

Chapter 3

Key issues

3.1 Many submitters were broadly supportive of the proposals contained in the bill aimed at harm minimisation. However, a number of sports betting companies were of the view that current harm minimisation measures were adequate and pointed to a range of unintended consequences should certain provisions of the bill be implemented.¹

3.2 Submitters were also generally supportive of having a national regulatory regime and were of the view that consumers and wagering operators would benefit from a uniform national approach.² In contrast, submissions from welfare organisations were generally of the view that some provisions in the bill could be further strengthened.

3.3 The following discussion canvasses the key issues raised in evidence.

Restrictions on micro betting

3.4 The bill proposes to prohibit the provision of micro betting by restricted wagering services. Some submitters argued that the proposed amendment does not distinguish between micro betting and in-play betting.³

3.5 Micro betting involves betting on events within a game, such as the next goal scorer in a soccer match, or the outcome of the next ball in a cricket match. This allows for a larger number of bets to be made, compared to betting solely on the outcome of a match. This is distinguished from in-play betting—placing a bet on a race or sporting event after it has started.

3.6 Dr Anna Thomas explained the experience of micro betting and the possible outcome:

Micro-bets within the sports betting environment make the betting experience much more continuous than would otherwise be the case, as an individual is betting on a number of events within a game rather than simply betting once on the outcome of a game...The combination of more frequent bets and the immersive experience of the game will result in the gambler having much less time to consider how much they have bet already, potentially leading to higher than expected expenditure.⁴

3.7 Currently, online in-play betting is not permitted under the IGA, however, in-play betting made using a telephone betting service, that is a 'click to call' betting

1 William Hill Australia Pty Ltd, *Submission 6*, p. 2.

2 Harness Racing Australia, *Submission 15*, p. 6; Australian Wagering Council, *Submission 11*, pp. 17–18.

3 SportsBet, *Submission 1*, p. 12; and William Hill Australia Pty Ltd, *Submission 6*, p. 4.

4 Dr Anna Thomas, *Submission 3*, p. 2.

service, is permitted. However, some online sports betting companies enable customers to engage in in-play betting through smartphones by activating the microphone or using a mobile application. The call activates a computerised voice that repeats the consumer's bet and asks the consumer to confirm the bet by pressing a button on a website, application or keypad.⁵

3.8 Some submitters supported the prohibition of micro betting across all technologies, but did not support the proposed prohibition on micro betting as defined in the bill.⁶

3.9 SportsBet commented that the bill proposes to prohibit in-play betting by capturing it in the definition of micro betting, that is, a bet which is 'placed, made, received or accepted after the beginning of the race or event'.⁷ SportsBet argued that removing the in-play restriction proposed by the bill would have public policy benefits as it would:

- enhance the integrity of Australian sports by reducing the threat of match fixing;
- reduce the number of Australians who will use the gambling services of offshore operators, which would also benefit governments by minimising tax leakage offshore; and
- assist to grow Australia's digital economy.⁸

3.10 Tabcorp submitted that it did not support the proposed definition of micro betting and stated that 'the rationale for an extension of the law to prevent betting on all contingencies prior to the commencement of a race or event is not apparent'. Tabcorp went on to comment that it:

...believes that live betting on sport should be limited to retail venues subject to State and Territory laws. We believe that expanding online live betting on sport has the potential to hurt the Australian racing industry by over \$100 million per year in the long term, as well as hurting local hotels and community clubs.⁹

3.11 Responsible Wagering Australia (RWA) added that it supports a ban on micro betting, but did not support the approach taken in the bill as the current definition would also lead to the ban of all forms of in-play betting. RWA went on to state it:

...would have the opposite effect of what is intended. It would, in our view, significantly curtail the offering of existing legitimate bet types that are not micro bets, have a deleterious effect on the competitiveness of Australian

5 Interactive Gambling Amendment Bill 2016, Explanatory Memorandum, p. 3.

6 SportsBet, *Submission 1*, p. 10; Australian Wagering Council, *Submission 11*, p. 24.

7 SportsBet, *Submission 1*, p. 12

8 SportsBet, *Submission 1*, p. 12

9 Tabcorp, *Submission 13*, p. 2.

online wagering operators, and significantly increase the attractiveness of illegal offshore operators.¹⁰

