley Mission argued that 'funding should ensure adequate face-to-face assistance remains, and culturally specific counselling is easily obtained'.<sup>74</sup>
- 3.51 Queensland University of Technology suggested that 'stronger promotion of counselling and financial counselling support services' would assist in greater awareness of the availability of services and support.<sup>75</sup>
- 3.52 SPA said it was important for banks, gambling companies and other organisations that interact with people who may be experiencing gambling harm to have 'protocols for correct referral of customers with gambling issues who are at risk of suicide'.<sup>76</sup>

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<sup>67</sup> QUT, *Submission 91*, page 3.

<sup>68</sup> Care Incorporated, *Submission 45*, page 3.

<sup>69</sup> Turning Point, *Submission 68*, page 7; Wesley Mission, *Submission 85*, page 5; AGRC, *Submission 76*, page 6.

<sup>70</sup> AGRC, *Submission 76*, page 6.

<sup>71</sup> AGRC, *Submission 76*, page 6.

<sup>72</sup> Wesley Mission, *Submission 85*, page 5.

<sup>73</sup> Wesley Mission, *Submission 85*, page 5.

<sup>74</sup> Wesley Mission, *Submission 85*, page 5.

<sup>75</sup> QUT, *Submission 91*, page 3.

<sup>76</sup> SPA, *Submission 41*, page 9.

- 3.53 The Gambling Treatment and Research Clinic, University of Sydney (GTRC), noted that patients who are experiencing harm related to interactive games also have difficulty finding support. It reported that ‘mainstream government-funded psychological support services for young people frequently turn away such clients as they feel they are also unable to support them’.<sup>77</sup> GTRC explained there are ‘few referral options for anyone who contacts the clinic for support in this area, as few support services are available’, due to ‘very few evidence-based treatment options’.<sup>78</sup>

## Funding issues

- 3.54 The Committee heard that increased and more targeted funding would help address the lack of appropriate services available for people experiencing gambling harm and improve training for frontline staff.
- 3.55 In 2022-23, the Department of Social Services was allocated \$5.55 million to support financial counselling for those experiencing gambling harm, and \$3.18 million for the National Debt Helpline.<sup>79</sup>
- 3.56 Currently, only a small proportion of online gambling revenue collected by the states and territories is directed towards gambling treatment and support. For example, when New South Wales increased its point of consumption tax on online gambling from 10 to 15 per cent in 2022, the state government indicated it would not increase the \$5 million a year allocated to addiction support services above inflation.<sup>80</sup>
- 3.57 A lack of appropriate funding affects the availability of both in-person services and gambling support services offered online. Most services are funded by the states and territories and are typically targeted towards geographic regions where there is the greatest concentration of electronic gaming machines. GTRC noted that, since online gambling can be accessed anywhere, gambling support services may not map as neatly and suggested that postcode-level data of those accessing services should be monitored.<sup>81</sup>
- 3.58 There was support for increased investment in research into screening, assessment, targeted early intervention and treatment services for at-risk groups and communities, including harnessing the online environment.<sup>82</sup>
- 3.59 GTRC recommended specific funding for financial counsellors to provide appropriate support to individuals and families experiencing gambling harm.<sup>83</sup> SPA called for ‘increased investment in treatment and support initiatives’ including ‘funding for

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<sup>77</sup> GTRC, *Submission 65*, page 12.

<sup>78</sup> GTRC, *Submission 65*, page 12.

<sup>79</sup> Department of Social Services, *Submission 87*, page 12.

<sup>80</sup> FCA, *Submission 152*, pages 3 and 51.

<sup>81</sup> GTRC, *Submission 65*, page 12.

<sup>82</sup> RANZCP and RACP, *Submission 110*, page 4; AMA, *Submission 83*, page 3.

<sup>83</sup> GTRC, *Submission 65*, page 12.

integrated treatment facilities for people experiencing the harms of gambling at-risk of suicide'.<sup>84</sup>

## Committee comment

- 3.60 Australia's rapid take up of online gambling has resulted in the world's worst online gambling losses, which is having devastating consequences on those impacted. Our support services, where they are appropriately targeted, are overwhelmed. They have neither the resources nor staff capacity to respond to demand. There is no evidence-based protocol for supporting people at risk of suicide who are experiencing gambling harm. Health professionals are often unaware that gambling is the cause of the issues they are treating. Australia needs to recognise that gambling disorder is a mental illness that requires more appropriate and targeted treatment.
- 3.61 Where services exist, shame and stigma and disjointed services are driving people away. There should be no wrong doors for people experiencing gambling harm to seek help. This requires raising awareness in the general community, and critically, among frontline services, that gambling harm is a health issue that can involve addiction and gambling disorder.
- 3.62 A national strategy on online gambling harm reduction and a dedicated ministerial portfolio, as recommended in Chapter two of this report, will ensure that Australia applies a nationally consistent, public health approach to reducing gambling harms.
- 3.63 The national strategy will support research to develop a set of standard indicators of risk and harm, prevalence studies and research into vulnerable groups, best practice interventions, treatments and supports, and research about gambling-related suicides.
- 3.64 The national strategy will help counter the damaging narrative generated by the responsible gambling paradigm that places all the onus for gambling harm on the person who gambles, and which reinforces stigma by turning a health issue into a moral judgement. Efforts to reduce stigma should further increase demand for treatment and support services, which will need to be considered in the allocation of future funding.
- 3.65 The national strategy will improve the coordination of state and territory activities. The imposition of a harm reduction levy on online WSP would provide a dedicated revenue stream to assist the national regulator to work with all jurisdictions to ensure that their funding and support is appropriately directed towards providing the treatment and support people experiencing gambling harms need, particularly the most vulnerable.
- 3.66 It is concerning that many financial counsellors lack training to support clients who are experiencing gambling harm, including suicidality, and that many gambling-

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<sup>84</sup> SPA, *Submission 41*, page 9.



specific financial counsellors have not completed gambling-related training. Funding should be directed to train financial counsellors and improve their capacity to assist people seeking help for gambling harms, including suicidal ideation.

## **Recommendation 9**

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**3.67 The Committee recommends that the levy for online gambling harm reduction support the national regulator to work with all jurisdictions on best practice prevention, detection, early intervention, treatment and rehabilitation programs for people experiencing gambling harms, including:**

- **better training for staff working in health, community and financial counselling services, and crisis and gambling helpline staff, to identify gambling harms, comorbid issues and suicide risk, to minimise stigma, and to provide best practice treatment and support**
- **support for Aboriginal and Torres Strait Islander community-controlled health organisations and other organisations that assist culturally and linguistically diverse clients or patients**
- **increased availability of integrated treatment services**
- **enhanced referral pathways to specialist treatments and peer-based support services, including at the end of a self-exclusion period**
- **the development and implementation of screening tools for gambling harm in all mental health and drug and alcohol assessments.**

3.68 Banks, payday lenders, and licenced online wagering service providers (WSPs) all have a role to play in providing appropriate referrals to services for customers experiencing gambling harm or who are at risk of suicide.

## **Recommendation 10**

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**3.69 The Committee recommends that the Australian Government develops industry guidelines for the banking and financial sector, online WSPs and other relevant organisations to educate staff about gambling harm. The guidelines should include protocols for the referral of customers experiencing gambling harm who are at risk of suicide.**

3.70 Much of the gambling harm that occurs in the community, including gambling related suicides, remains hidden and unseen. Recommendation five would resource AGRC to take on the role as a national clearinghouse for gambling research. This will improve access to and the coordination of data and research about this critical topic. Recommendation six would require WSPs to disclose de-identified customer data on gambling participation, risk indicators, interventions and harm to the regulator and approved researchers on a consistent and systematic basis. Improved data collection and reporting is critical to ensuring that governments, researchers, and industry have a clearer picture of the effects of gambling, to fill evidence gaps, and to develop treatment and prevention frameworks for gambling harm.



## **Recommendation 11**

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- 3.71 The Committee recommends that the Australian Government, in cooperation with the states and territories, establish a national data collection program on gambling harms and suicides. Data should be systematically collected from health and other practitioners and support services that interact with people who experience gambling harm, including emergency departments and coroners. The data collection should include de-identified customer data provided to the regulator by online WSPs.**





## 4. Regulating online gambling to reduce harm

- 4.1 Chapter two found that, as part of a national public health strategy to reduce online gambling harm, Australia needs national regulation and a national regulator for online gambling. This chapter examines the specific elements that should be included in national regulation by considering the adequacy of current:
- legislation and industry codes
  - consumer protections, including National Consumer Protection Framework for Online Wagering (NCPF) measures and operator-led interventions
  - enforcement and penalties
  - complaints and dispute resolution.
- 4.2 Other issues considered are online wagering service providers (WSPs) encouraging losses while banning gamblers who win, and whether there should be exemptions that allow in-play sports betting in some circumstances.

### Current regulation inadequate to reduce harm

- 4.3 There are two possible explanations for Australia's world-leading online gambling losses. The first is that there is a level of cultural acceptance in Australia about gambling. The second is that there is insufficient regulation of online gambling and restrictions on gambling advertising in Australia, and our federal system makes it harder to achieve consistent approaches with national reach.<sup>1</sup>
- 4.4 The Alliance for Gambling Reform (AGR) described the Australian love of gambling as a 'culturally constructed myth':

The truth is that we've had the worst policies, the least regulation of gambling. That is why we have the greatest losses. And those losses are not a cultural, innate tendency; they're a structural certainty because of the failure of proper regulation and proper policies that other nations have had.<sup>2</sup>

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<sup>1</sup> Ms Liz Hefren-Webb, Deputy Secretary, Families and Communities, Department of Social Services (DSS), *Committee Hansard*, 23 November 2022, pages 5 and 7.

<sup>2</sup> Reverend Tim Costello, Chief Advocate, Alliance for Gambling Reform (AGR), *Committee Hansard*, 5 December 2022, page 1.

- 4.5 Similarly, after examining gambling harm prevention regulation in Norway, Sweden, Spain, Belgium, Netherlands, France, Ireland and the United Kingdom, Ms Lauren Levin from Financial Counselling Australia (FCA) concluded 'we are by far the worst of all the countries I went to.'<sup>3</sup> Ms Levin said:

With each gambling regulator, I showed them the gambling statement...from a man called Christopher. It was his betting for five weeks of gambling. On the first day of opening his account, he deposited \$206,000 in eight deposits, including three of \$50,000, in eight hours. He gambled for five weeks and very tragically was left with 79 cents and took his life. So I showed each regulator this and asked each of them, 'Could this happen in your jurisdiction?' They said, categorically, no.<sup>4</sup>

- 4.6 According to Ms Levin, the European regulators identified mandatory deposit limits, a statutory duty of care on gambling operators and regulators having visibility of customer data through data vault facilities as the reasons why the tragedy of Christopher's experience with online gambling couldn't happen in their jurisdictions. They also identified banning all forms of gambling inducements, restricting gambling sponsorship, advertising and other marketing as making the most difference in gambling harm reduction.<sup>5</sup>

## Legislation and codes

- 4.7 The regulatory framework for online gambling includes over 60 pieces of Australian, state and territory legislation<sup>6</sup> and several industry codes of practice. Responsible Wagering Australia (RWA) said its members 'are subject to over 17,000 pages of legislation and regulation nationally, whilst remaining accountable to 26 different regulatory bodies.'<sup>7</sup>
- 4.8 As noted in earlier chapters, while the Australian Government currently has some responsibility for online gambling through the *Interactive Gambling Act 2001* (IGA), online gambling is mainly regulated by state and territory legislation and voluntary or mandatory industry codes.
- 4.9 The IGA prohibits a range of activities, such as online casinos, slots and poker and sports betting or wagering services offered by operators that don't hold an Australian licence, and prohibitions on in-play and credit betting. The Australian Communications and Media Authority (ACMA) is responsible for enforcing the IGA

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<sup>3</sup> Financial Counselling Australia (FCA), *Exhibit 20*, 'The sky didn't fall in', Winston Churchill Trust, March 2023.

<sup>4</sup> Ms Lauren Levin, Director, Policy and Campaigns, FCA, *Committee Hansard*, 28 March 2023, page 1.

<sup>5</sup> Ms Lauren Levin, FCA, *Committee Hansard*, 28 March 2023, page 1.

<sup>6</sup> Salvation Army, *Submission 43*, page 11.

<sup>7</sup> Responsible Wagering Australia (RWA), *Submission 106*, page 2.

and for administering the national self-exclusion register, BetStop, that apply to licenced online WSPs.<sup>8</sup>

- 4.10 Most online WSPs are licenced in the Northern Territory, which means they are regulated under the *Racing and Betting Act 1983* (Northern Territory) by the Northern Territory Racing Commission (NTRC). WSPs must also comply with the *Northern Territory Code of Practice for Responsible Service of Online Gambling 2019*. Breaches of this mandatory code can result in a reprimand, fine, or suspension or cancellation of a license. The code has recently been reviewed and a revised code is expected in mid-2023.<sup>9</sup>
- 4.11 FCA described the Northern Territory's code as being 'more comprehensive than the ministerial orders and legislation in other states.'<sup>10</sup> FCA said that 'the states for the most part have only codified specific items' from the NCPF, while the Northern Territory puts a general duty on WSPs to pick up 'red flags' of risky customer behaviour.<sup>11</sup> However, the Northern Territory allows inducement advertising, while other states, such as New South Wales and South Australia, do not.<sup>12</sup>

#### **Box 4.1 Case study**

Mr Gavin Fineff is married with two children. Until recently, he was a senior financial planner and lived on Sydney's north shore. Mr Fineff was diagnosed as having severe gambling disorder from late 2016. His gambling escalated in 2018, after he received unsolicited offers to bet with two of Australia's largest online WSPs. In less than two years, he lost \$4.4 million, including about \$3.4 million of his clients' money.<sup>13</sup>

In April 2023, Mr Fineff was found guilty of 12 counts of dishonestly obtaining financial advantage by deception and sentenced to serve at least five years and four months behind bars. Mr Fineff is now in jail, bankrupt and was permanently banned from working as a financial advisor.

On 27 February 2023, the NTRC reached a decision about a dispute lodged by Mr Fineff in relation to Ladbrokes. The NTRC found:

The Gambler was actively targeted by a Ladbrokes' Business Development Manager due to his knowledge or the knowledge of his supervisor that the Gambler had been sustaining heavy gambling losses with another bookmaker. Rather than making any inquiries of substance as to whether the Gambler could afford to gamble to these levels, Ladbrokes encouraged the Gambler to open a betting account with it by providing attractive bonus and deposit rebate incentives

<sup>8</sup> Australian Communications and Media Authority (ACMA), *Submission 96*, page 1. ACMA is also responsible for regulating gambling advertising on broadcast television and radio, and online in conjunction with live sport.

<sup>9</sup> Northern Territory Racing Commission (NTRC), *Submission 143*, pages 1-2.

<sup>10</sup> FCA, *Submission 152*, page 47.

<sup>11</sup> FCA, *Submission 152*, pages 36 and 47; NTRC, *NT Code of Practice for Responsible Service of Online Gambling 2019*, 'Item 3.2 Recognising potential problem gamblers', March 2023.

<sup>12</sup> RWA, *Submission 106.2*, page 1.

<sup>13</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 4.

as an inducement to open a betting account and appears to have been more focused on realising its own profits from the Gambler rather than ensuring that it was providing a responsible gambling environment.<sup>14</sup>

The NTRC imposed three fines on Ladbrokes at the maximum penalty rate for licence breaches, totalling \$78,540.<sup>15</sup> During the 21-month life of his Ladbrokes betting account, Mr Fineff turned over \$17.5 million, making a loss of \$758,510.<sup>16</sup> The NTRC did not refer Ladbrokes to the police because it considered that Ladbrokes could not have formed reasonable suspicion that some of the funds used by Mr Fineff may have been the proceeds of crime.<sup>17</sup>

Mr Fineff has expressed shame and remorse for how his offending impacted his victims and how his gambling has affected his family. He provided the Committee with personal insights into how his severe gambling disorder shaped a belief that he could not lose and how this belief was further cultivated and exploited by the predatory behaviour of online WSPs.

Mr Fineff's case demonstrates multiple points of regulatory weakness:

- It is an example of online WSPs failing to intervene when an individual's gambling is clearly demonstrating a high risk of harm and instead offering inducements to continue betting.
- Staff are moving between WSPs and are taking individual's personal information with them. They are using this to target high risk customers with inducements.<sup>18</sup>
- Online WSPs are accepting and are allowed to keep stolen money, despite the obligation to 'know your customer' under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act), and state and territory proceeds of crime legislation.
- The fine levelled by the NTRC against Ladbrokes was so inadequate that Ladbrokes profited from its dealings with Mr Fineff.
- There are no pathways for Mr Fineff's victims to get their money back from the WSPs and state and territory victims of crime compensation schemes do not provide redress for victims of fraud and theft.<sup>19</sup>

<sup>14</sup> NTRC, *Decision Notice*, 'Entain Group Pty Ltd (Ladbrokes), Investigation by the Northern Territory Racing Commission (Concerning Dealings with Gambler – Mr F)', 27 February 2023, page 20.

<sup>15</sup> NTRC, *Decision Notice*, 'Entain Group Pty Ltd (Ladbrokes), Investigation by the Northern Territory Racing Commission (Concerning Dealings with Gambler – Mr F)', 27 February 2023, page 23.

<sup>16</sup> NTRC, *Decision Notice*, 'Entain Group Pty Ltd (Ladbrokes), Investigation by the Northern Territory Racing Commission (Concerning Dealings with Gambler – Mr F)', 27 February 2023, pages 2 and 16.

<sup>17</sup> NTRC, *Decision Notice*, 'Entain Group Pty Ltd (Ladbrokes), Investigation by the Northern Territory Racing Commission (Concerning Dealings with Gambler – Mr F)', 27 February 2023, page 21.

<sup>18</sup> See also, Name withheld, *Submission 161*, pages 3-6, 9 and 17.

<sup>19</sup> FCA, *Submission 152*, pages 32-33.

## Consumer protections

- 4.12 Australia's licenced wagering providers had substantial input into the development of the NCPF.<sup>20</sup> RWA described the NCPF as a 'significant, world-leading regulatory framework that RWA is fully committed to'.<sup>21</sup>
- 4.13 While there was support for the concept of the NCPF,<sup>22</sup> which demonstrates that the Australian, state and territory governments can work together to reduce gambling harm, it has been criticised for not providing sufficient consumer protections.<sup>23</sup> The effectiveness of the NCPF is yet to be demonstrated, with a multi-staged evaluation commencing in 2023.<sup>24</sup>
- 4.14 AGRC said that part of the difficulty in assessing the effectiveness of NCPF measures 'is the extent to which these are known, understood, and used by consumers.'<sup>25</sup> AGRC explained:
- Research shows that most people who wager online do not use any strategies to limit or control their gambling. For example, our baseline study of the NCPF found that less than half of participants had employed any strategies to try to limit or control the amount of time or money they spent betting online during the past 12 months. Specifically, only around one third reported that they had 'monitored how much money they spent betting' (39%), or that they had 'set limits for how much they can spend each week' (34%). Usage of the temporary self-exclusion or permanent self-exclusion options in online wagering apps/websites was particularly low at the time of data collection (4.2% and 4.7%, respectively).<sup>26</sup>
- 4.15 The low uptake of such consumer protection features may be attributed to both a general lack of awareness that these tools exist, and negative perceptions (stigma) that such tools are only intended for people experiencing 'problem' gambling. Public awareness and education campaigns and comprehensive WSP staff training may help to increase awareness and reduce stigma surrounding these tools and increase uptake.<sup>27</sup>
- 4.16 The NCPF features consumer protection measures including:
- prohibiting lines of credit and discouraging the use of small amount credit contracts (SACCs or 'payday loans')
  - reducing the customer verification period to 72 hours

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<sup>20</sup> RWA, *Submission 106*, page 1.

<sup>21</sup> RWA, *Submission 106*, page 2.

<sup>22</sup> Queensland Government, *Submission 140*, page 7; Entain, *Submission 61*, page 4; RWA, *Submission 106*, page 2.

<sup>23</sup> Australian Psychological Society, *Submission 109*, page 3; Wesley Mission, *Submission 85*, page 4; STRS Consultants, *Submission 28*, page 1.

<sup>24</sup> DSS, *Submission 87*, page 2.

<sup>25</sup> AGRC, *Submission 76*, page 3.

<sup>26</sup> AGRC, *Submission 76*, pages 3-4.

<sup>27</sup> AGRC, *Submission 76*, pages 3-4.

- prohibiting certain types of inducements and the introduction of the national self-exclusion register, Betstop
  - making it easier for customers to close accounts
  - the availability of voluntary opt-out pre-commitment
  - providing customers with meaningful activity statements
  - the introduction of new, consistent gambling messaging about the risks and harm of gambling in all online gambling marketing
  - requiring wagering staff to be trained in responsible service.
- 4.17 Eight of the 10 measures have already been implemented, including the introduction of new warning messages on gambling advertisements to replace the ‘gamble responsibly’ slogan. The Government has announced it will ban the use of credit cards for online wagering, and legislation is expected to be introduced this year.<sup>28</sup> The final measure to be introduced will be BetStop, which will allow consumers to exclude themselves from all Australian licensed wagering services. BetStop is expected to be launched in coming months.

## Payment methods

- 4.18 The Australian Government’s recent decision to ban the use of credit cards for online gambling (measure one of the NCPF) is recognition that people should not be gambling with money they do not have. However, the Committee heard that Australians are also accessing SACCs to gamble. Concerns were also raised about other payment methods.

## Payday lending

- 4.19 SACCs are loans of up to \$2,000, where the term of the contract is between 16 days and 12 months. SACCs can be accessed via mobile phone apps with the potential for money to be deposited into a consumer’s bank account within minutes.<sup>29</sup>
- 4.20 Measure two of the NCPF is intended to discourage the use of SACCs by online gamblers. The measure prohibits payday lending from being advertised or marketed on an interactive wagering service provider’s or affiliated organisation’s website.<sup>30</sup> FCA said this measure has worked to prevent online WSPs collaborating with payday lenders, but it has not prevented gamblers from taking out payday loans. FCA reported that ‘many if not most, of the financial counselling gambling clients have payday loans. So, a problem remains.’<sup>31</sup>

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<sup>28</sup> The Hon Amanda Rishworth MP, Minister for Social Services and The Hon Michelle Rowland MP, Minister for Communications, ‘Albanese Government will ban credit cards for online wagering’, *Media release*, 28 April 2023.

<sup>29</sup> Australian Psychological Society, *Submission 111*, page 5.

<sup>30</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 7.

<sup>31</sup> FCA, *Submission 152*, page 38.



- 4.21 Connect Health and Community reported that people who have been denied credit with mainstream lenders are accessing SACCs on a revolving basis to fund gambling, alcohol and drug use.<sup>32</sup>
- 4.22 SACCs are subject to the general consumer protections that apply under the *National Consumer Credit Protection Act 2009* (National Credit Act). Providers of SACCs must comply with the responsible lending obligations that require lenders to determine that the credit is not unsuitable for the consumer before providing the loan.
- 4.23 The *Financial Sector Reform Act 2022* amended the National Credit Act to impose additional obligations on providers of SACCs, including:
- restrictions on unsolicited offers to consumers<sup>33</sup>
  - a new requirement for licensees to document in writing the suitability of a loan for a consumer.<sup>34</sup>
- 4.24 FCA recommended that the Australian Securities and Investments Commission investigate and report on whether the payday lending sector is compliant with its responsible lending obligations, 'vis-à-vis gambling customers.'<sup>35</sup>

#### **Other payment methods**

- 4.25 The Australian Banking Association (ABA) advised that most banks have developed technological solutions to reduce gambling harm, including tools to track and cap spending and enable customer-directed blocks. Some banks have trained customer support teams and provide referrals to support services to customers that are experiencing gambling harm. Other assistance measures vary across different banks but can include immediate gambling blocks that are able to be activated via banking apps and contact centres, and delays on the removal of blocks.<sup>36</sup> Approximately 500,000 Australians have applied gambling blocks to their bank accounts.<sup>37</sup>
- 4.26 Concerns were raised that other payment methods offer fewer protections from gambling harm. For example, the Committee heard that use of cryptocurrencies to gamble carries a higher AML/CTF risk and should be prohibited.<sup>38</sup>
- 4.27 Sportsbet recommended that Buy Now Pay Later should be treated the same way as credit and should be similarly banned from gambling services.<sup>39</sup>
- 4.28 The Committee also heard that POLi Payments is used by many online WSPs to facilitate fast cash transfers and enables customers to drain their bank accounts

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<sup>32</sup> Connect Health and Community, *Submission 111*, page 2.

<sup>33</sup> *Financial Sector Reform Bill 2022 Explanatory Memorandum*, para 4.74.

<sup>34</sup> *Financial Sector Reform Act 2022*, sch. 4, s. 14.

<sup>35</sup> FCA, *Submission 152*, page 38.

<sup>36</sup> Australian Banking Association (ABA), *Submission 84*, page 1.

<sup>37</sup> Ms Anna Bligh, Chief Executive Officer, ABA, *Committee Hansard*, 4 April 2023, page 2.

<sup>38</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 7; Sportsbet, *Submission 81*, page 3.

<sup>39</sup> Sportsbet, *Submission 81*, page 3.

quickly.<sup>40</sup> POLi Payments allows funds to be deposited into a gambling account even if a person has gambling blocks set up on their bank accounts. However, POLi will allow customers to request a six-month gambling block on their POLi account.<sup>41</sup> The NTRC said it would be open to a ban on payments to betting accounts from POLi style payment systems.<sup>42</sup>

## Customer verification

- 4.29 Measure three of the NCPF reduced the period in which wagering providers must verify their customers from 90 days to 72 hours or less. The 72-hour time frame is required by the Australian Transaction Reports and Analysis Centre (AUSTRAC)'s AML/CTF rules.
- 4.30 When asked why wagering companies are not required to 'know their customers' prior to opening accounts and accepting bets from them, AUSTRAC said that 'the 72-hour time frame is a business efficacy measure for gambling services' and explained:

Customers opening accounts online will not always be able to provide the necessary documentation when they attempt to open an account. The delay enables the customer to provide the necessary documentation at a later time, within the 72-hour time limit.

The AML/CTF risks are mitigated in this period, as the customer is not permitted to withdraw any funds from the account before they have been identified and their identity verified. Customers may also need to be identified in other circumstances, such as where a suspicious matter arises, or where it becomes necessary for other customer due diligence purposes.<sup>43</sup>

- 4.31 The Committee heard that customer verification should be completed before accounts go 'live',<sup>44</sup> and that identity verification prior to wagering has been in place in the United Kingdom for some time.<sup>45</sup> Allowing people to gamble for three days before their identity is verified risks harm to minors and to individuals who have self-excluded and are relapsing back into harmful gambling.<sup>46</sup>

## Risks to those under 18 years

- 4.32 While it is illegal for Australians younger than 18 years of age to gamble, about two thirds to three quarters of children will have participated in some form of gambling in

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<sup>40</sup> Name withheld, *Submission 153*, page 1; Connect Health and Community, *Submission 111*, page 3.

<sup>41</sup> POLi Payments, *Contact us*, 'Greater support for gamblers and other POLi Service customers', [www.polipayments.com/contact-us](http://www.polipayments.com/contact-us), viewed 29 March 2023.

<sup>42</sup> NTRC, *Submission 143*, page 4.

<sup>43</sup> Australian Transaction Reports and Analysis Centre (AUSTRAC), *Submission 135*, page 1.

<sup>44</sup> Connect Health and Community, *Submission 111*, page 4; Queensland Government, *Submission 140*, page 7; NTRC, *Submission 143*, pages 3-4; Central Queensland (CQ) University, *Submission 24*, page 7; Mr Alastair Shields, Chairperson, NTRC, *Committee Hansard*, 28 February 2023, page 40.

<sup>45</sup> NTRC, *Submission 14*, page 4.

<sup>46</sup> FCA, *Submission 152*, page 11.

their pre-teen and teenage years.<sup>47</sup> A study of young men found that 23 per cent of participants first bet on sports when they were under 18 years.<sup>48</sup> The Committee heard that requiring customer verification before gambling would assist in preventing individuals under the age of 18 years from opening accounts.<sup>49</sup>

- 4.33 In February 2020, the former Standing Committee on Social Policy and Legal Affairs' inquiry *Protecting the age of innocence – Inquiry into age verification for online wagering and online pornography*, recommended that the NCPF require pre-verification to prevent Australians under 18 years of age from gambling online.<sup>50</sup> Wesley Mission noted that, despite this, 'it does not appear that there have been improvements to both the mechanisms of age verification, or prohibiting accepting bets until age has been verified.'<sup>51</sup>
- 4.34 The Office of the eSafety Commissioner submitted a roadmap on age verification to the Australian Government for consideration in March 2023 as part of the Australian Government's response to the former committee's inquiry. Some options for age assurance measures were raised, including digital identity apps, physical age tokens and facial analysis technology.<sup>52</sup>
- 4.35 Wesley Mission said that the current absence of a viable age verification system 'suggests that online bookmakers are not necessarily able to securely identify minors attempting to gamble.'<sup>53</sup>
- 4.36 RWA claimed its members have 'strict age verification procedures in-place to prevent minors opening and operating accounts with our members'.<sup>54</sup> RWA noted that 'if a person is verified as under 18 years of age, all deposited funds must be returned and the account immediately closed.'<sup>55</sup>

### Implications for BetStop

- 4.37 The Committee heard that the three-day verification window may undermine the effectiveness of BetStop. For example, the Queensland Government said 'it is unclear how operators can prove due diligence if they have allowed an excluded individual to gamble for up to 72 hours before verifying their identity'.<sup>56</sup> Similarly, the NTRC said:

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<sup>47</sup> Association of Heads of Independent Schools of Australia (AHISA), *Submission 62*, page 11.

<sup>48</sup> AGRC, *Submission 76*, page 10; See also: Zoe Peet, *Submission 94*, page 5.

<sup>49</sup> NTRC, *Submission 14*, page 4.

<sup>50</sup> House of Representatives Standing Committee on Social Policy and Legal Affairs, *Protecting the age of innocence – Inquiry into age verification for online wagering and online pornography*, February 2020, page xvi.

<sup>51</sup> Wesley Mission, *Submission 85*, page 3.

