

Chapter 4

Committee view

4.1 The committee received compelling evidence of the harmful effects that problem gambling has on individuals, their families, and the community. The damage is not only confined to financial losses but also represents a significant public health concern as it is associated with depression, anxiety, self-harm and suicide.

4.2 The committee considers that the regulation of interactive gambling in Australia requires reform to enhance consumer protections and strengthen enforcement. Consequently, the committee is supportive of many of the principles that underpin this bill. However, the committee notes that since the bill was introduced, there have been several developments that may render the bill unnecessary.

The O'Farrell Review and government response

4.3 It is clear that the government has been undertaking work to ensure a safe wagering environment for Australians. As discussed in Chapter 1, in 2015, the then Minister for Social Services commissioned the Hon Barry O'Farrell to conduct a review of illegal offshore wagering. The review investigated harm minimisation and consumer protection measures and methods to strengthen enforcement of the *Interactive Gambling Act 2001* (IGA).

4.4 In April 2016, the government released the report of the O'Farrell review and its response to the review. As part of its response, the government committed to the establishment of a national self-exclusion register for online wagering (NSER), a voluntary pre-commitment scheme, better information for individuals about their gambling spend and a ban on online wagering companies offering lines of credit.¹

4.5 On 10 November 2016, the government introduced the Interactive Gambling Amendment Bill 2016 (the government bill). The government bill represents the first stage of the government's response to the O'Farrell review. The government bill contains proposed amendments that are designed to clarify the law regarding illegal offshore gambling and strengthen the enforcement mechanisms under the IGA.

4.6 The government bill was passed by the House of Representatives on 8 February 2017 and was recently debated by the Senate and passed with amendments. At the time of writing, the government bill is before the House of Representatives, which will consider amendments made by the Senate that were supported by non-government senators.

4.7 In addition, following the in principle agreement between the Australian, state and territory governments reached on 25 November 2016, the government bill will be supplemented by the National Consumer Protection Framework. The framework will result in the introduction of an NSER, a voluntary pre-commitment scheme for online

1 Senator the Hon Mitch Fifield and the Hon Alan Tudge MP, 'Consumer protections and tougher laws to combat illegal offshore wagering', *Media release*, 28 April 2016.

wagering and a prohibition on lines of credit being offered by wagering providers.² The national framework will give effect to many aspects of the government's April 2016 response to the O'Farrell review.

4.8 The government has also announced that it will be consulting with internet service and financial payment providers around disruption measures to further reduce illegal offshore gambling activity.

Consideration of the bill

Measures covered by the government response to the O'Farrell review

4.9 It is evident that the bill examined by the committee would implement the government's response to the O'Farrell review by other means. The committee also notes that, during the recent debate in the Senate on the government bill, Nick Xenophon Team senators moved amendments that sought to incorporate many aspects of the bill into the government bill. In the committee's view, this demonstrates that the amendments contained in this bill have been considered through the legislative process underway for the government bill.

4.10 Nevertheless, this inquiry has provided an opportunity to take evidence on matters that were considered by the O'Farrell review and the government's response. The evidence provided to this inquiry concerning the introduction of a NSER, a voluntary pre-commitment scheme and a prohibition on credit betting has demonstrated that these measures will be positive for harm minimisation.

4.11 The committee is of the view, however, that consultation and agreement with state and territory jurisdictions is vital to ensuring the success of these measures. This is particularly the case given that gambling is generally a state and territory responsibility. The committee was informed that consultation with states and territories concerning the national framework is progressing well and that by April 2017 the Department of Social Services is hoping to commence public consultation.

Enforcement measures

4.12 The bill proposes that an Interactive Gambling Regulator would be established to monitor and enforce restricted wagering services' compliance with the IGA. The bill also proposes financial transaction blocking of prohibited gambling services through the issue of injunctions by the Federal Court.

4.13 The committee notes that pursuant to the IGA, the Australian Communications and Media Authority (ACMA) has an established complaints-based system to deal with prohibited internet gambling services. Additionally, changes to ACMA's compliance and enforcement powers will be streamlined and strengthened as a result of the government's bill. While the committee recognises that monitoring and enforcement of offences and civil penalties is integral to a successful regulatory regime, the committee does not believe the case has been made that a dedicated Interactive Gambling Regulator is necessary to achieve this.

2 The Hon Alan Tudge MP, 'Gambling Ministers agree to consumer protection framework for online wagering', *Media release*, 25 November 2016

4.14 The committee has also carefully considered the evidence received concerning the proposal to introduce financial transaction blocking. In particular, the committee notes the submission from the former CEO and Commissioner of the UK Gambling Commission that financial transaction blocking was considered by the UK Gambling Commission but was assessed to be costly and not very effective. The committee was advised that Treasury has been investigating and consulting with key industry groups and other government agencies about options for blocking illegal offshore wagering providers. The committee is of the view that it would be premature to implement financial transaction blocking without properly investigating the costs and effectiveness of this measure.

Micro betting vs in-play betting

4.15 As outlined by submitters to this inquiry, the definition of micro betting as proposed by this bill captures in-play betting. The committee notes that the government bill proposes amendments to in-play betting services so that 'click-to-call' in-play betting services are prohibited, required that dealings with customers to be wholly by way of spoken conversations between individuals. The committee considers that the amendments proposed in the government's bill relating to in-play betting are appropriate.

Conclusion

4.16 The evidence presented to the committee regarding problem gambling, and in particular, problem gambling in the online environment is highly concerning. The committee agrees that national reform is necessary and its implementation should be a priority.

4.17 The committee notes the government's commitment to establishing a safe wagering environment for Australians by implementing the recommendations of the O'Farrell review. It is clear that there has been significant progress in developing and implementing the measures announced by the government.

4.18 The committee appreciates the overall intent of the bill; however, the committee considers that the objectives the bill seeks to achieve will be more effectively achieved through the processes initiated by the government. The work already underway indicates that the bill is no longer necessary. Accordingly, the committee does not support the bill.

Recommendation 1

4.19 The committee recommends that the Senate not pass the bill.

**Senator Linda Reynolds CSC
Chair**