3.12 Mr Stephen Conroy, RWA, commented further:

What will happen is that the offshore operators—the sharks, the spivs, the people who will just happily take everyone's money in any circumstance—will be the beneficiaries. If you want to take the position that there should not be any and you would recommend that, all you would be doing is driving Australians offshore. There would be Australians who would suffer much worse consequences because of that because there is no harm minimisation; there is a loss of taxation revenue; and a loss of support for the various sporting codes and their practices. You would have a circumstance where you would actually be making the problem worse, even though it looked like you were doing something that made it better.¹¹

Restrictions on advertising

3.13 The bill proposes to restrict broadcasting of restricted wagering service advertisements during G classified television programs or a television program that consists of coverage of a sporting event. This provision was supported by some submitters including the Australian Psychological Society (APS), which noted that the inclusion of sports betting advertising in television broadcasts contributes to the normalisation of gambling as an integral component of sporting activities.¹²

3.14 The Gambling Impact Society (NSW) commented that gambling advertisements often creates 'triggers' for those already struggling with gambling problems.¹³ Mission Australia noted that:

...clients experiencing problems with sports betting often complain about the saturation coverage that gambling advertising receives during sporting events, which combined with 24 hour a day access via the internet makes giving up extremely difficult.¹⁴

3.15 While acknowledging that there are currently some limitations on advertising during live play, the APS stated that it is still possible to advertise during breaks and that children are able to view sporting events at later times, which makes the current time restrictions 'a little bit meaningless'.¹⁵

10 RWA, *Submission 23*, p. 4.

11 Mr Stephen Conroy, Responsible Wagering Australia (RWA), *Proof Committee Hansard*, 7 March 2017, p. 20.

12 Australian Psychological Society, *Submission 4*, p. 12; see also Gambling Impact Society, *Submission 5*, p. 2; Financial Counselling Australia, *Submission 22*, p. 15.

13 Gambling Impact Society, *Submission 5*, p. 2.

14 Mission Australia, *Submission 8*, p. 2.

15 Ms Heather Gridley, Manager, Public Interest, Australian Psychological Society, *Proof Committee Hansard*, 7 March 2017, p. 2.

3.16 Uniting Communities commented on the range of avenues for advertising. Mr Henley stated:

The point is that online sports betting advertising is everywhere. It is across a whole range of advertising media—it is not just TV; it is not just the William Hill ads; it is not just the odd billboard. It is social media; it is part of the commentary; it is live crosses to sports betting companies; it is the whole box and dice. Of course, this is all happening in 'G' rated time, so this is all advertising that is exposed to children, to adolescents, to people who are open to suggestion.¹⁶

3.17 Mr Henley went on to comment that Uniting Communities supported 'the ban on advertising for online gambling across all forms of advertising'.¹⁷

3.18 Similarly, Financial Counselling Australia (FCA) were concerned that the restriction in proposed section 61GO did not go far enough.¹⁸ It noted that the 18 to 35 year old age group is highly influenced by social media advertising and argued for a staged approach to ban all gambling advertising.¹⁹

3.19 Sports betting organisations and broadcasting peak organisations did not support this provision on the grounds that:

- children are not targeted by sports betting advertising;
- persons under 18 years of age comprise a very small proportion of the audience for live sports events on television;²⁰
- current restrictions on gambling advertising on commercial free-to-air television provide strong, targeted and appropriate community safeguards;²¹ and
- there will be serious adverse consequences including loss of revenue by broadcasters and loss of promotional opportunities for the racing and sports codes.²²

3.20 Free TV Australia (Free TV) expressed concerns with the bill's proposed restrictions on advertising. Free TV explained that broadcasters are required to follow the Commercial Television Industry Code of Practice (the Code), which had recently been updated and commenced operation on 1 December 2015. Free TV explained that

16 Mr Mark Henley, Uniting Communities, *Committee Hansard*, 7 March 2017, p. 30.

17 Mr Mark Henley, Uniting Communities, *Committee Hansard*, 7 March 2017, p. 31.

18 Financial Counselling Australia, *Submission 22*, p. 15.

19 Financial Counselling Australia, *Submission 22*, p. 15.

20 Free TV Australia, *Submission 2*, p. 8.

21 Free TV Australia, *Submission 2*, p. 6; ASTRA, *Submission 20*, p. 2.

22 See SportsBet, *Submission 1*, p. 16; Ladbrokes Digital Australia, *Submission 10*, p. 25; Bet365, *Submission 9*, p. 14; Australian Wagering Council, *Submission 11*, pp. 26–28.

the new Code has stringent safeguards in place which makes the proposed restrictions on advertising unnecessary and, at times, unworkable.²³