<sup>52</sup> Office of the eSafety Commissioner, *Age verification*, 'Age assurance measures and alternative safety tech', March 2023, [www.esafety.gov.au/about-us/consultation-cooperation/age-verification](http://www.esafety.gov.au/about-us/consultation-cooperation/age-verification), viewed 17 May 2023.

<sup>53</sup> Wesley Mission, *Submission 85*, pages 3-4.

<sup>54</sup> RWA, *Submission 106*, page 3.

<sup>55</sup> RWA, *Submission 106*, page 12.

<sup>56</sup> Queensland Government, *Submission 140*, page 7; NTRC, *Submission 14*, pages 3-4.

...if a self-excluded person in the grip of a gambling addiction is able to modify their personal details in such a way that their details are not assessed by BetStop as belonging to a self-excluded person, BetStop will not assess the person as being self-excluded, and the gambling operator will allow them to open a new account and commence gambling. Absent any other mechanism, the true identity of the person will not be revealed until the mandatory verification process has been completed by the gambling operator.<sup>57</sup>

- 4.38 The NTRC noted that, under current requirements, a gambler 'in the grip of an addiction can cause themselves (and their families and loved ones) a great deal of harm and distress in a 72-hour timeframe.'<sup>58</sup>
- 4.39 ACMA noted that provision of consumer protection measures is reliant on online WSPs knowing their customers and said that pre-verification would 'increase quality of customer data and limit the ability for consumers to provide false information to wagering providers to circumvent their exclusion with BetStop.'<sup>59</sup> ACMA noted that the NCPF flagged that the customer verification period will change to a customer pre-verification measure after BetStop is operational.<sup>60</sup>

## Inducements and VIP marketing

- 4.40 Inducements are a type of marketing used by online gambling operators to attract new customers or to encourage existing customers to gamble. Inducements are offered via advertising and direct messaging and include offers such as deposit matches,<sup>61</sup> multi-bets, bonus bets, rewards programs and early cash-outs.<sup>62</sup> Inducements are effective in marketing gambling, especially to young people, because they encourage a belief that gambling isn't risky and that gamblers are minimising losses.<sup>63</sup> However, inducements do the opposite; they increase losses by encouraging riskier bets and increased betting expenditure, and draw gamblers' attention away from harm minimisation messages.<sup>64</sup>
- 4.41 WSPs have VIP programs to incentivise the people they regard as high value customers. FCA described VIP programs as 'incubators of consumer harm' and said that 'VIP gambling marketing has been documented as particularly harmful as a small cohort of people account for a disproportionate share of customer losses.'<sup>65</sup> The Committee heard how high value customers are individually case managed and

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<sup>57</sup> NTRC, *Submission 14*, pages 3-4.

<sup>58</sup> NTRC, *Submission 14*, page 4.

<sup>59</sup> ACMA, *Submission 96*, page 15.

<sup>60</sup> ACMA, *Submission 96*, page 15. See also, DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 8.

<sup>61</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 5.

<sup>62</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 8; CQ University, *Submission 24*, page 6-7.

<sup>63</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 7.

<sup>64</sup> CQ University, *Submission 24*, page 4.

<sup>65</sup> FCA, *Submission 152*, pages 29-30, 40.

encouraged to gamble more through personalised inducements, regardless of whether they are experiencing gambling harm.<sup>66</sup>

4.42 Consumers can currently self-exclude from receiving marketing messages through registers operated by state and territory governments and individual wagering providers.<sup>67</sup> The Committee heard from several Australians who, after experiencing severe gambling harm, voluntarily closed their online betting accounts. Despite this, they were targeted with inducements, including from betting companies with which they had no prior association. The personal details of these vulnerable customers, who had clearly demonstrated high-risk gambling behaviours, were shared with competitors when staff changed jobs. Those customers were then offered inducements to gamble with the new companies, which contributed to the escalation of the customers' gambling harm.<sup>68</sup>

4.43 Mr Fineff described how he received about '\$3.6 million of free betting money' in inducements over a two-year period,<sup>69</sup> which resulted in his gambling escalating:

I would make a deposit to the operator because they gave me a significant inducement if I made a deposit. That's what they said – for example, 'If you make a deposit, you'll get 50 per cent of the amount of that deposit as free bonus cash.' Sometimes it was 100 per cent, and other times it was 30 per cent. My rationalisation and logic was that, from the money I borrowed from lenders to invest, I'd just use a small portion of that to deposit into the wagering operator to get their free cash. Then I'd use that free cash to generate some winnings; I'd withdraw the amount I original deposited, from the amount that I'd borrowed, to invest in the shares that I desired; and I'd then use the winnings to generate more winnings to repay people.

But...this never works out. I would lose the free bonus bet, and then I'd lose the deposit that I'd put in there, but the logic and rationalisation was the same, time and time again. It didn't matter how many times I lost because I didn't think about losing.<sup>70</sup>

4.44 Similarly, Mr Mark Kempster lost about \$100,000 over a seven-year period to online gambling, spent all his savings and redundancy payments and accessed money from his superannuation to pay off his gambling-related credit card debts. He tried unsuccessfully to quit and used the 'take a break' features on betting apps between 20 to 30 times. Mr Kempster said:

After I'd come back from those breaks I was offered bonus bets or deposit matches from these companies. Obviously, you'd think that, if I was taking this

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<sup>66</sup> FCA, *Submission 152*, page 29; Name withheld, *Submission 161*, pages 6-11.

<sup>67</sup> Department of Infrastructure, Transport, Regional Development and Communications and the Arts (DITRDCA), *Submission 104*, page 4.

<sup>68</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, pages 4-5; Mr Mark Kempster, *Committee Hansard*, 10 February 2023, page 8; Mr Aaron Smith, *Committee Hansard*, 10 February 2023, pages 3-5; Name withheld, *Submission 161*, pages 8-11.

<sup>69</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 4.

<sup>70</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 5.

many breaks from their app, they'd probably realise I had a problem. But not once was I contacted by anyone around this and I was continually offered inducements when I came back. To me, this is just predatory behaviour and a complete lack of duty of care that these companies are showing to their customers.<sup>71</sup>

4.45 Mr Aaron Smith reported that, prior to the COVID-19 pandemic, he had self-excluded from 25 to 30 online bookmakers to try to control his gambling. However, he continued to receive inducements from new market entrants via unsolicited text messages and email, and from WSPs with whom he had self-excluded.<sup>72</sup>

4.46 Measure 4 of the NCPF introduced the following restrictions on inducements:

- The offer of any credit, voucher, reward, or other benefit as an incentive to open an account or refer another person to open an account is prohibited.
- Any credit, voucher, reward, or other benefit (that is directed at encouraging customers to gamble) that is not part of an approved loyalty program must not be offered in a jurisdiction that only permits such inducements as part of an approved loyalty program.
- Winnings from a complementary betting credit or token (i.e. bonus bet) must be able to be withdrawn without being subject to any turnover requirements.
- All direct marketing to customers may only be sent to customers who provide their express consent to receive this material.<sup>73</sup>

4.47 FCA argued that these restrictions do not go far enough to prevent harm and noted that 'marketing naturally flows to the unregulated gaps.'<sup>74</sup> FCA reported that:

- Restrictions on incentives to open an account are being circumvented by incentives being provided just after a person's account has been opened.<sup>75</sup>
- The prohibition on referring another person to open an account are being bypassed by gambling affiliates, such as tipping sites and sport streaming services. FCA claimed that affiliates 'receive a trailing commission on the referred person's future net losses.'<sup>76</sup> FCA also claimed there are 'affiliate staff employed by gambling operators on a commission basis, who use personal outreach to gamblers who are customers or former customers of other operators, and they offer inducements to 'bring them over'.<sup>77</sup>
- The requirement for consent to marketing is being undermined by WSPs pre-ticking consent boxes, not requesting consent at sign up, or providing

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<sup>71</sup> Mr Mark Kempster, *Committee Hansard*, 10 February 2023, page 8.

<sup>72</sup> Mr Aaron Smith, *Committee Hansard*, 10 February 2023, pages 3-5.

<sup>73</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 8.

<sup>74</sup> FCA, *Submission 152*, page 39.

<sup>75</sup> FCA, *Submission 152*, page 39.

<sup>76</sup> FCA, *Submission 152*, page 39.

<sup>77</sup> FCA, *Submission 152*, page 39.



inducements to those who do not complete the sign-up process and do not verify their age and identity.<sup>78</sup>

- 4.48 The South Australian Liquor and Gambling Commissioner reported there is inconsistency in how the states and territories regulate inducements, noting that some inducement advertising is not allowed in South Australia but is allowed in other jurisdictions. The Commissioner said, ‘you may see ads that say, “not available to South Australian residents”. It is because of that.’<sup>79</sup>
- 4.49 The Queensland Government noted that the NCPF measures still allow wagering advertising that contain inducements to participate in gambling or to bet a certain way and argued for the Australian government to take action to ensure consistency across jurisdictions and coverage of broadcasters, social media platforms and influencers, among others.<sup>80</sup>
- 4.50 Similarly, Sportsbet recommended a nationally consistent framework for inducement advertising ‘to reduce customer confusion and limit the likelihood of accidental breaches by operators and/or their partners.’<sup>81</sup>
- 4.51 There was strong support for greater restrictions on direct marketing of inducements and inducement advertising.<sup>82</sup> For example, Suicide Prevention Australia said:
- Inducements to gamble and unsolicited credit offered by gambling companies that incentivise people to gamble pose harm to people unable to control their gambling habits in a safe manner. Stronger consumer protections are required to minimise harm to gamblers and ensure that those who self-exclude are not then drawn back into gambling by another company.<sup>83</sup>
- 4.52 Turning Point and the Monash Addiction Research Centre said that ‘consideration should be given to prohibiting wagering services from offering any free credit, voucher, reward, or benefit to both new and existing customers.’<sup>84</sup>
- 4.53 Central Queensland (CQ) University recommended that there should be strict opt-in requirements for direct messages with inducements.<sup>85</sup>

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<sup>78</sup> FCA, *Submission 152*, pages 39-40.

<sup>79</sup> Mr Dini Soulio, Liquor and Gambling Commissioner, Government of South Australia, *Committee Hansard*, 28 February 2023, page 51.

<sup>80</sup> Queensland Government, *Submission 140*, page 3.

<sup>81</sup> Sportsbet, *Submission 81*, page 4.

<sup>82</sup> FCA, *Submission 152*, pages 30 and 40; Connect Health and Community, *Submission 111*, page 5; Hobsons Bay City Council, *Submission 38*, page 2; Suicide Prevention Australia, *Submission 41*, pages 2 and 9; AGR, *Submission 48*, page 2; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 12; The Synods of Western Australia and Victoria and Tasmania, Uniting Church in Australia, *Submission 86*, page 1; Queensland University of Technology, *Submission 91*, page 3; Zoe Peet, *Submission 94*, page 3.

<sup>83</sup> Suicide Prevention Australia, *Submission 41*, pages 2 and 9.

<sup>84</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 12.

<sup>85</sup> CQ University, *Submission 24*, pages 6-7.

- 4.54 FCA called for Australia to either ban inducements entirely, or to limit them (as Sweden has done) to a single one-off bonus over a customer's lifetime. FCA noted that 'removing inducements to gambling has the effect of...depleting the momentum of VIP programs, as there is little to offer in the way of inducements'.<sup>86</sup>
- 4.55 RWA argued that discussions of regulating the offer of inducements should 'start from the premise that we're dealing with responsible adults engaging in a form of entertainment', and that to ban inducements therefore 'would require evidence that it is a substantial evil...on the face of it, there's nothing inherently wrong with offering a reason why you'd bet with A and not with B, except to the extent that it can be established that it's significantly adding to the issue of problem gambling.'<sup>87</sup>

## **BetStop**

- 4.56 When it is launched, BetStop (measure 10 of the NCPF) will allow consumers to self-exclude from all licensed online WSPs in a single process for a minimum of three months to a maximum of a lifetime. Once a person registers with BetStop, online WSPs must not let the person place a bet or open a new account, or send them marketing messages. If the person is an existing customer, the WSP must close their betting accounts and refund any credit.
- 4.57 ACMA is responsible under the IGA for administering BetStop and for ensuring national compliance by around 150 licenced online WSPs. BetStop is funded by industry through a cost recovery levy. ACMA said 'the system has been designed to cater for high-demand occasions such as Melbourne Cup Day and respond in fractions of a second.'<sup>88</sup> ACMA said:
- ...we've undertaken extensive consultation and that's involved multiple rounds of user testing with people with lived experience of gambling harm, to really get this right. We're aiming to have a process that's as simple as possible to register, of course. Testing's showing that it's about a five- to 10-minute process and doesn't take much more than opening a gambling account. It's providing your email and phone number and verifying your identity.<sup>89</sup>
- 4.58 The rollout of BetStop has been delayed because the operator who was contracted to deliver it went into voluntary administration in January 2023. ACMA said it was working to establish alternative arrangements for the delivery of BetStop but was unable to provide a 'go live' date.<sup>90</sup>
- 4.59 FCA recommended that BetStop be given 'a generous marketing budget and a marketing plan' and explained 'people will need encouragement to use it as those

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<sup>86</sup> FCA, *Submission 152*, page 40.

<sup>87</sup> Mr Nick Minchin, RWA, *Committee Hansard*, 4 April 2023, page 55.

<sup>88</sup> ACMA, *Submission 96*, page 9.

<sup>89</sup> Mr Matthew Anderson, Manager, National Self-Exclusion Section, ACMA, *Committee Hansard*, 4 April 2023, page 71.

<sup>90</sup> Ms Cathy Rainsford, General Manager, ACMA, *Committee Hansard*, 4 April 2023, page 71.



experiencing gambling issues and addiction are likely to be ambivalent about stopping gambling.<sup>91</sup>

- 4.60 The Gambling Treatment and Research Clinic, University of Sydney (GTRC) noted that BetStop allows registrants to nominate up to five support people to assist them with their self-exclusion but does not include a third-party pathway for affected others to apply for a family member to be registered in the program.<sup>92</sup> GTRC recommended there be 'a standardised assessment of third-party self-exclusion applications ...conducted by an independent body, with clearly defined and delineated lines of responsibility and reporting.'<sup>93</sup>

## Account closure

- 4.61 Measure five of the NCPF is intended to make it easier for a customer to close their wagering account and prohibits online WSPs from marketing to a customer once the account is closed.<sup>94</sup> In this way, the effect of an account closure is like voluntary self-exclusion. However, according to FCA, this has caused confusion and is a weak form of protection. FCA explained:

People don't know the difference between 'self-exclusion' and 'account closure'. Some ask for their account to be closed permanently, thinking that they will never be allowed to open it. However, in practice account closure just means that the data is archived. The person then finds that they can reopen the account. On a 'bad day' the account is re-opened in a few minutes or sometimes there is a 7-day lag. Regardless, the account gets re-opened. There might be new inducements or rewards and a vulnerable person is back to betting. Many a relapse plays out like this.<sup>95</sup>

- 4.62 FCA recommended that there needs to be a single self-exclusion process and encouraged regulators to examine failed customer exit strategies. FCA called for a process to be designed and legislated that assumes 'the person re-commencing gambling is likely to be on a relapse pathway.'<sup>96</sup> FCA said:

It should be enough for a customer to flag verbally or in writing that they want to stop gambling without having to use any magic words with a specific operator meaning. The penalties need to be commensurate with IGA self-exclusion breach penalties, recognising the likely harm to this extremely vulnerable cohort.

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<sup>91</sup> FCA, *Submission 152*, page 42.

<sup>92</sup> Gambling Treatment and Research Clinic, University of Sydney (GTRC), *Submission 65*, page 10.

<sup>93</sup> GTRC, *Submission 65*, page 10.

<sup>94</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 9.

<sup>95</sup> FCA, *Submission 152*, page 41.

<sup>96</sup> FCA, *Submission 152*, pages 41-42.

If an account has been closed, and is re-opened, a ‘vulnerability flag’ should remain on that account. The opening process must involve the person setting a modest limit commensurate with income, and proof of source of funds.<sup>97</sup>

## Pre-commitment

- 4.63 Measure six of the NCPF establishes a voluntary opt-out pre-commitment scheme. The measure requires online WSPs to prompt customers during the account sign-up process to set a binding deposit limit and offer other types of limits such as spend limits. Customers who want to increase their deposit limits must wait seven days for the changes to be actioned.<sup>98</sup>
- 4.64 RWA said that its ‘members have long supported the mandated offering of deposit limit tools to customers and continue to conduct awareness campaigns to encourage the adoption of these tools.’<sup>99</sup>
- 4.65 FCA reported that online WSPs’ systems allow people to set ‘nonsense limits such as \$1 million a day’ and that some WSPs contribute to the low uptake of voluntary pre-commitment with behavioural nudges.<sup>100</sup>
- 4.66 The Committee heard that opt-in consumer protection tools like deposit and spend limits are ineffective for individuals experiencing gambling harm<sup>101</sup> and their uptake and use by gamblers has been limited.<sup>102</sup> For example, GTRC said:
- They provide insufficient barriers to gambling; for example, even if an individual has deposit limits, or has self-excluded or closed their account, it is not difficult to find another operator (including offshore sites) to easily and quickly open an account to allow ongoing gambling.<sup>103</sup>
- 4.67 There was support for mandatory deposit limits with a single limit for a customer betting across multiple gambling operators, as has been implemented in Germany.<sup>104</sup> Mr Mark Kempster said that a universal deposit limit that applies to all WSPs would have prevented him from continuing to gamble with multiple different companies.<sup>105</sup> Similarly, when asked if voluntary limits would have prevented him from gambling,

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<sup>97</sup> FCA, *Submission 152*, page 41.

<sup>98</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 10.

<sup>99</sup> RWA, *Submission 106.2*, page 2.

<sup>100</sup> FCA, *Submission 152*, page 42.

<sup>101</sup> GTRC, *Submission 65*, page 4; CQ University, *Submission 24*, page 6.

<sup>102</sup> CQ University, *Submission 24*, page 2; GTRC, *Submission 65*, page 4; STRS Consultants, *Submission 28*, page 1; FCA, *Submission 152*, page 42.

<sup>103</sup> GTRC, *Submission 65*, page 4.

<sup>104</sup> FCA, *Exhibit 20*, ‘The sky didn’t fall in’, Winston Churchill Trust, March 2023, page 8; CQ University, *Submission 24*, page 6; Professor Nerilee Hing, Research Professor, Gambling Studies, Experimental Gambling Research Laboratory, CQ University, *Committee Hansard*, 28 March 2023, page 6; CQ University, *Submission 24*, page 6.

<sup>105</sup> Mr Mark Kempster, *Committee Hansard*, 10 February 2023, page 13.

Mr Fineff said that ‘if there’s any pathway to change them then it doesn’t work for someone like myself.’<sup>106</sup>

- 4.68 CQ University’s research with Australians struggling to control their online gambling found that those individuals ‘have explicitly said that they want regulation mandating more proactive operator practices that provide harder barriers to prevent them from gambling their life away.’<sup>107</sup>
- 4.69 In Norway, the Government sets maximum limits and the regulators enforce them, but operators are expected to encourage consumers to set limits appropriate to their means. In Belgium, consumers need to put in an application to operators and provide supporting evidence in order to change their limit.<sup>108</sup> Germany has a ‘single player view’ with a limit of 1,000 euros across all gambling operators.<sup>109</sup>
- 4.70 Dr Angela Rintoul argued that a centralised account registration system for online gambling would provide consistent consumer protections across all wagering providers. All users would set a binding limit on losses that apply cumulatively across all licensed online gambling providers. She noted that a similar system used by Norway has helped to significantly reduce gambling harm and suggested that BetStop could be used to deliver this in Australia.<sup>110</sup>
- 4.71 As part of measure six of the NCPF, governments committed to assessing the feasibility and costs of a centralised pre-commitment system.<sup>111</sup> This work has not been progressed.<sup>112</sup>
- 4.72 GTRC suggested that improvements in how gamblers access consumer protection features on products could improve their uptake. Deposit limit controls should be accompanied by more education and tools to help customers stick to their limits. Introducing friction in the process, such as having to call or text, may reduce the likelihood people increase their deposit limits. Increased friction could also reduce limit setting,<sup>113</sup> although the Committee notes this would be less of an issue if there was a mandatory minimum limit.

### Affordability checks

- 4.73 There was support for regulation to require affordability checks to be conducted on customers’ capacity to fund their gambling, such as when customers want to increase their deposit limit.<sup>114</sup> Mr Fineff said that if appropriate checks were carried

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<sup>106</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 6.

<sup>107</sup> CQ University, *Submission 24.1*, page 2.

<sup>108</sup> Ms Lauren Levin, FCA, *Committee Hansard*, 28 March 2023, page 6.

<sup>109</sup> Ms Lauren Levin, FCA, *Committee Hansard*, 28 March 2023, page 5.

<sup>110</sup> Dr Angela Rintoul, *Submission 150*, page 2.

<sup>111</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 11.

<sup>112</sup> Mr Patrick Burford, Group Manager, Communities, DSS, *Committee Hansard*, 4 April 2023, page 68.

<sup>113</sup> GTRC, *Submission 65*, page 5.

<sup>114</sup> Mr Gavin Fineff, *Submission 7*, page 7; Care Incorporated, *Submission 45*, page 5; Professor Sally Gainsbury, Director, GTRC, *Committee Hansard*, 1 March 2023, page 39; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4;

out on his capacity to fund his gambling it is likely his gambling would not have escalated:

I ask myself, what would have stopped me? All it would have taken is a letter from the online wagering operator requesting proof of funds and affordability. Technology makes this effortless to implement – automated process can generate a letter upon a ‘trigger’, which is emailed to the customer, notification of temporary restriction is given until affordability certification is provided.<sup>115</sup>

- 4.74 FCA acknowledged that ‘some operators are having robust discussions with customers about some large bets. Some are discussing “affordability” on occasions. But many others are not.’<sup>116</sup> FCA noted that ‘financial counsellors also see other cases where those same operators have allowed another person to spend huge, implausible sums without intervention (and some of that money is the proceeds of crime). The inconsistency is an issue.’<sup>117</sup>
- 4.75 The previous chapters noted that licenced online WSPs and those who derive revenue from their products are opposed to mandatory limits. Furthermore, customers may be unwilling to provide financial documents to WSPs due to privacy and security concerns.

## Activity statements

- 4.76 Measure seven of the NCPF provides that customers should receive meaningful statements on their wagering activity from online WSPs. Research conducted by GTRC prior to this measure’s implementation indicated that, of people who used online gambling consumer protection tools, between half and three-quarters wanted to see activity statements.<sup>118</sup>
- 4.77 FCA noted that measure seven is a world first, however it said there are several weaknesses in its implementation:
- there is uncertainty around whether the Australian government or the states and territories are responsible for compliance
  - some online WSPs have deviated from the ‘best practice guide’ for the activity statements
  - online WSPs do not have to report whether a customer has opened the transaction statement, nor are they required to achieve targets
  - customers have no way of knowing how their gambling compares to other customers, and whether their gambling is risky or unsafe.<sup>119</sup>

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Name withheld, *Submission 112*, page 4; Anna Bardsley, *Submission 128*, page 3; AGR, *Submission 48*, page 2; John, *Committee Hansard*, 5 December 2022, page 12.

<sup>115</sup> Mr Gavin Fineff, *Submission 7*, page 7.

<sup>116</sup> FCA, *Submission 152*, page 37.

<sup>117</sup> FCA, *Submission 152*, page 37.

<sup>118</sup> GTRC, *Submission 65*, page 5.

<sup>119</sup> FCA, *Submission 152*, pages 43-44.

- 4.78 FCA called for the activity statements ‘to provide risk-based feedback to customers, with the opportunity to reflect and act, such as reducing their deposit limit, taking a break, or self-excluding.’<sup>120</sup>
- 4.79 Turning Point and the Monash Addiction Research Centre suggested that activity statements could be ‘built upon by piloting the use of pop-up messaging, which cannot be ignored as easily as an email and can be delivered more frequently, providing users with same day or real-time updates.’<sup>121</sup>

## Responsible service of gambling

- 4.80 Measure nine of the NCPF requires that, from March 2023, all staff involved in the provision of wagering services, or with the capacity to influence the wagering service, must complete industry-funded responsible service of gambling training, and ongoing, annual refresher training.<sup>122</sup>
- 4.81 DSS reported that the training module is based on a national unit of competency that was agreed by all state and territory skills ministers. TAFE Queensland is offering a Responsible Service of Online Wagering micro-credential and is developing the annual refresher micro-credential. To meet the NCPF requirements, online WSPs must:
- ensure that relevant staff complete the micro-credential
  - undertake accredited training on the unit of competency, or
  - undertake internal training that is independently assessed.<sup>123</sup>
- 4.82 FCA raised concerns about the quality and appropriateness of responsible service of gambling training under the NCPF:

The contracts to first design the training framework and then produce the video training and resources were given to organisations that had no experience in gambling harm. It is difficult for those not experienced in gambling harm and its idiosyncrasies and sensitivities to nail this sort of training, in the way it was conceived—as a measure to actually prevent harm. The training does not appear to have the message that in some circumstances, service must be withdrawn. It does not detail, when an operator should stop ‘serving the opportunity to gamble’.<sup>124</sup>

- 4.83 By contrast, Clubs Australia noted that the Responsible Conduct of Gaming training courses offered to staff in clubs in New South Wales were developed by GTRC.<sup>125</sup>

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<sup>120</sup> FCA, *Submission 152*, page 44.

<sup>121</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 12.

<sup>122</sup> DSS, *National Consumer Protection Framework for Online Wagering*, November 2018 (updated May 2022), page 15.

<sup>123</sup> DSS, *Submission 87*, page 4.

<sup>124</sup> FCA, *Submission 152*, pages 44-45.

<sup>125</sup> Clubs Australia, *Submission 124*, page 4.

- 4.84 Concerns were raised that VIP managers receive commissions based on the losses that their group of clients make.<sup>126</sup> Wesley Mission called for ban on commissions for referrals to any gambling product.<sup>127</sup>

## Operator-led interventions

- 4.85 Online WSPs are uniquely placed to identify patterns of risky behaviour and to deliver personalised interventions to reduce gambling harm, and have some obligations to do so, depending on where they are licenced. However, the evidence suggests that these obligations are not being met, or are being met inconsistently, by online WSPs, which can result in catastrophic consequences for consumers. Furthermore, concerns were raised that the methodologies used by online WSPs to identify patterns of risky behaviour that warrant interventions are not based on rigorous independent research.

- 4.86 RWA submitted that its members '...are able to provide personalised interactions with customers and where necessary, implement controls at the individual account level which can have far more impact than general restrictions.'<sup>128</sup> RWA commented:

While ultimately customers will choose whether and how they respond to a customer safety interaction, they often result in a customer taking advantage of the range of tools available to them to better control their gambling or plant the seed to take such action in the future.

There is significant evidence to demonstrate that industry developed tools, such as time-outs, exclusions and deposit limits, are effective in creating change in customer wagering behaviour and limiting risk of the development of people experiencing gambling harm behaviours.<sup>129</sup>

## Red flags and data monitoring systems

- 4.87 This inquiry heard directly from individuals that online WSPs did not adequately monitor their betting activity for risky behaviour or were aware of the risks to the individual but did not do anything about it.<sup>130</sup>
- 4.88 By contrast, online WSPs told the Committee that their responsible service of gambling teams monitor customers' betting behaviour to identify red flags and intervene to minimise harm.<sup>131</sup> For example, RWA said its members are required

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<sup>126</sup> Mr Gavin Fineff, *Committee Hansard*, 21 March 2023, page 4; Ms Lyn McDermott, *Submission 27*, pages 2-3.

<sup>127</sup> Wesley Mission, *Submission 85*, page 2.

<sup>128</sup> RWA, *Submission 106*, page 7.

<sup>129</sup> RWA, *Submission 106*, page 7.

<sup>130</sup> Mr Gavin Fineff, *Submission 7*, page 5; John, *Submission 37*, page 4; John, *Committee Hansard*, 5 December 2022, pages 11 and 13; Mr Aaron Smith, *Submission 12*, page 1; Mr Mark Kempster, *Submission 26*, page 2; Mr Michael Depangher, *Submission 136*, page 2.

<sup>131</sup> PointsBet Australia, *Submission 105*, page 2; RWA, *Submission 106*, page 7; Entain, *Submission 61*, page 6.

under existing regulation to have policies and procedures to identify customers at risk of gambling harm and to respond appropriately. RWA commented:

The personalised data driven approach to identifying customers at risk of harm is necessary because no two customers are identical or behave the same, and no single indicator can determine risk across all customers. Areas that our members monitor include but are not limited to:

- Changes in customer's daily average deposits (by volume or value), with additional focus for new customers (i.e. first month of activity)
- Changes in level of gambling spend, gambling intensity and/or time spent gambling
- Failed payment alerts or customers cancelling large pending withdrawals.<sup>132</sup>

4.89 Entain uses a 'real time data monitoring system' to identify customers exhibiting red flag behaviours. These customers are referred to Entain's Responsible Gambling Team.<sup>133</sup> Entain noted that it is currently working with the University of Sydney to examine 'the individual red flag indicators and the various weightings that we use in the algorithm to test whether we are actually identifying the customers that we need to identify.'<sup>134</sup>

4.90 Sportsbet uses machine learning to determine gambling risk scores for every customer on a daily basis, allowing it to monitor activity and intervene quickly. Sportsbet claimed this system resulted in 97,000 interventions in 2021, including both automated and personal interactions. Sportsbet said it uses both predictive alerts from historic data and behavioural alerts from changes in customer behaviour to determine if a customer intervention is warranted.<sup>135</sup> Sportsbet commented:

Importantly, behavioural alerts build on the predictive model by identifying significant changes in behaviour for a particular customer. Any customers triggered would have their accounts reviewed and an intervention would take place over the phone, usually within 30 minutes of behavioural trigger, if high risk, has been identified.<sup>136</sup>

4.91 Sportsbet provided the Committee with transcript of a phone intervention as demonstration of what it says occurs.

4.92 Sportsbet said it would be happy to share its technology with its competitors and the government, and recommended that 'these types of alerts should be mandatory, and nationally consistent, across all forms of gambling.'<sup>137</sup>

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<sup>132</sup> RWA, *Submission 106*, page 7

<sup>133</sup> Entain, *Submission 61*, page 6.

<sup>134</sup> Mr Stephen Lang, Director, Regulatory Strategy and Safer Gambling, Entain, *Committee Hansard*, 4 April 2023, page 21

<sup>135</sup> Sportsbet, *Submission 81*, pages 5-6.

