



Australian Government
Department of Social Services

A National Consumer Protection Framework for online wagering in Australia

Regulation Impact Statement for consultation

DSS 2128.05.17



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Consultation

This is a consultation document where interested and affected parties are able to provide comment on any matter raised in this Consultation Regulation Impact Statement (RIS). Consultation questions are listed at [Appendix A](#) of this RIS.

The purpose and focus of the consultation questions in this RIS are to determine the relative costs and benefits of the listed options. Respondents are encouraged to address these questions to assist in the finalisation of the regulatory analysis of the options. Comments are invited by close of business 16 June 2017, and can be emailed to IOWT.Secretariat@dss.gov.au with the subject title: National Consumer Protection Framework RIS.

The Commonwealth, state and territory governments will review comments received and incorporate stakeholder information and data into the regulatory analysis as appropriate. This Consultation RIS will be revised in response to stakeholder comment and will be put forward to Commonwealth, state and territory governments for a decision on the final National Consumer Protection Framework for online wagering.

Who will be consulted?

It is expected that the following stakeholders will be consulted with for this Consultation RIS process:

- industry, including corporate online wagering providers, bookmakers with online operations (internet/mobile app/telephone)
- the community sector, including counsellors, financial counsellors and other sectors involved in problem gambling and harm minimisation
- the academic and research community
- the financial sector
- television and radio broadcasters
- individuals who have an online wagering account/s, or have previously held one but have experienced gambling harm
- the broader community.

How to provide feedback

Comments and submissions that address any or all of the options and consultation questions described in this Consultation RIS are welcome. You are not required to address all options in the Consultation RIS; however, you should address the questions for your preferred options.

Visit engage.dss.gov.au to:

- download the consultation RIS
- download or order an Easy English or large print version of the consultation RIS
- enter or upload a written submission (using the available response template).

Alternately, you can send submissions by e-mail or post to the following addresses:

By e-mail to: IOWT.Secretariat@dss.gov.au

By post: Illegal Offshore Gambling Taskforce

The Department of Social Services

PO Box 9820

CANBERRA ACT 2601

If you upload your submission online, you will be asked to specify whether you would like your submission to be published on the Department of Social Services website. If you send a submission via email or standard post, please specify whether you would like your submission to be published online. Questions about the consultation process can be directed to IOWT.Secretariat@dss.gov.au.

The closing date for submissions and other contributions is 16 June 2017.

About this Consultation RIS

The Commonwealth Government is working with state and territory governments to develop and establish a joint Commonwealth, state and territory National Consumer Protection Framework for online wagering (National Framework) in Australia.

The Commonwealth Government aims to implement the National Framework with state and territory governments as soon as possible.

This National Framework will seek to put in place nationally consistent consumer protection measures for individuals using legal online wagering products in Australia.

The Commonwealth Department of Social Services has prepared this Consultation RIS in consultation with state and territory government officials. The Commonwealth Department of the Communications and the Arts, the Department of the Treasury, the Australian Transaction Reports and Analysis Centre, the Attorney-General's Department and the Department of Education and Training have also provided assistance.

While this National Framework is not being considered by, or put forward for agreement, under the Council of Australian Governments (COAG) agenda, a Consultation RIS that meets COAG requirements under the COAG Principles of Best Practice Regulation, is still required when agreements or decisions are required between Commonwealth, state and territory governments at the ministerial level.

This includes agreements or decisions to be given effect through principal of delegated legislation, administrative directions or other measures, at the Commonwealth and/or state and territory level, encourage or force businesses or individuals to pursue their interests in ways that would not otherwise would have done.

Purpose of this Consultation RIS

The purpose of this Consultation RIS is to canvass the regulatory and non-regulatory options for a National Framework in order to determine the relative costs and benefits of those options, including the regulatory impacts. It will also assist to finalise policy parameters for measures in the National Framework.

This Consultation RIS:

- establishes the problem that governments are trying to address
- identifies policy options to address the problem
- asks a series of consultation questions to elicit feedback on the options and impacts, including costs and benefits.

Following this Consultation RIS process, your feedback, including your comments and regulatory impacts and cost estimates provided, will be used to develop a Decision RIS that will outline the preferred option for each measure under the National Framework, and the preferred model for implementation, including the financial implications.

This Decision RIS will be provided to Commonwealth, state and territory ministers to make a decision on the National Framework later in the year.

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Executive summary

Rapid growth in digital technologies has seen online wagering expand as the fastest growing form of gambling in Australia and with a significant increase in the number of active online wagering accounts.

The online wagering market is currently subject to a range of regulatory restrictions across Australian jurisdictions. This includes Commonwealth, state and territory legislation and regulations, licensing arrangements and voluntary and mandatory codes of practice. Consumer protections and regulations for online wagering in Australia need to be brought up to date to reflect the rapid growth in the online wagering market and to recognise that consumer protections for online wagering have unique requirements to those needed for other gambling platforms.

On 7 September 2015, the former Minister for Social Services, the Hon Scott Morrison MP, asked the Hon Barry O'Farrell to conduct a review of the impact of illegal offshore wagering (O'Farrell Review). The O'Farrell Review was conducted to investigate the size and scope of the illegal offshore wagering problem in Australia and advise on ways to strengthen Australia's regulatory enforcement, and protect Australians from illegal offshore wagering operators.

The O'Farrell Review found that the online wagering sector is growing rapidly by 15 per cent each year, and that illegal offshore wagering presents many problems and risks. Governments are concerned that problem gambling in the online domain was three times higher than for other forms of gambling. The rapid growth of online wagering, its increased availability and accessibility and its potentially harmful impacts signals the need for greater online wagering consumer protections.

On 28 April 2016, the Commonwealth Government released its response (Government Response) to the O'Farrell Review, and accepted in full or in-principle 18 of the 19 recommendations. The Commonwealth Government is committed to the development of a strong National Consumer Protection Framework for online wagering (National Framework) in Australia, which will ensure that a higher level of nationally consistent consumer protections are in place, and improve harm minimisation outcomes for Australian consumers.

On 25 November 2016, Commonwealth, state and territory ministers agreed that more can be done to limit the harm caused by online wagering for Australians and provided in-principle agreement to 11 measures to be included in the National Framework. These consumer protection measures reflect the recommendations of the O'Farrell Review and the Government Response.

Commonwealth, state and territory ministers met again on 28 April 2017 to discuss and further progress these important reforms to online wagering. At their second meeting, ministers provided in-principle agreement to details for each measure in the National Framework, and a set of actions and timelines for implementing them. It is anticipated that the National Framework will put in place a strong and best practice standard for online wagering consumer protection that is consistent across all jurisdictions, which will be regularly reviewed and updated over time, sustaining a dynamic and competitive domestic industry.

This Consultation Regulation Impact Statement (RIS) considers a number of non-regulatory and regulatory options in implementing the following nine measures to be included in the National Framework, and seeks to finalise policy parameters for these measures. Note that the measures relating to a national collaborative gambling research model, counselling and broadcast advertising, are not being considered as part of this RIS process:

1. A **national self-exclusion register** for online wagering. Many gambling providers allow self-exclusion, but they are not joined up with each other. The aim is to have a self-exclusion register which has the ability to link all the providers: self-exclude on one, and self-exclude on multiple or all providers.
2. A **voluntary opt-out pre-commitment scheme** for online wagering. Voluntary opt-out pre-commitments should be offered to people on a regular basis. This is aimed at setting limits to help people control their gambling.
3. **Prohibition of lines of credit** being offered by wagering providers. Limited exemptions will be considered.
4. A harmonised regulatory regime to ensure the **offering of inducements is consistent with responsible gambling**.
5. The provision for operators to **provide activity statements** for online wagering **on demand** and on a **regular basis**.
6. More **consistent responsible gambling messaging** across the nation.
7. **Staff training in the responsible conduct of gambling** through an approved provider.
8. **Reducing the current 90-day verification period for customer verification** to open a wagering account.
9. **Prohibiting links between online wagering operators and payday lenders**.

Feedback is sought on the options, both in terms of policy parameters and the business, community and/or individual costs to implement proposed stronger consumer protection standards improvement. This Consultation RIS provides the platform for stakeholders to consider the impacts and costs of the options to assist in the development of the final National Framework.

The information received through this process will ensure that policy decisions are informed by accurate evidence and derived from effective consultation processes. Consideration of the regulatory impacts and financial implications of implementing new requirements will be balanced against the advantages for all consumers.

The preferred options for the nine measures and approach to the implementation of the National Framework will then be presented in the Decision RIS for a final decision to be made by the Commonwealth, state and territory governments later in the year.

Introduction

One of the most significant changes to the gambling environment in Australia over the past 15 years has been the increased availability of online gambling, in particular for wagering activity. The gambling market has expanded from traditional gambling modes, such as land-based and telephone gambling, to include online interactive or remote gambling.

Online wagering—including the use of mobile platforms—is the fastest growing mode of gambling in Australia and is changing the way gamblers engage with their wagering activity. This growth in online wagering through the use of mobile platforms has also been seen globally. The consensus view is that the mobile platform will continue to be the biggest growth area in online wagering in the coming years.

Due to the high level of accessibility, the immersive interface, and ease with which money can be spent online, concerns have been expressed by community, consumer representatives and academia relating to the harms online wagering may be causing. This, combined with the increasing prevalence of wagering inducements, advertising, and lines of credit offered by online operators, presents significant risks that are not shared among other gambling platforms.

Online gambling has potentially risky characteristics, including:

- the ability to gamble online, anywhere via mobile devices
- the ability for gambling operators to target individual gamblers with offers and encouragements to bet
- the ability to transfer large amounts electronically into online betting accounts
- the ability for gambling operators to offer lines of credit to gamblers.

What is online wagering?

Wagering is defined as an activity where an individual gambles on the outcome of racing, sporting and other events, or on contingencies within an event. Online wagering refers to these forms of activity where the internet, or any other telecommunication method (such as telephone), is the mechanism for placing the wager.¹

Online wagering can be accessed through providers operating in Australia and overseas. Onshore wagering refers to gambling activities undertaken through Australian licensed wagering operators, while offshore wagering refers to gambling undertaken through providers based in other jurisdictions that are not in Australia. These offshore operators are not regulated in the Australian market and are illegally offering wagering activities to Australians. Further, many of the activities being provided by these offshore operators are illegal in Australia.

¹ Commonwealth of Australia, Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 6.

Online wagering and governments

The Commonwealth, state and territory governments recognise that most Australians gamble responsibly; however, gambling is a major social problem for some people. Due to the way in which digital technologies are rapidly changing Australia's gambling industry, the Commonwealth, state and territory governments are committed to limiting harms of online wagering. Further governments aim to protect Australians from illegal offshore operators which do not provide the legal and consumer protections that Australian licensed sites do.

The Commonwealth, state and territory governments are working in collaboration to develop a National Framework for online wagering in Australia. This National Framework will put in place nationally consistent consumer protection measures for individuals using legal online wagering products in Australia. It is intended this National Framework will include telephone and online products and services, with limited exemptions.

While the National Framework applies concurrently with the fundamental protections afforded under the generic Australian Consumer Law (ACL)—the national law for fair trading and consumer protection in Australia—the Framework's measures complement rather than duplicate the ACL. The ACL provides consumers their core rights and guarantees, in key areas including misleading or deceptive conduct, or unconscionable conduct, and allows individuals to personally seek redress when their rights are contravened.

Unlike the generic ACL, the measures within the Framework tend to focus on reducing harm to consumers rather than providing redress after harm has occurred. These specific measures mitigate the risks of harm which are unique to gambling, in recognition that the deterrent effect of the generic ACL (such as through threat of prosecution or liability for compensation) is not adequate for achieving the same protection outcomes for consumers.

The O'Farrell Review and Government Response

On 7 September 2015, the former Minister for Social Services, the Hon Scott Morrison MP, asked the Hon Barry O'Farrell to conduct a review of the impact of illegal offshore wagering. The O'Farrell Review was conducted to investigate the size and scope of the illegal offshore wagering problem and advise on ways to strengthen Australia's regulatory enforcement, and protect Australians from illegal offshore wagering operators.

The O'Farrell Review found that illegal offshore wagering causes several problems, including:

- greater risk for consumers because legal protections are not in place and standard consumer protections are often absent
- the potential for greater sports integrity problems, as relevant betting and transaction information is not available
- less tax revenue for governments, less product and other fees for the racing and sports industries, and fewer jobs for Australians.