3.21 Sportsbet stated that the proposed amendments relating to advertising were 'overly restrictive...[and] unnecessary'. It went on to state that the amendments:

...would erode broadcasting revenue in circumstances where an extensive legislative and regulatory framework already exists across Australia's States and Territories to govern the advertising of gambling services to ensure they are socially responsible and do not target children.²⁴

3.22 The Australian Subscription Television and Radio Association (ASTRA) submitted that it did not support this provision. It stated that 'existing restrictions are working well to address community concern regarding the exposure of vulnerable people to betting advertising'. ASTRA went on to argue that the bill seems to go beyond the stated intentions of protecting problem gamblers from certain predatory practices and minimising the exposure of children to sports betting advertising.²⁵

3.23 ASTRA expressed further concern about the prohibition of advertisements for particular types of services such as micro betting. It stated:

The definition of a restricted wagering service advertisement is so broad that it could prohibit any advertisements on behalf of a company whose business includes, but is not limited to, a restricted wagering service, even if the advertisement does not refer to a restricted wagering service.²⁶

3.24 Free TV pointed to unintended consequences of the proposed restrictions on advertising. It stated that the definition of a 'restricted wagering service advertisement' would make it difficult for any broadcaster to show a sporting event where there is a reference to gambling on the ground. Free TV explained that references to gambling or betting companies is often seen on sporting grounds through sponsorship or signage at the grounds or on players or referee's uniforms and that it would not be possible to blur or pixilate these images during live sporting events.²⁷

3.25 While CrownBet was not supportive of a prohibition on gambling advertising during a televised sporting event, it agreed that further regulation should be applied to wagering advertising across all forms of media.²⁸ It advocated for measures that would reduce the volume of gambling advertising, as well as more stringent regulations on the content of the advertisement.²⁹

23 Free TV Australia, *Submission 2*, p. 4.

24 Sportsbet, *Submission 1*, 4.

25 Australian Subscription Television and Radio Association (ASTRA), *Submission 20*, pp. 1–4.

26 ASTRA, *Submission 20*, p. 4.

27 Free TV Australia, *Submission 2*, pp. 6-7. See also ASTRA, *Submission 20*, p. 6.

28 CrownBet, *Submission 18*, pp. 20–21.

29 CrownBet, *Submission 18*, p. 20.

3.26 RWA also commented on the level of wagering advertising and stated:

...we acknowledge that there is legitimate public concern about the level of wagering advertising, and we support government action to reduce the volume of wagering advertising. To that end, we call on the government to initiate a consultation process with the wagering industry, community groups, sporting organisations and broadcasters to devise a plan that will achieve meaningful reductions in wagering advertising.³⁰

3.27 RWA noted that a key part of a licence is that advertising is allowed. However, unlicensed companies also use other methods:

The unlicensed companies just spam or use whatever methods for their online advertising. At the moment, as you would know, there are no restrictions on online advertising in any sphere, whether it is gambling or anything whatsoever. They are targeting people. They target them through other sites to drive people onto their sites. I know you would be very familiar with the fact that there are all sorts of methods used by these companies to try and drag people onto their sites. There have been soft sites, where you do not spend real money. You can gamble with fake money, but then they always try to suck you through into the real money sites.³¹

Inducements and credit

3.28 Credit and other inducements to gamble are offered by online sports betting companies to encourage people to become involved in gambling. The offer of promotional 'free bets' was described by the Australian Hotels Association (AHA) as a 'blatant attempt to encourage a person to gamble who otherwise would not have gambled'.³²

3.29 Several submissions address the consequences of these offers, including instances where they have caused problem gamblers to relapse. For example, Mission Australia outlined first-hand experience of one of its clients. Mission Australia stated:

Several clients have explained to me that they are often offered amounts ranging from \$50–\$2000 if they match the betting amount, even when they have previously requested to close their online betting accounts. These inducements have often triggered further gambling episodes.³³

3.30 In this context, Mission Australia advocated prohibition of inducements and credit by online sports betting companies:

...the availability of credit and inducements frequently exacerbates these problems. This Bill is intended to reduce harmful gambling through prohibiting inducements, offers of credit and micro-betting practices. These

30 Mr Stephen Conroy, RWA, *Proof Committee Hansard*, 7 March 2017, p. 20; see also p.24.

31 Mr Stephen Conroy, RWA, *Proof Committee Hansard*, 7 March 2017, p. 29.

32 Australian Hotels Association, *Submission 14*, p. 6.

33 Mission Australia, *Submission 8*, p. 2.

measures would be particularly useful, given that the Government has not yet implemented its stated policy of prohibiting credit exemptions.³⁴