<sup>136</sup> Sportsbet, *Submission 81*, page 6.

<sup>137</sup> Sportsbet, *Submission 81*, pages 6 and 9.



- 4.93 There is concern that the red flags or risk indicators used by online WSPs may not be reliable. GTRC advised that ‘behavioural algorithms are still in an infancy stage in terms of what are the red flags or risk indicators that are reliable.’<sup>138</sup> GTRC said there is not yet enough evidence to say, ‘this is what you should legislate that operators have to detect and respond to’ and suggested that the government supports further research in this area to give the research legitimacy.<sup>139</sup>
- 4.94 FCA noted that while the Northern Territory Code obliges online WSPs licensed by the NTRC to pick up red flags of gambling harm, ‘it doesn’t have a clear obligation on operators to do anything once they have picked up a red flag.’<sup>140</sup>
- 4.95 There was support for regulation that requires WSPs to identify and respond consistently to red flags and risk indicators.<sup>141</sup> For example, John said Australia needs to ‘establish a national regulator with the power to ensure a consistent approach is applied by all bookmakers to customers and all red-flag behaviours are identified along with what those red-flag behaviours might look like.’<sup>142</sup>
- 4.96 Mr Fineff commented:
- Whilst technology is a primary reason for earlier and escalating problem gambling onset, it is also the solution. Online detection and monitoring systems already exist, and with clear and concise inputs (reform), the harm severity can stop.<sup>143</sup>
- 4.97 The South Australian Liquor and Gambling Commissioner argued that governments should take strong action to ensure the development of consistent thresholds which would quickly identify those at risk of harm:
- Governments should take the lead on establishing consistent, national thresholds and triggers to identify those at-risk of or currently experiencing harm. Thresholds should not be set too high, to ensure players at risk of harm are flagged early enough.
- The onus must be placed on the gambling provider to intervene where indicators of gambling harm have been identified. Accounts should be suspended until the customer can confirm they are not suffering harm and affordability checks must be completed. There must also be procedures in place that prevent this data being used for any purpose besides identifying and responding to people at risk of gambling harm.<sup>144</sup>

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<sup>138</sup> Professor Sally Gainsbury, GTRC, *Committee Hansard*, 1 March 2023, page 39.

<sup>139</sup> Professor Sally Gainsbury, GTRC, *Committee Hansard*, 1 March 2023, page 39.

<sup>140</sup> FCA, *Submission 152.2*, page 2.

<sup>141</sup> AGRC, *Submission 76*, page 5; The Synods of Victoria and Tasmania, Uniting Church in Australia, *Submission 86*, page 1.

<sup>142</sup> John, *Committee Hansard*, 5 December 2022, page 13.

<sup>143</sup> Mr Gavin Fineff, *Submission 7*, page 7.

<sup>144</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4.



- 4.98 Both Sweden and Spain have a statutory duty of care to ensure online gambling operators are taking steps to prevent harm, while France and Denmark employ similar legal concepts.<sup>145</sup> Suicide Prevention Australia noted that Sweden’s statutory duty of care includes a requirement for operators to ‘continually monitor gambling patterns among players, make individual risk assessments, implement effective responsible gambling measures, and follow up on the effectiveness of responsible gambling measures.’<sup>146</sup>
- 4.99 FCA proposed that Australia adopt a statutory and continuous duty of care that sets out specific expectations to reduce gambling harm.<sup>147</sup> FCA said ‘the serious harm that financial counsellors see in their case-work rarely fits into the boxes provided by our limited legislation’ and explained that the NCPF’s ‘ongoing weakness is that it doesn’t have an overarching requirement for operators to guard against excessive, unhealthy and damaging gambling.’<sup>148</sup>

## Enforcement and penalties

- 4.100 There was support for a nationally consistent regulatory framework for online gambling with robust and transparent monitoring, compliance and enforcement, and penalties that strongly discourage contravention.<sup>149</sup>
- 4.101 Current penalties for breaches of online WSPs’ responsibilities to their customers neither match the seriousness of the breaches nor provide an adequate deterrent to change behaviour. For instance, the fine levelled by the NTRC against Ladbrokes represented less than one tenth of the money Ladbrokes retained from Mr Fineff and his victims.
- 4.102 ACMA can issue formal warnings, infringements notices, or seek civil penalties for contraventions, and can refer complaints about criminal offences to the Australian Federal Police.<sup>150</sup> ACMA recommended it be given additional powers to accept enforceable undertakings and issue remedial directions, so it could compel WSPs to change their practices. This would help create a culture of compliance.<sup>151</sup>
- 4.103 ACMA provided the example of its actions under the *Spam Act 2003* against Sportsbet in February 2022 to show what can be achieved when regulators are given a broad suite of powers backed up by strong penalties. Sportsbet were fined \$2.5 million and given a three-year court-enforceable undertaking for sending more than 150,000 marketing text messages and emails to over 37,000 consumers who

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<sup>145</sup> FCA, *Submission 152*, page 47; FCA, *Submission 152.2*, page 1.

<sup>146</sup> Suicide Prevention Australia, *Submission 41*, page 5.

<sup>147</sup> FCA, *Submission 152.2*, page 2.

<sup>148</sup> FCA, *Submission 152.2*, page 1.

<sup>149</sup> Royal Australian and New Zealand College of Psychiatrists and Royal Australasian College of Physicians, *Submission 110*, page 9; AGRC, *Submission 76*, page 11; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 4; Mr Gavin Fineff, *Submission 7*, page 7; Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 24.

<sup>150</sup> DITRDCA, *Submission 104*, page 16.

<sup>151</sup> ACMA, *Submission 96*, page 11.

had tried to unsubscribe. The enforceable undertaking included an independently administered compensation program to customers of around \$1.2 million.<sup>152</sup>

- 4.104 As previously noted, ACMA's regulatory role in relation to online gambling under the IGA is narrow. Much of its regulatory work focusses on the IGA's prohibitions on casino-style services, slot machines and poker, and in-play betting on sports and racing, which are predominately offshore operations. ACMA's enforcement of the IGA is limited by difficulty in identifying the owners of illegal offshore services.<sup>153</sup> Where the owners of a prohibited service are known, ACMA can impose significant civil penalties. ACMA can also impose smaller civil and criminal penalties for contraventions of advertising, lines of credit, and the National Self-Exclusion Register.<sup>154</sup>
- 4.105 FCA noted that in the United Kingdom, the regulator has unlimited penalties to 'do whatever it needs to do' and regularly imposes very large fines.<sup>155</sup>
- 4.106 The Northern Territory Government is considering new legislation to increase the regulatory powers of the NTRC, which may include the capacity to enter into enforceable undertakings and issue larger fines, and a requirement for licensees to contribute to the costs of regulation and enforcement.<sup>156</sup>

## Crime prevention

- 4.107 Concerns were raised that while Australia has laws preventing companies from dealing with the proceeds of crime, these are not adequately protecting victims of gambling-related offences and gambling operators are keeping stolen money.<sup>157</sup>
- 4.108 The AML/CTF Act requires companies that engage in the transfer of money, including online WSPs, to conduct due diligence on customers' sources of funds and wealth, and to report suspicious transactions over \$10,000 to AUSTRAC. According to FCA, Mr Fineff's case shows that online WSPs are not meeting these obligations.<sup>158</sup>
- 4.109 Licensed online WSPs claimed they take their crime AML/CTF responsibilities seriously. For example, Sportsbet said its processes for detecting and preventing money laundering 'are based on every customer being verified and their activities monitored for suspicious behaviour.'<sup>159</sup>

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<sup>152</sup> ACMA, *Submission 96*, page 11.

<sup>153</sup> ACMA, *Submission 96*, pages 6 and 11; Ms Cathy Rainsford, General Manager, ACMA, *Committee Hansard*, 30 November 2022, page 7.

<sup>154</sup> DITRDCA, *Submission 104*, page 16.

<sup>155</sup> FCA, *Submission 152*, page 34.

<sup>156</sup> NTRC, *Submission 143*, page 2.

<sup>157</sup> FCA, *Submission 152*, page 22.

<sup>158</sup> FCA, *Submission 152*, page 31.

<sup>159</sup> Sportsbet, *Submission 81*, page 10.

4.110 FCA noted that many European gambling regulators and the United Kingdom Gambling Commission can investigate operator AML breaches while investigating responsible gambling breaches. FCA explained:

Responsibility for AML compliance is part of a gambling regulator's remit. If for example, an operator is not doing 'enhanced due diligence' about a customer depositing a very large sum of money from an unknown source, then that operator is probably not fulfilling its obligations to prevent customer harm. Having AML investigative powers is a critical for regulators.<sup>160</sup>

4.111 Wesley Mission observed that 'there appear to be poor AML/CTF checks made on sources of funds' and suggested that, if undertaken properly, these could 'double as affordability checks to ensure people are not putting themselves at risk.'<sup>161</sup>

4.112 In addition to the AML/CTF Act, there are a range of laws that prohibit companies from dealing in the proceeds of crime, including the *Criminal Code Act 1995*, the *Proceeds of Crime Act 2002* and various state and territory acts. FCA argued that none of these are working to prevent online gambling companies from keeping stolen money or assist victims of crime.<sup>162</sup> FCA called for regulation to have a clear objective to keep gambling crime free, with guidelines to regulators to be developed by a legal taskforce.<sup>163</sup>

4.113 Mr Andrew Wilkie MP proposed that 'online gambling companies must be prevented from profiting from stolen money' via his Anti-Money Laundering and Counter-Terrorism Financing Amendment (Making Gambling Businesses Accountable) Bill 2022. Mr Wilkie said the Bill would put 'a positive obligation on companies to report to AUSTRAC if they have reason to suspect a person is paying for a gambling service with money they've obtained illegally.'<sup>164</sup> In cases where a person is gambling with the proceeds of crime, Mr Wilkie's Bill would also enable the Federal Court to order the gambling company to financially compensate victims.<sup>165</sup>

4.114 Licenced online WSPs claimed they face an unlevel playing field with land-based gambling regarding crime prevention. For example, Pointsbet noted that 'recent arrests made for illegal betting activity on the AFL Brownlow Medal were only made possible by strict "know your customer" obligations placed on online wagering operators.'<sup>166</sup> Pointsbet argued that the 'know your customer' and other regulatory obligations placed on wagering operators should be similarly applied to cash-based forms of gambling.<sup>167</sup>

4.115 Similarly, Sportsbet claimed 'there is a greater risk in retail wagering of minor participation, excessive time and money spent gambling, and poor visibility over a

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<sup>160</sup> FCA, *Submission 152*, page 47.

<sup>161</sup> Wesley Mission, *Submission 85*, page 4.

<sup>162</sup> FCA, *Submission 152*, page 22.

<sup>163</sup> FCA, *Submission 152*, page 10.

<sup>164</sup> Mr Andrew Wilkie MP, *Submission 79*, page 1.

<sup>165</sup> Mr Andrew Wilkie MP, *Submission 79*, page 1.

<sup>166</sup> Pointsbet, *Submission 105*, page 3.

<sup>167</sup> Pointsbet, *Submission 105*, page 4.

customer's source of funds, which can lead to a heightened Know Your Customer/Anti-Money Laundering risk environment.<sup>168</sup>

## Complaints and disputes

- 4.116 The Committee understands that many Australians experience frustration when they raise complaints with online WSPs and regulators. The various existing regulations and codes provide limited consumer protections,<sup>169</sup> and state and territory regulators may not always handle complaints efficiently.<sup>170</sup>
- 4.117 Most complaints and disputes with online WSPs must be raised with the relevant state or territory regulator in which the operator is licenced. It is up to the consumer to figure out if the operator is licenced and who they should be contacting about their complaint. This requires language, literacy and digital literacy skills that many Australians, including the most vulnerable, may not have.
- 4.118 ACMA administers a register of licensed interactive gambling providers that operate in Australia. This register allows consumers to identify the jurisdiction where the company they want to raise a complaint about is licenced and provides the contact details of the relevant licencing authority.<sup>171</sup> ACMA only handles complaints about activities of unlicensed providers or if a licenced provider is offering credit or in-play betting, which are banned by the IGA. Most of the complaints ACMA receives about gambling advertising are not covered by the current rules.<sup>172</sup>
- 4.119 This fragmented and inconsistent framework for complaints and disputes can lead to poor outcomes for consumers. For example, an individual who 'had a special disadvantage by reason of an abnormal, pathological interest in gambling, rendering him unable to make decisions in his own self-interest' was induced to open accounts with a WSP that was licenced by the Norfolk Island Gaming Authority (NIGA).<sup>173</sup> NIGA was shut down in 2016 following a performance review conducted by the Australian Government, which found it failed to fulfil its regulatory role to an acceptable level, was 'grossly under-resourced' and lacked basic internal controls.<sup>174</sup> WSPs previously licenced by NIGA took out new licences with the NTRC in August 2016. The individual attempted to raise a complaint with the NTRC but was advised that the NTRC could not review any of the alleged activity because it occurred prior to August 2016.<sup>175</sup>

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<sup>168</sup> Sportsbet, *Submission 81*, page 9.

<sup>169</sup> Mr Shaun McDonough, *Submission 17*, page 3.

<sup>170</sup> FCA, *Submission 152*, pages 6 and 9.

<sup>171</sup> Australian Communications and Media Authority (ACMA), *Check if a gambling operator is legal*, [www.acma.gov.au/check-if-gambling-operator-legal](http://www.acma.gov.au/check-if-gambling-operator-legal), accessed 4 May 2023.

<sup>172</sup> ACMA, *Submission 96*, page 16. See also, Chapter four.

<sup>173</sup> Name withheld, *Submission 161*, pages 11 and 18.

<sup>174</sup> DITRDCA, *Performance review Norfolk Island Gaming Authority*, 30 June 2016, page 4.

<sup>175</sup> Name withheld, *Submission 161*, page 18.

- 4.120 There was support for an online gambling ombudsman to be established to handle all complaints about online WSPs.<sup>176</sup>

## Encouraging losses, banning those who win

- 4.121 While this inquiry focussed on gambling harm, the Committee also heard from Australians who do not consider themselves to be experiencing harm and who say that the current regulatory system is not fair for them. It appears that online WSPs are encouraging gambling losses while banning some individuals who win. Concerns were raised that online WSPs will reduce allowed bets or block access to customers when they are winning,<sup>177</sup> while encouraging the highest risk customers, who lose the most money and experience the most harm.<sup>178</sup>
- 4.122 Online WSPs were indirect in their responses to the Committee's questions about whether so-called 'successful' gamblers were banned. Sportsbet claimed it only blocked customers in a very narrow range of cases, stating 'if we believe that they're acting with information that the rest of the market doesn't have, and if their behaviour is distorting the market, which means that other customers' experience is affected, then we will take action'.<sup>179</sup>
- 4.123 Entain responded:
- In relation to minimum-bet limits, where the customer is betting on an Australian racing event, there absolutely are bets that we are required to take, and we would take a bet from all customers. For some other events where there's less liquidity and less certainty in relation to the markers, we may impose some restrictions on a small number of customers.<sup>180</sup>
- 4.124 RWA said that blocking gamblers who are winning was not industry practice but noted that '...inevitably, there will be occasions when a customer is excluded and there doesn't appear to be any adequate explanation other than they're winning'.<sup>181</sup>
- 4.125 There was support for increased transparency around why online WSPs close customers' accounts and for there to be consistently applied minimum bet limits for all sports betting and racing.<sup>182</sup>

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<sup>176</sup> FCA, *Submission 152*, page 9; AGR, *Submission 48*, page 10; Salvation Army, *Submission 43*, page 11; Wesley Mission, *Submission 85*, page 2; Dr Sophie Scamps, *Submission 100*, page 6; Hobsons Bay City Council, *Submission 38*, page 3.

<sup>177</sup> Name withheld, *Submission 144*, page 1; S Cannane and K Taylor, 'In this sports betting company, the winners are called 'problem customers'', *ABC News*, 5 December 2019.

<sup>178</sup> Name withheld, *Submission 31*, page 1; Name withheld, *Submission 63*, pages 3-5.

<sup>179</sup> Mr Barni Evans, Chief Executive Officer, Sportsbet, *Committee Hansard*, 4 April 2023, page 46.

<sup>180</sup> Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain Australia, *Committee Hansard*, 4 April 2023, page 24.

<sup>181</sup> Mr Nick Minchin, Chairman, RWA, *Committee Hansard*, 4 April 2023, page 55.

<sup>182</sup> Mr Richard Irvine, *Submission 107*, page 2; Name withheld, *Submission 63*, page 3-5.

- 4.126 Associate Professor Charles Livingstone said that national regulation should allow Australians to realise their skills by winning a reasonable amount if they have figured out a method for doing so. He said:

This is a real scandal in the United Kingdom that has given rise to a very successful advocacy network called Justice for Punters, which is constantly advocating for reasonable minimum bets for people who are good at predicting outcomes of sporting events. If the punters are able to win consistently, my view is they should be rewarded for that, up to a point—bearing in mind that they are few in number and, as a proportion of everyone who bets, minuscule.<sup>183</sup>

## Other issues

- 4.127 Some Australians who gamble support a relaxation of restrictions on online in-play sports betting, which is currently prohibited under the IGA.<sup>184</sup> In-play or 'live betting' allow bets to be placed after a sporting event has begun, for example on the next goal in a football match. In-play betting is allowed at electronic betting terminals at retail outlets and through telephone betting services.<sup>185</sup> Some online WSPs, such as Sportsbet, provide 'fast codes' for specific in-play bets on their online platforms to speed up interactions on their telephone services.

- 4.128 ACMA said that online in-play sports betting is prohibited under the IGA because it enables fast gambling. The IGA does not prohibit telephone betting services from offering in-play sports betting because 'these services have a level of supervision or personal interaction that reduces the risks associated with in-play betting.'<sup>186</sup> Similarly, 'the in-play betting prohibition does not apply to horse, harness or greyhound races as these shorter events do not provide the same opportunity for rapid-style betting.'<sup>187</sup>

- 4.129 Some Australian gamblers feel they are being disadvantaged because they cannot place online in-play bets while overseas gamblers can. Mr Scott Sinclair said:

The current playing field is not level with overseas bettors being able to place their bets within seconds whilst telephone players are faced with delays measured in minutes not seconds, particularly if it is a popular event. By the time a local punter rings up to take a price it has in many cases been taken by a punter based outside Australia.<sup>188</sup>

- 4.130 There was support for closing the loophole that allows telephone services to accept in-play bets. Wesley Mission described the ability to place in-play bets over the phone as a gap in consumer protections.<sup>189</sup> Turning Point and the Monash Addiction

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<sup>183</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 3.

<sup>184</sup> Mr Richard Irvine, *Submission 107*, page 2; Mr Scott Sinclair, *Submission 108*, page 1.

<sup>185</sup> ACMA, *Submission 96*, page 7.

<sup>186</sup> ACMA, *Submission 96*, page 7.

<sup>187</sup> ACMA, *Submission 96*, page 7.

<sup>188</sup> Mr Scott Sinclair, *Submission 108*, page 1.

<sup>189</sup> Wesley Mission, *Submission 85*, page 4.



Research Centre recommended that all in-play betting be banned, including via telephone services, because ‘people who bet in-play experience significantly greater gambling harm.’<sup>190</sup>

## Committee comment

- 4.131 Australia has the highest online gambling losses in the world, per capita, because of regulatory failure. We have been taught to believe we are a culture of gamblers by the advertising budgets of multinational gambling companies competing for market share of our losses. But the reality is that we lose so much because our gambling regulation is too weak.
- 4.132 For many people, online gambling does not lead to significant harms. However, adding a modest amount of friction to online gambling for everyone, to help people make safe decisions and to keep gambling crime free, is not unreasonable given the harms online gambling does cause to too many Australians.
- 4.133 The ban on the provision of credit by online WSPs and the use of credit cards for online gambling is recognition that people should not be gambling with money they do not have. As such, there is a need to ensure the compliance of the SACC sector with their responsible lending obligations relating to customers who gamble, following the Australian Government’s 2022 reforms.

### Recommendation 12

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- 4.134 The Committee recommends that the multi-stage evaluation of the National Consumer Protection Framework for Online Gambling (NCPF), due to commence in 2023, includes an investigation into whether the small consumer credit contract sector is complying with its responsible lending obligations to customers who gamble.**
- 4.135 While most Australian banks have introduced measures to assist their customers in managing their gambling, such as gambling blocks on accounts, there is inconsistency in the approaches taken by individual banks.

### Recommendation 13

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- 4.136 The Committee recommends that the Australian Government work with the Australian Banking Association to develop a set of minimum gambling consumer protection standards for implementation by all banks, including a block on gambling merchant categories for self-excluded individuals using BetStop. If agreement is unable to be reached, minimum standards should be mandated in legislation.**

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<sup>190</sup> Turning Point and the Monash Addiction Research Centre, *Submission 65*, page 14.

- 4.137 Other payment methods do not offer similar protections and allow Australians to bypass the blocks they have placed on their bank accounts. Some payment methods are widely accepted by illegal online gambling operators and may facilitate criminal activity.

#### **Recommendation 14**

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- 4.138 The Committee recommends that, in developing national regulation, the Australian Government conduct a risk assessment of available payment methods. Payment methods that do not minimise the risk of criminal activity and gambling harm should be prohibited from being used for online gambling.**
- 4.139 Allowing WSPs 72 hours to verify their customers creates a window of opportunity for minors to gamble and for the highest risk gamblers to circumvent self-exclusion. AUSTRAC's description of the 72-hour window for gambling companies to verify their customers as a business efficacy measure demonstrates that we should not be relying on AUSTRAC to reduce gambling harm.

#### **Recommendation 15**

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- 4.140 The Committee recommends that national regulation should require customers' identities to be verified prior to the commencement of online gambling.**
- 4.141 An industry that encourages losses from people who cannot afford to lose while banning people who win deserves to be called out. While inducements, inducement advertising and VIP programs are used by online WSPs to attract customers and develop market share, they can also do this by offering fair value and showing that they care for their customers. The Committee notes that inducements and VIP programs are also used to entice individuals to return to betting after a time out, or to continue to bet and lose. There is no doubt that banning inducements and inducement advertising is a key measure for reducing online gambling harm and ensuring that one of the significant incubators of gambling harm, VIP programs, have no place in Australia.

#### **Recommendation 16**

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- 4.142 The Committee recommends that the Australian Government prohibit all online gambling inducements and inducement advertising, and that it do so without delay.**
- 4.143 The unforeseen delay to the implementation of BetStop is disappointing. BetStop has the potential to be a powerful consumer protection tool once there is a requirement that a customer's identity is verified before they are allowed to open an account. Until then, it is likely to be effective for most Australians, but may not offer protections for those who are at the highest risk of gambling harm. While this should not further



delay the rollout of BetStop, the integration of identity pre-verification should be of the highest priority.

- 4.144 While there is evidence suggesting that universal mandatory pre-commitment, with a requirement for individuals to prove they can afford to gamble at higher levels, may offer the best protection for people who are struggling to control their gambling, this may be too much of an imposition for most people who gamble. Customers should be encouraged to set deposit and bet limits that are safe for them and be provided with research-informed education and tools to help them bet within their limits. Further work is needed to demonstrate that universal mandatory pre-commitment will, on balance, lead to better outcomes in Australia, noting that the other reforms recommended in this report should substantially reduce online gambling harm.

## Recommendation 17

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### 4.145 The Committee recommends that the evaluation of the NCPF:

- **analyse deidentified customer data to determine whether voluntary pre-commitment is working to reduce harm**
- **examine the strengths and weaknesses of universal, mandatory pre-commitment systems overseas, in comparison to Australia's current voluntary system, and undertake further reforms if it can be demonstrated that an alternative approach will drive improved outcomes overall.**

- 4.146 While some licensed online WSPs are developing practices and technology to allow them to be more systematic and rigorous in managing risk and harm, much more work needs to be done. There needs to be a legal requirement that online WSPs demonstrate a duty of care to their customers. A WSPs' performance should be assessed against a set of standard indicators of risk and harm to determine whether they are meeting their duty of care to customers.

- 4.147 The national regulator should develop clear legal obligations and research informed guidelines for consistent, minimum WSP practices in responsible service of online gambling.

## Recommendation 18

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### 4.148 The Committee recommends that national regulation impose a customer duty of care on online WSPs. An online WSPs' compliance with this legal duty should be assessed against a set of standard indicators of risk and harm.

- 4.149 The Committee welcomes Sportsbet's willingness to share its propriety behavioural algorithm with its competitors and government, although notes that the technology's effectiveness requires further research. A standard behavioural algorithm, based on a set of risk and harm indicators, could significantly improve early identification of risky behaviour and enable appropriate interventions. It would also help ensure consistency of practice in the responsible service of gambling.

## Recommendation 19

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- 4.150 The Committee recommends that the Australian Government should investigate the benefits and feasibility of requiring online WSPs to apply a standard behavioural algorithm to reduce online gambling harm.**
- 4.151 The Committee is concerned to ensure that the training requirements and curriculum being provided to gambling staff in Australia is adequately informed by research.
- 4.152 Following the implementation of national regulation, online gambling staff should be required to demonstrate a sound awareness of the new legal obligations and guidelines for practice in responsible service of online gambling. This may require the national unit of competency, *CHCFIN005 - Provide responsible online wagering services*, to be updated. Research-informed curriculum should be developed based on the national regulation and regulatory guidelines for operators.

## Recommendation 20

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- 4.153 The Committee recommends national regulation require online WSP staff to undertake research-informed training that demonstrates a sound awareness of the legal obligations and guidelines for practice in responsible service of online gambling. Staff should also undertake annual refresher training.**
- 4.154 Harmful industries should not be allowed to pay commissions to incentivise the harm they cause.

## Recommendation 21

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- 4.155 The Committee recommends national regulation prohibit commissions being paid to staff or any third party involved in the referral or provision of online gambling to an individual.**

## Recommendation 22

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- 4.156 The Committee recommends that national regulation include provisions to prevent the proceeds of crime from being used to fund online gambling. A legal taskforce should be established as soon as practical to develop these provisions.**
- 4.157 Requiring online WSPs to have strong legal obligations to their customers must be supported by a strong and well-resourced monitoring, compliance, and enforcement regime.
- 4.158 Current penalties for serious breaches of WSPs' legal obligations, where they exist, are manifestly inadequate, as was highlighted by the NTRC's fine against Ladbrokes in Mr Fineff's case. There should be a low threshold for what is considered a serious contravention, and penalties of a scale that act as genuine deterrent to multinational

gambling companies breaching their legal obligations. The regulator needs a broad suite of powers so that enforcement decisions can be targeted at particular activities, can compel behavioural change and create a culture of compliance.

### **Recommendation 23**

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**4.159 The Committee recommends that the national regulator be provided with a broad suite of powers to monitor online gambling, ensure compliance and enforce the law. Penalties should be severe enough to be a genuine deterrent to multinational corporations breaching their legal obligations.**

4.160 Australians should have a single point of contact for raising complaints about the behaviour of online WSPs, which provides timely and efficient dispute resolution.

### **Recommendation 24**

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**4.161 The Committee recommends that the Australian Government establish an appropriately resourced national online gambling ombudsman, to sit within the national regulator.**

4.162 Evidence to this inquiry shows that online WSPs have heavily incentivised the gambling of Australians who experience the most gambling harm, while banning some who win more than others. These revelations are extraordinarily damning for an industry that claims to provide entertainment and whose business model depends on customers having faith they will be paid when they win. The Committee suggests that it is in the industry's best interests to agree to modest minimum bet limits to demonstrate good faith with their customers.

### **Recommendation 25**

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**4.163 The Committee recommends the Australian Government consult with industry and people who gamble to determine minimum bet limits for online wagering for inclusion in national regulation.**

4.164 While outside of the scope of this inquiry, the Committee notes that extending regulatory requirements and consumer protection measures to land-based WSPs would create a level playing field and provide greater safeguards for people who gamble.



## 5. Gambling advertising

- 5.1 This chapter considers whether Australia's current restrictions on gambling advertising are meeting community expectations and are adequately protecting children, young people and Australians who are experiencing gambling harm. It examines:
- the links between the normalisation of gambling through advertising and sport, and gambling harm
  - the limitations of the current legislative and regulatory framework for gambling advertising
  - the concerns of those who have a financial interest in the advertising of online gambling products, such as media and sporting organisations, and online wagering service providers (WSPs), about further restrictions on gambling advertising.

### Community expectations

- 5.2 Many Australians are intensely frustrated and annoyed by current levels of gambling advertising and are concerned about the harm caused by exposure to gambling advertising, especially to young people.<sup>1</sup> The Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC) recently found that 69 per cent of Australians believe there are too many betting advertisements.<sup>2</sup>

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<sup>1</sup> Mr Frank Fedrick, *Submission 4*, page 1; Stephen Brown, *Submission 5*, page 1; Name Withheld, *Submission 8*, page 1; Name Withheld, *Submission 9*, page 2; Ms Carole Flood, Margaret Bourke, Susan Chessell et al, *Submission 11*, pages 2-3; Name Withheld, *Submission 13*, page 2; Shannon Hall, *Submission 14*, page 1; Name Withheld, *Submission 16*, page 1; Mr Ric Bierbaum, *Submission 19*, page 1; Mr Jeremy Ryan, *Submission 22*, page 2; Mrs Annie Boehm, *Submission 25*, pages 3 and 5-6; Mr Mark Kempster, *Submission 26*, pages 1 and 4; Mr Walter Yeates, *Submission 32*, page 1; Mr David Thurley, *Submission 33*, page 1; Name Withheld, *Submission 34*, page 1; Name Withheld, *Submission 35*, page 1; Name Withheld, *Submission 40*, page 1; Name Withheld, *Submission 52*, page 2; Carol Anderson, *Submission 55*, page 1; Name Withheld, *Submission 63*, page 1; Name Withheld, *Submission 73*, pages 1-2; Lynda Genser, *Submission 80*, page 2; Name Withheld, *Submission 112*, pages 2-4; L. Barry Wollmer, *Submission 120*, page 1; Name Withheld, *Submission 122*, page 1; Anna Bardsley, *Submission 128*, pages 1-3; Name Withheld, *Submission 131*, page 2; Name Withheld, *Submission 132*, page 1; Ian Robinson, *Submission 133*, page 1; Paul Flemming, *Submission 149*, page 1; Gordon Gillam, *Submission 155*, page 1. See also, ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, p. 39.