On 28 April 2016, the Minister for Communications, Senator the Hon Mitch Fifield, and the Minister for Human Services, the Hon Alan Tudge MP, announced the Commonwealth Government's commitment in response to the recommendations of the O'Farrell Review with the release of the Government Response. The Commonwealth Government accepted in full or in-principle 18 of the O'Farrell Review's 19 recommendations (see [Appendix B](#)).

At a high level, this commitment includes:

- strengthening the enforcement of the *Interactive Gambling Act 2001* (IGA) to ensure Australians are protected from illegal online wagering operators
- creating a strong National Framework that is consistent and minimises harm for Australian online wagering punters
- investigating other disruption measures, such as internet service provider blocking, to curb illegal offshore gambling activity.

The Commonwealth Government does not intend to liberalise regulation for online wagering in Australia to consider further expanding the online betting market in Australia to legalise 'click-to-call' in-play betting services.

Government Response and the IGA

To help curb illegal offshore wagering, the Commonwealth Government introduced the Interactive Gambling Amendment Bill 2016 (IGA Bill) into the Parliament on 10 November 2016.

The IGA Bill is the Commonwealth Government's first step in implementing its response to the O'Farrell Review and amendments to the law have been made to respect the original intent of the IGA by:

- amending the law to make it clear that it is illegal for overseas gambling companies to offer gambling products to Australians unless the person or company holds a license under the law of an Australian state or territory
- empower the Australian Communications and Media Authority (ACMA) with new civil penalties, complementing the existing criminal penalties powers held by the Australian Federal Police, and allow ACMA to be responsible for the entire complaints handling process from receipt to enforcement
- introduce disruption measures to curb illegal offshore gambling activity, such as placing company directors or principals of offending gambling companies on the Movement Alert List so that any travel to Australia can be disrupted
- the Bill clarifies the law by prohibiting 'click-to-call' in-play wagering services to respect the original intent of the IGA.

Other disruption measures

In addition to clarifying the law, the O'Farrell Review recommended the implementation of a series of other mechanisms to disrupt the illegal offshore gambling market. In line with the recommendation of the O'Farrell Review, the Commonwealth Government is pursuing the following disruption measures:

- consultation with internet service providers to assess potential options and practicality of voluntarily disrupting access to overseas-based online wagering providers who are not licensed in Australia through the use of blocking or pop-up warning pages
- consultation with the banks and credit card providers to assess the potential options and practicality of payment blocking strategies to address illegal offshore gambling.

The Government Response recognises, as the O'Farrell Review notes, no measure will completely eliminate the illegal offshore wagering market, but the combination of clarifying the law combined with other disruption measures will make a significant difference, as has been demonstrated by other nations. Options for addressing illegal offshore wagering were considered as part of the development of the IGA Bill and are not covered in this Consultation RIS. This Consultation RIS focuses on options for a National Framework only.

Government Response and the National Framework

The Government Response commits to the establishment of a National Framework following the O'Farrell Review's findings that the Australian consumer protection regime is weak and inconsistent across the nation. This view is also shared by leading online wagering providers in the industry who consider Australia's standards are inconsistent and fall a long way behind international best practice.

The Commonwealth Government is committed to making fast progress on the development of a National Framework for online wagering in Australia and is working together with the state and territory governments (refer to [Appendix C](#)).

At the first meeting of ministers on 25 November 2016, Commonwealth, state and territory ministers agreed that more could be done to limit the harm caused by online wagering for Australians. Ministers gave in-principle agreement to 10 measures being included in the National Framework.

On 27 April 2017, ministers met for a second time and reaffirmed this initial commitment (refer to [Appendix D](#)). Ministers also gave in-principle agreement to details for each measure under the National Framework, and a set of actions and timelines for implementing them. Further, ministers discussed the ongoing need for consultation, ahead of finalising the National Framework by the end of 2017.

The overarching purpose of this National Framework is to ensure that a higher level of consumer protections are in place than there are currently, that these protections apply consistently across all Australian jurisdictions, and they allow for greater consumer choice for managing and tracking online wagering behaviour while also improving harm minimisation outcomes for Australian consumers.

National research agenda, counselling and advertising

While this Consultation RIS is focused on regulatory options for measures that sit under the National Framework, the Commonwealth Government is also working together with state and territory governments on a nation-wide collaborative research effort, including developing an agreed renewed research program and the ongoing relationship on Gambling Help Online (GHO).

At the second gambling ministers meeting on 27 April 2017, ministers agreed to continue collaboration on national gambling research through a new partnership agreement, commencing 1 July 2017.

This will help assist with the development and evaluation of policy responses to online wagering and its impact within Australia, recognising more evidence is needed to determine the size of the problem and collect data to make informed evidence based decisions into the future. As this does not have any regulatory impacts or costs, it is not included as part of this Consultation RIS.

Additionally, GHO is being considered as part of the package of reforms, but as it does not have any regulatory impacts or costs, it is not included as part of this Consultation RIS.

On 6 May 2017, the Commonwealth Government announced that it will work with industry to introduce further advertising restrictions on gambling advertising during the broadcasting of live sporting events. This is being implemented through a separate process by the Commonwealth Government.

The problem

Regulations for online wagering in Australia are inconsistent and fragmented. There are over 60 pieces of different legislation across Australia's jurisdictions that industry is required to comply with.

Consumer protections and regulations for online wagering in Australia need to be brought up to date to reflect the rapid growth in the online wagering market and the increase in the number of active online wagering accounts in Australia, recognising that consumer protections for online wagering have unique requirements compared to those needed for other gambling platforms.

This chapter will explore in detail the problem and a range of issues with online wagering in Australia, including:

- the expenditure of online wagering
- the size and growth of the market
- the borderless nature of online wagering
- the need for greater online wagering consumer protections
- the increase in problem gambling in the online context.

Expenditure of online wagering

While online wagering is presently a relatively small, but significant, part of the overall gambling market in Australia, it is the fastest growing segment. In 2013-14, overall expenditure on gambling in Australia was \$21.1 billion and wagering made up \$3.4 billion of this. Just under half of all wagering expenditure was conducted online (\$1.4 billion), and this is growing at a rate of 15 per cent per annum. The O'Farrell Review analysed figures of gambling expenditure as opposed to gambling turnover.

The O'Farrell Review revealed that expenditure in the online wagering market has grown substantially over the past 10 years, increasing around seven-fold. This was confirmed by the 2016 Australian Gambling Statistics which found that the online gambling market has experienced a 30 per cent growth in expenditure over the last 12 months.

While there is no authoritative figure, evidence suggests that between five per cent and 26 per cent of all gambling expenditure is with illegal offshore wagering sites. The O'Farrell Review indicated that there is a level of ambiguity around the accuracy of figures for expenditure on, and participation in, online offshore wagering.

Determining accurate estimates of the size of the illegal offshore market is challenging due to the expansive scope of sites, operators and jurisdictions that are involved. It is difficult to obtain data from providers who are not licensed or regulated under Australian law.

Some market research has shown most of the money spent on gambling in Australia is by a minority of gamblers who, while they make up only 20 per cent of Australia's gambling population, account for almost 90 per cent of the total gambling spend. The average three-month gambling spend was reported as \$330 AUD for heavy gamblers, \$45-\$329.99 for medium gamblers, and less than \$45 for light gamblers.

While it is clear that Australians spend a significant amount of money on online wagering products, wagering operators that are licensed in Australia are subject to fees and taxes according to each jurisdiction's regulation. These levies are designed to financially assist the provision of gambling help and counselling services which are paid for and administered by states and territories.

A major problem with offshore operators is their avoidance of any taxation or fees directed to the Australian system and their subsequent avoidance of any financial obligation to gambling support services for Australians.

The O'Farrell Review estimated that in 2014, in excess of \$400 million of Australian gambling expenditure on interactive wagering went to offshore providers and resulted in \$100 million in lost taxation revenue and product fees. The O'Farrell Review was also concerned that this has the potential for greater sports integrity problems, as relevant betting and transaction information is not available.

Table 1 illustrates the different forms of gambling in which Australians spent approximately \$22.7 billion in 2014-15. This table does not differentiate interactive and non-interactive gambling forms, and does not include all gambling spent with illegal offshore wagering companies, as these are difficult to account for. However, evidence suggests that between five and 26 per cent of all gambling expenditure is with illegal offshore gambling sites.

Table 1: Gambling Expenditure in Australia 2014-15²

Gambling form	Gambling expenditure (\$million)	Percentage of total gambling expenditure
Racing	2814.729	12.4
Sports betting	814.594	3.6
Casino	5169.433	22.7
Gaming machines	11588.907	51.0
Lotteries, Keno, pools	2323.202	10.2

In the global online betting market, wagering represents the largest sector at approximately 43 per cent, with USD \$74.3 billion estimated to be wagered with online operators in 2012. This represents a massive growth of over 210 per cent from the USD \$23.9 billion wagered online in 2004. A presentation in April 2015 to the United Nations Congress on Crime Prevention and Criminal Justice, estimated the global sports betting market to be worth up to \$3 trillion and that the illegal amount is estimated at around 90 per cent of that sum. It is estimated that offshore wagering is a \$1 billion annual illegal business in Australia.

² Australian Gambling Statistics, 32nd edition, Queensland Government Statistician's Office, Queensland Treasury.

Additionally, there is a structural move to digital wagering (from retail) with competition driving growth. This research also shows a very high rate of brand awareness for wagering companies, with customers being loyal, having around two active accounts (57 per cent have one account).

The size and growth of the market

There are currently approximately 35 online wagering providers licensed in Australia and this number may potentially increase, given the closure of the former Norfolk Island Gaming Authority. The bulk of those licensed online wagering operators are licensed within the Northern Territory (NT).

This figure does not include traditional bookmakers, including sole traders, who are, or already have shifted to, providing telephone and online betting as part of their service offering.

Australians are amongst the biggest gamblers in the world, spending \$1,245 per capita in 2014. While online wagering is a comparatively small part of the total gambling market in Australia now, it is the fastest growing segment in the market.

The O'Farrell Review found that the number of active online wagering accounts in Australia has grown four-fold during 2004 to 2014 from 200,000 to 800,000, and many individuals have more than one account for their wagering activity.

The global market for online wagering is forecasted to maintain one-digit growth rates over the next four years, with the biggest trend on online gambling being the use of mobile devices.³ A UBS report estimates that the digital market, including internet and phone, grew 20 per cent in 2015 and now represents more than 50 per cent of total turnover.⁴

Legal online wagering in Australia has grown significantly due to the ubiquity of mobile devices and changes in consumer behaviour that have not only seen a move away from placing wagering bets in retail outlets but has also seen a move away from desktops to mobile platforms. In May 2015, 13.41 million Australian adults (74 per cent) were estimated to be using a smartphone compared to 12.07 million (67 per cent) in May 2014.⁵

Australia has also recently seen a shift in leading wagering companies encouraging punters to bet digitally in retail outlets, pubs and clubs due to a decline in turnover in retail outlet products, particularly for those companies that have retail exclusivity.⁶ This decline in turnover from retail outlets has also been seen globally, where consumers are attracted to leading global companies in the online gambling and betting segments, while those companies who hold retail licenses are being forced into consolidating their products and capitalise on online channels.

³ Research and Markets. Global Online Gambling and Betting Market 2015.

⁴ 18 July 2016. UBS Evidence Lab: Australian Gaming. p. 4.

⁵ ACMA Communications Report 2014-15, pages 3 and 42

⁶ Adelaide Advertiser. Tabcorp to lure digital punters. 3 February 2017.

At June 2014, 207,000 Australians placed at least one sports bet via the internet in an average three months, almost four times the number who placed their sports bet at a retail betting outlet in the same period, with 53,000 placing a bet. This is compared with only 46,000 placing a bet via the internet at June 2004.⁷

Borderless nature of online wagering

The borderless nature of online wagering means that the online wagering market in Australia is now an interstate, national and global market. This means that Australians can effortlessly place bets with wagering operators not licensed in their state and more frequently than they have ever been able to before.⁸ However, while online wagering essentially operates as a national market in Australia, online wagering operators remain subject to operating under a state-based licensing and regulatory system, rather than a national licensing and regulatory system calling for the need to harmonise the system across states and territories.

One of the biggest challenges with the borderless nature of online wagering is the potential for greater risks to consumers. The 2010 Productivity Commission's Inquiry into Gambling (PC Inquiry) highlighted that due to the 24-hour availability, limitless and borderless nature, and the lack of consumer protections for online wagering, there were potentially greater risks to consumers.⁹

The Productivity Commission (PC) recommended that regulated access to domestic (or licensed international) providers would ensure operators were subjected to stringent probity and met strong consumer protection requirements.