3.31 This position was supported by Uniting Communities which stated that it opposed all forms of credit gambling.³⁵

3.32 FCA suggested that current marketing practices by online companies exacerbate problem gambling. Further, that these companies' primary concern is profit, and not with the welfare of their customers. FCA stated:

The test for providing credit is 'will the company get paid?' rather than whether the customer will experience 'undue hardship' in making the repayments. No one looks at the customer's income or expenses. There is no consideration of the person's circumstances, their capacity to repay or wellbeing.³⁶

3.33 Racing and Wagering Western Australia pointed to the lack of consistency between state and territory governments in relation to inducements. It went on to state that matters concerning inducements should be 'harmonised across states at a federal level. These important things that are catching up to what the product and the technology has created are what we are really focused on'.³⁷

3.34 Tabcorp commented that it supported a prohibition on online gambling companies offering lines of credit to customers.³⁸

3.35 Other submitters did not support further regulation in this area, and considered that the provision of inducements and credit is already sufficiently regulated. Sportsbet argued that prohibiting credit would result in:

- customers increasingly accessing credit from unregulated offshore operators;
- customers increasingly accessing credit from less scrupulous operators...and loan sharks which have little regard for consumer protection or harm minimisation; and
- legitimate and illegitimate third party credit providers and intermediaries filling the void, either directly or indirectly, which would then subject customers to significant interest and fees on their loans; and undesirable collection methods.³⁹

34 Mission Australia, *Submission 8*, p. 1.

35 Mr Mark Henley, Uniting Communities, *Proof Committee Hansard*, 7 March 2017, p. 33.

36 Financial Counselling Australia, *Submission 22*, p.11

37 Mr Richard Burt, Racing and Wagering Western Australia, *Proof Committee Hansard*, 7 March 2017, p. 45.

38 The Hon Peter McGauran, Tabcorp, *Proof Committee Hansard*, 7 March 2017, p. 35.

39 Sportsbet, *Submission 1*, p. 18.

3.36 In addition, Sportsbet stated that:

...the proposed blanket prohibition on offering so-called 'inducements' which would have wide reaching adverse consequences to Australian racing and sporting codes, the Australian wagering industry and, ultimately, consumers, as the restrictions will further encourage even more Australians to bet with illegal offshore operators in pursuit of competitive promotions.⁴⁰

3.37 The committee notes the Commonwealth and state and territory governments have given in-principle agreement to the National Consumer Protection Framework including prohibition of lines of credit being offered by online wagering providers and a harmonised regulatory regime to ensure the offering of inducements are consistent with responsible gambling.⁴¹ The Department of Communications and the Arts commented that it is reviewing research around inducements and stated:

...some of the research says that some inducements are more risky than other inducements, such as sign-up bonuses and inducements that require you to turn over winnings a certain amount of times and things like that. They are the kind of inducements we are looking at more closely, but I cannot say that it is ruled out, because it would be a decision for ministers.⁴²

Mandatory pre-commitment

3.38 There was broad support for the introduction of betting limits.⁴³ Dr Thomas noted that if the system is set up so that gamblers are required to set a betting limit it will normalise the setting of limits and encourage gamblers to think about how much they are willing to spend.⁴⁴ Dr Thomas added:

In terms of the pre-commitment options, from my reading of what you have in there, I think it is a really important step forward. Everyone should be thinking about how much they want to spend and how much they are prepared to lose and the protections in place to stop people from gambling more than that once they have reached those limits. The evidence we have in terms of our review would suggest that would be the best practice.⁴⁵

3.39 It was also widely acknowledged that providing customers with the option of setting mandatory betting limits could help them to manage their finances.

40 Sportsbet, *Submission 1*, p. 4.

41 Mr Tristan Reed, Department of Communications and the Arts, *Proof Committee Hansard*, 7 March 2017, p. 54.

42 Mr Tristan Reed, Department of Communications and the Arts, *Proof Committee Hansard*, 7 March 2017, p. 59.

43 CrownBet, *Submission 18*, pp. 18–19;

44 Dr Anna Thomas, *Submission 3*, p. 3.

45 Dr Anna Thomas, *Committee Hansard*, 7 March 2017, p. 9.

3.40 However, submitters questioned the effectiveness of this strategy in practice. For example, the AHA stated that whilst it supported voluntary pre-commitment in principle, there is:

...no clear evidence that a mandatory pre-commitment system will reduce problem gambling. AHA notes that problem gamblers will be able to set high limits, or effectively even no limit, or even sign up for multiple accounts under the names of friends or family members. AHA believes that mandatory pre-commitment could drive problem and at-risk gamblers towards illegal offshore on-line gambling, which is credit based, unregulated and isn't taxed.⁴⁶

3.41 The Australian Wagering Council (AWC) supported voluntary pre-commitment, rather than mandatory pre-commitment, whereby customers would be made aware that they are able to set a betting limit. The AWC stated that the restrictions should rest with the gambling operator and that they be required to offer customers a betting limit instead of requiring customers to pre-set a betting limit.⁴⁷

3.42 RWA stated that it supported a requirement that wagering operators offer voluntary pre-commitment limits and that the option to set these limits be a completely online process (i.e. not paper-based) and highly visible. However, it did not support the mandatory pre-commitment limits proposed in the bill. As an example, it explained that the bill only proposed mandatory pre-commitment limits to be increased if the customer has not made more than one other such request in the previous 12 months. It stated that, as a consequence:

This could drive a 'last drinks' mentality with customers focussed on what they can spend rather than what they can afford, or cause customers to become frustrated with their inability to change these limits and switch to illegal offshore providers that provide no harm minimisation tools at all.⁴⁸

3.43 RWA went on to state that it supports the principle contained in bill that, where a customer has opted to set a betting limit, operators should be prohibited from accepting a bet that exceeds that limit.⁴⁹

3.44 FCA submitted that rather than imposing a maximum *betting limit*, a maximum *loss limit* should be used.⁵⁰ Additionally, FCA argued that the pre-commitment limits should apply to the total online gambling per year, as opposed to limits per company.⁵¹ It explained that it is not uncommon for gamblers to reach a limit with one company only to set up an account with another company.⁵² It noted

46 Australian Hotels Association, *Submission 14*, p. 5. See also SportsBet, *Submission 1*, p. 19.

47 Australian Wagering Council, *Submission 11*, p. 30. See also Sportbet, *Submission 1*, p. 19.

48 RWA, *Submission 23*, p. 5.

49 RWA, *Submission 23*, p. 5.

50 Financial Counselling Australia, *Submission 22*, p. 11.

51 Financial Counselling Australia, *Submission 22*, p. 12.

52 Financial Counselling Australia, *Submission 22*, p. 12.

that the 'impact is on the gambler's global budget so the limit needs to be the overall gambling spend to be effective.'⁵³

3.45 The Gambling Impact Society (NSW) noted that the bill limits the introduction of mandatory pre-commitments for those setting up new accounts, but fails to address mandatory pre-commitments for those that already have an account. Additionally, it noted that a problem gambler may gamble a significant amount within a week or even a day and therefore suggested that gamblers also be required to set daily and weekly limits.⁵⁴

Betting limits

3.46 The bill provides that the betting limits of customers with mandatory pre-commitment limits can only be increased if:

- the customer requested the increase and has given 7 days' notice (for monthly limit) or 14 days' notice (for annual limit); and
- the customer has not made more than one request to increase his or her limit in the previous 12 months.

3.47 FCA indicated that it did not support this proposed provision in the bill as it would defeat the purpose of setting a mandatory betting limit. FCA stated:

The whole idea of a rational pre-determined betting/loss limit is that it is there as a protection for when the gambler needs it. By allowing the gambler to undo the protection defeats the purpose of having the protection. Gamblers with a gambling addiction often do not act in their own best interests. The presumption of rational economic decision making does not apply.⁵⁵

3.48 While CrownBet were supportive of the introduction of betting limits, it did not support the proposed limitation of allowing an individual to increase their pre-commitment limit only once in a 12-month period. It argued that this restriction would likely have the effect of lowering the participation rates in the use of pre-commitment facilities or encourage the customer to gamble with a different operator.⁵⁶

53 Financial Counselling Australia, *Submission 22*, p. 12.

54 Gambling Impact Society, *Submission 5*, pp. 3–4.

55 Financial Counselling Australia, *Submission 22*, pp. 12–13.

56 CrownBet, *Submission 18*, p. 19. See also Tabcorp, *Submission 13*, p.3; Australian Wagering Council, *Submission 11*, p. 31; Sportsbet, *Submission 1*, p.19.