<sup>2</sup> Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC), *Exhibit 21b*, 'Community attitudes towards sports and race betting advertising in Australia', March 2023, page 2.

- 5.3 Members of the public are voicing these concerns with their local representatives and government,<sup>3</sup> and both the Australian Communications and Media Authority (ACMA) and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) reported an increase in the complaints they receive about gambling advertising.<sup>4</sup>
- 5.4 There is public support for significant restrictions on gambling advertising.<sup>5</sup> A survey conducted by The Australia Institute found that seven in 10 Australians agree that gambling advertisements on television should be banned.<sup>6</sup> Similarly, AGRC reported that more Australians support rather than oppose outright bans on all forms of sports and race betting advertising.<sup>7</sup>
- 5.5 There is also community concern about the behaviours gambling advertising encourages. AGRC reported that most Australians believed that gambling advertising encourages people to bet for the first time, bet more than usual, and engage in riskier betting.<sup>8</sup>
- 5.6 Parents are concerned about their children’s vulnerability to gambling advertising. Research conducted by ACMA found that while most parents ‘were bothered by gambling advertising’, more were concerned about their children’s exposure to it.<sup>9</sup> ACMA reported that parents were especially concerned that advertisements broadcast during prime time and during non-sports related programming were inappropriate for children.<sup>10</sup>
- 5.7 The New South Wales, Queensland, South Australia, Tasmania, and Australian Capital Territory governments agreed that there is currently too much gambling advertising, noted community concerns about its impact on gambling harm and said that current restrictions are insufficient.<sup>11</sup>

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<sup>3</sup> Parliamentary Friends of Gambling Harm Reduction, *Submission 58*, page 1; Shane Rattenbury MLA, *Submission 82*, page 5; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, pages 5-6; NSW Government, *Submission 114*, page 11; Tasmanian Liquor and Gaming Commission, *Submission 67*, page 1; Dr Sophie Scamps MP, *Submission 100*, page 3.

<sup>4</sup> Australian Communications and Media Authority (ACMA), *Submission 96*, page 5; Mr Adam Carlon, Assistant Secretary, Media Industry and Sustainability, Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Committee Hansard*, 30 November 2022, page 2.

<sup>5</sup> Associate Professor Charles Livingstone, *Submission 113*, page 7.

<sup>6</sup> The Australia Institute, *Submission 10, Attachment B*, page 1.

<sup>7</sup> AGRC, *Exhibit 21b*, ‘Community attitudes towards sports and race betting advertising in Australia’, March 2023, page 4.

<sup>8</sup> AGRC, *Exhibit 21b*, ‘Community attitudes towards sports and race betting advertising in Australia’, March 2023, page 3.

<sup>9</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, p. 2.

<sup>10</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, p. 40.

<sup>11</sup> Shane Rattenbury MLA, *Submission 82*, page 5-6, 11-12; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, pages 3, 5-6; Tasmanian Liquor and Gaming Commission, *Submission 67*, page 1-2; Queensland Government, *Submission 140*, page 2; NSW Government, *Submission 114*, page 11.

- 5.8 Queensland, South Australia and Tasmania were open to further gambling advertising restrictions,<sup>12</sup> and the Australian Capital Territory called for 'far greater restriction, if not an outright ban, on a range of gambling advertising, particularly at times when younger people are watching, but across the board.'<sup>13</sup>
- 5.9 State and territory governments were supportive of a national, consistent, and collective approach in addressing the risks of gambling advertising.<sup>14</sup> For example, the Queensland Government said:

Advertisements are carried via broadcasting and the internet – matters that the Commonwealth is best equipped to legislate for...As existing (but inadequate) restrictions on wagering advertising demonstrate, the Commonwealth has the ability to impose general restrictions on the broadcast advertising of wagering, including by providing for matters such as when sports wagering services may be advertised.<sup>15</sup>

## The normalisation of gambling through advertising and sport

- 5.10 Concerns were raised that the volume of gambling advertisements and the way in which gambling is marketed with sport makes gambling seem like a normal, sociable, and risk-free activity that is intrinsic to enjoying sport. Australians are being saturated with gambling messages<sup>16</sup> and it is nearly impossible for anyone who is interested in sport, regardless of their age, to avoid advertising for gambling on any media.<sup>17</sup>
- 5.11 Gambling marketing includes a range of activities, including direct and indirect advertising, promotion, sponsorship and incentives.<sup>18</sup> It can include broadcast advertising on television and radio, pop-ups on websites, inducements, celebrity brand ambassadors, direct and third party email and messages, loyalty programs, sponsorship and promotions.<sup>19</sup> According to AGRC, the key objective of gambling marketing is 'to recruit new consumers and, by way of achieving this, normalise consumption of the product and associate it with enjoyable and desirable activities', such as sport.<sup>20</sup>

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<sup>12</sup> Queensland Government, *Submission 140*, page 2; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 3; Tasmanian Liquor and Gaming Commission, *Submission 67*, pages 1-2.

<sup>13</sup> Shane Rattenbury MLA, Attorney-General and Minister for Gaming, Australian Capital Territory, *Committee Hansard*, 28 February 2023, page 33.

<sup>14</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 8; Shane Rattenbury MLA, *Submission 82*, page 5; Queensland Government, *Submission 140*, page 1. Tasmanian Liquor and Gaming Commission, *Submission 67*, page 2.

<sup>15</sup> Queensland Government, *Submission 140*, page 1.

<sup>16</sup> Alliance for Gambling Reform (AGR), *Submission 48*, page 8.

<sup>17</sup> Emeritus Professor Mike Daube, Faculty of Health Sciences, Curtin University, *Committee Hansard*, 10 February 2023, page 60.

<sup>18</sup> Professor Samantha Thomas, Private Capacity, *Committee Hansard*, 10 February 2023, page 45.

<sup>19</sup> Australian Institute of Family Studies (AIFS), *Sports betting and advertising*, November 2014, page 3.

<sup>20</sup> AGRC, *Submission 76*, page 10.

- 5.12 The Committee heard that gambling advertising and sponsorship, and their association with culturally valued activities, like sport, are some of the main drivers of gambling harm.<sup>21</sup> Advertising builds brand loyalty among potential and current customers and softens perceptions of harm associated with its products.<sup>22</sup> The more gambling advertising adults are exposed to, the more likely they are to gamble.<sup>23</sup>
- 5.13 The AGRC reported that young people aged 18 to 34 years were more likely to be exposed to wagering advertising online and via social media, while people aged 55 and above were more likely to be exposed in traditional media, such as television, radio and print media.<sup>24</sup>

## Celebrity endorsements

- 5.14 It is common for influential people, such as celebrities and sports stars, to be paid or sponsored to endorse or advertise gambling.<sup>25</sup> Celebrity endorsements can be an effective way of marketing gambling because people are less likely to view something as risky if they trust the person promoting the product. This strategy is particularly effective when the person being marketed to is young.<sup>26</sup>
- 5.15 Concerns were also raised about the rise of social media and influencer culture.<sup>27</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy said that social media influencer endorsement of gambling products 'may be even more influential to young people as they are considered to be more authentic and credible than traditional celebrities.'<sup>28</sup>

## Social media and online platforms

- 5.16 Gambling advertising is becoming increasingly common on social media platforms and digital streaming platforms such as YouTube to recruit young people to gamble.<sup>29</sup> These services provide a dynamic and accessible platform for influencers and are typically accessed by younger demographics.<sup>30</sup> Gambling advertising on online platforms also provides easier access to gambling products for potential customers through a smartphone or computer with a single click.<sup>31</sup>

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<sup>21</sup> Australian Health Promotion Association (AHPA), *Submission 54*, page 2; Department of Social Services, *Submission 87*, page 10.

<sup>22</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5.

<sup>23</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 5.

<sup>24</sup> AGRC, *Exhibit 21d*, 'Exposure and impact of sports and race betting advertising in Australia', March 2023, page 1.

<sup>25</sup> AGR, *Submission 48*, page 7.

<sup>26</sup> AGR, *Submission 48*, page 8; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 7.

<sup>27</sup> AGR, *Submission 48*, page 7.

<sup>28</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 7.

<sup>29</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 5.

<sup>30</sup> ACMA, *Submission 96*, page 6.

<sup>31</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20.



- 5.17 Young people are frequently exposed to gambling advertising through their everyday social media activities.<sup>32</sup> Teenagers report being exposed to a high volume of gambling advertising online while using social media or video-sharing platforms, particularly on Facebook and YouTube.<sup>33</sup> The Committee heard an example of gambling advertisements being shown to a child while they watched *Bluey* on YouTube, despite parental controls being activated.<sup>34</sup>

## The ‘gamblification’ of sport

- 5.18 Gambling is heavily marketed through popular live sport<sup>35</sup> because it is effective for WSPs to do so.<sup>36</sup> The ‘gamblification’ of sport creates an association between the enjoyment of sport and gambling, as if gambling and sport are both healthy and harmless activities that are reliant on skill.<sup>37</sup> It makes gambling seem like a normal activity that increases a person’s enjoyment of sport, and as if gambling is part of an Australian culture that values sport and mateship.<sup>38</sup> Studies conducted in Australia and the United Kingdom found that 75 per cent of young people consider gambling a normal or common part of sport.<sup>39</sup>
- 5.19 According to Professor Samantha Thomas, sponsorship is a particularly influential marketing tool, as it ‘creates a perception for young people that the company is doing something good for their sporting club or team’ and is not easily recognised by young people as a form of marketing.<sup>40</sup>
- 5.20 Children are exposed to advertising at sporting events and at home during sporting games, through television and in-stadia advertisements, sponsorship logos on uniforms, and social media.<sup>41</sup> According to the Australian Medical Association, the close links and associations created between gambling and sport do not align with public health principles.<sup>42</sup>
- 5.21 A recent study of Victorian sports fans by La Trobe University, which received almost 50,000 responses, found:
- 78 per cent of respondents felt they should be able to watch sport on television free from gambling advertisements

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<sup>32</sup> New South Wales Government, *Submission 114*, page 12.

<sup>33</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, page 32.

<sup>34</sup> Mr Mark Kempster, *Committee Hansard*, 10 February 2023, page 12.

<sup>35</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 2.

<sup>36</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, page 30.

<sup>37</sup> AIFS, *Sports betting and advertising*, November 2014, page 5.

<sup>38</sup> AHPA, *Submission 54*, page 2; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 2; Australian Psychological Society, *Submission 109*, page 6.

<sup>39</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 5.

<sup>40</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 45.

<sup>41</sup> AHPA, *Submission 54*, page 3; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 6.

<sup>42</sup> Australian Medical Association (AMA), *Submission 83*, page 5.

- 87 per cent agreed that young people (12 to 17 years) are exposed to too much gambling advertising, and 63 per cent said betting should not be a part of sport.<sup>43</sup>
- 5.22 The AFL Fans Association's 2022 survey found that gambling ads are now the most common concern of AFL fans:
- 79 per cent agreed that gambling should be banned from AFL grounds
  - 76 per cent agreed that gambling advertising should be banned from broadcasting, including television and radio
  - 67 per cent agreed that AFL clubs should not receive money from pokies revenue or gambling advertising
  - 62 per cent agreed that AFL should not receive any revenue from gambling advertising.<sup>44</sup>
- 5.23 AFL fans were also concerned about the normalisation and grooming of children as future gamblers due to prevalence of these advertisements.<sup>45</sup>
- 5.24 Market research conducted in 2021 suggests that Australians view sports betting 'as one of the least suitable types of sponsorship for a sports club' and that associations with gambling can damage a team's public image.<sup>46</sup> The research found that three in five sports fans believe betting brands logos should not be allowed on team uniforms, and four in five sports fans want stronger regulation for sports betting advertising in Australian sport.<sup>47</sup>

## The risks to young Australians

- 5.25 Many young Australians are gambling and experiencing gambling harm.<sup>48</sup> While it is illegal for Australians under 18 years to gamble, it is not illegal to market gambling to young people and there are few restrictions to protect young people from gambling advertising. Since most gambling-related attitudes and behaviours are developed during the teenage years, the marketing of gambling to young people has the most potential for harm.<sup>49</sup>
- 5.26 Concerns were raised that young people are increasingly being targeted by and exposed to online gambling advertisements through social media and other platforms that they frequently visit.<sup>50</sup> While exposure to television gambling advertisements

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<sup>43</sup> Victorian Responsible Gambling Foundation (VRGF), *Exhibit 12*, 'Gambling Harm and the Online Gambling Environment', February 2023, page 2

<sup>44</sup> AFL Fans Association, *AFLFA 2022 Fans Survey*, March 2023, page 14.

<sup>45</sup> AFL Fans Association, *AFLFA 2022 Fans Survey*, March 2023, page 5.

<sup>46</sup> NSW Government, *Submission 114*, page 12.

<sup>47</sup> NSW Government, *Submission 114*, page 12.

<sup>48</sup> AGR, *Submission 48*, page 7-8; AMA, *Submission 83*, page 4; See also, Chapter one.

<sup>49</sup> Gambling Treatment and Research Clinic, University of Sydney (GTRC), *Submission 65*, page 19.

<sup>50</sup> Miss Nidhi Rao, *Submission 57*, page 6.

leads to young people taking more risks with gambling, exposure to advertising on interactive or online platforms encourages even more risky behaviour.<sup>51</sup>

- 5.27 Professor Shalini Arunogiri described the level of advertising that young people are exposed to through sports as unprecedented, stating:

This is a generation that is growing up with this being normal. The level of exposure, when you're watching live sport, for instance, with the volume of advertising that people are exposed to, is unprecedented; there's not been a generation that's had this before.<sup>52</sup>

- 5.28 As a market, young people have very high recall of gambling brands, particularly if they are fans of sport.<sup>53</sup> Young men are the principal target of gambling advertising, although it is increasingly targeting young women as well.<sup>54</sup> This exposure has an important influence on how young people form attitudes about gambling, and the messages that children and young people are receiving are positive.<sup>55</sup>
- 5.29 Exposure to gambling advertising can lead to early initiation of online gambling.<sup>56</sup> Gambling advertising influences young people to think more positively about gambling,<sup>57</sup> and many children are 'keen to gamble' because of how gambling is marketed with sport.<sup>58</sup> Gambling advertising may be more effective on young people than adults because young people may have less awareness of the 'persuasive intent' of advertising.<sup>59</sup>
- 5.30 Gambling advertising is teaching children how to gamble. Professor Thomas reported that children now have a 'huge depth of understanding of these products', including the functionality of gambling apps and how to set up a bet.<sup>60</sup>
- 5.31 Gambling advertising is creating a new generation of Australians who experience harm from gambling. Young people are exposed to the marketing tactics that WSPs use to retain and expand their customer base and replace those who no longer frequently gamble. Professor Thomas said 'we need to understand that today's 14-year-old is a potential customer for the gambling industry when they turn 18.'<sup>61</sup>

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<sup>51</sup> Dr Rebecca Jenkinson, Executive Manager, AGRC, *Committee Hansard*, 5 April 2023, page 7.

<sup>52</sup> Professor Shalini Arunogiri, Chair, Faculty of Addiction Psychiatry, Royal Australian and New Zealand College of Psychiatrists, *Committee Hansard*, 7 March 2023, page 7.

<sup>53</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, pages 6-7. Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 8.

<sup>54</sup> Dr Marisa Paterson MLA, *Submission 69*, page 4; AGR, *Submission 48*, page 20.

<sup>55</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 6; Dr Christopher Hunt, Senior Clinical Supervisor, GTRC, *Committee Hansard*, 1 March 2023, page 40.

<sup>56</sup> AGRC, *Submission 76*, page 10.

<sup>57</sup> Royal Australian and New Zealand College of Psychiatrists and Royal Australasian College of Physicians, *Submission 110*, page 8.

<sup>58</sup> Deakin University, *Study shows betting ads influencing children's attitudes to gambling*, [www.deakin.edu.au/about-deakin/news-and-media-releases/articles/study-shows-betting-ads-influencing-childrens-attitudes-to-gambling](http://www.deakin.edu.au/about-deakin/news-and-media-releases/articles/study-shows-betting-ads-influencing-childrens-attitudes-to-gambling), viewed 29 March 2023.

<sup>59</sup> AIFS, *Sports betting and advertising*, November 2014, page 5.

<sup>60</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 48.

<sup>61</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 45.

## The risks to those experiencing gambling harm

- 5.32 For some Australians, the risk of being exposed to gambling advertising means they can't watch sport. Mr Jeremy Ryan, for example, explained that, 'I don't really watch any sport anymore, just for the sheer fact that I don't want to see the gambling ads.'<sup>62</sup>
- 5.33 The Committee heard that gambling advertising and other marketing tactics can undermine people's attempts to gamble safely.<sup>63</sup> It may be unrealistic to expect that people who struggle to self-regulate their online gambling can do so effectively given the prevalence of online gambling advertising, prolific inducements and accessibility.<sup>64</sup> Gambling advertising has been shown to have a greater influence on people already experiencing gambling harm than other people who gamble, in terms of influencing them to believe they can win and to spend more than they initially intended.<sup>65</sup>
- 5.34 Banyule Community Health reported that the exposure to gambling advertisements forces people with lived experience of gambling harm 'to relive the trauma and...feelings of guilt, shame and depression.'<sup>66</sup> Banyule Community Health described how saturation advertising has deeply affected the day-to-day lives of those experiencing gambling harm:

I've certainly got plenty of clients who have basically had watching sports, a healthy pastime, been taken away from them due to the bombardment of the advertising, because they simply can't manage an urge involving a release of dopamine and rise of high anxiety when these ads come on....If they're trying to recover...they certainly can't manage to do that whilst watching a game of sport. Even the nightly news, even just watching TV—this is the saturation point that it's at.<sup>67</sup>

## Current regulatory framework for gambling advertising

- 5.35 This report has shown that the regulatory framework for online gambling is complex and fragmented. The regulatory framework for gambling advertising is similarly complex, involving the intersection of Australian Government, state and territory law, regulation and industry codes of practice,<sup>68</sup> and includes:

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<sup>62</sup> Mr Jeremy Ryan, *Committee Hansard*, 14 February 2023, page 3.

<sup>63</sup> GTRC, *Submission 65*, page 20; Suicide Prevention Australia, *Submission 41*, page 9; Professor Sally Gainsbury, Director, GTRC, *Committee Hansard*, 1 March 2023, page 37.

<sup>64</sup> Central Queensland University, *Submission 24*, page 7.

<sup>65</sup> AIFS, 'Sports betting and advertising', November 2014, p. 8, [www.aifs.gov.au/resources/policy-and-practice-papers/sports-betting-and-advertising](http://www.aifs.gov.au/resources/policy-and-practice-papers/sports-betting-and-advertising), viewed 7 March 2023.

<sup>66</sup> Banyule Community Health, *Submission 75*, page 5.

<sup>67</sup> Ms Trina Fazio, Gambler's Help Therapeutic Counsellor, Banyule Community Health, *Committee Hansard*, 1 March 2023, page 57.

<sup>68</sup> DITRDCA, *Submission 104.1*, pages 5-6.

- national legislation such as the *Broadcasting Services Act 1992* (BSA) and the *Interactive Gambling Act 2001* (IGA)
- the Australian Association of National Advertisers' (AANA) Code of Ethics and Wagering Code
- a range of state and territory legislation, legislation and codes. The regulation of in-stadia advertising and logos on jerseys is the responsibility of the states and territories.<sup>69</sup>

5.36 Television gambling advertising rules are more restrictive in some jurisdictions than others. For example, South Australia's gambling advertising restrictions go further than national rules and include a requirement that gambling advertising cannot be broadcast between 4.00pm and 7.30pm, Monday to Friday.<sup>70</sup>

## The Broadcasting Services Act

5.37 The BSA regulates the television and radio broadcasting industry in Australia, as well containing provisions for regulating some online content.<sup>71</sup> It enables radio and television broadcasters to develop codes of practice, in consultation with ACMA, that are relevant to the operations for the specified sector. The codes are periodically reviewed to ensure that they reflect community standards and include rules regarding the amount, scheduling and placement of advertising, respective to the broadcasting sector.<sup>72</sup>

5.38 The BSA empowers ACMA to enforce compliance with gambling advertising rules prescribed in industry codes of practice. Schedule 8 of the BSA also allows ACMA to create online content service provider rules about gambling advertising provided on an online content service in conjunction with the live coverage of a sporting event.

5.39 In general, ACMA's responsibility does not include the content of gambling advertisements, with the exception that advertisements that are permitted during live sport must be socially responsible and include a responsible gambling message.<sup>73</sup>

## Gambling advertisements during live sport events

5.40 In May 2017, the Commonwealth Government announced a package of media reforms that included restrictions on gambling advertising during live sporting events<sup>74</sup> in 'acknowledgement of community concerns that regular exposure to

<sup>69</sup> DITRDCA, *Submission 104.1*, page 6.

<sup>70</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 1.

<sup>71</sup> Parliament of Australia, 'Media and broadcasting in the digital age', [www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook46/p/MediaBroadcasting](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46/p/MediaBroadcasting), viewed 16 January 2023.

<sup>72</sup> DITRDCA, *Submission 104*, page 10.

<sup>73</sup> ACMA, *Submission 96*, page 13.

<sup>74</sup> ACMA, 'Gambling advertising in Australia – Consumer and advertising placement research', November 2019, p. 1, [www.acma.gov.au/publications/2019-11/report/gambling-advertising-research](http://www.acma.gov.au/publications/2019-11/report/gambling-advertising-research), viewed 3 February 2023.

gambling advertisements during live sport could normalise gambling in the eyes of children.<sup>75</sup> These rules were implemented through amendments to the respective broadcasting codes of practice.<sup>76</sup> The codes were updated with these amendments in March 2018.<sup>77</sup>

- 5.41 The rules for gambling advertising during live sport vary depending on when it is being broadcast. Between 5.00 am and 8.30 pm:
- gambling advertising is prohibited from five minutes before the scheduled start of play until five minutes after conclusion of live coverage of play
  - the promotion of betting odds is prohibited from five minutes before play until five minutes after play (referred to as the 'five minute rule')
  - the promotion of betting odds by commentators is prohibited from 30 minutes before play until 30 minutes after play.
- 5.42 Between 8.30 pm and 5.00 am:
- gambling advertising and the promotion of odds is not permitted during play
  - gambling advertising is permitted before and after play and during scheduled and unscheduled breaks
  - the promotion of betting odds is permitted only before and after play, not in scheduled breaks.<sup>78</sup>
- 5.43 For long-form live sporting events such as golf or the Commonwealth Games, broadcasters must not show gambling advertising from five minutes before the start of the first event of the day until 8.30 pm. After 8.30 pm, gambling advertisements are permitted in accordance with rules applicable to the long-form event and not more than once every two hours as part of a distinct break of at least 90 seconds.<sup>79</sup>
- 5.44 Regardless of the time slot, all gambling advertisements and promotion of betting odds must be accompanied by a responsible gambling message. Furthermore, all gambling advertisements must be socially responsible and must not:
- mislead the audience
  - be directed to children
  - portray children as participating in betting or gambling
  - portray betting or gambling as a family activity
  - make exaggerated claims

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<sup>75</sup> DITRDCA, *Submission 104*, page 11.

<sup>76</sup> Communications Legislation Amendment (Online Content Services and Other Measures) Bill 2017.

<sup>77</sup> ACMA, 'Gambling advertising in Australia – Consumer and advertising placement research', November 2019, page 1, [www.acma.gov.au/publications/2019-11/report/gambling-advertising-research](http://www.acma.gov.au/publications/2019-11/report/gambling-advertising-research), viewed 3 February 2023.

<sup>78</sup> DITRDCA, *Submission 104*, page 12-13.

<sup>79</sup> ACMA, *Submission 96*, page 14-15.

- promote betting or gambling as a way to success or achievement
  - associate betting or gambling with alcohol.<sup>80</sup>
- 5.45 ACMA is empowered by Schedule 8 of the BSA to make online content service provider rules.<sup>81</sup> The *Broadcasting Services (Online Content Service Provider Rules) 2018* apply to any online content service that provides live coverage of sporting events. These rules replicate the restrictions on gambling advertising during live sport in the broadcasting codes.<sup>82</sup>
- 5.46 The live sport event restrictions do not apply to incidental advertising such as logos on players' uniforms or in-stadia advertising. Broadcasts, or online streams, of live horse racing, harness racing or greyhound racing are also not subject to the restrictions.<sup>83</sup> Furthermore, these prohibitions only apply to the broadcast or streaming of live sport events; non-live sports, such as replays, are exempt from the current restrictions.<sup>84</sup>

### Broadcast industry codes of practice

- 5.47 Commercial television broadcasters are regulated under the Commercial Television Industry Code of Practice (the Free TV Code), which sets out restrictions on gambling advertising on broadcast television.<sup>85</sup> Gambling advertising and the promotion of betting odds must not be directed to children, portray children as participating in gambling, or portray gambling as a family activity.<sup>86</sup>
- 5.48 Clause 6.5.1 states that a commercial relating to betting or gambling must not be broadcast:
- in any program classified G or lower between 6.00am and 8.30am; and, between 4.00 pm and 7.00 pm
  - during any program that is broadcast between 5.00 am and 8.30 pm and principally directed to children.
- 5.49 Clause 6.5.1 therefore allows gambling advertising to be broadcast between 8.30 am and 4.00 pm, during any program that is not principally directed to children. Further, this clause also allows gambling advertising between 8.30 pm and 5.00 am.

<sup>80</sup> DITRDCA, *Submission 104*, page 13.

<sup>81</sup> ACMA, 'Gambling advertising in Australia – Consumer and advertising placement research', November 2019, page 44, [www.acma.gov.au/publications/2019-11/report/gambling-advertising-research](http://www.acma.gov.au/publications/2019-11/report/gambling-advertising-research), viewed 3 February 2023.

<sup>82</sup> ACMA, *Submission 96*, page 15.

<sup>83</sup> ACMA, 'Gambling advertising in Australia – Consumer and advertising placement research', November 2019, page 45, [www.acma.gov.au/publications/2019-11/report/gambling-advertising-research](http://www.acma.gov.au/publications/2019-11/report/gambling-advertising-research), viewed 3 February 2023.

<sup>84</sup> Ms Cathy Rainsford, General Manager, ACMA, *Committee Hansard*, 30 November 2022, page 4.

<sup>85</sup> Free TV Australia (Free TV), *Submission 72*, page 4.

<sup>86</sup> Free TV, *Submission 72*, pages 4-5.



- 5.50 Clause 6.5.2 states that the restrictions in clause 6.5.1 do not apply during news, current affairs or sports programs (not sports events).<sup>87</sup>
- 5.51 Other clauses in the Free TV Code allow a primetime news broadcast to cross to a reporter on the sporting ground or in a nearby studio before a live match to promote the odds.<sup>88</sup>
- 5.52 In accordance with the 2017 Media Reforms, Free TV Australia (Free TV) introduced the appendix 'Restrictions on Promotion of Odds and Commercials relating to Betting and Gambling which are broadcast during a Live Sporting Event' into their code in 2018.<sup>89</sup> This appendix implemented the restrictions on gambling advertisements during live sport events.<sup>90</sup>
- 5.53 Similarly, section 9 of the Commercial Radio Code of Practice (Commercial Radio Code) covers the promotion of gambling and betting odds in live sports coverage. This section generally mirrors the prohibitions in the Free TV Code, with slight variations to reflect radio's different operating environment.<sup>91</sup>
- 5.54 Regarding betting and gambling promotion during a live sporting event, the SBS Code of Practice follows the provisions in the Free TV Code for its television broadcasting services and the Commercial Radio Code for its radio broadcasting services.<sup>92</sup> These restrictions are applied to SBS TV and Radio, and SBS on Demand.<sup>93</sup> As a national broadcaster, the SBS is not required to register its code of practice with ACMA. Rather, it notifies its amended code to ACMA.<sup>94</sup> For commercials relating to betting and gambling on SBS television generally, SBS mirrors the provisions in clauses 6.5.1 and 6.5.2 of the Free TV Code.<sup>95</sup>

## Interactive Gambling Act 2001

- 5.55 As noted in earlier chapters, the IGA prohibits the advertising of unlicensed online gambling services such as online casinos, slots and poker, and sports betting or wagering services offered by entities that do not hold a licence issued by an Australian state or territory.<sup>96</sup>
- 5.56 According to ACMA, a significant limitation within the IGA is Section 61EA, in Part 7A, which provides that the advertising of unlicensed interactive gambling services on a website accessible by Australians is prohibited if, and only if, ACMA is satisfied that the majority of persons who access the content are physically present in Australia. This limits the IGA's application of advertising prohibitions, as it excludes

<sup>87</sup> Free TV, *Submission 72*, page 4.

<sup>88</sup> ACMA, *Submission 96.1*, pages 1-2.

<sup>89</sup> Free TV, *Submission 72*, page 5.

<sup>90</sup> Free TV, *Submission 72*, page 4.

<sup>91</sup> Commercial Radio, *Commercial Radio Code of Practice*, updated March 2018, pages 13-18.

<sup>92</sup> SBS, *Code of Practice*, July 2021, page 12.

<sup>93</sup> SBS, *Submission 66*, page 2.

<sup>94</sup> DITRDCA, *Submission 104*, page 17.

<sup>95</sup> SBS, *Submission 66*, page 2.

<sup>96</sup> ACMA, *Submission 96*, page 1.



some websites accessible by Australians, like those with a global audience such as Facebook and YouTube. ACMA said that removing this requirement would allow ACMA ‘to take action to address harms from the advertising content targeted at Australians.’<sup>97</sup>

5.57 The Digital Industry group Inc. (DIGI) said that, at a minimum, Section 61EA should also include a requirement that advertisements be specifically targeted at and accessible to Australians – as in persons ordinarily resident in this jurisdiction. DIGI said that clarifying this in the IGA would be ‘consistent with the policy aim of protecting Australians’ from illegal and unlicensed interactive online gambling.<sup>98</sup>

5.58 The Committee notes that it would not be necessary to make these amendments if all online gambling advertising on online platforms and social media were prohibited.