The need for greater online wagering consumer protections

Since 2010, a number of government-initiated inquiries and reviews have made consistent recommendations that Australia needs greater online wagering consumer protections in place.

The PC Inquiry recommended that the Commonwealth Government implement a consumer protection regime across all Australian-regulated online gambling sites, including self-exclusion and pre-commitment. The PC also noted that there is a 'need for the Australian Government to take a greater leadership role in pushing for, or sustaining reforms' in the online wagering space.¹⁰

The PC advised that a suite of consumer protection measures will be more effective than a single feature. As gambling technologies are developing rapidly, policy needs to be forward looking and address the risks while taking advantage of the opportunities that the new technology provides for a competitive online wagering market.

⁷ Roy Morgan Research. 22 September 2014. Sports betting via the internet more popular than TAB outlets.

⁸ Submission to the Joint Select Committee on Gambling Reforms. Inquiry into the prevalence of interactive and online gambling in Australia and gambling advertising. Tabcorp Holdings Limited. Revised and re-submitted 30 June 2011.

⁹ Productivity Commission. 2010. *Productivity Commission Inquiry Report – Gambling*, 1(50). p. 35.

¹⁰ Ibid, p. 39.

In 2012, the Department of Broadband, Communications and the Digital Economy released the *Review of the Interactive Gambling Act 2001* (IGA Review). The IGA Review found that the IGA is ineffective in reducing harm to problem gamblers and to those at risk of becoming problem gamblers, which is the primary objective of the IGA.

The IGA Review also recommended the effectiveness of consumer protection measures to address the harms associated with problem gambling and provided a series of recommendations related to each of the measures of the National Framework identified in this Consultation RIS.

Increase in online problem gambling

The O'Farrell Review found that the rate of problem gambling for online gamblers (across all forms of online gambling) is three times higher than the rate of problem gambling across other gambling platforms, including land-based gambling. That is, for online gambling, the rate of problem gambling is said to be 2.7 per cent with 41 per cent of online gamblers considered to be 'at risk' gamblers (low-risk, moderate-risk and problem gamblers), whereas less than 20 per cent of land-based gamblers were considered to be 'at-risk'. This means they experience problems, to varying degrees, such as to their physical and mental health, and financial problems caused by gambling or chasing losses and are also more likely to be betting across other gambling platforms.

Many of the risk factors for problem gambling associated with online gambling are said to be heightened for gamblers who use mobile and supplementary devices. This is because offering online sports betting services through these platforms provides easy access, convenience, privacy and anonymity, better prices for consumers and the reduced salience of electronic funds and the ability to place larger bets.¹¹

Importantly, the O'Farrell Review noted that there is still insufficient evidence to establish a causal link between online gambling and the increased prevalence of gambling problems, even though more and more researchers are arguing the growth of sports betting is increasingly contributing to the incidence of problem gambling.

¹¹ Hing, N. Russell. AMT., Vitartas, P., & Lamont, M. 2015. Demographic, Behavioural and Normative Risk Factors for Gambling Problems Amongst Sports Bettors. *Journal of Gambling Studies*. Online first.

Who is at risk?

While it is acknowledged further research still needs to be undertaken to determine which individuals are most at risk for problem online wagering behaviours, and what behavioural indicators of responsible gambling for online wagering are, the most recent evidence suggests the demographic factors for those most at risk are¹²:

- male gender
- younger age
- never married
- having an undergraduate qualification
- being employed full-time or a full-time student.

Young adult males are said to be increasingly the target of gambling promotion and there is a growing normalisation of behaviour that watching sports means also gambling on sports.¹³ Research has shown men aged between 25 and 34 were the most likely to have placed a sports bet in any given three months and were most likely to have placed this bet on sport over the internet.¹⁴ It is suggested this is in respect to younger generations being more tech-savvy and are frequent users of smartphones.

Another study has looked at the role of peer influences for young male peer groups on the normalisation of sports wagering and found that¹⁵:

- sports betting is commonly perceived as normal, with some participants estimating up to 90 per cent of people gamble on the Australian Football League and the National Rugby League
- sports betting has a positive image not associated with guilt, in contrast to betting on the pokies, which is normally stigmatised and morally judged
- sports betting is normalised by promotions and sponsorship, and through peer discussions
- sports wagering is embedded in existing sports rituals, such as drinking alcohol and watching sport at the pub.

In May 2015, it was reported that some teenagers have accumulated debts of up to \$30,000 through online sports betting and that the number of young people asking for help in relation to online betting has doubled in three years, according to the University of Sydney's Gambling Treatment Clinic.¹⁶ The University of Sydney's Gambling Treatment Clinic warned that community attitudes towards gambling must change, particularly for young people, as the individuals who attend the clinic are in their 40s and 50s, started getting into gambling problems while in their early 20s. The reported consequences of problem gambling for individuals included loss of housing and employment, marriage breakdown and lost custody of children.

¹² Ibid.

¹³ ABC News Radio, Young men increasingly becoming target of gambling marketing: study, 31 January 2017.

¹⁴ Roy Morgan Research. 22 September 2014. Sports betting via the internet more popular than TAB outlets.

¹⁵ Deans, E., Thomas, S.L., Daube, M. & Derevensky, J. 2016. The role of peer influences on the normalisation of sports wagering: a qualitative study of Australia men'. *Addiction Research & Theory*, pp. 1-11.

¹⁶ ABC News. Kerin, L. 28 May 2015. 'Dramatic increase in online gambling addiction among young men, treatment clinic warns.

The O'Farrell Review reported that problem gambling had a significant impact on the family and friends of the individual experiencing problems. Further, the Problem Gambling Treatment and Research Centre (the Centre) found that the cycle of gambling was likely to continue through generations.¹⁷ A Report commissioned by the Centre, found that children with parents who are problem gamblers are up to ten times more likely to develop problems with gambling themselves than those with non-gambling parents.¹⁸

Single accounts versus multiple accounts

Additionally, research has shown differences between groups who have single internet gambling accounts compared with those individuals who hold multiple internet gambling accounts.

The differences revealed that multiple account holders are more highly involved in gambling, more influenced by price and betting options and have a greater risk of experiencing gambling harms. This compares to single account holders who prioritised legality and consumer protection features.

This research suggested harm-minimisation strategies should be implemented that are effective across multiple operators, rather than restricted to the use of a single gambling site, and allow individuals to track and control their expenditure to reduce risks of harm.¹⁹

The need for government action

It is clear that action to introduce strong, consistent and best practice consumer protections for online wagering is needed now more than ever. If no action is taken, Australia will continue to fall further behind international best practice standards, potentially push online wagering operators offshore and push gamblers to use offshore wagering products, and will likely continue to see a rise in harms associated with problem gambling, without the implementation of better regulated consumer protections and tools to empower consumers to manage and track their wagering expenditure and behaviour.

To make this change requires the action and commitment of all governments and industry together. While gambling policy in Australia has traditionally been the regulatory responsibility of the state and territory governments, with the Commonwealth Government having responsibility for the IGA since 2001, both the Commonwealth, state and territory governments are jointly committed to ensuring increased consumer protections are in place in recognition of the growing online wagering market in Australia and globally.

¹⁷ The Problem Gambling Treatment and Research Centre, 2010, Children at risk of developing problem gambling.

¹⁸ Ibid.

¹⁹ Gainsbury, S., Russell, A., Blaszczynski, A., & Hing, N. 7 March 2015, Greater involvement and diversity of Internet gambling as a risk factor for problem gambling. *European Journal of Public Health*. DOI: 10.1093/eurpub/ckv006.

Much of the current legislation, regulation and/or codes of practice are out-dated and have not been substantially amended since their enactment to reflect the current and constantly evolving practices of the online wagering industry, with the exception of the NT who introduced the Northern Territory Code of Practice for Responsible Online Gambling (NT Code of Practice), which came into effect on 1 March 2016. The NT Code of Practice relates to online wagering only, including web-based, app and telephone betting on any digital device and is the most recent change from any government to date to reflect changes in the wagering market.

Additionally, a concern of the O'Farrell Review is the inconsistent application of consumer protections across Australia which has resulted in poorer outcomes for consumers. Due to vast inconsistencies, online wagering operators licensed in jurisdictions with more robust regulation, potentially experience competitive disadvantage as a result of greater compliance costs. National wagering operators have identified difficulties in adapting their products according to each jurisdiction's regulation and some have faced potential prosecution for not meeting certain jurisdictional regulations.

Immediate government action is needed as each jurisdiction has a varied approach to the range of consumer protection measures within the National Framework. In some cases, this has resulted in 'jurisdiction shopping', whereby online wagering operators search for the jurisdiction which offers the lowest regulatory and financial burdens without restricting their customer reach. The bulk of online wagering operators are licensed with the NT.

A key challenge for policy decision makers is providing consistent and effective consumer protections while also ensuring online wagering operators are encouraged to provide and promote services as being licensed within a competitive and regulated Australian market. This balance will help minimise leakage of customers to online wagering operators and offshore wagering operators.

Constraints and barriers

There are a number of practical challenges with establishing a National Framework for online wagering in Australia that need to be considered. These challenges include:

- The effectiveness of the consumer protection measures under the National Framework should not be viewed in isolation and should be considered as a whole alongside the legislative changes that have been introduced into the Parliament in the IGA Bill and the potential disruption measures.
- While account-based wagering may include terrestrial/land-based forms of gambling, generally these forms of gambling are not intended to be captured under the National Framework. Only wagering activity where individuals place bets over the phone and online, this generally includes placing bets through the internet or other similar kinds of platforms in a retail outlet.
- The final approach for the implementation of the National Framework will need to take into account measures already available in states and territories, leveraging off its frameworks to design strong consumer protection standards, while also seeking to avoid a lowest common denominator approach to implementation.

- As many individuals have more than one online wagering account, the effectiveness of these consumer protection measures needs to be considered alongside each measure to help greater reduce the potential risk for problem gambling behaviours.
- The measures should not be so cost-prohibitive and increase regulatory burden for the online wagering industry in Australia, however, it is recognised that each measure and its options presented in this Consultation RIS will have different regulatory and financial implications.
- While the O'Farrell Review and the Government Response is focused on online wagering only, a National Framework needs to be cognisant of the interaction with terrestrial forms of wagering, and take into account any existing regulatory and consumer protection requirements.
- The National Framework should be implemented in a timely manner and as soon as is practicable and requires the collaboration and commitment to action of all governments.

Previous consultation

Following the release of the O'Farrell Review in April 2016, the Commonwealth Government, in conjunction with states and territories, undertook a series of consultations with key stakeholders (including industry, the community sector, the financial sector, broadcasters and academia) to draw on their expert knowledge and skills in specific areas relating to a range of aspects on online wagering. These consultations aimed at gathering stakeholders perspectives on the proposed options in this RIS for inclusion in the National Framework.

Objectives of government action

The Commonwealth, state and territory government objectives for the establishment of the National Framework are to:

- ensure there are consistent and improved consumer protections across Australia that provide a suite of tools to empower consumers and to limit any potential harmful effects from online wagering activity
- provide a forward looking national policy framework that is flexible and agile to adapt to the fast-paced changes in online wagering technologies and product service offerings and best practice consumer protections as new research and evidence becomes available
- provide a National Framework that takes a national approach
- create greater market competition for online wagering providers licensed in Australia through nationally consistent regulations.

Commonwealth, state and territory ministers have provided in-principle agreement to the following measures forming the National Framework:

1. A national self-exclusion register for online wagering. Many gambling providers allow self-exclusion, but they are not joined up with each other. The aim is to have a self-exclusion register which has the ability to link all the providers: self-exclude on one, and self-exclude on multiple or all providers.
2. A voluntary opt-out pre-commitment scheme for online wagering. Voluntary opt-out pre-commitments should be offered to people on a regular basis. This is aimed at setting limits to help people control their gambling.
3. Prohibition of lines of credit being offered by wagering providers. Limited exemptions will be considered.
4. A harmonised regulatory regime to ensure the offering of inducements is consistent with responsible gambling.
5. The provision for operators to provide activity statements for online wagering on demand and on a regular basis.
6. More consistent responsible gambling messaging and gambling counselling advice across the nation (gambling counselling is not covered in this Consultation RIS).
7. Collaborative nation-wide research effort to assist with the development and evaluation of policy responses to gambling (not covered in this Consultation RIS).
8. Staff training in the responsible conduct of gambling through an approved provider.
9. Reducing the current 90-day verification period for customer verification to open a wagering account.
10. Prohibiting links between online wagering operators and payday lenders.
11. Greater national consistency in advertising of online wagering services (not covered in this Consultation RIS).