Mandatory staff training

3.49 The proposed provisions relating to the mandatory training of staff were generally supported by submitters.⁵⁷ However, FCA suggested that the provision should go further and that all staff, including those with indirect contact with customers, be required to undertake training.⁵⁸

3.50 CrownBet also noted that the provisions are limited to training for operators engaged in online wagering and stated that it should be expanded to include any operator providing wagering services under the auspices of a wagering licence in an Australian jurisdiction.⁵⁹ Gambling Impact Society (NSW) were of the view that the provision should be broadened to require staff to identify 'at risk' problem gambling behaviour, and not merely 'problem gambling', as well as providing support to a problem gambler's family members.⁶⁰

3.51 Dr Anna Thomas also supported these provisions and noted that it was possible for employees of land-based gambling venues to be taught some quick and simple methods to identify a problem gambler and that check-lists had been developed for such a purpose.⁶¹ Dr Thomas conceded that these check-lists were not appropriate for the online environment and that staff would be disadvantaged by not being able to rely on visible cues from gamblers.⁶² However, Dr Thomas noted that the online environment offered some advantages over land-based environments as all transactions are recorded, which would allow for algorithms to be developed to identify risky patterns.⁶³

3.52 Tabcorp informed the committee that it utilises software which detects changes in a person's gambling problem.⁶⁴ Further, it has processes in place whereby staff are trained on responsible gambling and where an issue is identified with a customer, its call centre supervisor is required to make contact with the customer.⁶⁵ The Tabcorp *Responsible Gambling Code of Conduct* provides steps for employees,

57 See Tabcorp, *Submission 13*, p. 2; Ladbrokes Digital Australia, *Submission 10*, p. 24; Australian Wagering Council, *Submission 11*, p. 39; Sportsbet, *Submission 1*, p. 22; Dr Anna Thomas, *Submission 3*, p. 1; CrownBet, *Submission 18*, p. 13; Financial Counselling Australia, *Submission 22*, p. 8; RWA, *Submission 23*, p. 7.

58 Financial Counselling Australia, *Submission 22*, p. 8.

59 CrownBet, *Submission 18*, p. 14.

60 Gambling Impact Society (NSW), *Submission 5*, p. 3.

61 Dr Anna Thomas, *Submission 3*, p. 1.

62 Dr Anna Thomas, *Submission 3*, p. 2.

63 Dr Anna Thomas, *Submission 3*, p. 2.

64 Mr Julian Hoskins, Acting Group General Counsel, Tabcorp Holdings Limited, *Proof Committee Hansard*, 7 March 2017, p. 41.

65 Mr Julian Hoskins, Acting Group General Counsel, Tabcorp Holdings Limited, *Proof Committee Hansard*, 7 March 2017, pp. 41–42.

agents, and agent's employees to take when they notice behaviour indicating a problem with gambling.⁶⁶

3.53 However, according to FCA, betting companies only make phone calls to customers after the customer has lost everything and they are no longer valuable to the company. FCA provided the following case:

One of those was a call that I got last week from a member of parliament talking about a constituent who had lost \$170,000 with Tabcorp over about a five-week period—\$60,000 was overnight. He did receive a phone call a few days later and that was to say, 'Congratulations, we've made you into a platinum member. You've now got your own VIP account manager, and we're going to look after you.' But there was nothing that showed any concern for the amount that he had been gambling.

...So I am a little bit cynical when I hear that there are all these protections in place, because they do not seem to be there until the money has run out, and then it is, 'Why don't you contact a financial counsellor, or why don't you contact gamblers help?'⁶⁷

3.54 In relation to the level of penalty that should be associated with a breach of the proposed provisions, FCA was of the view that a \$2,000–\$10,000 penalty would not provide a sufficient deterrent for billion-dollar companies. Based on penalties for breaches of other regulation, it considered that a \$1 million penalty would provide the necessary deterrent.⁶⁸

Interactive Gambling Regulator

3.55 The establishment of a national gambling regulator was viewed positively by some submitters.⁶⁹ The AWC commented that a uniform national regulatory approach would benefit consumers and wagering operators as it would bring together 'the best of the current state/territory arrangements and [ensure] that all wagering provisions in Australia faces uniform supervision, and uniform standards for integrity, responsible gambling and other measures'.⁷⁰

3.56 Sportsbet stated that it supported the introduction of a national gambling regulator for the industry and considered that it would:

66 Tabcorp, *Answers to questions on notice*. Refer to Tabcorp Wagering (VIC) Pty Ltd, *Responsible Gambling Code of Conduct*, January 2016, para 3.7. Also refer to para 3.5 on training.