## Australian Association of National Advertisers Codes

5.59 The content of wagering advertisements is largely regulated by the Wagering Code and the Code of Ethics.<sup>99</sup> These self-regulatory codes are developed by the AANA,<sup>100</sup> and are administered by Ad Standards,<sup>101</sup> who manage the complaint process of the advertising self-regulation system through an independent Community Panel.<sup>102</sup>

5.60 These codes are platform neutral,<sup>103</sup> and do not make a distinction between traditional media advertising and digital advertising.<sup>104</sup> Unlike the broadcasting codes, the AANA Codes are not enforceable under legislation<sup>105</sup> and it is the responsibility of wagering advertisers to comply with the AANA codes.<sup>106</sup>

5.61 The Wagering Code applies to all advertising for products and services provided by WSPs in Australia, including online advertising. According to AANA, the Wagering Code enables the industry to ‘ensure that the content of advertising and marketing activities is delivered in a responsible manner with particular consideration given to the potential impact on young people and those Australians who may find it difficult to gamble responsibly.’<sup>107</sup> The Wagering Code requires that wagering advertising must not:

- be directed primarily to minors;
- portray people under the age of 25, unless in an incidental role;

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<sup>97</sup> ACMA, *Submission 96*, page 12.

<sup>98</sup> Digital Industry Group, *Submission 142*, page 5.

<sup>99</sup> DITRDCA, *Submission 104*, page 11.

<sup>100</sup> Australian Association of National Advertisers (AANA), Codes and Guidelines’, [www.aana.com.au/self-regulation/codes-guidelines](http://www.aana.com.au/self-regulation/codes-guidelines), viewed 15 March 2023.

<sup>101</sup> Ad Standards, *Submission 59*, page 2.

<sup>102</sup> Ad Standards, ‘Ad Standards’, [www.adstandards.com.au/about/ad-standards](http://www.adstandards.com.au/about/ad-standards), viewed 15 March 2023.

<sup>103</sup> DITRDCA, Communications and the Arts, *Submission 104*, page 11.

<sup>104</sup> AANA, *Submission 21*, page 3.

<sup>105</sup> Mr Richard Bean, Executive Director, Ad Standards, *Committee Hansard*, 10 February 2023, page 54.

<sup>106</sup> SBS, *Submission 66*, page 4.

<sup>107</sup> AANA, *Submission 21*, page 4.

- portray or encourage the consumption of alcohol in combination with wagering;
- state or imply a promise of winning;
- state or imply a link between wagering and sexual success or enhanced attractiveness;
- portray or encourage wagering as a means of relieving financial difficulties;
- portray or encourage excessive participation; or
- portray or encourage peer pressure to wager or disparage abstention.<sup>108</sup>

5.62 The Code of Ethics applies to all advertising regardless of the product or service being promoted and includes restrictions on a suite of issues including discrimination, sexual appeal, and offensive language.<sup>109</sup> According to AANA, this code is the cornerstone of the advertising self-regulatory system,<sup>110</sup> and is supplemented by the Wagering Code.

## Limitations of the existing regulatory framework

5.63 The Committee heard that current gambling advertising restrictions are not sufficiently reducing harm.<sup>111</sup> The regulation is limited, and the scope and wording of the various codes allows circumvention and rely on industry self-regulation.<sup>112</sup>

5.64 There are too many loopholes that allow gambling to be marketed to children and young people.<sup>113</sup> For example, the 2017 restrictions on gambling advertising during sport did not reduce in-stadia advertising, such as signage on the grounds or logos on players' jerseys, which are viewed on television.<sup>114</sup> Submitters argued that it is naïve to assume that children are not influenced by gambling sponsorship on their favourite players' jerseys, and that they do not see advertising that occurs during breaks in play.<sup>115</sup>

5.65 It is unrealistic to expect parents to supervise everything a child watches and be able to interpret the various gambling advertising rules, particularly when gambling advertisements are broadcast at times when it can be reasonably expected that

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<sup>108</sup> AANA, *Submission 21*, page 4.

<sup>109</sup> AANA, *Submission 21*, page 3.

<sup>110</sup> AANA, *Submission 21*, page 2.

<sup>111</sup> Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, page 5.

<sup>112</sup> Emeritus Professor Mike Daube, *Submission 137*, page 4.

<sup>113</sup> Dr Marisa Paterson MLA, *Submission 69*, page 6.

<sup>114</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20.

<sup>115</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Exhibit 23*, 'Protecting children and young people from contemporary marketing for gambling', 2023, page 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20; GTRC, *Submission 65*, page 19.

children will be watching.<sup>116</sup> It is also unrealistic to expect children to go to bed at 8.30pm in the middle of a sporting match.<sup>117</sup>

- 5.66 Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy reported there is little evidence that 8.30 pm is late enough to ensure that children and young people are not exposed to gambling advertising and referred to the current rules as 'arbitrary'.<sup>118</sup> Similarly, Children and Media Australia said:

We seem to assume that children just toddle off nicely to bed as soon as the clock strikes a certain hour, even if they're in the middle of an exciting sports game. If regulations are to be serious about protecting children, they should be more realistic about family life.<sup>119</sup>

- 5.67 The Committee heard that the five-minute rule is similarly arbitrary and insufficient, given that children will often watch the pre-match build up or post-match review of a sporting event.<sup>120</sup>
- 5.68 Concerns were raised that the exemption for news, current affairs and sports programs does not protect children from gambling advertising because children do not solely watch children's television programs. Rather, many families watch television together across current affairs and news programs, as well as sporting games, which are often viewed during dinner time.<sup>121</sup> Furthermore, many children watch shows that have higher ratings than G under the Australian Classification System<sup>122</sup> such as *The Simpsons*, which is classified PG.<sup>123</sup>
- 5.69 Turning Point and the Monash Addiction Research Centre also noted that children can be exposed to gambling advertising on television during school hours when they are at home due to illness, during school holidays or because they are simply not yet of school age.<sup>124</sup>
- 5.70 The Victorian Arabic Social Services noted that international sports, such as European soccer or the English Premier League, are not necessarily captured by the current time-based restrictions because they do not always air during primetime. This means that families who get up to watch sporting events together at night are being

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<sup>116</sup> Queensland Government, *Submission 140*, page 2; AHPA, *Submission 54*, page 3; Queensland Government, *Submission 140*, page 2.

<sup>117</sup> Children and Media Australia, *Submission 102*, page 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20; Gambling Treatment and Research Clinic, University of Sydney, *Submission 65*, page 19; ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, p. 20.

<sup>118</sup> Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 8.

<sup>119</sup> Professor Elizabeth Handsley, President, Children and Media Australia, *Committee Hansard*, 7 February 2023, page 2.

<sup>120</sup> Queensland University of Technology (QUT), *Submission 91*, page 4; ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, p. 2.

<sup>121</sup> AHPA, *Submission 54*, page 3. Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20. Queensland Government, *Submission 140*, page 2.

<sup>122</sup> Turning Point and the Monash Addiction Research Centre, *Submission 69*, page 20.

<sup>123</sup> Queensland Government, *Submission 140*, page 2.

<sup>124</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 20.

exposed to gambling advertisements.<sup>125</sup> During the World Cup final in 2022, 18 per cent of the audience at 5am were children under the age of 18, and 9.2 per cent were children aged under 12 years. In Sydney, this means about 21,000 children aged under 18, or 11,000 children aged under 13 were exposed to gambling advertisements.<sup>126</sup>

## Self-regulation

- 5.71 Industry self-regulation of the AANA codes was criticised as being a weak approach because it relies on the gambling and advertising industries to decide what is and isn't permissible, and on consumers raising complaints.<sup>127</sup>
- 5.72 Ad Standards adjudicate and consider complaints against the provisions set out in the AANA codes. If a code breach is identified, advertisers are required to remove or amend the relevant marketing material, irrespective of the platform.<sup>128</sup> Ad Standards do not monitor advertisements, so the onus is on consumers to raise complaints.<sup>129</sup>
- 5.73 While Ad Standards claimed there was a strong compliance rate with the AANA codes,<sup>130</sup> it is difficult to assess the accuracy of these claims. It is possible that many advertising breaches are not flagged, investigated, and captured in these compliance estimates because people are not aware they can register complaints with Ad Standards, or may not have time to do so.
- 5.74 Ad Standards claimed that industry self-regulation is faster and more effective than government regulation and comes at no financial cost to the community.<sup>131</sup>

## Online platforms

- 5.75 Advertising that takes place on social media and online platforms in Australia is subject to the AANA codes and the IGA's prohibition on the advertising of illegal gambling services. This means that most advertising by WSPs online and through social media is largely self-regulated by digital platforms.<sup>132</sup> While some digital platforms do not show gambling advertisements, many others do. This inconsistency<sup>133</sup> offers little protection for vulnerable Australians.<sup>134</sup>
- 5.76 Some platforms show gambling advertising, subject to certain restrictions. The Office of the Australian Information Commissioner (OAIC) reported that

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<sup>125</sup> Mr Kieran Hough, Senior Social Worker, Victorian Arabic Social Services, *Committee Hansard*, 14 February 2023, page 8.

<sup>126</sup> Free TV, *Submission 72.2*, page 4.

<sup>127</sup> QUT, *Submission 91*, page 4.

<sup>128</sup> Australian Association of National Advertisers, *Submission 21*, page 2.

<sup>129</sup> Mr Richard Bean, Executive Director, Ad Standards, *Committee Hansard*, 10 February 2023, page 54.

<sup>130</sup> Ad Standards, *Submission 59*, page 1.

<sup>131</sup> Mr Richard Bean, Executive Director, Ad Standards, *Committee Hansard*, 10 February 2023, page 56.

<sup>132</sup> Office of the Australian Information Commissioner (OAIC), *Submission 145*, page 2.

<sup>133</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 21.

<sup>134</sup> Dr Aino Suomi, *Submission 90*, page 6.

'Twitter is the only platform which appears to prohibit rather than restrict gambling-related advertising. Facebook, Google and Snapchat impose some safeguards by requiring advertisers to gain pre-approval for gambling-related ads'.<sup>135</sup> Conversely, TikTok prohibits all forms of gambling advertising, and yet is piloting sports betting advertising in Australia.<sup>136</sup>

- 5.77 On social media platforms, the more a user engages with certain content, the more the platform learns and provides them with content in line with those interests, resulting in increased exposure to potentially harmful content such as gambling-related material.<sup>137</sup> OAIC reported that children can be particularly at risk online as companies 'may share children's data for advertising purposes, or engage in harmful tracking, profiling of, or targeted marketing to children.'<sup>138</sup>
- 5.78 OAIC observed that many of the privacy risks and harms online have emerged due to the 'increase in the amount of data and personal information collected, used and shared to support the ads-based revenue model of the internet.'<sup>139</sup> This allows platforms to generate detailed user profiles, which in turn 'enables them to sell highly targeted advertising units.'<sup>140</sup>
- 5.79 The Australian Government is currently considering the Attorney-General's Department's *Privacy Act Review Report 2022*, which was released for consultation in February 2023.<sup>141</sup> The Review proposed 116 reforms that seek to provide Australians with more protections, transparency and control over their personal information.<sup>142</sup> It includes proposed reforms to direct marketing, targeted advertising, the trading of personal information, and providing individuals with an unqualified right to opt out of their personal information being used or disclosed for direct marketing purposes.<sup>143</sup>
- 5.80 OAIC said that several of the proposed reforms will provide greater protections to Australians from gambling advertising on digital platforms, including:
- express prohibitions on direct marketing to a child

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<sup>135</sup> OAIC, *Submission 145*, page 2.

<sup>136</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 21. TikTok's trial with Sportsbet has now been expanded to include partnerships with Neds and Dabble. See H Belot, 'TikTok Australia expands trial of gambling advertising despite widespread criticism', *The Guardian*, 20 May 2023.

<sup>137</sup> OAIC, *Submission 145*, page 3.

<sup>138</sup> OAIC, *Submission 145*, page 2.

<sup>139</sup> OAIC, *Submission 145*, page 2.

<sup>140</sup> OAIC, *Submission 145*, page 2.

<sup>141</sup> The Hon Mark Dreyfus KC MP, Attorney-General, 'Landmark Privacy Act Review report released', *Media release*, 16 February 2023

<sup>142</sup> The Hon Mark Dreyfus KC MP, Attorney-General, 'Landmark Privacy Act Review report released', *Media release*, 16 February 2023

<sup>143</sup> Attorney-General's Department, *Privacy Act Review Report 2022*, February 2023.

- requiring a privacy impact assessment to be conducted for activities with high privacy risks such as direct marketing through online targeted advertising, and the handling of children’s personal information on a large scale<sup>144</sup>
- introducing a positive obligation to collect, use and disclose personal information ‘fairly and reasonably’.<sup>145</sup>

5.81 The positive obligation would require online platforms to take more ‘proactive steps to actively consider the foreseeable risks to individuals and take reasonable steps to mitigate these potential impacts’.<sup>146</sup> This requirement would apply regardless of whether consent has been obtained, therefore preventing ‘consent from being used to legitimise activities that are inherently unfair and unreasonable.’<sup>147</sup>

## Support for further restrictions

5.82 There was support for a comprehensive ban on all forms of gambling advertising across all media, including inducements and sponsorship,<sup>148</sup> and for meaningful penalties for non-compliance.<sup>149</sup>

5.83 Recent history shows that Australia’s limited approach to protecting children from gambling advertising means that the adoption of restrictions in one place or time results in an increase in advertising elsewhere.<sup>150</sup>

5.84 Following the 2017 rule changes, the total volume of gambling advertising in prime-time spots on metro television increased by 40 percent.<sup>151</sup> There was a 131 per cent increase of gambling advertisements broadcast during breaks in play and pre- and post-game coverage, after the 8.30 pm watershed was introduced between the 2017 and 2018 AFL home and away seasons. Similarly, during the 2018 National Rugby League (NRL) home and away season, gambling advertisements broadcast after 8.30 pm increased by 25 per cent.<sup>152</sup> Gambling advertising during non-sports content on television and radio also increased by 50 per cent during this period, mainly between 6.00 pm and 10.30 pm.<sup>153</sup> On radio, gambling advertisements

<sup>144</sup> OAIC, *Submission 145*, page 5. OAIC, *Australian Privacy Principles*, [www.oaic.gov.au/privacy/australian-privacy-principles](http://www.oaic.gov.au/privacy/australian-privacy-principles), viewed 11 May 2023. The Australian Privacy Principles apply to any organisation or agency the *Privacy Act 1988* covers.

<sup>145</sup> OAIC, *Submission 145*, page 4.

<sup>146</sup> OAIC, *Submission 145*, page 4.

<sup>147</sup> OAIC, *Submission 145*, page 4.

<sup>148</sup> QUT, *Submission 91*, page 3; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, page 9; Financial Counselling Australia (FCA), *Submission 152*, page 6; Royal Australian and New Zealand College of Psychiatrists and Royal Australasian College of Physicians, *Submission 110*, page 8; Public Health Association of Australia, *Submission 125*, page 1; Ms Louise Francis, Member, AHPA, *Committee Hansard*, 10 February 2023, page 21.

<sup>149</sup> Children and Media, *Submission 102*, page 4.

<sup>150</sup> Emeritus Professor Mike Daube, *Submission 137*, page 4; FCA, *Submission 152*, page 6.

<sup>151</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, pages 10-11.

<sup>152</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, page 8.

<sup>153</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, pages 10-11.



increased substantially following the rule changes, particularly during peak times, where the Monday to Friday ‘breakfast’ shift (5.30–9.00 am) and ‘drive’ shift (4.00–7.00 pm) both increased 94 per cent.<sup>154</sup>

- 5.85 This experience bolsters the suggestion from Responsible Wagering Australia (RWA) that if inducement marketing were banned, ‘then those dollars would go to brand advertising.’<sup>155</sup>
- 5.86 In calling for a comprehensive ban on gambling advertising, FCA warned that if bans are only applied to broadcasters, ‘then the advertising will just move to online and social media. Marketing will move to the gaps.’<sup>156</sup> Similarly, Professor Thomas said restrictions on gambling advertising in particular time slots are unlikely to have a much impact in minimising children’s exposure.<sup>157</sup>
- 5.87 Professor Thomas challenged Free TV’s idea that the risks of children’s exposure to gambling advertising on television were less when children are being supervised by an adult, stating a parent is not necessarily ‘equipped to have a robust discussion about the tactics of the gambling industry’.<sup>158</sup>
- 5.88 The Committee heard that a comprehensive ban on gambling advertising should be phased in to allow sports and broadcasters time to adapt.<sup>159</sup> For example, Associate Professor Charles Livingstone remarked:
- Many sporting codes, as well as their broadcast ‘partners’, rely on gambling advertising and/or sponsorship for a proportion of revenue...Accordingly, progressive reductions in the times and the mediums when and where such advertising is possible should be implemented. The goal should be to provide all interested parties with notice of the point at which advertising will be prohibited. A three year time frame to achieve this would enable alternative arrangements to be made.<sup>160</sup>
- 5.89 To ‘wean the sporting codes off that revenue,’ Associate Professor Livingstone suggested there should be a ‘modest level of support for those codes’, which provides both a buffer and an incentive. Furthermore, there would be other advertisers who would be ‘prepared to pay quite high premiums for the audience which is delivered by AFL or NRL games, cricket matches and so on.’<sup>161</sup> He suggested the long term impacts on media revenue would likely be minimal.<sup>162</sup> This idea was strongly contested by AFL and NRL, who warned that a loss of gambling

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<sup>154</sup> ACMA, *Gambling advertising in Australia – Consumer and advertising placement research*, November 2019, page 12.

<sup>155</sup> Mr Nick Minchin, Chairman, Responsible Wagering Australia, *Committee Hansard*, 4 April 2023, page 55.

<sup>156</sup> FCA, *Submission 152*, page 6.

<sup>157</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 46.

<sup>158</sup> Professor Samantha Thomas, *Committee Hansard*, 10 February 2023, page 47.

<sup>159</sup> Dr Angela Rintoul, *Submission 150*, page 3. Associate Professor Charles Livingstone, *Submission 113*, page 7; Emeritus Professor Mike Daube, *Submission 137*, page 6.

<sup>160</sup> Associate Professor Charles Livingstone, *Submission 113*, page 7.

<sup>161</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 20.

<sup>162</sup> Associate Professor Charles Livingstone, *Submission 113*, page 7.

revenue would affect their operations.<sup>163</sup> This is because AFL and NRL make money from every bet that is placed on their games in addition to sponsorship and advertising revenue.

### Lessons from tobacco advertising reforms

5.90 The Committee heard that Australia’s tobacco reforms provide a model for dealing with the harms of gambling advertising.<sup>164</sup> For example, Emeritus Professor Mike Daube noted that, in the case of both tobacco and online gambling, ‘young people are an important target, as both current and potential consumers, and in the case of addictive products, there are added benefits to “getting them hooked” early’.<sup>165</sup> In both cases, advertising is part of a much bigger marketing ecosystem, where industry leverages their sponsorship of sports as a reason why their marketing should continue.<sup>166</sup>

5.91 Emeritus Professor Daube argued that to make comprehensive marketing bans on harmful products work, the bans ‘can be phased in with strong community support and...recipients of gambling funding can continue to thrive with other sources of funding’.<sup>167</sup> He said that ‘partial bans on marketing are only partially effective, as the industries involved will work assiduously to find means of circumventing them’.<sup>168</sup> For example, the volume of cigarette advertising in print media increased significantly following the ban on direct cigarette advertising on radio and television, which was phased in between 1973 and 1976.<sup>169</sup>

5.92 Emeritus Professor Daube described the arguments in favour of tobacco and gambling advertising as ‘strikingly similar’.<sup>170</sup> For example, when the Western Australian Government attempted to ban tobacco advertising in 1983, the tobacco industry and sporting bodies that received tobacco sponsorship launched a campaign<sup>171</sup> claiming that without tobacco advertising and sponsorship:

- ‘the game [Australian cricket] would suffer...and it would most suffer at grass-roots level’<sup>172</sup>
- ‘sport as we know it in Western Australia could be facing the axe’<sup>173</sup>
- ‘anyone whose job is linked to tobacco promotion could get the chop’.<sup>174</sup>

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<sup>163</sup> Mr Gillon McLachlan, Chief Executive Office, AFL, *Committee Hansard*, 4 April 2023, pages 30-31 and 33; Mr Andrew Abdo, Chief Executive Office, NRL, *Committee Hansard*, 4 April 2023, page 32.

<sup>164</sup> Emeritus Professor Mike Daube, *Submission 137*, page 3; Associate Professor Charles Livingstone, *Submission 113*, page 6; Dr Angela Rintoul, *Submission 150*, page 3.

<sup>165</sup> Emeritus Professor Mike Daube, *Submission 137*, page 3.

<sup>166</sup> Emeritus Professor Mike Daube, *Submission 137*, page 4.

<sup>167</sup> Emeritus Professor Mike Daube, *Submission 137*, page 4.

<sup>168</sup> Emeritus Professor Mike Daube, *Submission 137*, page 4.

<sup>169</sup> Tobacco in Australia, *Background*, [www.tobaccoinaustralia.org.au/chapter-11-advertising/11-0-background](http://www.tobaccoinaustralia.org.au/chapter-11-advertising/11-0-background), viewed 18 April 2023.

<sup>170</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 1.

<sup>171</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 1.

<sup>172</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 3.

<sup>173</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 6.

<sup>174</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 4.



- 5.93 Western Australia's major sporting bodies argued that tobacco sponsorship was 'an essential source of funds because spectators do not meet all the costs of major sports' and that 'there are great benefits in being able to rely on long-term income from the tobacco companies.'<sup>175</sup>
- 5.94 Following the ban on tobacco sponsorship, major sporting events secured new sponsorships from both government and the commercial sector.<sup>176</sup> For example, in Victoria, the Victorian Health Promotion Foundation imposed an excise on tobacco sales to buy out some tobacco sponsorships, which gave sporting codes time to find alternative sponsors.<sup>177</sup>
- 5.95 According to Associate Professor Livingstone, these restrictions on advertising deprived the tobacco industry of 'its path to normalisation via marketing and sponsorship.'<sup>178</sup> This was a major contributor to the success of the tobacco control movement because it made it 'less likely that such products are casually accepted and seen as socially desirable.'<sup>179</sup>

### International practice

- 5.96 Other countries, where there are lower rates of gambling harm than Australia's world-leading per capita losses, have strong restrictions on gambling advertising. For example:
- Italy prohibits all gambling advertising and sports sponsorships<sup>180</sup>
  - Finland prohibits gambling advertising on all radio, television and cinema platforms<sup>181</sup>
  - Belgium prohibits all forms of gambling marketing<sup>182</sup>
  - Spain prohibits gambling advertising on radio, television and video exchange platforms from 5.00 am to 1.00 am,<sup>183</sup> in-stadia advertising and sponsorship, and ensures that customers who are assessed as at-risk cannot receive inducements or other gambling marketing.<sup>184</sup>
- 5.97 The Spanish gambling regulator noted that the predictions of those reliant on gambling advertising have not been borne out:

The gambling industry and the TV and advertising sectors lobbied against the reforms. None of the dire predictions have occurred...The TV stations said that they would go broke without gambling revenue and this has not

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<sup>175</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 8.

<sup>176</sup> Emeritus Professor Mike Daube, *Submission 137.1*, page 2.

<sup>177</sup> Associate Professor Charles Livingstone, *Committee Hansard*, 28 February 2023, page 20.

<sup>178</sup> Associate Professor Charles Livingstone, *Submission 113*, page 5.

<sup>179</sup> Associate Professor Charles Livingstone, *Submission 113*, page 7.

<sup>180</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 22.

<sup>181</sup> Dr Aino Suomi, *Submission 90*, page 6.

<sup>182</sup> FCA, *Submission 152*, pages 33-34.

<sup>183</sup> Suicide Prevention Australia, *Submission 41*, page 10.

<sup>184</sup> FCA, *Submission 152*, page 34.

happened...Spanish sports teams said that they wouldn't be competitive if they were the only ones not allowed sponsorship, and this hasn't happened either...The threat of gamblers migrating to illegal operators had not occurred either.<sup>185</sup>

- 5.98 France's *Loi Evin* law, which regulates and prohibits alcohol and tobacco advertising, was suggested as a potentially useful model for regulating gambling advertising. According to the Queensland University of Technology, *Loi Evin* works under a simple premise: 'it prescribes which forms of marketing are permitted, meaning that anything other than what is prescribed is not permitted.'<sup>186</sup> This means that regulators 'do not always need to consider how to amend and update regulations when new forms and tactics of marketing are employed to promote potentially harmful products.'<sup>187</sup>

## Concerns about further restrictions on gambling advertising

- 5.99 Organisations that have a financial interest in the advertising of online gambling products, such as media and sporting organisations, and some online WSPs, raised concerns about further restrictions on gambling advertising.

### Broadcasters

- 5.100 Gambling advertising is a significant revenue stream for Australian commercial television and radio, however neither Free TV nor Commercial Radio and Audio (CRA) were willing to provide figures publicly to support their claims. Both Free TV and CRA provided evidence that was contrary to concerns about the frequency of gambling advertisements on commercial broadcasts and the likely exposure of children to gambling advertising.<sup>188</sup>

### Commercial television

- 5.101 Television broadcasters were concerned that any loss of advertising revenue would affect their ability to make and provide content.<sup>189</sup> For example, Free TV Australia said:

Any further restrictions would have significant revenue implications for Australian TV networks...Further restrictions above and beyond the measures that are already in place would threaten Australians jobs and the television services that

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<sup>185</sup> FCA, *Exhibit 20*, 'The sky didn't fall in', Winston Churchill Trust, March 2023, page 7.

<sup>186</sup> QUT, *Submission 91*, page 5.

<sup>187</sup> QUT, *Submission 91*, page 5.

<sup>188</sup> Free TV, *Submission 72.1*, page 1 and *Submission 72.2*, pages 1-4; Ms Bridget Fair, Chief Executive Officer, Free TV Australia, *Committee Hansard*, 10 February 2023, page 27; Ms Sarah Kruger, Head, Policy and Legal Affairs, Commercial Radio and Audio (CRA), *Committee Hansard*, 28 February 2023, page 29.

<sup>189</sup> SBS, *Submission 66*, page 5; Free TV, *Submission 72*, page 8.

Australians rely on...Provision of sports for free would become increasingly difficult should gambling advertising be removed from revenue streams of commercial broadcasters.<sup>190</sup>

- 5.102 Television broadcasters claimed the existing regulatory framework is effective in minimising children's exposure,<sup>191</sup> and that children make up a small proportion of the audience for live sport.<sup>192</sup> Free TV claimed the audience for news and current affairs programs are predominantly adults<sup>193</sup> and that when children are watching sporting events, the majority are watching with their parents.<sup>194</sup> Free TV noted there is a perception in the community that gambling advertisements are on television all the time, but said 'perception is not reality.'<sup>195</sup> Free TV stated, 'you can't just impose regulations based on a vibe. You have to look at the evidence, you have to look at the data.'<sup>196</sup>
- 5.103 Free TV and SBS both reported they receive few complaints or code breaches about gambling advertising<sup>197</sup> and said this shows that current restrictions are effective<sup>198</sup> and meeting community expectations.<sup>199</sup> They promoted the need for a 'balance' in rules that both protect the community and allow a legal product to be advertised.<sup>200</sup>
- 5.104 Free TV referred to sports betting companies as significant advertising partners and outlined a range of financial pressure points for Australian free-to-air television broadcasters in justifying why it opposed further restrictions on gambling advertising.<sup>201</sup> Free TV claimed its members are 'operating in a declining market with increasing competition',<sup>202</sup> and that Australian content (which they are required to show)<sup>203</sup> and live sport is expensive to produce.<sup>204</sup>
- 5.105 Free TV warned that broadcasters' capacity to show live sport on free-to-air television would be compromised if they lost gambling advertising revenue, stating '...we're going to end up with rich people who can afford to watch important sporting events and poor people who can't'.<sup>205</sup>
- 5.106 Free TV rejected the parallels drawn between restrictions on tobacco and gambling advertising, stating that the tobacco advertising bans 'occurred at a time where

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<sup>190</sup> Free TV, *Submission 72*, page 8.

<sup>191</sup> SBS, *Submission 66*, pages 2-4. Free TV, *Submission 72*, pages 4-5.

<sup>192</sup> SBS, *Submission 66*, page 5; Free TV, *Submission 72*, page 6.

<sup>193</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 27.

<sup>194</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 29.

<sup>195</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 35.

<sup>196</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 35.

<sup>197</sup> SBS, *Submission 66*, pages 4-5.

<sup>198</sup> Free TV, *Submission 72*, pages 4 and 7; SBS, *Submission 66*, page 1.

<sup>199</sup> SBS, *Submission 66*, page 1.

<sup>200</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, pages 28-29; Ms Clare O'Neil, Director, Corporate Affairs, SBS, *Committee Hansard*, 10 February 2023, page 40.

<sup>201</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 30.

<sup>202</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 32.

<sup>203</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, pages 30-31.

<sup>204</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, pages 30 and 37.

<sup>205</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 30.

television revenue was growing...where there was very limited competition for commercial television broadcasters; in fact, there was no competition because there were no streaming services or pay TV.<sup>206</sup>

## Commercial radio

- 5.107 Similarly, the commercial radio industry is funded entirely by advertising, and although CRA expressed support for the reduction of gambling harm in Australia, it is concerned that any restrictions imposed ‘will erode the industry’s revenue base’ and impact services.<sup>207</sup> CRA warned that further restrictions could damage the viability of the commercial radio industry and result in unintended negative consequences for Australian communities, particularly in regional and remote areas.<sup>208</sup> CRA said that regional radio stations were especially vulnerable, noting ‘even a relatively small drop in revenue can be really significant for a small station, or even a network of small stations’<sup>209</sup> and that ‘there is a finite pool of advertising revenue’.<sup>210</sup> CRA also said it was important to ensure ‘free and universally accessible’ radio that provides local content including information during emergencies.<sup>211</sup>
- 5.108 CRA argued for commercial radio to be treated differently than other platforms because there are no commercial radio programs targeted at children, and that when children listen to commercial radio it is normally in the car when they are being supervised by an adult.<sup>212</sup> CRA claimed there was also a ‘lack of radio specific evidence’ that demonstrates advertising contributes to gambling harm.<sup>213</sup>
- 5.109 CRA argued that any further gambling advertising restrictions should exempt horse, harness and dog racing broadcasts because ‘listeners understand that gambling is a core part of the broadcast’ and these ‘broadcasts do not have the general appeal of other commercial radio broadcasts but instead provide specialised racing content’.<sup>214</sup> CRA also called for a publisher’s exemption, so broadcasters ‘are not expected to ascertain the compliance of third-party advertising’.<sup>215</sup>

## Sporting codes

- 5.110 The Coalition of Major Professional and Participation Sports (COMPPS)<sup>216</sup> said that, while they are supportive of appropriate regulation of gambling advertising, ‘legitimate and regulated gambling and the revenue derived from it (and associated

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<sup>206</sup> Ms Bridget Fair, Free TV Australia, *Committee Hansard*, 10 February 2023, page 32.