Each consumer protection measure has a different target population from targeting at-risk and/or problem gamblers through to all online wagering consumers. Most consumers will benefit from tools that enable them to better manage their wagering online activity behaviour.

The Commonwealth, state and territory governments consider that, as better practice standards are constantly changing and evolving, this National Framework should be subject to regular reviews and update. This includes the stronger consumer protection standards under the National Framework, reflecting the effectiveness of existing measures, changes in digital technologies and gambling platforms, changing business practices and the research and evaluation of online wagering practices and consumer protection and harm minimisation measures in Australia.

Options for a National Framework

The COAG Principles of Best Practice Regulation require that the RIS contains a range of options, including non-regulatory approaches, which may achieve the objectives of the National Framework.

The options presented for each agreed in-principle measure of the National Framework may contribute to addressing the problem. However, the options may wholly or partly achieve the objectives of the National Framework and may be more effective in combination with other options or sub-options.

1. A national self-exclusion register

The aim

The aim of providing national self-exclusion for online wagering is to enable a consistent approach across Australian jurisdictions. This will allow consumers, particularly those at risk or already displaying signs of problem gambling behaviour, to cease their online wagering activity for a specified period of time, including permanently.

Self-exclusion is a consumer tool that is currently offered in all Australian jurisdictions; however, aspects of the services vary between states and territories, and across gambling platforms.

Definition

Self-exclusion is a voluntary process whereby an individual with a concern about their gambling behaviour can ban themselves from gambling for a period of time or permanently. Self-exclusion is a tool that often sits within a broader range of public health interventions targeted at gamblers. It is considered a measure that can be used to motivate gamblers to reduce or have periods where they do not gamble at all, as a way of changing gambling behaviour and minimising gambling-related harm.²⁰

Why is this being implemented as a consumer protection measure?

Self-exclusion is an important feature of gambling regulatory and consumer protection offers for online wagering and is widely used nationally and internationally. For example, international jurisdictions such as the United Kingdom (UK), who are often cited as having a robust consumer protection framework, aim to have an industry-funded online multi-operator self-exclusion scheme in place by 2018.

Currently, if an individual wishes to self-exclude themselves from multiple online wagering operators in Australia, generally they will need to do so separately with each operator they gamble or might gamble with. A significant problem with this is the ease with which consumers could continue to gamble with other sites or operators, thereby undermining its effectiveness as a tool.²¹

One of the key benefits of self-exclusion is the formal acknowledgement by the individual that they are experiencing problems with their gambling and wish to take steps to address these problems. By implementing a national self-exclusion register for online wagering, this will ensure that a vital consumer protection tool is readily available for individuals that may be experiencing harm, and also allows individuals to easily self-exclude themselves from multiple wagering operators at a time.

²⁰ Hing, N., Nuske, E., Tolchard, B. & Russell. 2014. *The Effectiveness of Gambling Exclusion Programs in Queensland*. Southern Cross University. Research Report.

²¹ UK Gambling Commission. 2015. *Briefing note on the national self-exclusion scheme*.

As reported in the O'Farrell Review, incidences of problem gambling for online gamblers is 2.7 per cent with 41 per cent of online gamblers considered to be 'at-risk' gamblers. Therefore, this consumer protection tool is most important for this particular group, particularly given research has found that low rates of professional help-seeking behaviour is often found in problem gamblers.²²

An exclusion period can be used to provide consumers with an opportunity to consider their gambling behaviour and address possible concerns, while their ability to gamble further is prevented. This can be complemented through appropriate forms of counselling assistance and gambling support, as well as advice on how to apply for self-exclusion from other forms of land-based gambling.

Additionally, self-exclusion has been considered as an important tool through a number of reviews and inquiries including the IGA Review, the PC Inquiry, the O'Farrell Review and also through other research.

The IGA Review recommended that all licenced online gambling operators should make user-friendly and effective self-exclusion provisions available to customers.²³

The features recommended in the IGA Review include:

- flexibility in applying for specific periods of exclusion
- cooling-off periods
- temporary exclusion periods at high risk times, for example, around payday
- third-party nominations for exclusion of at-risk or problem gamblers.

The IGA Review also:

- suggested consideration should be given to the development of a database of self-excluded customers to be used by all online gambling operators in Australia
- noted industry was supportive of such a scheme, but proposed funding, establishment and administration of the database should be independent of industry
- recommended such a scheme should be funded and administered by state and/or territory governments and industry in proportion to their share of online gambling revenue.

The PC Inquiry outlined some self-exclusion features, albeit from the perspective of land-based gaming venues and noted the following features of self-exclusion could redress the deficiencies of the current system:

- implementing jurisdiction-wide programs, supported by a database of self-excluded persons
- making it is easier to self-exclude at venues and other places
- setting non-revocation periods that ensure there is a balance between flexibility and allowing agreements to bind.²⁴

²² UK Gambling Commission. 2015. *Briefing note on the national self-exclusion scheme*.

²³ Commonwealth of Australia, Department of Broadband, Communications and the Digital Economy. 2012. *Review of the Interactive Gambling Act (2001), Final Report*, p. 57.

The research

Current research findings on self-exclusion are typically focused on venue-administered programs and have found self-exclusion to be an effective measure for consumer protection. Though it has been noted that the technology involved in online wagering has the potential to provide far more effective consumer protection measures, such as self-exclusion, particularly as it does not require gamblers to have to self-exclude at a venue, or with a staff member from the venue and provides an anonymity that is often preferred by problem gamblers.²⁵

Research findings show that electronic self-exclusion programs can limit the negative consequences from excessive gambling by providing gamblers greater control and flexibility. A particular study of 135 problem gamblers participating in self-exclusion found that while 75 per cent of people returned to gambling within six months, around 70 per cent reduced their expenditure by half. Other studies have shown up to 60 per cent of gamblers abstaining for six to 12 months.²⁶ While these studies are land-based, it is not far-removed that self-exclusion in the context of online wagering could also have significant benefits.

Research into the effectiveness of self-exclusion mechanisms for online operators recommended two areas for action to contribute an effective consumer protection measure:

1. the establishment of an operator independent exclusion list, or the proposal of binding minimum standards for online self-exclusion systems
2. implementation of more proactive measures at the operator level, including:
 - operator-imposed bans in response to at-risk or problem gambling behaviour based on gambling behavioural data (note this is a form of third-party exclusion)
 - the option of short and long-term exclusion periods
 - the raising of awareness of the self-exclusion option and other protection measures by ensuring they are prominently referred to on the site's welcome page
 - the targeted monitoring of previously excluded gamblers
 - the provision of links to information materials, self-tests, and support facilities (including helpline numbers, self-help groups, or counselling centres)
 - links to software programs designed to basically prevent access to online gambling sites.²⁷

²⁴ Productivity Commission. 2010. *Productivity Commission Inquiry Report – Gambling*, 1(50).

²⁵ Gainsbury, S. 2014, *Interactive Gambling*, Australian Gambling Research Centre Discussion Paper 3, Australian Institute of Family Studies, p. 8.

²⁶ Thomas A., Rintoul A., Deblaquiere J., Armstrong A., Moore S., Carson R. and Christensen D. 2013. *Review of electronic gaming machine pre-commitment features – Self-exclusion*, Australian Institute of Family Studies.

²⁷ Hayer, T. and Meyer, G. 2010. Internet Self-Exclusion: Characteristics of Self-Excluded Gamblers and Preliminary Evidence for Its Effectiveness, *International Journal of Mental Health and Addiction*, 9(3), pp. 296-307.

As such, while there has been significant research in Australia into the effectiveness of self-exclusion from land-based gaming venues, there is currently limited availability of evidence on the effectiveness of self-exclusion from online gambling/wagering systems.

However, the limited research regarding the effectiveness of self-exclusion in an online environment is encouraging. For instance, a study on self-limiting behaviour of internet gamblers found that self-limit programs appear to be promising options for internet gamblers at risk for gambling problems.²⁸

Further, another study on Internet self-exclusion emphasises that online gamblers are more likely to be problem gamblers, and thus point to the need for effective consumer protection measures. Findings suggested that the temporary restriction of access to even one single online gambling site can have positive psycho-social effects.²⁹

Overall, self-exclusion is widely agreed as an integral component of any national consumer protection system. This is an area that could potentially feed into formal review and monitoring processes following the implementation of a national self-exclusion system.

²⁸ Nelson S., LaPlante D., Peller A., Schumann A., LaBrie R. and Shaffer H. 2008. Real Limits in the Virtual World: Self-Limiting Behavior of Internet Gamblers. *Journal of Gambling Studies*, 24(4), pp. 463-477.

²⁹ Hayer, T. and Meyer, G. 2010. Internet Self-Exclusion: Characteristics of Self-Excluded Gamblers and Preliminary Evidence for Its Effectiveness. *International Journal of Mental Health and Addiction*, 9(3), pp. 296–307.

Current practice in Australia

Although under the current arrangements, all states and territories have mandated for the availability of self-exclusion for online wagering, requirements for offering other features related to self-exclusion vary by jurisdiction. It is important to note these mandated self-exclusion rules do not apply to the other self-exclusion type products that online wagering providers offer such as 'take a break', a tool offered by Sportsbet. These tools offered by providers are in addition to self-exclusion and often allow for very short-term exclusion from wagering activity.

Table 2: Current features in Australian jurisdictions

State/ territory	Self- exclusion system includes online operators	Availability of self- exclusion is mandated through legislation or other regulation	Multi- operator application for self- exclusion	Provisions for third-party nomination (not third-party approaches)	Flexibility for setting periods of self- exclusion	Maximum periods	Minimum periods	Cooling- off periods	Capacity for customer to revoke self- exclusion	Provision of referral to counselling and support services	Cessation of advertising materials upon commencement	Outstanding funds paid to customers upon self- exclusion
ACT*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
NSW**	✗	✗	✗	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NT*	✓	✓	✓	✗	✓	✗	✗	✓	✓ (only after set time period)	✓	✓	✓
QLD**	✓	✓	✗	✓	✗	✓	✓	✓	✓	✓	✓	✓
SA***	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	n/a
TAS ^v	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓
VIC ^{vi}	✓	✗	n/a	✗	✓	✗	✗	✓	✓	✓	✓	✓
WA ^{vii}	✓	✓	n/a	✓	✓	✗	✓	✓	✓	✓	✓	✓ (optional)

*Under the ACT's Gambling & Racing Control (Code of Practice) Regulation 2002, the sole online wagering operator licensed in the ACT, Tabcorp, is required to participate in the ACT exclusion from gambling scheme. The ACT requires licensees to prevent a person from gambling at their facility (by licensee exclusion) if they form the belief that the person's gambling poses a serious threat to their welfare or the welfare of their dependents. Information provided by a concerned third party may contribute to the licensee forming that belief. A Gambling Conduct Officer nominated by each gambling venue must respond to complaints about gambling at their venue, this would include complaints that gambling was presenting a risk to the welfare of a gambler on their dependants.

**NSW has a self-exclusion scheme for land-based gambling that is mandated through legislation. While there is provision for a self-exclusion scheme for online wagering under the Australian Bookmakers Association's National Code of Practice, this code has national application and its adoption is entirely voluntary. NSW does not require the totalisator, TAB, to offer self-exclusion, however, TAB has a self-exclusion scheme in place.

‡The NT has introduced, as a condition of the licenses it grants to operators, requirements for operators to offer multi-operator self-exclusion for all operators licenced in the Territory. Given the specific inclusion of the NT's register in the O'Farrell Review recommendations, the specific features will be expanded upon in more detail below.

‡‡Under sections 216B and 216C of the *Wagering Act 1998*, a self-exclusion order lasts either until it is revoked (within 24 hours or after one year) or for five years. There is no legislative requirement for outstanding funds to be paid to customers upon self-exclusion however the provider implementation of Practice 3 of the Queensland Responsible Gambling Code of Practice notes that accounts are to be cancelled or disabled upon self-exclusion.

‡‡‡Under SA's *Independent Gambling Authority Act 1995*, sections 15C & 15D only prescribes a minimum period (of no greater than six months) in relation to a barring order made by the Authority at the request of the barred person. The same does not apply to involuntary barring orders.