67 Ms Lauren Levin, Director Policy and Campaigns, Financial Counselling Australia, *Proof Committee Hansard*, p. 47.

68 Ms Lauren Levin, Director Policy and Campaigns, Financial Counselling Australia, *Proof Committee Hansard*, p. 50.

69 Australian Wagering Council, *Submission 11*, p. 17; Ladbrokes Digital Australia Pt. Ltd, *Submission 10*, p. 18; SportsBet, *Submission 23*, p. 17; Harness Racing Australia, *Submission 15*, p. 6.

70 Australian Wagering Council, *Submission 11*, pp. 17–18.

...balance the protection of Australian consumers with a healthy and competitive domestic wagering environment that keeps pace with changes in technology and makes research-based decisions.⁷¹

3.57 FCA noted its strong support for the establishment of a national gambling regulator provided the regulator was independent and could not be directed by the Minister in relation to any compliance and enforcement actions or decisions.⁷² However, it commented that the proposed provision does not envisage the regulator being truly independent, as it must comply with a direction of the Minister and is not able to select its own staff.⁷³

3.58 However, other submitters, for example the AHA, considered that a national gambling regulator would duplicate bodies already in place at the state and territory level. The AHA was also of the view that 'the capacity to track personal habits to a government agency is an invasion of privacy'.⁷⁴ CrownBet were similarly of the view that the state and territory governments were best placed to monitor and enforce gambling regulations and that the establishment of a national gambling regulator would be unnecessarily complex and expensive.⁷⁵

3.59 RWA commented that it did not object, in principle, to the proposal for a regulator but this was subject to further details about the design and implementation of the proposed regulator, including its powers and responsibilities, and how it would interact with current Commonwealth, state and territory agencies, laws and regulations.⁷⁶

National Self-exclusion Register

3.60 Notably, the introduction of a National Self-exclusion Register (NSER) was advocated by online sports betting companies. For example, Sportsbet submitted it 'strongly supports national self-exclusion and has long advocated for a national scheme to properly protect individuals who choose to self-exclude'.⁷⁷ Sportsbet also suggested that a NSER should be funded by Australian providers and administered by an independent government agency such as the Australian Communications and Media Authority.⁷⁸

71 Sportsbet, *Submission 1*, p. 23.

72 Financial Counselling Australia, *Submission 22*, p. 17.

73 Financial Counselling Australia, *Submission 22*, pp. 17–18.

74 Australian Hotels Association, *Submission 14*, p. 5.

75 CrownBet, *Submission 18*, p. 12.

76 RWA, *Submission 23*, p. 2.

77 Sportsbet, *Submission 1*, p. 24.

78 Sportsbet, *Submission 1*, p. 24.

3.61 William Hill Australia (WHA) submitted that it 'endorses a national self-exclusion scheme, allowing customers to opt out of betting for periods of time, or permanently'.⁷⁹

3.62 RWA supported the introduction of a NSER to allow for permanent cross-operator self-exclusion. RWA noted that government is planning to introduce a NSER as part of the National Consumer Protection Framework. However, it noted concern about the model being considered and was of the view that it did not go far enough. RWA pointed to the proposal to allow customers to select which and how many operators to exclude from rather than automatically resulting in exclusion from all operators.⁸⁰

3.63 There was also strong endorsement of the introduction of a NSER from welfare and health organisations, together with the APS. These organisations considered establishment of a NSER to be one of the most important additions to the IGA.⁸¹

3.64 Dr Sally Gainsbury, Gambling Treatment Clinic and Research Unit, The University of Sydney, commented that a NSER should have the following functions:

A National Self-exclusion Register would allow a customer to immediately exclude from all domestic gambling sites and be removed from the mailing list, including offers and promotions. Individuals should also be provided with information to block ads online, and unfollow all social media accounts of gambling operators. Individuals may also be advised to avoid mediums and times that are likely to lead to exposure to advertisements for online gambling, for example, watching televised sporting events. Referral information should also be provided to assist individuals in seeking further help that is relevant to their location.⁸²

3.65 Dr Anna Thomas also suggested that the NSER could consider options for short-term self-exclusion, to allow people to quickly stop for a short period of time, thereby allowing the customer time to consider whether or not they would like to continue gambling.⁸³ Dr Thomas explained how a 'stop' button could be made available:

...an online gambling company in Finland that had implemented a 'panic button' for online poker players that allowed gamblers to press a button and

79 William Hill Australia (WHA), *Submission 6*, p. 5.

80 RWA, *Submission 23*, pp. 2–3; The Hon Stephen Conroy, Executive Director, RWA, *Proof Committee Hansard*, 7 March 2017, p. 21.