<sup>207</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 26.

<sup>208</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, pages 26-27.

<sup>209</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 28.

<sup>210</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 30.

<sup>211</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 26.

<sup>212</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 29.

<sup>213</sup> Ms Sarah Kruger, CRA, *Committee Hansard*, 28 February 2023, page 27.

<sup>214</sup> CRA, *Submission 103*, pages 5.

<sup>215</sup> CRA, *Submission 103*, pages 4.

<sup>216</sup> This organisation consists of consists of the Australian Football League (AFL), Cricket Australia, Football Australia, National Rugby League (NRL), Netball Australia, Rugby Australia, and Tennis Australia.

advertising) form an important part of the business model of the sports.<sup>217</sup> COMPPS reported that revenue from sports betting, media rights deals and gambling sponsorship funds sport in Australia, both at elite and grassroots level:

Sport receives a significant benefit from advertising on sport as it drives rights fees for television, radio and other media agreements. If advertising revenue is diminished, the value of sports media rights will diminish. Revenue from media rights is the principal source of income for the major professional sports in Australia... Sponsorship is a major source of income for sporting organisations at all levels, with sports betting operators having emerged in recent years as viable sponsors of teams and events.<sup>218</sup>

5.111 COMPPS claimed the restrictions in the BSA were 'reasonable and responsible',<sup>219</sup> and struck a balance between:

- the public interest in watching sport without excessive references to gambling and live odds, or undue exposure of viewers to gambling promotion
- the right of Australia's licenced online WSPs to advertise their products in a socially responsible manner.<sup>220</sup>

5.112 COMPPS made similar arguments in 2017 when the Government was pursuing the ban on gambling advertising during live sporting events. In its submission to the Senate Environment and Communications Legislation Committee, COMPPS claimed the existing regulatory framework was effective and any changes would adversely affect '...the capacity of our sports to reinvest revenue in our integrity departments as well as grassroots and development programs, community programs, and the broader communities in which our sports are played.'<sup>221</sup>

5.113 The Committee was interested in whether all COMPPS members agreed with COMPPS' submission to this inquiry and if members had further comments to make to justify their support for the status quo in gambling advertising restrictions. AFL and NRL appeared before the Committee at a public hearing on 4 April 2023. Other COMPPS members provided near-identical letters supporting COMPPS submission.<sup>222</sup>

## The AFL and NRL

5.114 Both AFL and NRL acknowledged concerns about the harms of gambling advertising but did not support any changes to current restrictions that would significantly affect

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<sup>217</sup> Coalition of Major Professional and Participation Sports (COMPPS), *Submission 42*, page 6.

<sup>218</sup> COMPPS, *Submission 42*, pages 3-4.

<sup>219</sup> COMPPS, *Submission 42*, page 4.

<sup>220</sup> COMPPS, *Submission 42*, page 6.

<sup>221</sup> Senate Environment and Communications Legislation Committee, *Inquiry into Communications Legislation Amendment (Online Content Services and Other Measures) Bill 2017*, *Submission 3*, COMPPS, January 2018, pages 2-3.

<sup>222</sup> COMPPS, *Submission 42.1*, pages 1-8.

their bottom lines. Both called for regulation that balanced protecting the community with the interests of those who deliver gambling advertising.<sup>223</sup>

- 5.115 While both AFL and NRL were reluctant to provide estimates of their dependence on online gambling revenue, the Committee heard that both sports are significantly leveraged by gambling interests and that a loss of gambling revenue would affect their operations.<sup>224</sup> It would seem this is in large part because the codes do not just receive sponsorship payments from online WSPs, but also receive a percentage of income from bets placed on their matches.
- 5.116 In a radio interview, AFL appeared to concede there was too much gambling advertising in AFL,<sup>225</sup> but subsequently moderated these comments, claiming that the issue of inducements is 'actually what our supporters and our fans are talking to.'<sup>226</sup> Despite evidence to this inquiry demonstrating that young people have high brand recall from gambling advertisements, AFL claimed that current levels of brand advertising is acceptable.<sup>227</sup> This echoed the position taken by Sportsbet, who is AFL's sponsor and key advertising partner.<sup>228</sup>
- 5.117 NRL was similarly open to exploring further restrictions on the type of advertising that is allowed, but argued restrictions need to be data-led and should not involve blanket bans.<sup>229</sup>
- 5.118 AFL suggested that attention should be focussed on addressing gambling advertising on social media, rather than broadcast television, 'because that is where the kids are.'<sup>230</sup>
- 5.119 As previously noted, in addition to receiving gambling advertising revenue, major sports like the AFL and NRL have a direct financial interest in licenced online gambling through the product fees they receive from every bet placed on their sport. The sports assert that product fees are part of 'integrity agreements' in place between the sports and licenced WSPs. AFL and NRL claim that this revenue is reinvested into sports integrity measures and support for grassroots sports.<sup>231</sup>
- 5.120 AFL suggested that integrity agreements enable it to enforce 'binding obligations on companies to report illegal or suspicious gambling activity on our competitions.'<sup>232</sup> AFL said 'we like to also have relationships with the wagering partners so we can

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<sup>223</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 27; Mr Andrew Abdo, NRL, *Committee Hansard*, 4 April 2023, page 27.

<sup>224</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, pages 30-31 and 33; Mr Andrew Abdo, NRL, *Committee Hansard*, 4 April 2023, page 32.

<sup>225</sup> N Mitchell, "Going a long time": AFL boss addresses Hawthorn investigation, concussion class action', *3AW*, 17 March 2023.

<sup>226</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 30.

<sup>227</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 29.

<sup>228</sup> Mr Barni Evans, Chief Executive Officer, Sportsbet, *Committee Hansard*, 4 April 2023, pages 38 and 48.

<sup>229</sup> Mr Andrew Abdo, NRL, *Committee Hansard*, 4 April 2023, page 28.

<sup>230</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 30.

<sup>231</sup> Mr Andrew Abdo, NRL, *Committee Hansard*, 4 April 2023, page 27; Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 26.

<sup>232</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 26.



influence bet types, get access to information and protect the integrity of our competition.<sup>233</sup> AFL said that 'it would go on without us and therefore the money that we receive, we reinvest. We're a not-for-profit, so we actually think that's a community benefit.'<sup>234</sup>

- 5.121 AFL and NRL both warned of unintended consequences that may arise from further restrictions on licenced WSPs and their advertisements, in particular an increase in Australians gambling with illegal offshore operators.<sup>235</sup> AFL said this would 'increase integrity risks' and noted that illegal operators may continue to provide online in-play betting and be able to advertise their products on online platforms.<sup>236</sup> AFL said 'this potentially poses a real danger to all Australian sport.'<sup>237</sup>

## Licenced online WSPs

- 5.122 The licenced online WSPs represented by RWA acknowledged community concerns about gambling advertising,<sup>238</sup> while arguing that any further restrictions must be sensible,<sup>239</sup> evidence-based,<sup>240</sup> practical<sup>241</sup> and pragmatic.<sup>242</sup> For example, Entain conceded that the volume of gambling advertising is no longer meeting community expectations<sup>243</sup> and that children were being exposed to gambling advertising.<sup>244</sup>
- 5.123 Sportsbet said that regulation should be 'balanced against the economic and commercial legitimacy of advertising as a legally regulated product.'<sup>245</sup> According to Sportsbet, gambling marketing enables WSPs to 'identify themselves, and to provide product information and choice'.<sup>246</sup>
- 5.124 Licenced online WSPs emphasised the importance of gambling advertising revenue for their sports and broadcasting partners and the integrity of sports,<sup>247</sup> and warned further restrictions on gambling advertising risked an increase in illegal online gambling.<sup>248</sup> For example, Sportsbet claimed the ability for Australians to watch sport on free-to-air television may be at risk if gambling advertising was restricted.<sup>249</sup>

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<sup>233</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 33.

<sup>234</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 33.

<sup>235</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 26; Mr Andrew Abdo, NRL, *Committee Hansard*, 4 April 2023, pages 32 and 34.

<sup>236</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 26.

<sup>237</sup> Mr Gillon McLachlan, AFL, *Committee Hansard*, 4 April 2023, page 26.

<sup>238</sup> Sportsbet, *Submission 81*, page 17; Entain, *Submission 61*, page 12; PointsBet, *Submission 105*, pages 2 and 4.

<sup>239</sup> Entain, *Submission 61*, page 13. PointsBet, *Submission 105*, page 4.

<sup>240</sup> Entain, *Submission 61*, page 13. Sportsbet, *Submission 81*, page 17.

<sup>241</sup> Sportsbet, *Submission 81*, page 17.

<sup>242</sup> PointsBet, *Submission 105*, page 4.

<sup>243</sup> Mr Steven Lang, Entain, *Committee Hansard*, 4 April 2023, page 17.

<sup>244</sup> Mr Steven Lang, Entain, *Committee Hansard*, 4 April 2023, page 18.

<sup>245</sup> Sportsbet, *Submission 81*, page 17.

<sup>246</sup> Sportsbet, *Submission 81*, page 15.

<sup>247</sup> Sportsbet, *Submission 81*, page 17; PointsBet, *Submission 105*, page 3

<sup>248</sup> Sportsbet, *Submission 81*, page 15; Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain, *Committee Hansard*, 4 April 2023, page 18.

<sup>249</sup> Mr Barni Evans, Sportsbet, *Committee Hansard*, 4 April 2023, page 48.

## Tabcorp

- 5.125 Tabcorp supported a ban on gambling advertising between 6.30 am and 8.30 pm on free-to-air television, noting that ‘Australian families and children should be able to watch live sport and television without being bombarded by gambling advertising.’<sup>250</sup> Tabcorp said it would implement this voluntarily ‘if an agreement cannot be reached in a reasonable timeframe.’<sup>251</sup>
- 5.126 Tabcorp also said they would support a ban on in-stadia advertising and sponsorship. Tabcorp said that team sponsorship is a competitive space for advertisers and there are ‘other, broader industry sponsors and advertisers who are prepared to sponsor sporting teams.’<sup>252</sup>
- 5.127 Tabcorp denied it was seeking a competitive advantage<sup>253</sup> in its support for further restrictions, which it said should apply to sports broadcasts but not racing.<sup>254</sup> Tabcorp argued that gambling advertisements during racing broadcasts were a lower risk to children because ‘whoever’s watching that program is there to watch racing’, which is primarily a betting sport.<sup>255</sup>

## Lotteries

- 5.128 The Lottery Corporation and the Australian Lottery and Newsagents Association both argued that lotteries should be excluded from gambling advertising restrictions.<sup>256</sup> They argued that people spend less money on lotteries and that lotteries are less harmful than other forms of gambling.<sup>257</sup> Restrictions on the advertising of lotteries could hurt newsagents, which are mostly small businesses.<sup>258</sup>

## Committee comment

- 5.129 Australians demand an end to saturation advertising of gambling products. Claims from broadcasters that this clear community sentiment is based on a ‘vibe’ seeks to diminish Australians’ lived experience and frustration, and the findings of independent research.
- 5.130 While online gambling is a legal product that some adult Australians can enjoy safely, online gambling and gambling advertising is harming Australians, particularly children, young people and those experiencing gambling addictions. The current

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<sup>250</sup> Tabcorp, *Submission 101*, page 5.

<sup>251</sup> Tabcorp, *Submission 101*, page 5.

<sup>252</sup> Mr Adam Rytenskild, Tabcorp, *Committee Hansard*, 4 April 2023, page 11.

<sup>253</sup> Mr Adam Rytenskild, Tabcorp, *Committee Hansard*, 4 April 2023, page 9.

<sup>254</sup> Tabcorp, *Submission 101*, page 5.

<sup>255</sup> Mr Adam Rytenskild, Tabcorp, *Committee Hansard*, 4 April 2023, page 9.

<sup>256</sup> The Lottery Corporation, *Submission 74*, page 2; Australian Lottery and Newsagents Association (ALNA), *Submission 56*, page 2.

<sup>257</sup> ALNA, *Submission 56*, page 2; STRS Consultants, *Submission 28*, page 3.

<sup>258</sup> The Lottery Corporation, *Submission 74*, page 4; ALNA, *Submission 56*, page 4.



rules allowing gambling's widespread advertising do not appropriately reflect its potential for harm and are clearly not meeting community expectations.

- 5.131 Gambling advertising influences children and young people's intentions to gamble, grooming them to be future customers, and encourages riskier betting. It is manipulating an impressionable and vulnerable audience, who are being exposed to gambling material across all media. It is inescapable.
- 5.132 While it is true that parents should be having discussions with their children about the risks of gambling, they can't do it all on their own. Parents cannot always police their children's media use and should not be expected to interpret the complex and confusing rules to figure out when it is safe for their children to watch television.
- 5.133 Online gambling has been deliberately and strategically marketed alongside sport, which has normalised it as a fun, harmless, and sociable activity that is part of a beloved pastime. Australians have been taught to believe they are a culture of gamblers, but never hear about addiction, gambling disorder, the lives that are cut short to suicide, the broken families and ruined relationships, the debt, bankruptcy and poverty, the shame and stigma or the prison sentences.
- 5.134 Major sporting codes pride themselves on their links with community and social responsibility. Yet, they have a direct financial interest in Australians' gambling losses and the interests of their wagering partners through product fees. The sporting codes earn much of their revenue through sports rights deals with broadcasters, who in turn make money from advertising spots placed by the gambling industry.
- 5.135 Australia's sporting codes and broadcast media were largely in lockstep with their advertising and sponsorship partners in the gambling industry during this inquiry to oppose further restrictions. The inquiry would have benefited from evidence on the public record, particularly from broadcasters clarifying just how heavily dependent they are on gambling revenue, given their dire warnings of what would happen if further restrictions on advertising were introduced. This lack of transparency is regrettable. The Committee notes that the sporting codes which appeared at the inquiry did not provide any specifics of how their operations would be changed or cut back if their gambling revenue was restricted.
- 5.136 Free TV attempted to spin both ways during this inquiry. They were happy to provide figures that downplayed children's exposure to gambling advertising and minimised the total volume of advertising on television screens. However, Free TV also claimed commercial television was so dependent on gambling advertising revenue that the broadcast of free-to-air sport was at risk if further restrictions were introduced, without providing revenue figures that would allow transparent debate.
- 5.137 The strategies and language used by those with an interest in gambling advertising revenue to argue against further restrictions are nearly identical to what sports and broadcasters used in their campaigns against tobacco advertising reforms. It is a shame that harmful industries appear to gain so much leverage over sports and media organisations.

- 5.138 Sporting organisations and the media should not be blamed for their part in Australia's gambling ecosystem because the regulatory framework has allowed this to occur. However, the Committee considers that not-for-profit organisations that promote healthy activities should not be propped up by harmful industries that can and do have devastating impacts on the lives of their fans, their families, and communities. Sports should not be viewed as a 'gambling product'. Australians are already demanding their games be reclaimed from gambling interests. These demands are only going to grow louder.
- 5.139 A phased, comprehensive ban on all gambling advertising on all media, that leaves no room for circumvention, is needed. Partial bans on gambling advertising do not work. The 2017 media reforms resulted in gambling advertising on television increasing. Harmful industries have shown they will identify and capitalise on any gaps in marketing restrictions and that they are taking advantage of the less regulated online environment.
- 5.140 The prohibition on all forms of online gambling advertising should be enforced sequentially, with advertising that has the highest risk of harm addressed immediately. To enable sporting bodies and broadcasters adequate time to locate alternative sources of advertising revenue and to comply with current contractual obligations, the comprehensive ban should be phased in over a three-year period. The Committee's view is that this should commence in December 2023, resulting in the prohibition of all online gambling advertising by December 2026. Phased restrictions on broadcasters should similarly apply to streaming services. The need for reform is immediate and urgent, and reform should not be delayed without exceptional reasons (for example, the consequences of breaching contractual obligations which extend beyond proposed implementation times). Consideration should be given to appropriate support or compensatory arrangements over the implementation period.
- 5.141 Phase One - inducements and inducement advertising, and advertising on online platforms have the highest risk of harm and influence on children and should be banned immediately. Gambling advertisements during news and current affairs broadcasts should also be immediately prohibited, as well as on commercial radio between 8.30-9.00 am and 3.30-4.00 pm (school drop off and pick up).
- 5.142 Phase Two - major sports and broadcasters should be given appropriate time to begin making alternative sponsorship deals and find replacements for the revenue they receive from gambling advertising. However, from the beginning of 2025, Australians should no longer be exposed to online gambling advertising from an hour before to an hour after the broadcast of live sport. There should be no in-stadia gambling advertising and no logos on player uniforms.
- 5.143 Phase Three - by the end of 2025, there should be no online gambling advertising broadcast between the hours of 6.00 am and 10.00 pm. The Committee is aware that this will not protect children watching outside of these hours, however it will provide broadcasters time to develop alternative advertising revenue streams.

- 5.144 Phase Four - by the end of 2026, sporting organisations will have had more than three years to make alternative sponsorship arrangements. At this point, all online gambling advertising should cease.
- 5.145 The states and territories have indicated a preference for a collective and uniform response to gambling advertising reform, led by the Australian Government. The Committee agrees, and the Australian Government should implement the reforms through national legislation. ACMA should be resourced to take on a larger regulatory role and requires stronger administrative powers and meaningful penalties to enforce these changes.
- 5.146 The Committee recognises that the audiences of dedicated racing channels are there for the purpose of gambling. These channels should be exempt from further restrictions. Similarly, lotteries have a lower risk of gambling harm than other forms of online gambling and should also be exempt from further restrictions.
- 5.147 Small community radio broadcasters, particularly those in regional and rural Australia, should be exempt from further restrictions until December 2025, in recognition that restrictions will have a more significant impact on smaller broadcasters. Consideration should be given to compensatory arrangements.

## **Recommendation 26**

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- 5.148 The Committee recommends the Australian Government, with the cooperation of the states and territories, implement a comprehensive ban on all forms of advertising for online gambling, to be introduced in four phases, over three years, commencing immediately:**
- **Phase One: prohibition of all online gambling inducements and inducement advertising, and all advertising of online gambling on social media and online platforms. Removal of the exemption for advertising online gambling during news and current affairs broadcasts. Prohibition of advertising online gambling on commercial radio between 8.30-9.00 am and 3.30-4.00 pm (school drop off and pick up).**
  - **Phase Two: prohibition of all online gambling advertising and commentary on odds, during and an hour either side of a sports broadcast. Prohibition on all in-stadia advertising, including logos on players' uniforms.**
  - **Phase Three: prohibition of all broadcast online gambling advertising between the hours of 6.00 am and 10.00 pm.**
  - **Phase Four: by the end of year three, prohibition on all online gambling advertising and sponsorship.**
- 5.149 **Gambling advertising on dedicated racing channels and programming should be exempt from the ban.**
- 5.150 **Small community radio broadcasters should be exempt from further restrictions until December 2025.**





## 6. Simulated gambling and gambling-like activities

6.1 Australians are increasingly concerned about the exposure of children and young people to simulated gambling and gambling-like activities. These activities include:

- Loot box features in popular interactive games and mobile apps that give players the chance to win valuable in-game items. There are a range of different types of loot boxes in games. Loot boxes can involve in-game purchases (sometimes referred to as 'microtransactions'), or the use of in-game currency that can be purchased, or can be accessed during normal gameplay as rewards based on merit. Some loot boxes more closely resemble gambling than others.<sup>1</sup>
- Social casino games, which do not involve real money but mimic regular casinos and electronic gaming machines. Social casinos are widely available on computers, game consoles, handheld devices and social media. Players can earn or buy virtual currency but cannot 'cash out' any winnings.<sup>2</sup>
- Skin betting, which involves the gambling of rare and sought after in-game items referred to as 'skins'. Skins can be found in loot boxes and have value outside the game as they can be sold, traded, or gambled on online marketplaces, such as illegal skin and esports gambling websites, for money.<sup>3</sup>

6.2 This chapter examines the potential for harm of simulated gambling and gambling-like activities in interactive games, and the adequacy of existing regulation and consumer protections. It considers the regulatory approaches of other countries and the need for further measures to reduce the risk of harm to young Australians from these products.

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<sup>1</sup> Dr Aaron Drummond, Ms Lauren Hall, Dr Emily Lowe-Calverley and Associate Professor James Sauer, *Submission 89*, page 3; Interactive Games and Entertainment Association (IGEA), *Submission 60*, page 4. Loot boxes are also referred to as loot crates, loot chests, prize crates, and card packs. See also, Senate Environment and Communications References Committee, *Gaming micro-transactions for chance-based items*, 27 November 2018.

<sup>2</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, pages 15-16; Gambling Treatment and Research Clinic, University of Sydney (GTRC), *Submission 65*, page 14; International Social Games Association (ISGA), *Submission 47*, page 3.

<sup>3</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 16; Central Queensland (CQ) University, *Submission 24.1*, page 3.

## Potential for harm

- 6.3 Concerns were raised that simulated gambling and gambling-like features in interactive games may cause harm, including addiction, and can normalise monetised gambling among young people, leading to gambling harm in the future.
- 6.4 Many young Australians are developing gaming disorder and experience a wide range of harms from their use of interactive games. Gaming disorder, like gambling disorder, is classified in the International Classification of Diseases (ICD-11) as a disorder caused by addictive behaviours. This suggests the need for an evidence-based clinical response to the harm caused by games and public health measures to protect Australians, particularly young people.<sup>4</sup> Young adolescents may be particularly vulnerable to gaming disorder. Of Australians aged 13 and 14 years, 15-16 per cent were reported to have gaming disorder in 2022.<sup>5</sup>

## Popularity with young Australians

- 6.5 Simulated gambling and gambling-like features in interactive games are popular among young Australians. Up to 40 per cent of adolescents in 2022 reported gambling on digital games.<sup>6</sup> In 2020, of those aged 12-17 years, 36.5 per cent had purchased loot boxes, 31.7 per cent had played games with gambling components, 26 per cent had played social casino games and 14.5 per cent had gambled on skins.<sup>7</sup>
- 6.6 Social casinos appeal to young people because they are promoted and easily available on social media and online platforms, and through free apps.<sup>8</sup> They may incorporate components such as leader boards and competitions on social media, where users are encouraged to share updates and invite their online connections to play.<sup>9</sup> Relationships Australia noted that 'children are increasingly exposed to and interact with gambling themes, brands, and games because of the difficulties in age-gating social networking sites'.<sup>10</sup>
- 6.7 Loot box features are popular with young people because they can provide desirable items that benefit gameplay and can enhance the in-game experience. These include powerful weapons or other items that provide a competitive advantage, specific items or characters that can be used to create a collection, or the option to apply cosmetic changes to characters. Loot boxes also provide excitement because the outcome of opening the box is unknown.<sup>11</sup>

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<sup>4</sup> RANZCP and RACP, *Submission 110*, page 3.

<sup>5</sup> Gambling Treatment and Research Clinic, University of Sydney, *Submission 65*, page 17.

<sup>6</sup> CQ University, *Submission 24*, page 5.

<sup>7</sup> CQ University, *Submission 24*, page 5.

<sup>8</sup> Relationships Australia, *Submission 93*, page 12.

<sup>9</sup> Relationships Australia, *Submission 93*, page 12; Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 16.

<sup>10</sup> Relationships Australia, *Submission 93*, page 12.

<sup>11</sup> Dr Aaron Drummond et al, *Submission 89*, page 3; The Australia Institute, *Submission 10, Attachment A*, page 18.

- 6.8 Loot boxes were found in 58 per cent of the top games in the Google Play Store, in 59 per cent of the top games on the Apple Store and in 36 per cent of the top games on the Steam store.<sup>12</sup> The Australian Gaming and Screens Alliance (AGSA) noted that nearly all of these games ‘were considered suitable for children aged 12+’.<sup>13</sup>
- 6.9 Skin betting is popular among young people because it provides an opportunity for players of interactive games to use in-game items to engage in online gambling, for money, on websites that do not enforce age restrictions.<sup>14</sup>

## Normalising gambling

- 6.10 Some interactive games can share striking similarities with monetised forms of gambling.<sup>15</sup> The simulation of gambling activities, and in particular winning, can provide the same feelings as activities that are regulated as gambling, and carry similar risks for addiction and other negative social, economic and health consequences.<sup>16</sup> The development of addictive behaviours early in life can be a precursor for other addictive behaviours to develop later.<sup>17</sup>
- 6.11 Central Queensland (CQ) University said that some peoples’ underlying vulnerabilities to gambling can be nurtured by these games, making them more susceptible to ‘harmful psychosocial processes, behaviours, and dependency in real-money gambling’.<sup>18</sup>
- 6.12 According to the Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP), design features in games that exploit people’s vulnerabilities and can lead to gambling harm include:
- variable ratio reinforcement schedules (a reward structure where users do not know how many purchases are required to obtain the sought item)
  - micro-transactions
  - mechanisms used in electronic gaming machines such as rapid playing speeds.<sup>19</sup>
- 6.13 There is growing evidence suggesting either a strong correlation or a causal link between young people who play games that simulate gambling or have gambling-like features, and gambling harm.

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<sup>12</sup> Australian Gaming and Screens Alliance (AGSA), *Submission 53*, page 4.

<sup>13</sup> AGSA, *Submission 53*, page 4.

<sup>14</sup> CQ University, *Submission 24.1*, page 3.

<sup>15</sup> Dr Aaron Drummond et al, *Submission 89*, pages 4 to 5.

<sup>16</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 16; Mr Les Whittle, *Submission 30*, page 11; Relationships Australia, *Submission 93*, page 12; AGSA, *Submission 53*, page 3; Australian Institute of Family Studies’ Australian Gambling Research Centre, (AGRC), *Submission 76*, page 8.

<sup>17</sup> Australian Medical Association, *Submission 83*, page 5; CQ University, *Submission 24*, page 5; Mr Joe Staniszewski, *Submission 44*, page 5.

<sup>18</sup> CQ University, *Submission 24*, page 5.

<sup>19</sup> Royal Australian and New Zealand College of Psychiatrists and Royal Australasian College of Physicians (RANZCP and RACP), *Submission 110*, page 7.



- 6.14 The strongest evidence relates to social casinos. The Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC) said its research showed a 'really strong causal link' between simulated gambling and monetised gambling.<sup>20</sup> *Growing Up in Australia: The Longitudinal Study of Australian Children* found that young people who played games that simulated gambling at age 16 or 17 years were significantly (40 per cent) more likely to gamble with real money when they turned 18 or 19 years.<sup>21</sup>
- 6.15 Some researchers argue that people who spend money on loot boxes are similarly more likely to experience harm from gambling with money than those who do not. For example, Dr Aaron Drummond from the University of Tasmania said that recent research findings demonstrate that loot boxes are 'a gateway to future gambling.'<sup>22</sup>
- 6.16 Others have suggested it is too early to tell whether playing 'gamblified games' leads to the development of harmful gambling behaviours in adulthood. For example, CQ University said 'it is not clear if adolescents who play gamblified games face higher risks of gambling problems in adulthood, but preliminary research suggests that there may be harmful effects associated with these types of games'.<sup>23</sup>
- 6.17 Similarly, the Gambling Treatment and Research Centre, University of Sydney (GTRC) said that further research is required to demonstrate a causal link between certain kinds of games and gambling harm, noting this 'doesn't mean that's not the case. It means the research question hasn't been sufficiently addressed.'<sup>24</sup>
- 6.18 By contrast, the International Social Games Association (ISGA), a global industry body, described the correlation between interactive games containing loot boxes and social casinos, and gambling harm as tenuous, stating:
- ...there's no causation proved. There's no smoking gun here that shows that these things create a particular type of harm. It would be really interesting to have a conversation about a broader look at people's routes into gambling rather than having just a very narrow focus on one specific mechanic within some video games, if that's the harm we're looking to address.<sup>25</sup>

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<sup>20</sup> Dr Rebecca Jenkinson, Executive Manager, AGRC, *Committee Hansard*, 5 April 2023, page 5.

<sup>21</sup> K Sakata and R Jenkinson, 'What is the link between video gaming and gambling?', *Growing Up in Australia Snapshot Series*, Issue 7, Australian Institute of Family Studies, October 2022, page 2.

<sup>22</sup> Dr Aaron Drummond, Lecturer, School of Psychological Sciences, College of Health and Medicine, University of Tasmania, *Committee Hansard*, 1 March 2023, page 11. RACP provided three exhibits of recent research showing links between loot box use and gambling harm: *Exhibit 15*, 'Adolescents and loot boxes: links with problem gambling and motivations for purchase'; *Exhibit 16*, 'Loot boxes use, video gaming, and gambling in adolescents: Results from a path analysis before and during COVID-19-pandemic-related lockdown in Italy'; *Exhibit 17*, 'Loot boxes, problem gambling and problem video gaming: A systematic review and meta-synthesis.'

<sup>23</sup> CQ University, *Submission 24*, page 5.

<sup>24</sup> Professor Sally Gainsbury, Director, GTRC, *Committee Hansard*, 1 March 2023, page 42.

<sup>25</sup> Mr Michael Luc Delany, Chief Executive Officer, ISGA, *Committee Hansard*, 1 March 2023, page 23.



## Young people's experience of simulated gambling

6.19 Research conducted by CQ University in 2023 with adolescents in New South Wales found that:

- gambling is becoming increasingly normalised for children through exposure to loot boxes and other gambling-like features in games during primary school, and teenagers' use of social casinos
- this normalisation occurs before children are aware that these activities resemble gambling and by this time simulated gambling has become embedded in their social and recreational activities
- some teenagers started gambling with money because they tired of being able to win only virtual prizes
- teenagers experiencing gambling harm said that simulated gambling made them more interested in, and had taught them about, monetised gambling. They also noted that the experience of winning easily during virtual gambling shaped erroneous beliefs about monetised gambling.<sup>26</sup>

6.20 The teenagers were concerned they were being groomed to gamble and exploited by games that simulated real gambling and were being targeted by advertisements for these products.<sup>27</sup> They advocated for age restrictions and consumer protection measures such as transparent odds and spending limits, and measures that reduce the marketing of both monetised and simulated online gambling to young people.<sup>28</sup>

## Social casino games

6.21 According to GTRC, social casino games 'saw an incredible boost in popularity' during the COVID-19 pandemic by providing a 'simulation of a live gambling experience unaffected by health restrictions'.<sup>29</sup> In the first half of 2022, Australians spent an estimated \$115.8 million on social casino games and Australia was the fourth largest market for these games globally.<sup>30</sup>

6.22 GTRC reported that, in 2016, 29 per cent of Australians aged 12 to 17 years who played gambling-themed games reported that their desire to gamble had increased. GTRC said 'young people appear to be focused on the possibility of winning money gambling and it is possible that social casino games increase irrational beliefs in future success at gambling activities'.<sup>31</sup>

6.23 Banyule Community Health reported that in-game gambling elements are familiarising secondary school children in Victoria with casino games and

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<sup>26</sup> CQ University, *Submission 24.1*, page 3.