‡Under Tasmania's *Gaming Control Act 1993*, input is required from both counselling services and the Tasmanian Liquor and Gaming Commission (Commission) to make any amendments to the exclusion period, however it may not be revoked within the first six months. At the time of exclusion existing funds are frozen (which means to hold the funds and not disburse them in any way) in the online wagering account pending advice from the Commission. The Commission may instruct a licensed operator to unfreeze some or all funds within an account and remit them to a player, however, this is not contingent upon self-exclusion. There is no cooling off period as such but any revocation must be considered by the Commission which would take a certain amount of time.

‡‡Although not required of licensed wagering operators in Victoria through legislation or regulation, Victoria's only wagering and betting licensee, Tabcorp, operates a self-exclusion program..

‡‡‡The self-exclusion program operating in WA is not required by legislation or regulation; rather it is a policy initiative of Racing Wagering Western Australia, the controlling body for the racing industry and provider of off-course totalisator wagering. This program covers online account based betting.

Online self-exclusion mechanisms are available in various forms in every state and territory throughout Australia; however, the features and requirements vary across jurisdictions and in many cases, are self-regulated by individual operators.

In the NT, which facilitates multi-operator exclusion and currently licences the majority of Australian wagering operators, the self-exclusion scheme requirements include the following:

- The option of exclusion from all operators licensed in the NT exists, but it is not automatic and customers may choose to only self-exclude from a single operator. Operators are required to offer support to customers seeking exclusion from other operators.
- Multi-operator self-exclusion can also be requested by the customer applying directly to the Northern Territory Racing Commission.
- The application is paper based, requiring a witness, and operators are required to action these requests immediately upon receiving them.
- Operators are required to offer customers support to seek out appropriate counselling services and to ensure no promotional material is sent.
- Operators are required to pay all outstanding funds in the customer's accounts, subject to appropriate verifications.
- Under the new scheme, third-party nominations are not currently available.

The O'Farrell Review and Government Response

The O'Farrell Review recommended a national self-exclusion register should be included in the development of the National Framework:

A national self-exclusion register that applies across all online operators should be developed, either by an expansion of the Northern Territory register or through a new national system. The costs of such a register should be borne by online operators.³⁰

The O'Farrell Review highlighted the industry and stakeholder view that the current key limitation of self-exclusion for online wagering was the single operator exclusions. There was consensus among stakeholders that a national self-exclusion register is necessary to provide an effective and robust self-exclusion option for Australians.³¹

The Government Response agreed with recommendation 4 and committed to the following:

A nationwide, self-exclusion capability to be offered by all providers to all consumers will be developed as part of the national framework in consultation with the states and territories, and other stakeholders (as per recommendation 2). A number of state and territories and wagering providers already have voluntary self-exclusion and pre-commitment systems available, and a national register should ideally leverage existing architecture.

The Government Response emphasised that the national self-exclusion register would serve to facilitate exclusion from multiple operators through a single application process.

What stakeholders have said about this measure

The O'Farrell Review highlighted the industry and stakeholder view that the current key limitation of self-exclusion as a harm minimisation measure was the single operator exclusions. There was consensus among stakeholders that a national self-exclusion register is necessary to provide an effective and robust self-exclusion option for Australians.³²

During targeted consultations, all stakeholders agreed that a national self-exclusion register would be beneficial to consumers. However, concerns were raised about who would be best placed to operate such a register.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers gave in-principle agreement to a national self-exclusion register for online wagering.

³⁰ Commonwealth of Australia. Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 153.

³¹ Ibid, p. 127

³² Ibid, p. 127.

Ministers also agreed that the self-exclusion system should be quick and simple to apply to, offered across all phone and web-based digital platforms and effectively promoted so consumers are educated and made aware of the scheme. Ministers committed to agree to implementation details by September 2017.

Overarching considerations

Although licensed online wagering operators are already required under current regulation to offer a self-exclusion program for consumers, the key features vary from operator to operator, as well as across jurisdictions, and some do not offer multi-operator self-exclusion.

Most importantly, self-exclusion as a consumer protection tool should be considered alongside counselling and other support services measures, in particular against the consistent responsible gambling messaging measure of the National Framework.

Research has shown that problem gamblers benefit equally from self-exclusion and counselling, either individually or combined, in terms of reducing problem gambling systems and gambling-related harms.³³ However, self-exclusion has been found to be as effective as counselling at least in the first 12 months, therefore this suggests for greater longer-term benefits to reduce problem gambling symptoms and harm, combining self-exclusion with counselling may yield better management of gambling behaviour for individuals over the long-term.

It should be noted that stronger national consumer protection standards will be implemented through regulation and legislation. Ultimately it is likely up to, or the responsibility of online wagering operators to come up with how these stronger national consumer protection standards should operationally be implemented based on their current business practices. There are a number of key features under consideration for implementing a national self-exclusion system that are explored in more detail below.

Multi-operator self-exclusion

The overarching consideration relates to how multi-operator self-exclusion will be facilitated across all licensed providers in Australia. For instance, considering whether paper-based self-exclusion forms should be available as well as on online. Under most states and territories, a separate application is required to self-exclude from each wagering operator separately, except for under the NT multi-operator scheme.

Alternatively, an independent national register or database for self-exclusion, which could be accessed by individual operators, is a possible approach for achieving multi-operator self-exclusion. An application process could be the same for applying a self-exclusion to one operator, multiple or all Australian licensed wagering operators.

³³ Hing, N., Nuske, E., Tolchard, B. & Russell, A. 2014. *The Effectiveness of Gambling Exclusion Programs in Queensland*. Southern Cross University. Research Report.

Currently in the NT, an individual may apply to the Northern Territory Racing Commission to be self-excluded from all land-based venues and online wagering operators. However, this is largely a paper-based process and does not take effect immediately. As such, an online system provides the advantage of self-exclusion to take effect immediately.

Under the NT Code of Practice, wagering operators must provide the option for exclusion from all NT online gambling operators.

Exclusion periods

The length of time that self-exclusion applies is another consideration within this measure. Although self-exclusion can range from a shorter-term ban through to permanent exclusion, a range of options could be incorporated into a consistent self-exclusion system with the ultimate aim of providing consumer choice for individuals who elect to self-exclude.

Although self-exclusion is generally considered a tool for people who have gambling problems or are at-risk of gambling issues, providing a range of options is expected to make the tool more appealing for a broader range of consumers.

Another consideration around the time period is what should be a minimum exclusion period. It remains important that the use of this tool is recognised by consumers as a ban on gambling. It should therefore be separate to any other offering by wagering operators, such as selecting a short-term break-in-play period (for example, a few hours or a few days). A minimum exclusion period would therefore need to reflect this distinction.

A further consideration is the process around the end of a short-term self-exclusion period. This includes how a consumer would reactivate an account after a self-exclusion period ends, or whether this is automatically reactivated. This also relates to restrictions around marketing/advertising and promotional material that can be provided to a consumer that has self-excluded from one or multiple wagering operators and referral to counselling and other support services.

Revocation of self-exclusion

The ability to revoke a self-exclusion is another important feature for consideration. If an individual has selected a permanent self-exclusion (or excluded for a long time period), but considers the reasons leading to this decision are no longer applicable, then a process could be provided for reversing this or ending the period earlier. This approach is balanced against an alternative of pushing the consumer to offshore wagering providers that sit outside of the intent of the National Framework.

For self-exclusion periods, there must be a process for confirming the desire to revoke is well-considered and not impulsive. This could be through ensuring an appropriate cooling-off period applies before a revocation is processed, which may range from 24 hours, seven days to several weeks. Overall, revocation would need to be an accepted industry-wide process to provide consistency, noting that consumers may only wish to revoke an exclusion from selected operators.

Regulatory reform options

There are three options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	A standardised approach for providing self-exclusion across all jurisdictions: national stronger consumer protection standards (minor regulatory impact)
Option three	Establishment of a national self-exclusion register: a centralised system approach (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements for offering self-exclusion in Australia. In practice, states and territories continue to regulate licensed online wagering providers who provide a range of features within a self-exclusion system, and that in the significant majority of jurisdictions, self-exclusion continues to be applied for at the individual operator level.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- In the majority of jurisdictions, multi-operator exclusions would be a manual process with each separate operator for consumers to undertake (sometimes with assistance from operators). This is time consuming and inefficient.
- Self-exclusion requirements will remain inconsistent across states and territories, which means that operators would continue to have to adhere to different requirements for self-exclusion depending on the jurisdiction it is being provided in.
- A multi-operator self-exclusion system will continue to only be regulated in one jurisdiction in Australia.

Option two: a standardised approach for providing self-exclusion across all jurisdictions

This option proposes there be a set of national stronger consumer protection standards for self-exclusion features for all operators, applied consistently across Australian jurisdictions.

This option could provide flexibility in consumer choice; for example, individuals are able to choose which wagering operators they would like to exclude themselves from (one, a few or all), when the exclusion period applies and for what period of time.

Specifically, the **stronger consumer protection standards** for the self-exclusion measure could include the following features:

- It will be a **quick and simple** self-exclusion application process.
- This option will **provide for multi-operator exclusion**; nationally, all licensed wagering providers would need to provide a way for an individual to apply for self-exclusion. This could be from one, multiple, or all providers through a **single point of contact**.
- Self-exclusion should **take effect immediately**, with links to the customer verification processes to ensure correct details are used for multi-operator exclusions. It may also be important to include a process to **verify the person who is applying to self-exclude**, in order to avoid perverse outcomes from a third party. This would need to be balanced against consumer protection and the potential for revocation by the customer.
- Self-exclusion will be offered on **all phone-based and web-based digital platforms**.
- It will be **effectively promoted** so consumers are educated about self-exclusion and aware of the availability of the scheme.
- Similar to the UK's experience, it is expected that the multi-operator self-exclusion system would be **industry-funded**. Specific funding mechanisms and funding implications will be further explored through consultation.
- **Consumer choice** should be integral to this system, where consumers should be able to choose who, when and for how long they wish to self-exclude. For example, the system should not self-exclude across all operators unless this is what the consumer has requested.
- This option will **offer a range of exclusion periods**; a minimum period of three months and a maximum of three years, or permanent exclusion should be offered. Within this, consumers should be given choice for which providers, when and for how long a self-exclusion will apply. Shorter exclusion periods of less than three months are not covered under this option, as this system will initially provide for longer term exclusions, however, operators are encouraged to provide other tools, such as 'Take a Break'.
- A **self-exclusion cannot be revoked immediately** and it is mandatory to have a cooling-off period that removes the impulsivity of revoking an exclusion.
- Operators will be required to **provide information on problem gambling support** services and counselling (including GHO, the national hotline, and face-to-face counselling services) at the point in time that an individual nominates to self-exclude.
- **Advice on exclusion options for land-based gambling** (including EGM venues, casinos and wagering venues) could be offered by online wagering providers for individuals who self-exclude.

- **Marketing or promotional material must not be provided** at any time to a consumer who nominates to self-exclude. It should not re-commence until a consumer has requested this. This links to the chapter on the offering of inducements.
- In **finalising an exclusion period**, consumers could be given the option to extend the exclusion period. A customer would need to actively approach the wagering operator at the end of the exclusion period to commence online wagering again. There will be tight prohibitions on providers encouraging consumers to resume their wagering activity through marketing and promotion.
- Subject to the requirements of the Anti-Money Laundering and Counter Terrorism Financing Rules 2007 (AML/CTF Rules), all **funds held in active accounts must be returned** to the excluded individual once all wagers/bets are settled and then the account can be **permanently closed** (for all customers including those with permanent or lifetime self-exclusion).

This option provides nationally consistent self-exclusion capability, however, it does not meet the O'Farrell Review's recommendation in full for the establishment of a national self-exclusion register; for example, administering a national self-exclusion register through an independent website.

Further detail may be set in regulation following evaluation and trial and testing of the first stage of the implementation of this consumer protection measure to implement this recommendation in full.

Impact analysis of option two

Key saves/benefits:

- This option harmonises the regulations across all jurisdictions. Coordinating exclusion periods would also remove the competitive disadvantage that some operators may experience when excluded customers circumvent single operator exclusion by creating an account with a new provider.
- The aim of this option is a quick a simple self-exclusion scheme that provides consumer choice. Multi-operator exclusion is expected to provide greater consumer protection by reducing the ability to create or access a different account and circumvent the exclusion with one operator.
- This option will increase and effectively promote this scheme as a useful tool for all consumers.