81 Dr Sally Gainsbury, Deputy Director, Gambling Treatment Clinic and Research Unit, Senior Lecturer, School of Psychology, The University of Sydney, on behalf of the APS, *Answers to questions taken on notice*, p. 1.

82 Dr Sally Gainsbury, Deputy Director, Gambling Treatment Clinic and Research Unit, Senior Lecturer, School of Psychology, The University of Sydney, on behalf of the APS, *Answers to questions taken on notice*, p. 1.

83 Dr Anna Thomas, *Proof Committee Hansard*, 7 March 2017, p. 9.

immediately suspend an online gambling account for a short period. I understand other online gambling companies have since implemented similar options for their customers (e.g., William Hill in the UK).⁸⁴

3.66 Ms Jenny Williams, the former CEO and Commissioner of the UK Gambling Commission, noted that in 2015, the Commission was able to strengthen consumer protection through the introduction of short periods of 'time out'.⁸⁵

Financial transaction blocking

3.67 The bill provides for the issuing of injunctions by the Federal Court to block transactions in relation to a prohibited internet gambling service. RWA stated that it, and its members, supported this provision in principle as well as blocking of illegal offshore gambling websites. RWA went on to state that 'while we have some reservations about the potential effectiveness of these measures, we believe that if appropriately implemented they could contribute to reducing the impact of illegal offshore wagering'.⁸⁶

3.68 However, other submitters did not support this proposal. CrownBet stated that that this would be a costly and difficult solution, that was unlikely to be effective.⁸⁷

3.69 The provision was also not supported by the Australian Bankers' Association which noted that intervention in the banking and payment system was 'problematic' and pointed to technical and practical problems:

- prohibiting transactions based only on a name is not possible and banks and authorised deposit-taking institutions (ADIs) would need account number(s) and/or beneficiary details;
- unless account number(s) and/or beneficiary details are provided, banks and ADIs will not be certain that they have the correct information and therefore would not be able to block a transaction;
- internet gambling services may create and maintain accounts in multiple names and merchant ID numbers thereby limiting the effectiveness of financial blocking;
- the implementation of a new compliance obligation to block transactions from a customer's bank account would involve the development of significant systems which would have an impact on the cost and efficiency of banking and payment systems; and
- the proposed provisions only relate to banks and ADIs and not credit card issuers and alternative payment providers which would likely result in

84 Dr Anna Thomas, *Additional information*, 7 March 2017, p. 1.

85 Ms Jenny Williams, *Submission 21*, p. 2.

86 RWA, *Submission 23*, p. 6.

87 CrownBet, *Submission 18*, p. 8.

customers and internet gambling providers to shift their financial transactions and payment preferences to providers not caught by this provision.⁸⁸

3.70 In response to concerns about the cost of transaction blocking being prohibitive, Uniting Communities stated that 'the cost of harm is even more prohibitive'.⁸⁹

3.71 Former CEO and Commissioner of the UK Gambling Commission, Ms Williams, also noted that in 2014–15, financial transaction blocking was considered by the Commission but was assessed to be both costly and not very effective:

The Commission also investigated the costs and benefits of both ISP and financial payments blocking and concluded after discussions with other regulators and looking at the evidence that it did not want such powers. While blocking powers would have some disruptive impact they were not very effective but were very labour intensive. There would be continuous pressure not least from licensed operators for the Commission to use the powers despite the limited impact and often disproportionate costs and time involved and a real risk, therefore, that Commission resources would get sidetracked into what would be at best a pretty ineffective disruption tool.⁹⁰

3.72 The committee was also informed that Treasury was working on payment blocking using credit cards as a disruption measure for illegal offshore wagering providers.⁹¹ Treasury later clarified that, since October 2016, it has consulted key industry groups and other government agencies concerning potential payment system disruption measures for illegal offshore gambling.⁹²

88 Australian Bankers' Association, *Submission 16*, pp. 2–4.

89 Mr Mark Henley, Uniting Communities, *Proof Committee Hansard*, 7 March 2017, p. 31.

90 Ms Jenny Williams, *Submission 21*, p. 4.

91 Mr Tristan Reed, Branch Manager, Welfare Quarantining and Gambling, Department of Social Services, *Proof Committee Hansard*, 7 March 2017, p. 55.

92 Treasury, *Answers to questions on notice*, p. 1.