<sup>27</sup> CQ University, *Submission 24.1*, page 3.

<sup>28</sup> CQ University, *Submission 24.1*, page 3.

<sup>29</sup> GTRC, *Submission 65*, page 14.

<sup>30</sup> GTRC, *Submission 65*, page 14.

<sup>31</sup> GTRC, *Submission 65*, page 15.

'anecdotally it does seem that the young people are interested in trying them in real life when they get a little bit older'.<sup>32</sup>

- 6.24 Relationships Australia reported that some game operators are encouraging young people '...to try real-money gambling, and many have gone on to gamble as a result of using social casino games'.<sup>33</sup>
- 6.25 Participation in social casino games can lead people to have a lower appreciation of risk when they gamble with real money. For example, Turning Point and the Monash Addiction Research Centre said:

Of concern is that social casino game designers utilise 'dynamic game balancing', whereby odds change mid-game based on whether the player is winning or losing so that they never become bored (for example, if a player has lost multiple times, the odds will change so that they begin winning more often). This may cause social casino gamers to believe that commercial gambling will reap the same rewards, which is misleading and could lead to gambling-related harm.<sup>34</sup>

## Deceptive and manipulative design features of loot boxes

- 6.26 Up to five per cent of people who spend money on loot boxes report 'substantial spending', sometimes up to \$1,000 per month.<sup>35</sup> The Committee heard that deceptive and manipulative design features of loot boxes contribute to these losses. For example, the Consumer Policy Research Centre (CPRC) stated that some games induce consumers to engage in transactions where they cannot make an informed choice. CPRC explained that some businesses track individuals' gaming behaviours:

The challenge with loot boxes is that a business has quite significant superior knowledge about an individual's gaming behaviour and a lot of data about how they're engaging with the game that could be used to manipulate them in ways that make it quite an unequal transaction.<sup>36</sup>

- 6.27 CPRC added that some game developers 'are able to work out when would be a good time to offer you a loot box, and then make it really hard for you to actually close that option or minimise it'.<sup>37</sup> CPRC emphasised that:

...if your personal information, vulnerabilities, and how you play is all being pushed through an algorithmic decision, then if chances and loot boxes are

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<sup>32</sup> Ms Adrien Ali, Gambler's Help Senior Health Promotion Officer, Banyule Community Health, *Committee Hansard*, 1 March 2023, page 54.

<sup>33</sup> Relationships Australia, *Submission 93*, page 12.

<sup>34</sup> Turning Point and the Monash Addiction Research Centre, *Submission 68*, page 17.

<sup>35</sup> Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 11.

<sup>36</sup> Ms Erin Turner, Chief Executive Officer, Consumer Policy Research Centre (CPRC), *Committee Hansard*, 1 March 2023, page 3.

<sup>37</sup> Ms Chandni Gupta, Digital Policy Director, CPRC, *Committee Hansard*, 1 March 2023, pages 4-5.

curated specifically for you, and these are there to deceive or manipulate you that's unfair.<sup>38</sup>

- 6.28 The Australia Institute noted that some loot boxes can only be bought using an in-game currency, which obscures the player's actual losses. Some loot boxes closely resemble the pokies and show near misses that give the appearance that the player almost won big.<sup>39</sup>
- 6.29 As noted in Chapter one, the Senate Environment and Communications References Committee examined loot boxes in 2018. It found that loot boxes vary in type and content and, as such, argued that any 'policy or regulatory response, including the classification of games, should take account of this.'<sup>40</sup> That Committee observed that it will be challenging to apply evidence-based regulatory responses to reduce harm from loot boxes until there is further research-based evidence on their impact on players.<sup>41</sup>

## Skin betting

- 6.30 Skin betting is a new and largely unregulated gambling market where there is underage gambling, match fixing and players promoting gambling sites they have an interest in without disclosure.<sup>42</sup>
- 6.31 Skin betting is popular. In 2021, nine per cent of Australians who used illegal online gambling services were engaging in skin betting.<sup>43</sup> It is also more popular with teenagers than adults. In New South Wales, 14.5 per cent of young people aged 12-17 years reported recent engagement in skin gambling, compared to one per cent of Australian adults.<sup>44</sup>
- 6.32 Concerns were raised that third party websites that allow virtual items to be gambled are operating in breach of Australia's gambling laws.<sup>45</sup> There was some uncertainty about whether these websites are covered by the IGA.<sup>46</sup>
- 6.33 The Committee heard that the ability to cash out winnings means that skin betting websites are covered by the definition of a 'gambling service' under the IGA<sup>47</sup> and noted that ACMA is taking enforcement action against some websites that offer skin

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<sup>38</sup> Ms Chandni Gupta, CPRC, *Committee Hansard*, 1 March 2023, pages 4-5.

<sup>39</sup> The Australia Institute, *Submission 10, Attachment A*, page 20.

<sup>40</sup> Senate Environment and Communications References Committee, *Gaming micro-transactions for chance-based items*, 27 November 2018, page 73.

<sup>41</sup> Senate Environment and Communications References Committee, *Gaming micro-transactions for chance-based items*, 27 November 2018, page 73.

<sup>42</sup> The Australia Institute, *Submission 10, Attachment A*, page 24.

<sup>43</sup> Department of Social Services, *Submission 87*, page 8.

<sup>44</sup> CQ University, *Submission 24.1*, page 3.

<sup>45</sup> New South Wales Government, *Submission 114*, page 10.

<sup>46</sup> The Australia Institute, *Submission 10*, page 2.

<sup>47</sup> Dr Drummond et al, *Submission 89*, page 5; Mr Michael Luc Delany, ISGA, *Committee Hansard*, 1 March 2023, page 27.

betting.<sup>48</sup> There was support for a crackdown on illegal gambling operators that facilitate skin betting.<sup>49</sup>

## Regulation of simulated gambling and gambling-like activities in interactive games

- 6.34 All interactive games must comply with the Australian Consumer Law (ACL) and the National Classification Scheme. Simulated gambling and gambling-like activities in interactive games, such as social casinos and games containing loot box features, do not meet the criteria of a gambling service in the IGA, which means that ACMA has no jurisdiction to regulate them.<sup>50</sup>
- 6.35 Many aspects of interactive games are largely self-regulated by industry. ISGA and IGEA both said that game developers and online gaming storefronts provide a range of consumer protection tools, such as probability or drop rate disclosures, labels for in-app purchases and parental controls.<sup>51</sup>

### Australian Consumer Law

- 6.36 The ACL prohibits businesses from engaging in misleading or deceptive conduct or engaging in unconscionable conduct. IGEA argued that as loot boxes are digital purchases, then 'all relevant consumer protections and remedies are available to all consumers of loot boxes and other in-game purchases in Australia'.<sup>52</sup>
- 6.37 However, the Committee heard that the ACL offers weak consumer protection for users of games that include gambling elements. Submitters argued that the ACL should be strengthened to ban unfair and manipulative business practices such as companies benefiting from data collected on its customers.<sup>53</sup> ISGA suggested that the Australian Competition and Consumer Commission (ACCC) should be given 'more powers to investigate and receive more types of complaints' to protect consumers from 'bad actors in not just the games industry but also other places online'.<sup>54</sup>

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<sup>48</sup> Australian Communications and Media Authority (ACMA), 'ACMA takes action against illegal 'skins' gambling site', *Media release*, 17 May 2023

<sup>49</sup> CQ University, *Submission 24.1*, page 3.

<sup>50</sup> ACMA, *Submission 96*, page 10.

<sup>51</sup> ISGA, *Submission 47*, page 9; IGEA, *Submission 60*, pages 12-14.

<sup>52</sup> IGEA *Submission 60*, page 7.

<sup>53</sup> Ms Erin Turner, CPRC, *Committee Hansard*, 1 March 2023, page 1; Mr Michael Luc Delany, ISGA, *Committee Hansard*, 1 March 2023, page 27.

<sup>54</sup> Mr Michael Luc Delany, ISGA, *Committee Hansard*, 1 March 2023, page 27.

6.38 ACCC is examining dark patterns as a manipulative business practice as part of its Digital Platforms Inquiry.<sup>55</sup> ACCC supports an unfair trade practices prohibition to help address dark patterns.<sup>56</sup>

## National Classification Scheme

6.39 All interactive games must be classified by the Classification Board or the International Age Rating Coalition (IARC) Global Rating Tool before they can be sold in Australia.<sup>57</sup> Currently, the presence of a loot box in a game does not affect its classification rating, but consumers must be advised that a game includes 'in-game purchases.'<sup>58</sup>

6.40 On 29 March 2023, the Australian Government announced a two-stage approach to classification reform. The first stage will focus on immediate legislative improvements while more comprehensive reform is considered. The immediate legislative improvements include:

- expanding options for industry to self-classify content using accredited classifiers
- expanding the Classification Board's powers to revoke content classified by accredited industry classifiers
- addressing gambling-like content in computer games through a minimum classification of:
  - M (Mature – not recommended for persons under 15 years) for computer games containing loot boxes that can be purchased, and
  - R18+ (Restricted to 18 and over) for games containing simulated gambling.<sup>59</sup>

6.41 The Australian Government is also considering industry-led measures such as greater transparency, education and awareness.<sup>60</sup>

6.42 These changes were informed by DITRDCA's *Review of Australian Classification Regulation* (the Stevens Review), which was released with the Government's classification reform announcement. The Stevens Review made several recommendations that include updates to the National Classification Scheme, specific content that should be classified, and updates to classification categories,

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<sup>55</sup> Australian Competition and Consumer Commission (ACCC), 'Expanding digital platform ecosystems to be examined by ACCC', *Media release*, 8 March 2023.

<sup>56</sup> ACCC, *Digital Platform Services Inquiry Interim Report No. 5 – Regulatory reform*, page 68.

<sup>57</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Submission 104*, page 6.

<sup>58</sup> DITRDCA, *Submission 104*, page 6.

<sup>59</sup> DITRDCA, *Submission 104.2*, page 2; The Hon Michelle Rowland MP, Minister for Communications, 'Albanese Government outlines key reforms to National Classification Scheme', *Media Release*, 29 March 2023.

<sup>60</sup> Ms Maria Vassiliadis, Assistant Secretary, Classification Branch, DITRDCA, *Committee Hansard*, 4 April 2023, page 70.

consumer advice, classification guidelines, computer games guidelines and governance.<sup>61</sup>

- 6.43 The Stevens Review recommended that, to ensure classification labels are available across all online platforms, computer games should be classified through either:
- Industry self-classification by people trained and accredited by the regulator, who could be either in-house staff or third-party classifiers.
  - Industry self-classification using classification tools approved by the Minister (includes the International Age Rating Coalition tool).
  - Submitting content to the regulator for classification.
  - An alternative classification system (such as the Apple rating system) which meets certain criteria and is authorised by the Minister.<sup>62</sup>
- 6.44 The Committee heard there is potential for the National Classification Scheme to better help consumers, particularly parents, to be aware of the presence of gambling elements in games, and to make more informed decisions about the potential risks of engaging with such games.
- 6.45 CQ University and The Australia Institute argued that games containing loot boxes should be classified as R18+ as young people are exposed to these games throughout their childhood and adolescence.<sup>63</sup>
- 6.46 Mr Leon Y. Xiao raised concerns about the enforceability of the proposed changes to the National Classification Scheme and noted that the M classification, which would apply to loot boxes, is an advisory rating, while R18+ is a legally restricted classification and would apply to social casino games. Mr Xiao said it may be difficult to define the differences between loot boxes and simulated gambling when allocating classification ratings and suggested 'it would be easier to treat both as 'in-game transactions with random elements' and regulate both under the same definition with identical minimum age rating requirements.<sup>64</sup>
- 6.47 The Committee heard there is a lack of consistency in how mobile phone app stores, which are the predominant way that consumers purchase games, classify and display information about games.<sup>65</sup> Mr Xiao reported that about 70 per cent of games on mobile platforms contain loot boxes.<sup>66</sup>

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<sup>61</sup> DITRDCA, *Exhibit 27*, 'Review of Australian classification regulation Report', May 2020, Appendix 1.

<sup>62</sup> DITRDCA, *Exhibit 27*, 'Review of Australian classification regulation Report', May 2020, pages 53-55, Appendix 1.

<sup>63</sup> CQ University, *Submission 24.1*, page 3; The Australia Institute, *Submission 10*, page 2.

<sup>64</sup> Mr Leon Y. Xiao, *Submission 127.3*, page 2.

<sup>65</sup> The Australia Institute, *Submission 10*, page 2; CPRC, *Exhibit 01*, 'Insert Coin – How the gaming industry exploits consumers using loot boxes', May 2022, page 6; Banyule Community Health, *Submission 75*, page 3; Children and Media Australia, *Submission 102*, page 3.

<sup>66</sup> Mr Leon Y Xiao, PhD Fellow, Video Game Law, IT University of Copenhagen, *Committee Hansard*, 1 March 2023, page 21.

- 6.48 Currently, online app stores display varying age ratings. For example, the Apple App Store uses its own ratings of 4+, 9+, 12+ and 17+, while the Google Play Store uses the IARC ratings of 3+, 7+, 12+, 16+ and 18+,<sup>67</sup> with games containing simulated gambling rated as 12+ in both stores. Steam, a popular computer game storefront, does not require game developers to classify games before the games are made available to consumers and does not display Australian classification information for all games.<sup>68</sup>
- 6.49 Children and Media Australia established its own service, *Know Before You Load*, to provide information for parents on age suitability and content descriptions on mobile apps that may appeal to young children. The service includes a section on gambling content, provides a ‘children and gambling watch list’, and identifies apps containing loot boxes.<sup>69</sup>
- 6.50 There is a need to improve parents’ awareness of the Australian Classification Scheme and what it means for their children, particularly given evidence in earlier chapters that shows parents’ attitudes to gambling shape their children’s gambling behaviour. In 2022, less than half of Australian adults were completely familiar with classification labels.<sup>70</sup>
- 6.51 Children and Media Australia argued that an ‘M’ classification does not give a clear age-based recommendation to parents and that parents would have a greater ‘willingness and tendency to rely on these systems, if it gave them that useful age-based information’.<sup>71</sup>
- 6.52 The Association of Heads of Independent Schools of Australia called for the National Classification Scheme to review contradictions in classifications, stating that it has found that similar games containing simulated gambling are classified differently.<sup>72</sup>

### **Loot box presence warning label**

- 6.53 There was support for a loot box presence warning label to be incorporated into the National Classification Scheme to ensure that consumers can make informed purchasing decisions.<sup>73</sup> It was emphasised, however, that labels must first be proven to be effective through academic research. Dr Drummond noted that research conducted into warning labels in the United States and Europe found a ‘substantial proportion’ of people did not understand that the phrase ‘includes random items’ means that chance-based items were available in these games and said this is ‘a really big problem’.<sup>74</sup>

<sup>67</sup> Mr Leon Y. Xiao, *Submission 127.1*, page 1.

<sup>68</sup> DITRDCA, *Exhibit 27*, ‘Review of Australian classification regulation Report’, May 2020, pages 10 and 31.

<sup>69</sup> Children and Media Australia, *Submission 102*, page 10.

<sup>70</sup> J E Brand and J Jervis, *Digital Australia 2022*, IGEA, 2021, page 40.

<sup>71</sup> Professor Elizabeth Handsley, President, Children and Media Australia, *Committee Hansard*, 7 February 2023, page 5.

<sup>72</sup> Association of Heads of Independent Schools of Australia, *Submission 62*, page 12.

<sup>73</sup> Mr Leon Y. Xiao, *Submission 127.1*, page 3; Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 13.

<sup>74</sup> Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 13.



- 6.54 Dr Drummond recommended that an effective warning label will ‘require some stringent academic research’:

We really need something that is going to be more explicit to consumers...and then we need to do some work to find out whether parents are using these labels in an appropriate way to make decisions and whether people are using them; so vulnerable gamers in particular are using these labels to make informed decisions for themselves.<sup>75</sup>

### ***Interactive Gambling Act 2001***

- 6.55 The Committee considered whether the definition of ‘gambling service’ in the IGA is appropriate for modern technologies and if it should be amended to capture additional gambling-like activities such as games containing loot boxes and social casino games.
- 6.56 As noted in earlier chapters, the IGA is enforced by ACMA and prohibits the provision or advertising of prohibited online gambling services to people in Australia such as online casinos.<sup>76</sup> If games containing loot boxes and social casino games were included in the definition of ‘gambling service’ under the IGA, the games would be considered prohibited interactive gambling services and be subject to the offence provisions under the Act.
- 6.57 Games containing loot boxes and social casino games are not considered gambling in the IGA because they are not played for money. DITRDCA noted that, for example, ‘social casino games involve the use of virtual ‘gold coins’ that can be purchased and played within the game, but they cannot be ‘cashed out’ for real money or anything else of value.’<sup>77</sup>

### **Views on changes to the Interactive Gambling Act**

- 6.58 There were contrasting views on whether the definition of gambling service in the IGA should be broadened to include games and game elements like social casinos and loot boxes.
- 6.59 Those that opposed changes to the IGA argued that the National Classification Scheme is a more appropriate regulatory framework, particularly for games that contain loot boxes, and called for a consumer-centred approach that educates consumers to make more informed decisions. For example, Dr Drummond, Ms Hall, Dr Lowe-Calverley and Associate Professor Sauer observed that ‘gamers will almost certainly react more favourably to a strategy which educates, informs, and protects consumers while allowing consumers to maintain their freedom of choice than a strategy which might be perceived as paternalistic’.<sup>78</sup> Similarly, Mr Leon Y. Xiao

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<sup>75</sup> Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 13.

<sup>76</sup> Australian Communications and Media Authority, *Submission 96*, page 4.

<sup>77</sup> DITRDCA, *Submission 104*, page 6.

<sup>78</sup> Dr Drummond et al, *Submission 89*, page 8.



warned banning loot boxes would stigmatise the activity and the players who engage in it.<sup>79</sup>

- 6.60 The New South Wales Government did not support amending the IGA to address harms associated with simulated gambling and suggested that gambling legislation may not be the appropriate avenue to address these concerns as there are existing regulatory bodies responsible for gaming and consumer protection.<sup>80</sup>
- 6.61 Further, ISGA, IGEA and the New South Wales Government warned that changing the definition could inadvertently define all social games that have an element of chance as gambling.<sup>81</sup> ISGA said regulation through legislation is an ‘outdated tool,’<sup>82</sup> while IGEA warned Australian game developers may move operations overseas which would devastate investments in the local sector.<sup>83</sup>
- 6.62 Additional reasons for not expanding the definition of gambling service in the IGA included:
- efforts to ban loot boxes internationally have not been effective, primarily due to enforcement difficulties<sup>84</sup>
  - banning items can create backfire or ‘forbidden fruit’ effects where the items become more attractive and valuable to consumers<sup>85</sup>
  - consumers can circumvent bans on loot boxes by using a Virtual Private Network (VPN) or changing their device’s country setting<sup>86</sup>
  - gamers may feel that they are being disadvantaged if they do not have access to rewards which provide gameplay advantages when competing against peers in other jurisdictions<sup>87</sup>
  - people may resort to other activities or riskier opportunities where there are fewer or no consumer protections.<sup>88</sup>
- 6.63 Those that supported changes to the IGA did so because they believed this would better protect children and young people from gambling-like content in loot boxes and social casino games.<sup>89</sup> For example, CQ University argued that since loot boxes and

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<sup>79</sup> Mr Leon Y. Xiao, *Submission 127*, page 5.

<sup>80</sup> New South Wales Government, *Submission 114*, page 9.

<sup>81</sup> ISGA, *Submission 47*, page 7; IGEA, *Submission 60*, page 4; New South Wales Government, *Submission 114*, page 9.

<sup>82</sup> ISGA, *Submission 47*, page 1.

<sup>83</sup> IGEA, *Submission 60*, page 15.

<sup>84</sup> Dr Drummond et al, *Submission 89*, page 7; Mr Leon Y. Xiao, *Submission 127*, pages 1-4.

<sup>85</sup> Dr Drummond et al, *Submission 89*, pages 7-8.

<sup>86</sup> Mr Leon Y. Xiao, *Submission 127*, page 5; Dr Drummond et al, *Submission 89*, pages 7-8; ISGA, *Submission 47*, page 1.

<sup>87</sup> Dr Drummond et al, *Submission 89*, pages 7-8.

<sup>88</sup> Name Withheld, *Submission 118*, page 2; Mr Michael Luc Delany, Chief Executive Officer, ISGA, *Committee Hansard*, 1 March 2023, pages 24-25.

<sup>89</sup> Hobsons Bay City Council, *Submission 38*, page 3; Department of Social Services, *Submission 87*, page 6; Dr Sophie Scamps MP, *Submission 100*, page 4; Mr Joe Staniszewski, *Submission 44*, page 1; AGRC, *Submission 76*, page 8; Children and Media Australia, *Submission 102*, page 3; Wesley Mission, *Submission 85*, pages 6-7.

social casino games ‘share many harmful characteristics of monetary gambling [they] warrant adequate consumer protection and gambling harm minimisation measures’.<sup>90</sup> Similarly, the Australian Psychological Society (APS) and AGSA both argued the current definition of ‘gambling service’ is outdated. APS emphasised the importance of future-proofing the definition ‘to prevent the need for ongoing amendments’ as gambling and technology continue to evolve.<sup>91</sup>

6.64 Fairfield City Council argued that simulated gambling services should be included in the IGA so that operators are ‘subject to similar regulation, tax, age restrictions and account monitoring’ as monetised gambling.<sup>92</sup>

## Strategies on harm minimisation

6.65 As noted in Chapter three, harm minimisation strategies like spending controls are useful for people who have trouble limiting their gambling because they help people make less risky decisions.<sup>93</sup> Similarly, there was support for further harm minimisation strategies such as spending controls and limits and improved transparency for loot box purchases.<sup>94</sup> It was also suggested that players should be required to re-enter or re-authenticate credit card details for every purchase.<sup>95</sup>

6.66 Additional harm minimisation strategies were suggested, such as requirements for games containing simulated gambling to:

- display the odds for winning each prize<sup>96</sup>
- provide loot box contents at a fixed and reasonable price so players do not need to chase desired items<sup>97</sup>
- fix odds of loot boxes so that different odds cannot be offered to different players based on their playing or spending patterns<sup>98</sup>
- fix sets of prizes<sup>99</sup>
- list prizes and prices in real money terms<sup>100</sup>
- include an age verification system<sup>101</sup>

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<sup>90</sup> CQ University, *Submission 24*, page 7.

<sup>91</sup> Australian Psychological Society, *Submission 109*, page 4; AGSA, *Submission 53*, page 7.

<sup>92</sup> Fairfield City Council, *Submission 50*, page 10.

<sup>93</sup> Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 16.

<sup>94</sup> The Australia Institute, *Submission 10, Attachment A*, page 30; CQ University, *Submission 24*, page 6; Associate Professor Charles Livingstone, *Submission 113*, pages 8-9; Dr Drummond et al, *Submission 89*, page 9.

<sup>95</sup> Dr Drummond et al, *Submission 89*, page 9.

<sup>96</sup> The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>97</sup> Mr Leon Y. Xiao, *Submission 127*, page 5; The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>98</sup> The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>99</sup> The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>100</sup> Ms Chandni Gupta, Digital Policy Director, Consumer Policy Research Centre, *Committee Hansard*, 28 February 2023, page 3; The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>101</sup> CQ, *Submission 24*, page 6.

- allow players to track expenditure<sup>102</sup>
- allow players to self-exclude from games<sup>103</sup>
- provide options to play games without algorithmic decision-making that aims to influence consumer behaviour<sup>104</sup>
- release data for research purposes.<sup>105</sup>

6.67 As noted earlier, teenagers in New South Wales advocated for stronger regulation and consumer protection strategies such as age restrictions, transparent odds, warnings, spending limits, and restrictions on the advertising of simulated gambling.<sup>106</sup>

### Parental controls

6.68 IGEA and ISGA advocated for industry-led tools, such as parental controls, to empower parents to have some control over what their child is playing. IGEA stated that parental controls 'give players more information and control of in-game spending and loot boxes', and added that:

Pretty much all gaming machines, whether on mobiles, consoles or hand-helds, are able to be set up so that parents can control not only the content to which their children are being exposed but also what they do with that content, how they engage with it: are they able to spend and, if so, how much are they able to spend; and what are they able to see?...Pretty much four or five actions with your finger will set up those parental controls.<sup>107</sup>

6.69 However, the Committee heard that parental controls can be circumvented, children and teenagers can have various sources of money to use on loot boxes, and the burden should not entirely be on parents to control their child's gaming. For example, Children and Media Australia noted that parents may have set up a credit card on their own device and purchases can be made without a password. In addition, older children and teenagers may have access to their own money. Children and Media Australia suggested 'a system that avoids that kind of thing happening at all rather than putting the burden on parents to do it at the front line'.<sup>108</sup>

6.70 Children and Media Australia argued for 'safety by design in regulation and in online apps' and said this is 'the only approach that can minimise relevant risks without shifting responsibility on to already overburdened parents and teachers'.<sup>109</sup>

<sup>102</sup> CQ *Submission 24*, page 6; The Australia Institute, *Submission 10, Attachment A*, page 31.

<sup>103</sup> CQ University, *Submission 24*, page 6.

<sup>104</sup> Consumer Policy Research Centre, *Submission 46*, page 2.

<sup>105</sup> The Australia Institute, *Submission 10, Attachment A*, pages 29-30.

<sup>106</sup> CQ University, *Submission 24.1*, page 3.

<sup>107</sup> Mr Ron Curry, Chief Executive Officer, IGEA, *Committee Hansard*, 1 March 2023, pages 31-32.

<sup>108</sup> Professor Elizabeth Handsley, Children and Media Australia, *Committee Hansard*, 7 February 2023, page 4.

<sup>109</sup> Children and Media Australia, *Submission 102*, page 1.

## Education

- 6.71 Education on simulated gambling and gambling-like activities in interactive games may also help minimise risks of harm, particularly for vulnerable people that have limited abilities to make informed choices, such as children and adolescents. However, Children and Media Australia reported that there is a lack of resources providing routine and relevant information about games that contain simulated gambling.<sup>110</sup>
- 6.72 Children and Media Australia, among others, emphasised that parents and young people need more educational support to understand the harms of such games and have tools for protection.<sup>111</sup>
- 6.73 Dr Drummond, Ms Hall, Dr Lowe-Calverley and Associate Professor Sauer suggested an educational campaign is needed to:
- inform consumers about the presence and potential risks of engaging with loot boxes to allow consumers to make informed decisions for themselves and their children [and] educate users about the broader features of loot boxes and other monetisation mechanisms in video games.<sup>112</sup>

## Regulation of loot boxes overseas

- 6.74 Other countries are taking action to address the risk of harm from simulated gambling and gambling like features in games through various reforms and industry-led consumer protection measures. There is not yet enough evidence demonstrating the effectiveness of these different approaches because measures have either only recently been implemented or are still in development.<sup>113</sup>
- 6.75 The evidence received about international approaches focussed on the regulation of loot boxes. An examination of international regulatory approaches to social casinos is part of ACMA's 2022–23 research program.<sup>114</sup>
- 6.76 Laws that define loot boxes as gambling are being circumvented by game developers and game marketplaces and risk overwhelming regulators' capacity for enforcement. For example, in 2018 the Belgian gambling regulator issued an interpretation of existing gambling law and 'opined that paid loot boxes and social casino games (by implication) constitute illegal gambling'.<sup>115</sup> The regulator declared that it would

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<sup>110</sup> Children and Media Australia, *Submission 102*, page 3.

<sup>111</sup> DITRDCA, *Submission 104.1*, page 1; Children and Media Australia, *Submission 102*, page 3; Gambling Treatment and Research Clinic, University of Sydney, *Submission 65*, page 16; Dr Aaron Drummond et al, *Submission 89*, page 7; The Australia Institute, *Submission 10, Attachment A*, page 2; AGSA, *Submission 53*, page 6.

<sup>112</sup> Dr Aaron Drummond et al, *Submission 89*, page 7.

<sup>113</sup> Dr Aaron Drummond, *Committee Hansard*, 1 March 2023, page 17; Mr Leon Y Xiao, *Committee Hansard*, 1 March 2023, page 22.

<sup>114</sup> ACMA, *Social casinos in Australia and overseas: a market snapshot*, March 2023, page 1.

<sup>115</sup> Mr Leon Y. Xiao, *Submission 127*, page 3; L Y Xiao, 'Breaking Ban: Belgium's Ineffective Gambling Law Regulation of Video Game Loot Boxes', *Collabra: Psychology, University of California Press*, 2023, page 1.

enforce its interpretation by ‘criminally prosecuting non-compliant video game companies’.<sup>116</sup> Mr Leon Y. Xiao conducted a study on compliance with this legal interpretation and found that despite the threat of criminal prosecution, ‘paid loot boxes remained widely available amongst the 100 highest-grossing iPhone games’ in Belgium more than four years later.<sup>117</sup>

- 6.77 Mr Xiao added that 82 per cent of the games continued to ‘generate revenue through a randomised monetisation method’<sup>118</sup> and that these games were operating illegally as ‘none of the games identified possessed a gambling licence’.<sup>119</sup> He noted that the regulator is underfunded and does not have the resources to enforce the law, given the volume of games available on various platforms. The Apple App store alone has more than 1 million games.<sup>120</sup>
- 6.78 The Dutch parliament is considering new laws to capture loot boxes in the definition of gambling.<sup>121</sup>
- 6.79 Japan banned specific kinds of loot boxes on a case-by-case basis, implemented transparent odds, which have been widely adopted by gaming companies, and restricted in-game trading of loot box prizes to prevent the trading of virtual items for real world money.<sup>122</sup>
- 6.80 Germany updated its classification rules in 2021 to take into consideration if an interactive game has loot boxes, although this will not automatically change the game’s rating to 18+.<sup>123</sup>
- 6.81 The United States has implemented some industry-led measures for regulating loot boxes, such as transparent odds.<sup>124</sup> Similarly, following a two-year consultation, the United Kingdom government adopted an industry-led approach,<sup>125</sup> which is expected to include:
- restricting loot box purchases to people aged over 18 years
  - transparent spending information and controls

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<sup>116</sup> L Y Xiao, ‘Breaking Ban: Belgium’s Ineffective Gambling Law Regulation of Video Game Loot Boxes’, *Collabra: Psychology, University of California Press*, 2023, page 1.