Key costs/disadvantages:

- There is expected to be a cost to industry in meeting the requirements in this option.
- There will be a larger burden on smaller operators to comply with regulation, due to having fewer resources available, and the extra workload of new obligations being spread among fewer people to meet the requirements of a multi-operator self-exclusion scheme.

- Depending on the way in which multi-operator exclusion is implemented, there may be an additional burden placed on the community sector for coordinating requests by customers seeking multi-operator exclusion. This would apply for those consumers who seek help through the community sector and the self-exclusion is instigated by this sector for the consumer. Also, as more people may be encouraged to attend counselling by seeking out self-exclusion, or saying they are thinking about self-exclusion, this could also place an additional burden on the community sector, given it is a requirement to ensure individuals are directed to avenues to seek help, if they choose to.

Option three: establishment of a national self-exclusion register

This option proposes there be the establishment of a national self-exclusion register through a centralised system.

This option leverages the stronger national consumer protection standards in option two and improves the effectiveness of self-exclusion through the development of a national register or national database for facilitating multi-operator self-exclusion.

The ICT solution for a national register would allow:

- the application process to be undertaken outside of the operator environment, such as through a link on the operator website
- immediate multi-operator exclusion without the need for individuals, or single operators, to contact multiple operators
- greater flexibility in setting exclusion periods across multiple operators, including coordinating 'time-outs'
- easier solutions for revoking exclusion periods, including flexible cooling-off periods.

The ICT solution could also be developed to include linkages with other consumer protection measures in the National Framework, for example, customer verification, voluntary pre-commitment and activity statements.

This register could be independently managed by a third party, however, the funding for operating a national centralised register would need to be financially supported by the wagering industry providers who are required use the system. This may be a decision and action for wagering industry providers to lead and implement.

Governments are interested in stakeholder feedback on the timeframe for implementation. If this kind of system could not be implemented quickly, **transitional arrangements** may be considered, such as mandating a system similar to the NT model, or mandating provider based self-exclusion, as an interim solution.

Impact analysis of option three

Key saves/benefits:

- This option enables full harmonisation of self-exclusion and immediate access to multi-operator exclusion, with greater consumer choice and flexibility around options. This will improve the effectiveness of this tool for a broad range of consumers, not just for individuals who are experiencing gambling problems.
- The majority of the administration around a self-exclusion system would be conducted through a centralised system, managed by an independent third party.
- The development of a centralised register is also expected to provide opportunities for the private sector for the development, implementation and ongoing management of such a scheme.

Key costs/disadvantages:

- The online wagering industry will be responsible for the costs associated with the ongoing management of a centralised register. Although these costs have not yet been quantified, there has been a general acceptance of this impact to be borne by the industry rather than government. This cost will be offset in part by less administrative costs for wagering operators.
- There may be a substantial burden on smaller operators to comply with regulation, due to having fewer resources available, and the extra workload of new obligations being spread among fewer people.
- Flow-on effects from this option would potentially be expected to increase the burden on the community sector as more people utilise counselling services. This cost will be offset in part by this option making the application process far more streamlined. This cost may be offset by governments.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the self-exclusion measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach to a national self-exclusion scheme for businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

1. What is your preferred option? Please justify why.
2. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
3. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.

4. If you are an online wagering provider, please outline the proportion of your clients who are currently self-excluded, including multi operator self-exclusion.
5. Do you consider an ICT solution to be viable? What timeframe is this achievable in? Are there any impediments to implementation, such as software communication?
6. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
7. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

2. A voluntary, opt-out pre-commitment scheme

The aim

The aim of a voluntary, opt-out pre-commitment scheme for online wagering is to provide a tool that allows all consumers to set limits on their online wagering activity. This includes allowing consumers to choose if they want to set a limit and what appropriate limits they wish to use for their online wagering activity within a specified period. Once these limits are reached, consumers would not be able to continue to place bets until the relevant time period had passed.

By setting up a system where consumers have to make a conscious decision to either set limits or not set limits, it ensures all consumers are aware that pre-commitment tools exist and can be used. It is expected that this will normalise the use of the tool and is likely to increase the uptake of pre-commitment and reduce stigma around the use of pre-commitment as a tool for all online wagering consumers.

Definition

Pre-commitment is a measure that allows gamblers to determine limits on their own playing, providing a key mechanism for improving informed consent and providing a tool for self-control. Within a pre-commitment scheme, a consumer has the ability to set gambling limits prior to the commencement of the activity (such as online wagering), allowing the consumer to be prevented from spending more than they originally intended. A limit may be placed on expenditure, time or another aspect of gambling before they begin. This can occur at sign-up or later. This is an important consumer protection tool that helps consumers to better control their wagering activity and not spend more than they can afford to or intend to. This allows the limit set to better reflect what an individual can afford to spend. Depending on the scheme, if an individual approaches or exceeds their limit, they are prevented from gambling further.

A voluntary, opt-out pre-commitment scheme means that the default for all wagering consumers is using the tool, and a decision is needed to not participate in the scheme.

The different terminology and options for limit setting in a pre-commitment scheme are covered in detail in the overarching considerations section of this chapter.

Why is this being implemented as a consumer protection measure?

Pre-commitment is considered an important responsible gambling measure that provides flexibility and reinforces personal responsibility, rather than eroding it. Further, a voluntary pre-commitment scheme is relevant to all gamblers in providing control over their own expenditure.

Although pre-commitment is already offered by all licensed onshore wagering providers, the regulatory requirements vary by jurisdiction. The aim of this measure is to provide a consistent voluntary opt-out pre-commitment scheme for all consumers, which is mandated for online wagering operators to provide consistently across all jurisdictions.

Voluntary pre-commitment has also been considered an important consumer protection tool, both in Australia and overseas, through a number of reviews and inquiries including the IGA Review, the PC Inquiry, the Joint Select Committee on Gambling Reform Inquiry into Pre-commitment Schemes and also through research.

In 2010, the PC stated that a system of pre-commitment is the most targeted and potentially effective measure to give people the capacity to control the behaviour of their future selves, since lack of control, impulsiveness and periodic regret can occur among regular gamblers.

Evidence of the effectiveness of different approaches to pre-commitment is limited. Regardless, research on the effectiveness of studies focused on pre-commitment has found that it is more effective where operators have actively promoted the use of the scheme. This finding can be transferred to the online wagering space, and demonstrates that the promotion of the scheme can be equally important to the way that the tool can be accessed.

Current uptake of voluntary pre-commitment by one provider in the wagering environment, bet365, is around 19.8 per cent. Another provider, Sportsbet, indicated that in excess of 25 per cent of new customers to the site elected to set a deposit limit when joining. Some evidence suggests that initial registration rates under voluntary systems are likely to be low as many customers consider this measure to be irrelevant to them. Consumers may also not be aware this tool exists.

Other research indicates that the use of opt-out functions, or the setting of default options, can increase the usage of pre-commitment tools. Research suggests that participants are more likely to select default options in an opt-out format where options for limits were already presented, rather than take additional actions to select an alternative option.³⁴ Human decision making and judgement literature suggests that participation rates would be higher within an opt-out system, evidenced by studies looking at organ donation rates and other public health issues. Importantly, an opt-out system does not mean that an individual is forced to take part or to set a limit, but that not participating is a choice.³⁵

Pre-commitment is not just a useful tool for people who are more likely to, or do have, significant gambling problems. It is a tool that will assist all gamblers, and is likely to prevent at-risk gamblers from progressing to more significant problems. However, pre-commitment is not a silver bullet and needs to be considered alongside other consumer protection measures included in this Consultation RIS.

³⁴ Johnson, E. J., Bellman, S., & Lohse, G. L. 2002. Defaults, framing and privacy: Why opting in-opting out, *Marketing letters*, 13(1), pp. 5-15.

³⁵ Thomas, A., Christensen, D., Deblaquiere, J., Armstrong, A., Moore, S., Carson, R., Rintoul, A. 2016. *Review of electronic gaming machine pre-commitment features: Limit setting*, Australian Institute of Family Studies, pp. 40-41.

Current practice in Australia

Current requirements for offering voluntary pre-commitment for online wagering differ across states and territories. These are determined by state and territory gambling legislation or codes of practice operating within each jurisdiction. The Australian Bookmakers Association (ABA) has developed the Bookmaker Industry Code of Practice (ABA Code of Practice)³⁶ as a voluntary code of self-regulation for licensed bookmakers in Australia. This voluntary code states that bookmakers offer responsible wagering which can include offering pre-committed loss limits to clients, with a seven-day cooling-off period for increases to loss limits and immediate effect of decreases to loss limits.

At present, four jurisdictions have pre-commitment included in legislation/regulations and/or a code of practice. Although New South Wales (NSW) does not have any legislative requirements, a condition of the authority for a NSW licensed bookmaker to conduct electronic betting is that they must have a code of practice approved by a racing controlling body. The NSW Bookmakers Co-operative Ltd states on its website that its members are governed by the ABA Code of Practice. Except in South Australia (SA), these schemes are all provided at the individual operator level, which means a separate limit must be placed on each separate account a customer has.

As wagering operators licensed in one jurisdiction generally offer markets to a national consumer base, they will have to comply with the relevant state or territory requirements for the jurisdiction in which the customer is located.

In order to minimise inconsistency, online wagering operators generally comply with the most stringent requirements around pre-commitment and apply this broadly to all customers. However, it is worth noting that the overwhelming majority of wagering providers licensed in Australia provide pre-commitment in some form already, although specific requirements for such a scheme may vary between jurisdictions.

For example, in the NT there is a mandated 'cooling-off' period for pre-commitment of 24 hours. That is, once a consumer has set a limit, this cannot be increased until at least 24 hours has passed. Decreases to a limit must occur immediately. However, in all other jurisdictions that require pre-commitment to be offered, this cooling-off period is seven days. Subsequently, most or all onshore wagering operators in Australia will set a seven-day period for all customers, regardless of their location.

A significant majority of online wagering providers in Australia are licensed in the NT and must abide by the NT Code of Practice. This sets out the minimum requirements for licensed operators to adhere to, and includes a requirement for voluntary pre-commitment to be offered. In the NT, pre-commitment must be offered to a consumer allowing them to set a limit on their maximum spend and/or deposits and/or time. The system can be opt-in, which means a consumer must seek out the tool to use it.

³⁶ Bookmaker Industry Code of Practice, Australian Bookmakers Association.
<http://www.australianbookmakers.com.au/index.html#2>

This inconsistent approach to how this consumer protection tool must be provided across jurisdictions can be confusing for wagering operators to comply with and creates avoidable regulatory duplication. Additionally, a lack of consistency in what is offered by providers can be confusing for consumers seeking to use the tool, lowering its effectiveness.

A summary of the known current practice in Australia around voluntary pre-commitment for online wagering is provided in Table 3. Note that except for NSW, this table does not account for the voluntary ABA Code of Practice, as this is not enforced by government.

Table 3: Current practice in Australian jurisdictions

State/ Territory	Voluntary pre-commitment included in legislation/regulations	Opt-in or opt-out	Access to pre-commitments	Cooling-off periods for increase limit requests	Refresh and review of limits	Types of limits offered	Duration offerings on limits
ACT	x	x	x	x	x	x	x
NSW	x (but bookmaker authority conditional on adhering to a code of practice that is approved by a racing controlling body)	Opt-in	Unknown (operator dependent)	seven days (operator dependent)	x	x	x
NT	✓ Outlined in the NT Code of Practice for Responsible Online Gambling 2016	Opt-in	Unknown (operator dependent)	24 hours	x	Maximum gambling spend, winnings, losses, deposits and duration of play	x
QLD	✓ Outlined in the Wagering Regulation 1999	Opt-in	Written notice	seven days	x	Maximum spend	x
SA*	✓ Outlined in Gambling Codes of Practice Notice 2013 (mandatory to offer)	Opt-out (no less than two year intervals)	Unknown (operator dependent)	seven days	✓ (no less than two years)	Net betting losses and/or deposits made (though operators may offer more options)	Weekly
TAS	✓ Outlined in <i>Gaming Control Act 1993</i>	Opt-in	Written notice	seven days	x	Net loss limits (though operators may offer more limit options)	Calendar month

State/ Territory	Voluntary pre- commitment included in legislation/ regulations	Opt-in or opt-out	Access to pre- commitments	Cooling-off periods for increase limit requests	Refresh and review of limits	Types of limits offered	Duration offerings on limits
VIC	x (only in relation to EGMs)	x	x	x	x	x	x
WA**	✓ Outlined in Rules of Wagering 2005	Opt-in	Unknown (operator dependent)	seven days	x	Limits on amount wagered and deposited	One month

*Under the Part 4, Division 2 of the Gambling Codes of Practice Notice 2013, gambling providers which includes interstate betting operators, must provide a pre-commitment scheme in respect of account based gambling. A gambling provider must ensure that each account holder has no more than one gambling account except where the gambling provider offers only net betting losses as a pre-commitment limit.

**Under the Rules of Wagering 2005, the client registration procedure for internet wagering conducted by certain bookmakers, must provide a voluntary pre-commitment facility.

The O'Farrell Review and Government Response

Regarding pre-commitment, the O'Farrell Review made the following recommendation:

Operators should be required to offer customers an opportunity to set voluntary limits on their wagering activities. Consumers should be prompted about setting or reviewing limits on a regular basis.³⁷

The Government Response agreed with recommendation 5 and committed to:

The national framework will incorporate standards for making voluntary pre-commitment features available to all consumers. These will be developed in consultation with the states and territories, and other stakeholders (as per recommendation 2).

The standards will consider elements such as visibility, transparency and periodic prompting empowering consumers to reconsider their betting limits.

The Government Response has committed to a voluntary pre-commitment scheme to be offered to consumers, which means the National Framework will make it mandatory for online wagering service providers to offer pre-commitment and voluntary for customers to set online pre-commitment limits.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting on 27 April 2017, ministers provided in-principle agreement to a voluntary, opt-out pre-commitment scheme. Ministers also agreed that such a scheme should be provided at the individual wagering provider level and be easily accessible and effectively promoted to consumers.

Ministers also discussed and agreed that terminology used around this measure was important, and the use of clear and positive language would be likely to increase use of the scheme. Ministers supported the trialling and testing of terminology and features, and agreed to implement this measure by the end of 2017, subject to consultation with providers.

What stakeholders have said about this measure

Stakeholder consultations conducted as part of the O'Farrell Review revealed support for pre-commitment facilities as a key consumer protection measure. In general, there was consensus that a broad range of limit types should be available to increase consumer choice. Non-industry stakeholders considered that pre-commitment could be provided on a national basis, with binding limits across all operators.

³⁷ Commonwealth of Australia. Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 155.

These views were reflected again during further targeted consultations by the Department of Social Services. All stakeholders agreed on a voluntary pre-commitment register but there were differing views about how it should be implemented. There was broad support by industry and non-industry for an opt-out scheme, as part of the sign-up process. There was also agreement that a scheme should be clear and easy for consumers to understand and use.

Industry and the financial sector stated a system that applied across providers would be extremely costly and slow to implement. Conversely, academia advised that a scheme based at the provider level only would not be as effective.

Overarching considerations

There are a number of issues for consideration under a voluntary opt-out pre-commitment scheme, with the particular combination of features likely to have varied impact on online wagering operators, and consumers.

Currently in some states or territories, it is a requirement to offer pre-commitment to customers of online wagering services. All of the major wagering operators offer pre-commitment in some form to their customers. However, the format, visibility and features are not consistent, even across operators licensed in the same jurisdiction. This inconsistency can lead to confusion for people attempting to use the tool, and may subsequently reduce the effectiveness, or some consumers may not even be aware that pre-commitment tools are available.

Binding limits versus non-binding limits

A key consideration for pre-commitment is whether the limits that are set are binding, which means they are unable to be increased for a specific period of time. Limits that are binding could be more effective as they prevent a person from exceeding their limits within that system.

Binding limits may be enforceable at either the wagering operator level, or at a national level, through a centralised system. Binding limits may be complemented by messaging where a customer attempts to exceed a limit, and with responsible gambling information after attempting this multiple times within a defined period.

Some pre-commitment systems (with non-binding limits) allow consumers to continue to place bets once they reach their limits and are presented with a warning prompt advising that their limit has been reached, but allowing them to continue following this prompt. For binding limits to be effective, when a consumer reaches their set limit, they should be prevented from placing any further bets (with the operator or operators) until their set time period has passed. This can still be complemented by warning prompts advising consumers of how close they may be to their pre-commitment limit.

Although less effective, non-binding limits (or operator-specific limits) can still be helpful for people in controlling their spending, as repeated evasion of an individual's set limit may assist with realisations of genuine self-control issues.

Binding limits and cooling-off periods

An important consideration within a pre-commitment scheme is the interaction between binding limits and cooling-off periods. Specifically, if a limit is binding and cannot be exceeded, and a customer wishes to increase their limit for the next period, this may not align with the actual period. In cases where a customer has set a limit for a long period (for example, a six month or yearly limit), having the ability to revise this limit is arguably important to prevent leakage of customers to offshore providers.

Pre-commitment terminology

Within a pre-commitment scheme, and in line with responsible gambling messaging, there is also a broader consideration around the language and terms used. During consultations, the possibility of a need to evaluate terminology such as 'limits' for pre-commitment was raised, to remove the reluctance to set a limit based on an individual's belief of self-control. Further, the term 'pre-commitment' may be strongly aligned with usage for people with gambling problems only, rather than an important tool that allows all consumers to manage their expenditure. A possible option is the use of 'budgeting tool' as a replacement.

Any consideration of this would need to be balanced between reducing stigma and not removing recognition of understood terms, as well as being backed by research and testing. There is also a need to consider the timing of any changes to terminology, as it would seem more logical to incorporate any changes ahead of implementing the National Framework. However, changes made post-implementation would provide an opportunity to measure the impact of the specific terminology more accurately against a baseline.

Types of limits

A further consideration around an effective pre-commitment system is what the limit applies to. In the online gambling space, some of the current systems allow financial limits to be placed on a deposit limit, or on net losses on a specific account. This can be applied for a set time period, ranging from one day to one year (or greater). Effectiveness of expenditure limits is likely to reduce over longer time periods, as well as face issues around individuals underestimating their expenditure due to the gap in time between when the limit is set and when it no longer applies.

Options for consumers

It is important that a nationally consistent system provide sufficient flexibility to be appealing to consumers as a tool for gambling self-control, as well as being clearly visible on a wagering operator's website and actively promoted. In addition, the method that consumers are able to set limits, how frequently a consumer is prompted to set these limits, and how a consumer is notified of limits being exceeded are all integral in an effective voluntary opt-out pre-commitment system. Market testing of these types of features is important in striking a balance between ease of use for consumers and overall benefit of prescribing such features, such as how effective these features are at minimising harm for consumers.

Regulatory reform options

There are three options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	A standardised approach for providing a voluntary, opt-out pre commitment scheme: stronger consumer protection standards (minor regulatory impact)
Option three	A voluntary, opt-out pre-commitment scheme offered through a centralised system (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements of voluntary pre-commitment schemes for online wagering in Australia.

In practice, online wagering providers continue to be subject to state and territory legislation and regulations and their own self-regulation, where any pre-commitment scheme is offered by each individual online wagering provider.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There may continue to be inconsistency in the pre-commitment scheme requirements that online wagering operators provide to consumers across different states and territories. This includes a range of costs involved with complying with the different requirements.
- Consumers may continue to be unaware of, and not use online pre-commitment tools to help manage online wagering activity.
- There may continue to be no requirements for pre-commitment tools to be provided for online wagering activity in some jurisdictions.

Option two: a standardised approach for providing a voluntary, opt-out pre-commitment scheme

This option proposes a set of stronger consumer protection standards for features of a voluntary, opt-out, pre-commitment scheme for all operators, applied consistently across Australian jurisdictions.

This option will leverage features of the voluntary pre-commitment systems being offered by many wagering providers already and mandate stronger consumer protection standards that all providers would have to meet, across all jurisdictions.

Specifically, the stronger consumer protection standards for the voluntary pre-commitment measure could include the following features:

- be provided at the individual operator level
- be an **opt-out** system, which means all consumers would be prompted to set a limit when signing up to an account before wagering could occur (including choosing not to set a limit)
- have **binding** limits
- be easily accessed for the purposes of limit setting and adjusting, with options to set up limits online, through a mobile app, over the phone and using a written form
- promote the availability of, and educate consumers on, the pre-commitment scheme, beyond the initial sign-up—this includes on an operator’s website and in promotional material
- provide a range of options to set and adjust limits to allow for consumer choice, including net spend limit, net deposit limit and net loss limit
- provide options for the consumer to determine what period their limit is for, including daily, weekly, fortnightly and monthly
- provide messaging to consumers advising them of when limits have been reached, as well as at various intervals prior to reaching limits (for example, 50 per cent, 85 per cent of limit being reached)
- requests to reduce a limit take effect immediately, and a waiting/cooling-off period of seven days to increase a pre-commitment limit
- all consumers should be prompted to set and review pre-commitment limits at regular intervals, possibly every year, including to consumers who have chosen not to set a limit.

This option offers a consistent pre-commitment scheme for all consumers who use online wagering services. Additionally, the features of this system are not likely to impose any significant regulatory impacts to implement, but would be expected to normalise the use of such a scheme and reduce the stigma associated with setting a limit. The scheme will be flexible to allow ongoing research, trials and evaluation to inform refinements to the scheme over time, in line with all other consumer protection measures for the National Framework.

This option could also consider the terminology that best optimises the use of pre-commitment tools under this measure. Specifically, the terms ‘limits’ and ‘pre-commitment’ have been linked to stigma and may be associated with a tool that only problem gamblers use. Any decisions to alter existing terms would need to be supported by evidence and balanced against the recognition of the existing, familiar terminology.

Impact analysis of option two

Key saves/benefits:

- A consistent approach to the requirements of a voluntary opt-out pre-commitment scheme. This will reduce the overall compliance costs of adhering to varied requirements across different jurisdictions.
- Consistency around how a pre-commitment system can be accessed on each operator's website and mobile application, making it easier to find where a limit can be accessed and applied on each operator's website or mobile app.

Key costs/disadvantages:

- Although voluntary, the introduction of a national opt-out pre-commitment system may have a minor time impact on individuals by taking slightly longer to sign-up for an online wagering account.
- Prompting all individuals to review their limits every 12 months, and offering those who have not set a limit to consider setting one (at least every 12 months) may have a negative effect of turning customers away from the scheme.
- Moving to an opt-out scheme may also have cost impacts for wagering operators; although this is not expected to be significant, as this is already the requirement in SA, with system functionality already existing for operators with customers based in this jurisdiction.
- There may be some costs associated with complying with guidelines around website location; however, these costs are expected to be offset by the reduced overall compliance.

Option three: a centralised voluntary, opt-out pre-commitment scheme

This option proposes the establishment of a national voluntary opt-out pre-commitment scheme through a centralised system.

This option leverages the stronger consumer protection standards in option two and improves the effectiveness of pre-commitment tools by enabling consumers to manage their wagering activity and set their wagering limits through a centralised system that can be applied to multiple wagering accounts and communicated to all licensed wagering providers operating in Australia.

In practice, this option allows an individual to set a pre-commitment limit to do so either through:

- the individual online wagering operator who they have an account with
or
- through the central system controlled by a third party, which would then push out this information to all wagering operators (or those operators for which the consumer wishes the limit to apply to).

If an individual chooses to set a limit through the central system, this limit could apply across all of their online wagering accounts and mean that individuals would not need to set this limit for each wagering operator. However, this option would also provide consumer choice allowing an individual to select that their limit only applies to a specific provider (or multiple, but not all).

The development of a centralised pre-commitment system requires communication across other online wagering operators to function effectively and to ensure security and the protection of sensitive commercial and privacy information is maintained.

This centralised system could be independently managed by a third party, however, the funding for operating a centralised system would need to be financially supported by the wagering industry providers who would be utilising the system.

This option would be further improved on and informed by research, and draw on results from existing linked systems such as the EGM scheme in Victoria.

Impact analysis of option three

Key saves/benefits:

- A single limit could apply across all licensed online wagering operators. It could also apply to specific operators, but not all. However, individuals would not need to go to every operator that they have an account with to set a limit across all if that was their preference.
- This may limit customers moving to competing licensed operator sites where a limit it reached with one provider. However, this will not remove the possibility of consumers moving to illegal offshore providers.
- This option will enable improved overall efficacy of a central pre-commitment scheme in limiting a person's ability to breach their predetermined expenditure or deposit limit.