<sup>117</sup> L Y Xiao, ‘Breaking Ban: Belgium’s Ineffective Gambling Law Regulation of Video Game Loot Boxes’, *Collabra: Psychology, University of California Press*, 2023, page 1.

<sup>118</sup> L Y Xiao, ‘Breaking Ban: Belgium’s Ineffective Gambling Law Regulation of Video Game Loot Boxes’, *Collabra: Psychology, University of California Press*, 2023, page 1.

<sup>119</sup> Mr Leon Y. Xiao, *Submission 127*, page 3.

<sup>120</sup> Mr Leon Y. Xiao, *Submission 127*, page 4.

<sup>121</sup> DITRDCA, *Submission 104.1*, page 3.

<sup>122</sup> DITRDCA, *Submission 104.1*, page 1.

<sup>123</sup> DITRDCA, *Submission 104.1*, page 3.

<sup>124</sup> DITRDCA, *Submission 104.1*, page 3.

<sup>125</sup> Government of the United Kingdom, *Consultations*, ‘Consultation outcome, Government response to the call for evidence on loot boxes in video games’, 18 July 2022, [www.gov.uk/government/consultations/loot-boxes-in-video-games-call-for-evidence/outcome/government-response-to-the-call-for-evidence-on-loot-boxes-in-video-games](http://www.gov.uk/government/consultations/loot-boxes-in-video-games-call-for-evidence/outcome/government-response-to-the-call-for-evidence-on-loot-boxes-in-video-games), viewed 2 May 2023; DITRDCA, *Submission 104.1*, page 2.

- improved access to game data to inform evidence and research for future policy.<sup>126</sup>

6.82 In China, interactive games are required to disclose loot box probabilities.<sup>127</sup> Mr Xiao reported that probability disclosures may only ‘have limited impact on reducing spending, particularly in relation to dedicated and high-spending players’.<sup>128</sup> A 2022 study in China found that probability disclosures did not affect the loot box purchasing behaviour of 72 per cent of participants.<sup>129</sup>

## Committee comment

6.83 Young Australians are increasingly being exposed to gambling-like activities that are widely available and marketed to them on all digital platforms, with limited regulation and age-gating. Research suggests that simulated gambling in interactive games normalises gambling for children and young people and carries risks for lifelong addictive behaviours and the range of harms that online gambling causes.

6.84 While the evidence is not fully developed in relation to the harms of loot box features in games, young people who play these types of games may be more likely to gamble with real money in adulthood and players can be manipulated into spending more money than they can afford to lose. This is extremely concerning, and it is the Committee’s view that Australia cannot wait another generation before acting on this important issue.

6.85 To date, there appears to be no right answer to addressing simulated gambling and gambling-like activities in interactive games through regulation. Some countries have tried to define certain types of games as gambling, some have adopted industry-led consumer protection measures and others have used classification restrictions to help people to make safer choices.

6.86 The inquiry would have benefited from more evidence about international approaches to regulating social casinos. The Committee encourages ACMA to finalise and publish the results of its 2022-23 research program to further inform the Australian Government’s consideration of these issues.

6.87 The Committee supports ACCC’s calls for the ACL to be amended to include an unfair trade practices prohibition to help address dark patterns and to allow the ACCC to take stronger enforcement action against games that feature deceptive and manipulative design.

6.88 There was some support for loot boxes and social casino games to be included in the definition of ‘gambling service’ under the IGA. This would prohibit these games in Australia unless they were provided under a gambling licence. The evidence

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<sup>126</sup> DITRDCA, *Submission 104.1*, page 2.

<sup>127</sup> IGEA, *Submission 60*, page 12.

<sup>128</sup> Mr Leon Y. Xiao, *Submission 127.2*, pages 2-3.

<sup>129</sup> Mr Leon Y. Xiao, *Submission 127.2*, pages 2-3.

suggests that regulating loot boxes as gambling could result in circumvention and may challenge the capacity of regulators to enforce the law. It can also stigmatise the activity and the players who engage in it.

- 6.89 It is too early to tell whether new classification rules for loot boxes are helping Germans to make more informed choices, and there will need to be independent evaluation conducted of the United Kingdom and United States' industry-led consumer protection measures before any conclusions can be drawn. The Committee considers that a combination of approaches that better inform consumers and provides improved consumer protection measures is likely to be most effective.
- 6.90 The National Classification Scheme provides a nationally consistent age-rating system across all platforms, physical and digital, and regular, up-to-date information for consumers on the themes contained in interactive games. The Committee acknowledges the reforms to the National Classification Scheme recently announced by the Australian Government, including a minimum rating of M (Mature) for computer games containing loot boxes that can be purchased, and R18+ (Restricted to 18 and over) for games containing simulated gambling. This is a good first step in ensuring that consumers can make more informed purchasing decisions and is consistent with the evidence received in this inquiry about the relative risk of harm of these types of games.
- 6.91 The Committee is aware that some games that contain loot boxes more closely resemble gambling than others and therefore have a greater risk of harm. The Australian Government should consider applying a more granular approach to determining the classification of games with loot boxes through the National Classification Scheme. Games that contain loot boxes that can be purchased, and which closely resemble gambling, should be given a higher classification.
- 6.92 The National Classification Scheme can be strengthened further by applying its ratings to online app stores. Currently, online app stores vary in their age rating systems, with Steam, a popular computer game storefront, not requiring game developers to classify games. It is critical that ratings are uniform across all platforms so consumers can have clear and consistent information to help them make safer choices.
- 6.93 In making this recommendation, the Committee expresses its support for the adoption of the further comprehensive reforms proposed by the Stevens Review, including the recommendation that online content is compliant with the current Scheme.

## Recommendation 27

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- 6.94 The Committee recommends that the National Classification Scheme be consistently applied to games available from online app stores, such as the Google Play Store, Apple App Store and the Steam Store.**



- 6.95 Parents and guardians would be more likely to rely on the National Classification Scheme if they were provided better age-based guidance about the presence and risks of simulated gambling and gambling-like elements in games. Similarly, better education is required to help vulnerable consumers, such as children and adolescents, to make more informed choices and to minimise harm.
- 6.96 A public information campaign is needed across all platforms, including television and social media, with an aim to educate parents, caregivers, teachers and young people on all elements of simulated gambling. The campaign should include information on loot boxes, skins, gambling with virtual currency, chance based microtransactions and emergent features.

### Recommendation 28

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- 6.97 The Committee recommends that the Australian Government develops and implements a public information campaign that educates all consumers, in particular parents, caregivers, teachers and young people, on all elements of simulated gambling. The campaign should be informed by research and publicly evaluated.**
- 6.98 A simulated gambling warning label should be incorporated into the National Classification Scheme to ensure that consumers can make more informed purchasing decisions. Further research and market testing will be required to ensure that the labels are easy to read and understand, particularly by parents.

### Recommendation 29

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- 6.99 The Committee recommends that the Australian Government commissions research into an effective simulated gambling warning label. The label should be incorporated into the National Classification Scheme.**
- 6.100 There is a need for stronger, consistently applied consumer protection measures in games featuring simulated gambling and loot boxes. Spending controls can slow down impulse purchasing, reduce overspending and should be a default feature. Similarly, if people are being asked to bet, they have a right to know the probability they will lose.
- 6.101 Australia should adopt the approach taken by other countries to work with industry to implement consumer protection measures in interactive games through self-regulation. However, if tangible improvements to consumer protections are not realised, the Australian Government should consider legislative options.

### Recommendation 30

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- 6.102 The Committee recommends that the Australian Government convene a working group to develop and implement minimum consumer protections for interactive games and make suggestions for legislative mechanisms to**

**implement tighter controls on simulated gambling and its advertising. The working group should consider whether games containing loot boxes that can be purchased for money or simulated gambling should have:**

- **spending controls as a default function**
- **transparent odds and drop rates for items**
- **algorithmic loot box features disabled as a default setting, allowing players to opt in.**

**6.103 The Australian Government should conduct a review of the implementation of these protective measures and consider legislative options if minimum consumer protections are not being consistently applied.**

6.104 Many young people are using skin betting or esports gambling websites to risk in-game items for real-world currency. These activities are occurring at the interface between games that are largely marketed towards young people and the black market for online gambling, where operators may have links to organised crime and money laundering. This is deeply concerning.

6.105 Third party websites that allow gambling on skins are clearly operating in breach of the intent of the definition of ‘gambling service’ in the IGA and should be treated like any other illegal online gambling website. Given it is illegal to advertise an unlicensed gambling service in Australia under the IGA, game developers should not be linking to or permitting their content to be used on skin or esports gambling websites. The regulator should be monitoring and blocking skin and esports gambling websites in a timely manner and taking strong enforcement action against website owners.

6.106 The definition of ‘gambling service’ in national regulation should be flexible to future-proof its application, given the emergence of products that may fall outside of the current definition. National regulation should include a requirement for legislative review, two years after commencement and then every five years subsequently. The review should consider developments in research about the risk of harm from simulated gambling, gambling-like elements in games and the gambling of in-game items, particularly to children and young people, and the effectiveness of regulatory responses to these issues overseas.

### **Recommendation 31**

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**6.107 The Committee recommends that a legislative review of the national regulator (Recommendation three) be conducted, two years after commencement and then every five years subsequently. The review should consider developments in research about the risk of harm from simulated gambling, gambling-like elements in games and the gambling of in-game items, particularly to children and young people, and the effectiveness of regulatory responses to these issues overseas.**

**Ms Peta Murphy MP**  
**Chair**



## A. Submissions

- 1 *Name Withheld*
- 2 *Confidential*
- 3 Mr Rod Pitcher
- 4 Mr Frank Fedrick
- 5 Stephen Brown
- 6 *Name Withheld*
- 7 Mr Gavin Fineff
- 8 *Name Withheld*
- 9 *Name Withheld*
- 10 The Australia Institute
  - Attachment 1
  - Attachment 2
- 11 Carole Flood, Margaret Bourke, Susan Chessell, Mary Constable, Elspeth Humphries, Beth Peedom, Jan Pryor, Jane Smyth, Marie Wood
- 12 Mr Aaron Smith
- 13 *Name Withheld*
- 14 Shannon Hall
- 15 Gamblock Pty Ltd
- 16 *Name Withheld*
- 17 Mr Shaun McDonough
- 18 *Name Withheld*
- 19 Mr Ric Bierbaum
- 20 *Name Withheld*

- 21** Australian Association of National Advertisers (AANA)
- 22** Mr Jeremy Ryan
- 23** Treasurer of Tasmania
- 24** CQUniversity
- 24.1 Supplementary to submission 24
- 25** Mrs Annie Boehm
- 26** Mr Mark Kempster
- Attachment 1
  - Attachment 2
- 27** Ms Lyn McDermott
- 28** STRS Consultants
- 28.1 Supplementary to submission 28
- 29** Mr Russell Northe
- Attachment 1
- 30** Mr Les Whittle
- 31** *Name Withheld*
- 32** Mr Walter Yates
- 33** Mr David Thurley
- 34** *Name Withheld*
- 35** *Name Withheld*
- 36** *Confidential*
- 37** John
- 38** Hobsons Bay City Council
- Attachment 1
- 39** Australian Hotels Association
- 40** *Name Withheld*
- 41** Suicide Prevention Australia

- 42** Coalition of Major Professional and Participation Sports
- 42.1 Supplementary to submission 42
- 43** The Salvation Army
- 44** Mr Joe Staniszewski
- 45** Care Incorporated
- 46** Consumer Policy Research Centre
- 47** International Social Games Association
- 48** Alliance For Gambling Reform
- 48.1 Supplementary to submission 48
  - 48.2 Supplementary to submission 48
  - Attachment 1
- 49** Tony Robinson
- 50** Fairfield City Council
- 51** Australian Christian Lobby
- 52** *Name Withheld*
- 53** Australian Gaming and Screens Alliance
- 54** Australian Health Promotion Association
- 55** Carol Anderson
- 56** Australian Lottery and Newsagents Association
- 57** Miss Nidhi Rao
- 58** Parliamentary Friends of Gambling Harm Reduction
- 59** Ad Standards
- 59.1 Supplementary to submission 59
- 60** Interactive Games & Entertainment Association (IGEA)
- 60.1 Supplementary to submission 60
- 61** Entain
- 61.1 Supplementary to submission 61

- 62** Association of Heads of Independent Schools of Australia (AHISA)
- 63** *Name Withheld*
- 64** Graeme Stone
- 65** Gambling Treatment and Research Clinic, University of Sydney
- 66** SBS
- 66.1 Supplementary to submission 66
- 67** Tasmanian Liquor and Gaming Commission
- 68** Turning Point and the Monash Addiction Research Centre
- 69** Dr Marisa Paterson MLA
- 70** National Aboriginal Community Controlled Health Organisation (NACCHO)
- 71** Victorian Arabic Social Services
- 71.1 Supplementary to submission 71
- 72** Free TV Australia
- 72.1 Supplementary to submission 72
  - Attachment 1
- 73** *Name Withheld*
- 74** The Lottery Corporation
- 74.1 Supplementary to submission 74
- 75** Banyule Community Health
- 76** Australian Gambling Research Centre, Australian Institute of Family Studies
- 76.1 Supplementary to submission 76
- 77** Australians for a Murdoch Royal Commission
- 78** *Name Withheld*
- 79** Andrew Wilkie MP
- 80** Lynda Genser
- 81** Sportsbet
- 81.1 Supplementary to submission 81



- 82** Shane Rattenbury MLA
- 82.1 Supplementary to submission 82
  - Attachment 1
  - Attachment 2
  - Attachment 3
- 83** Australian Medical Association
- 84** Australian Banking Association
- 84.1 Supplementary to submission 84
- 85** Wesley Mission
- 86** The Synods of Western Australia, Victoria and Tasmania, Uniting Church in Australia
- 87** Department of Social Services
- 87.1 Supplementary to submission 87
- 88** Sports Poker Group Pty Ltd
- 89** Dr Drummond, Ms Hall, Dr Lowe-Calverley & Assoc. Prof. Sauer
- 90** Dr Aino Suomi
- 91** Queensland University of Technology (QUT)
- 92** *Name Withheld*
- 93** Relationships Australia
- 94** Zoe Peet
- 95** Ms Felicity Radak
- 96** Australian Communications and Media Authority
- 96.1 Supplementary to submission 96
- 97** Brendon Dorff
- 98** *Name Withheld*
- 99** Dr Arthur Chesterfield- Evans
- 100** Dr Sophie Scamps MP
- 101** Tabcorp

- 101.1 Supplementary to submission 101
- 102** Children and Media
  - 102.1 Supplementary to submission 102
- 103** Commercial Radio and Audio
- 104** Department of Infrastructure, Transport, Regional Development, Communications and the Arts
  - 104.1 Supplementary to submission 104
  - 104.2 Supplementary to submission 104
  - 104.3 Supplementary to submission 104
- 105** PointsBet Australia Pty Ltd
- 106** Responsible Wagering Australia
  - 106.1 Supplementary to submission 106
  - 106.2 Supplementary to submission 106
- 107** Richard Irvine
- 108** Scott Sinclair
- 109** Australian Psychological Society
- 110** Royal Australian and New Zealand College of Psychiatrists (RANZCP) and Royal Australasian College of Physicians (RACP)
- 111** Connect Health and Community
- 112** *Name Withheld*
- 113** Assoc. Prof. Charles Livingstone
- 114** NSW Government
- 115** Allegra Spender MP
- 116** *Confidential*
- 117** Mr Don Hill
- 118** *Name Withheld*
- 119** *Name Withheld*
- 120** L. Barry Wollmer

- Attachment 1
- 121** Government of South Australia, Liquor and Gambling Commissioner
- 122** *Name Withheld*
- 123** Prof Michael Moore
- 124** Clubs Australia
- 125** Public Health Association of Australia
- 126** Professor Thomas, Dr Pitt and Dr McCarthy
- 127** Mr Leon Y. Xiao
  - 127.1 Supplementary to submission 127
  - 127.2 Supplementary to submission 127
  - 127.3 Supplementary to submission 127
- 128** Anna Bardsley
- 130** Ken Clarke
- 131** *Name Withheld*
- 132** *Name Withheld*
- 133** Ian Robinson
- 134** William Tonge
- 135** Australian Transaction Reports and Analysis Centre
- 136** Mr Michael Depangher
- 137** Emeritus Professor Mike Daube
  - 137.1 Supplementary to submission 137
- 138** Dr Metcalf, Professor Sadler and Dr Cowlshaw
- 139** Mr Jake Minear
- 140** Queensland Government
  - 140.1 Supplementary to submission 140
- 141** *Name Withheld*
- 142** Digital Industry Group Inc.

- 143** Northern Territory Racing Commission
- 143.1 Supplementary to submission 143
  - Attachment 1
  - Attachment 2
- 144** *Name Withheld*
- 145** Office of the Australian Information Commissioner
- 146** Racing Victoria Limited
- 147** Dennis Rice
- 148** *Name Withheld*
- 149** Paul Fleming
- 150** Dr Angela Rintoul
- Attachment 1
- 151** CashWelcome.ORG
- 152** Financial Counselling Australia
- 152.1 Supplementary to submission 152
  - 152.2 Supplementary to submission 152
  - Attachment 1
- 153** *Name Withheld*
- 154** Racing NSW
- 155** Gordon Gillam
- 156** *Name Withheld*
- 157** Christian Voice Australia
- 158** Mr John Ward
- 159** The Department of Health and Aged Care
- 160** Australian Football League
- 161** *Name Withheld*



## **B. Public hearings**

### **Wednesday, 23 November 2022**

#### **Canberra**

##### *Department of Social Services*

- Liz Hefren-Webb, Deputy Secretary, Families and Communities
- Patrick Burford, Group Manager, Communities
- Chris D'Souza, Branch Manager, Financial Wellbeing

### **Wednesday, 30 November 2022**

#### **Canberra**

##### *Australian Communications and Media Authority*

- Cathy Rainsford, General Manager
- Rochelle Zurnamer, Executive Manager, Content Safeguards
- Jeanette Knowler, Manager, Interactive Gambling Team

##### *Department of Infrastructure, Transport, Regional Development, Communications and the Arts*

- Pauline Sullivan, First Assistant Secretary
- Adam Carlon, Assistant Secretary
- Margaret Lopez, Assistant Secretary
- Andrew Verdon, Director

### **Monday, 5 December 2022**

#### **Canberra**

##### *Alliance For Gambling Reform*

- Reverend Tim Costello, Chief Advocate
- Ms Carol Bennett, Chief Executive Officer

##### *Voices of Gambling Reform*

- Ms Anna Bardsley, Voices for Gambling Reform Coordinator

- John
- Ken Wolfe

## **Tuesday, 7 February 2023**

### **Canberra**

#### *Children and Media Australia*

- Professor Elizabeth Handsley, President
- Ms Barbara Biggins, Hon Chief Executive Officer
- Dr Debra Dickinson, Review Coordinator

#### *Association of Heads of Independent Schools of Australia (AHISA)*

- Dr Chris Duncan, Chief Executive Officer

## **Friday, 10 February 2023**

### **Canberra**

Mr Aaron Smith

Mr Mark Kempster

#### *Suicide Prevention Australia*

- Mr Matthew McLean, Deputy Chief Executive Officer
- Mx Caitlin Bambridge, Senior Policy Advisor

#### *Australian Health Promotion Association*

- Mrs Melissa Edmunds, Vice President
- Ms Louise Francis, Member

#### *Free TV Australia*

- Ms Bridget Fair, Chief Executive Officer
- Ms Natasha Eves, Regulatory Affairs Manager

#### *SBS*

- Ms Claire O'Neil, Director, Corporate Affairs
- Mr Michael Coonan, Head of Government Relations and Regulatory Affairs

Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy

#### *Ad Standards*

- Mr Richard Bean, Executive Director

*Australian Association of National Advertisers (AANA)*

- Mr Joshua Faulks, Chief Executive Officer
- Ms Megan McEwin, Director of Policy

Emeritus Professor Mike Daube

**Tuesday, 14 February 2023**

**Canberra**

Mr Jeremy Ryan

*Victorian Arabic Social Services*

- Mr Kieran Hough, Senior Social Worker and Win Back Your Life Program Coordinator

**Tuesday, 28 February 2023**

**Canberra**

*Relationships Australia*

- Mr Nick Tebbey, National Executive Officer
- Dr Susan Cochrane, National Policy Manager

*Queensland University of Technology*

- Professor Ross Gordon, School of Advertising, Marketing and Public Relations, QUT Business School

*STRS Consultants*

- Dr Matt Stevens, Managing Director

Associate Professor Charles Livingstone

*Commercial Radio and Audio*

- Ms Sarah Kruger, Head of Policy and Legal Affairs

*Australian Capital Territory Government*

- Mr Shane Rattenbury MLA, Attorney General and Minister of Gaming
- Ms Yu-Lan Chan, Chief Executive Officer, ACT Gambling and Racing Commission
- Mr Daniel Ng, A/g Executive Group Manager, Legislation, Policy and Programs
- Mr Joshua Ceramidas, Senior Director, Liquor, Racing and Gaming Policy

*Northern Territory Racing Commission*

- Mr Alastair Shields, Chairperson

*Department of Justice and Attorney-General, Queensland Government*

- Ms Victoria Thomson, Deputy Director-General, Liquor, Gaming and Fair Trading

*Government of South Australia*

- Mr Dini Soulio, Liquor and Gambling Commissioner

## **Wednesday, 1 March 2023**

### **Canberra**

*Consumer Policy Research Centre*

- Ms Erin Turner, Chief Executive Officer
- Ms Chandni Gupta, Digital Policy Director

*The Australia Institute*

- Mr Bill Browne, Director, Democracy and Accountability Program

Dr Aaron Drummond, Ms Lauren Hall and Dr Emily Lowe-Calverley

Mr Leon Y. Xiao

*International Social Games Association*

- Mr Michael Luc Delany, Chief Executive Officer

*Interactive Games & Entertainment Association*

- Mr Ron Curry, Chief Executive Officer
- Mr Ben Au, Director, Policy and Government Affairs

*Gambling Treatment and Research Clinic, University of Sydney*

- Dr Sally Gainsbury, Director
- Dr Christopher Hunt, Senior Clinical Supervisor

*Turning Point and the Monash Addiction Research Centre*

- Professor Dan Lubman, Executive Clinical Director (Turning Point) and Director (Monash Addiction Research Centre)

*Care Incorporated*

- Mrs Wendy Sandeman, Financial Counsellor

Banyule Community Health

- Mr Michael Geary, Chief Executive Officer
- Ms Missy Ali, Gambler's Help Senior Health Promotion Officer
- Ms Trina Fazio, Gambler's Help Therapeutic Counsellor



- Mr Daniel Irwin, Peer Connection Peer Support Volunteer

## **Tuesday, 7 March 2023**

### **Canberra**

#### *Royal Australian and New Zealand College of Psychiatrists (RANZCP)*

- A/Prof Shalini Arunogiri, Chair, Faculty of Addiction Psychiatry, Royal Australian and New Zealand College of Psychiatrists

#### *Royal Australasian College of Physicians*

- Professor John Saunders, Representative of The Royal Australasian College of Physicians (RACP) and President-elect of the RACP's Australasian Chapter of Addiction Medicine

#### *Australian Medical Association*

- Dr Stephen Robson, President

#### *Australian Psychological Society*

- Dr Zena Burgess, Chief Executive Officer
- Dr Catriona Davis-McCabe, President

## **Tuesday, 21 March 2023**

### **Canberra**

Mr Gavin Fineff

## **Tuesday, 28 March 2023**

### **Canberra**

#### *Financial Counselling Australia*

- Ms Lauren Levin, Director of Policy and Campaigns

#### *Federation University*

- Dr Angela Rintoul, Senior Research Fellow

#### *Central Queensland University*

- Professor Matthew Rockloff, Head, Experimental Gambling Research Laboratory
- Professor Matthew Browne
- Professor Nerilee Hing, Research Professor, Gambling Studies, Experimental Gambling Research Laboratory

**Tuesday, 4 April 2023**

**Canberra**

*Australian Banking Association*

- Ms Anna Bligh, Chief Executive Officer
- Ms Amanda Pullinger, Head of Customer Policy

*Tabcorp*

- Mr Adam Rytenskiel, Chief Executive Officer

*Entain*

- Mr Steven Lang, Regulatory Strategy and Safer Gambling

*Australian Football League*

- Mr Gillon McLachlan, Chief Executive Officer

*National Rugby League*

- Mr Andrew Abdo, Chief Executive Officer

*Sportsbet*

- Mr Barni Evans, Chief Executive Officer
- Ms Tania Abboto, Chief Customer, Sustainability and People Officer

*Responsible Wagering Australia*

- Mr Nick Minchin, Chairman
- Mr Stuart McKay, Manager, Policy and Research

*Australian Lottery and Newsagents Association*

- Mr Ben Kearney, Chief Executive Officer

*The Lottery Corporation*

- Mrs Susan Van der Merwe, Managing Director and Chief Executive Officer

*Department of Social Services*

- Ms Emma Mc Guirk, Acting Deputy Secretary, Families and Communities
- Mr Chris D'Souza, Branch Manager, Financial Wellbeing
- Mr Patrick Burford, Group Manager, Communities

*Department of Infrastructure, Transport, Regional Development, Communications and the Arts*

- Mr Richard Windeyer, Deputy Secretary, Communications and Media Group
- Ms Pauline Sullivan, First Assistant Secretary, Online Safety, Media and Platforms Division

- Mr Adam Carlon, Assistant Secretary, Media Industry and Sustainability Branch
- Ms Maria Vassiliadis, Assistant Secretary, Classification Branch
- Mr Andrew Verdon, Director, Broadcasting and Gambling Regulation Section

*Australian Communications and Media Authority*

- Ms Cathy Rainsford, General Manager, Content & Consumer
- Ms Rochelle Zurnamer, Executive Manager, Content Safeguards
- Mr Matthew Anderson, Manager, National Self-Exclusion Register Section
- Ms Jeanette Knowler, Manager, Content Safeguards

**Wednesday, 5 April 2023**

**Canberra**

*Australian Gambling Research Centre, Australian Institute of Family Studies*

- Dr Rebecca Jenkinson, Executive Manager
- Dr Rae Kaspiew, Research Director, Systems & Services





## C. Exhibits

- 1 Consumer Policy Research Centre (CPRC), Norwegian Consumer Council, *Insert Coin – How the gaming industry exploits consumers using loot boxes*, May 2022.
- 2 CPRC, *Duped by design - Manipulative online design: Dark patterns in Australia*, June 2022.
- 3 Australian Banking Association, *Every Customer Counts: Consultation Report - Use of credit cards for gambling transactions*, December 2022.
- 4 Dr Angela Rintoul, 'Universal Registration is Key to Preventing Gambling Harm', *Policy Futures: A Reform Agenda*, November 2022
- 5 Adjunct Professor Michael Moore AM, 'Sick of seeing gambling ads on the tele? Do this...', *Canberra City News*, 8 November 2022.
- 6 Alliance for Gambling Reform, *Submission to the Royal Commission into Defence and Veteran Suicide*, June 2022.
- 7 Alliance for Gambling Reform, A copy of a defence staff communication showing that the Department is concerned about the growth of online gambling among its staff, 2 April 2019.
- 8 Mr Russell Northe, Rethink Addiction and KPMG, *Understanding the Cost of Addiction in Australia*, 2022.
- 9 Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy et al, "It is always there in your face." Australian young people discuss exposure to gambling activities and promotions', *Qualitative Research in Health*, January 2023.
- 10 Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), Australian Institute of Family Studies, *Harms associated with loot boxes, simulated gambling and other in-game purchases in video games: a review of the evidence*, 2022.
- 11 Professor Sarah Mills, A James, R Gordon and S Mills, *Between gaming and gambling: Children, young people, and paid reward systems in digital games*, Newcastle University and Loughborough University, November 2022.
- 12 Victorian Responsible Gambling Foundation (VRGF), 'Gambling harm and the online gambling environment', *Discussion paper*, February 2023.

- 13 VRGF, *Reducing gambling harm in Victoria: Outcomes Framework*, 2022.
- 14 CPRC, *How Australia can stop unfair business practices*, September 2022
- 15 Royal Australasian College of Physicians (RACP), D Zendle, R Meyer and H Over, 'Adolescents and loot boxes: links with problem gambling and motivations for purchase', *Royal Society Open Science*, 2019.
- 16 RACP, C Primi, F Sanson, M Vecchiato et al, 'Loot boxes use, video gaming, and gambling in adolescents: Results from a path analysis before and during COVID-19-pandemic-related lockdown in Italy', *Frontiers in Psychology*, 2022.
- 17 RACP, S Spicer, L Nicklin and J Close, 'Loot boxes, problem gambling and problem video gaming: A systematic review and meta-synthesis', *New Media & Society*, 2021, volume 24 number 4, pages 1001–1022.
- 18 Royal Australian and New Zealand College of Psychiatrists (RANZCP), *Submission to Inquiry into gaming micro-transactions for chance-based items inquiry*, Senate Standing Committee on Environment and Communications, July 2018.
- 19 RANZCP, M Browne, V Rawat, P Newall et al, 'A framework for indirect elicitation of the public health impact of gambling problems', *BMC Public Health*, volume 20, number 1717, 2020.
- 20 Financial Counselling Australia, L Levin, "The sky didn't fall in": Learning from a Churchill Fellowship studying gambling regulation (harm prevention) in Norway, Sweden, Spain, Belgium, Netherlands, France, Ireland and the United Kingdom', *Winston Churchill Trust*, March 2023.
- 21a Australian Institute of Family Studies' Australian Gambling Research Centre (AGRC), *Gambling participation, experience of harm and community views - An overview*, March 2023.
- 21b AGRC, *Community attitudes towards sports and race betting advertising in Australia*, March 2023.
- 21c AGRC, *Gambling participation and experience of harm in Australia*, March 2023.
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