Key costs/disadvantages:

- There are significant costs and timeframes for implementing a centralised pre-commitment system. Compliance with this system, including opening up communications with a central server, is expected to impose an expense on industry.
- There is also a possibility that the costs of implementing this option may lead to licensed operators moving offshore, where there are no requirements to comply with such a scheme.
- The shift to offshore wagering operators may also occur for individuals, especially if there are concerns around the security of private and commercial information. In addition, if an individual has set a limit and wishes to continue wagering beyond that set limit, then offshore operators will provide this option.
- Offshore wagering providers who wish to be licensed in a jurisdiction in Australia will need to ensure their systems can form part of the centralised system. This may result in a decrease in market competition for licensed providers in Australia.

Potential features following trial and testing

Potential features that may be in scope following the initial implementation of the voluntary, opt-out pre-commitment scheme should be considered. Some considerations that can be further trialled and tested include:

- **Limit reviewing:** in particular, the frequency of prompting account holders to set and review limits at shorter intervals than the one year, and for all customers, not just for those who opt-out initially.
- **Messaging when limits exceeded:** the expansion of warning or error messages when an individual reaches/exceeds a particular limit, to also include responsible gambling messages or links to online/phone assistance for gambling issues where an individual attempts to exceed a limit multiple times in a defined period.
- **Budgeting tools:** the inclusion of a broad range of tools which will complement the pre-commitment scheme and assist individuals set and monitor their budget, encouraging mindful spending and budget setting—this would be made available for all customers as a further feature.
- **Dynamic messaging:** the use of pop-up messaging or prompts that are tailored to an individual, providing information such as what percentage of their pre-commitment limit has been reached.
- **Comparative messages:** tailored messaging around individual limit setting or expenditure compared with community norms and averages, to provide greater contextual awareness and encourage more responsible gambling.
- **Default limits for pre-commitment:** there is a range of research on the use of default limits, where a limit is applied to an account and an individual would be required to increase or decrease this limit. Although there is some support for this, the Commonwealth considers that there is a risk that these limits may indicate to consumers what a safe or acceptable gambling amount would be. This is an individual decision based on personal and/or financial circumstances. Noting this, comparisons between proposed expenditure limits and community norms may be another feasible option for informing consumers of limit setting.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the voluntary, opt-out pre-commitment measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach to voluntary pre-commitment on businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

8. What is your preferred option? Please justify why.
9. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?

10. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified, including timeframe for implementation? Please give substantiating evidence where possible.
11. If you are an online wagering provider and offer pre-commitment tools for online wagering, please outline the proportion of clients who are currently using pre-commitment features.
12. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
13. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation timeframe? If so, what do you believe is a suitable timeframe?
14. Do you believe there are other, better options to implement this measure? Please justify why. What would be the associated costs and benefits for this option?

3. Prohibition of lines of credit offered by online wagering providers

The aim

The aim of this measure is to ban lines of credit being offered directly from online wagering operators. This is to prevent the accumulation of debt, through betting with credit, potentially beyond the means of the customer to repay.

Definition

Credit betting refers to the provision of a line of credit by an online wagering operator to allow a customer to place bets, without using deposited funds, and to reconcile the account at a later date. Credit betting does not refer to the use of credit cards to deposit funds into an online wagering account.

Typically credit betting involves short-term credit (usually for seven days) with no interest or charges applied, and therefore it is not subject to the rules of credit that lenders, such as banks or credit card providers, are required to comply with under the *National Consumer Credit Protection Act 2009* (NCCPA). While not common practice, where credit is offered to customers on terms which attract the rules under the NCCPA, this type of credit would also be taken as one form of credit betting.

Why is this being implemented as a consumer protection measure?

The IGA Review examined the use of credit betting and concluded that there is high potential for harm and misuse of these features, and that there is a 'need for a vigilant approach' to their use. The IGA Review, in consultation with online wagering operators, found that the industry believed lines of credit used responsibly offered consumer protection by preventing gamblers from accessing payday loans and those from loan sharks, exposing them to high interest and undesirable collection methods. Industry noted that it would be willing to adhere to a mandatory code of conduct on the provision of 'deferred settlement of accounts'.

In March 2014, Gambling Research Australia published *Interactive Gambling*. This study involved a national phone, internet, and face-to-face survey of internet gambling users. The study found that 60 per cent of interactive gamblers in the population, and 68 per cent of those in the 'treatment-seeking' sample, considered that more responsible gambling measures are required for interactive gambling. The main reason for this justification was that there were no controls, or minor limits on expenditure online, which combined with the ease of accessing credit betting services, meant that users could gamble excessively.³⁸

³⁸ Gambling Research Australia. 2014. *Interactive Gambling*. Office of Liquor, Gaming and Racing, Department of Justice, Victoria, Australia, p. 188.

The O'Farrell Review and Government Response

The O'Farrell Review recommended:

Operators should be required to apply additional consumer protections where 'credit' or deferred settlement is available.

On this basis, the Government Response went even further than the recommendation in the O'Farrell Review, and is consistent with the Commonwealth Government's election commitment:

Gamblers should only bet with the money they have. This policy exists for most other gambling products, such as pokies and casinos. It should also occur with the rapidly growing online wagering segment.

A number of jurisdictions already prohibit online operators from offering lines of credit.

The Government's response goes further than the Review, and consistent with our election commitment, will seek to ban lines of credit being offered for online betting altogether. The Government will work with the states and territories to achieve this.

The Government will also consider a harmonised regulatory regime to ensure that the offering of inducements is consistent with responsible gambling.

The Australian Government's view is that there is too much of a conflict of interest for a gambling company to be both a betting provider and effectively a bank or licensed credit provider offering credit.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers agreed in-principle that lines of credit offered by online wagering operators should be prohibited; with an exemption for on-course bookmakers for telephone and in-person betting only. Ministers also agreed that other exemptions may be considered following further consultation with stakeholders.

What stakeholders have said about this measure

Most academia, community groups, and some industry stakeholders support a total ban to the offering of lines of credit for wagering purposes. However, some stakeholders, including industry stakeholders, support a 'carve-out' exemption for on-course bookmakers for their telephone-based operations and a 'carve-out' exemption for VIP and professional punters. One rationale for these 'carve-outs' is by not allowing credit accounts this may encourage these customers to use illegal offshore online wagering sites.

Some industry stakeholders recommend that a transitional period of approximately six months be incorporated into any new restrictions, allowing for the settlement of any outstanding debts.

Overarching considerations

There are a number of issues for consideration for banning lines of credit offered by online wagering operators, including:

- Consideration of the impact to industry is important as illegal offshore wagering operators would continue to offer lines of credit. Illegal offshore sites may become more appealing, and convenient, to use for some customers if a total ban on credit is enforced.
- Consideration must be given to the flow-on impact for prohibiting lines of credit. Depending on the accessibility of alternative sources of credit, this ban may lead to individuals seeking finance or loans through other credit providers. A close examination of the current protections afforded to consumers of credit betting, compared to other forms of credit, is required to ensure a ban does not simply displace credit betting services.
- In this regard, recent reforms to small amount credit contracts (SACCs) to strengthen protections for consumers are of particular relevance. The interaction between this measure and the measure within the National Framework that seeks to prohibit links between payday lenders and wagering operators will require careful consideration.
- If a ban on the offering of lines of credit is implemented, a transitional period may be provided to industry.
- There are a number of considerations for exemptions to be included as part of this measure:
 - Consistent with the policy objectives of this measure, exemptions from a ban on credit betting may be considered where a consumer's exposure to the risk of harm does not warrant protection by way of a ban. As a secondary matter, these considerations should also be weighed against their resulting business impacts and burdens to maximise policy outcomes without imposing disproportionate burdens.
 - There are industry claims that an exemption should be included for on-course bookmakers' telephone-based operations as it may significantly impact their businesses, or push them out of business altogether. There are also industry claims that on-course bookmakers operate with a much lower turnover compared with large online corporate bookmakers. On-course bookmakers also operate under different licensing conditions and their business operations require them to operate specifically on race days which may limit the risk of harm to consumers. However, as with any exempt service, specific protections like those proposed below, may be warranted, in the absence of a ban, to mitigate any residual risks of harm. Any regulatory and cost impacts need to be quantified as part of this consultation process.

- There are industry claims that some VIP and professional punters place bets with lines of credit as a more convenient method to individual money transfers, and this is particularly the case for cash-based on-course wagering services. Current and future VIP and professional punters could be excluded from the total ban on credit; however, as above, specific measures would be needed to ensure consumer protection measures are in place.
- The application process to qualify for credit (whether to obtain VIP or professional punter status or as a consumer of an exempt service) should require that providers make reasonable inquiries to determine whether a customer has the capacity to pay without causing substantial hardship. This could include face-to-face or telephone-based interviews, proof of income and assets and other pre-credit verification checks.
- Appropriate controls for providing minimum and maximum limits for deferred settlement would be established through consultation, together with other specific protections which may be warranted. It may also be appropriate to establish specific requirements for a maximum limit to the number of VIP and professional punters an operator can have, possibly as a percentage of the overall customer base.
- If credit is allowed to certain customers, there is potential that multiple operators could provide credit to a single customer—noting that in some jurisdictions, multiple accounts may be prohibited for most customers. Care would need to be taken to protect the consumer from potentially accumulating debt across operators.

Current Practice in Australia

The control of credit betting differs between jurisdictions, with some enforcing a complete ban on credit betting, while others offer various levels of regulation and control. These restrictions also differ in terms of who they apply to and the conditions in which they apply. Credit betting controls may be enforced by legislation, through licensing conditions, through industry or legislated codes of practice, or a combination of these mechanisms.

Table 4: Breakdown of the credit betting controls across jurisdictions

State/territory	Can online wagering operators offer credit betting?	Are there any restrictions on credit betting, if it is available?	Are these restrictions regulated by credit betting legislation for online wagering?	Is credit betting regulated by any industry codes for online wagering?
ACT*	✓	✓	✓	✗
NSW**	✓	✓ (restrictions for totalisator betting only)	✗	✓
NT	✓	✓	✗	✓

State/territory	Can online wagering operators offer credit betting?	Are there any restrictions on credit betting, if it is available?	Are these restrictions regulated by credit betting legislation for online wagering?	Is credit betting regulated by any industry codes for online wagering?
QLD***	✗	n/a	✓	✓
SA	✓	✓	✓	✓
TAS****	✗	✓	✓	✗
VIC [‡]	✗	n/a	✗	✗
WA	✗	n/a	✗	✓

*In the ACT, where an online sports bookmaker decides to extend the level of credit to a client, the sports bookmaker must do so in accordance with the approved credit management policy, and other consumer protection requirements specified under the Race and Sports Bookmaking (Rules for Sports Bookmaking Determination 2015 (No 2)). For example this includes procedural obligations to ensure the credit remains suitable for the client.

**In NSW, credit betting is only prohibited under the *Totalisator Act 1997* in limited circumstances. Under this Act, credit must not be used to pay for a bet unless it conforms to arrangements (prescribed by the Minister or in regulation) regarding the provision of security for its repayment. However there are currently no restrictions regulated by credit betting legislation for online wagering.

***Under the *Wagering Act 1998*, operators providing wagering services are prohibited from extending credit in any form to a person.

In addition, under Practice 5.3 of the Queensland Responsible Gambling Code of Practice, gambling providers (including wagering providers) are not to provide credit or lend money to anyone for the purpose of gambling.

****Under the *Gaming Control Act 1993*, a Tasmanian license holder is generally prohibited from acting as a credit provider. This includes (among others) operators authorised to conduct sports betting, race wagering, betting exchange betting and totalisator betting. While the Act also provides for the operation of trading accounts—that being an account that a customer establishes with a licensed provider which may be operated to have credit and debit balances—the policy intent of these provisions is to reserve access to trading accounts only for high value/net worth customers. For example this could include professional punters and other corporate bookmakers.

[‡]Victoria's Wagering and Betting Licensee, Tabcorp Wagering (Vic), is prohibited from credit betting under the *Gambling Regulation Act 2003*. (This includes accepting a bet where there is insufficient credit in the betting account for bet to be laid or as part of a transaction involving a credit card). This prohibition extends to any operator appointed by the licensee and their agents.

Regulatory reform options

There are four options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	Banning lines of credit, with an exemption for some on-course bookmakers' operations, and transitional arrangements: stronger consumer protection standards (minor regulatory impact)
Option three	Banning lines of credit, with exemptions for VIP and professional punters, and some on-course bookmakers' operations, and transitional arrangements: stronger consumer protection standards (minor regulatory impact)
Option four	Banning lines of credit for all customers, with transitional arrangements (major regulatory impact)

Option one: current arrangements: no change

This option proposes no changes be made to the current arrangements for offerings of lines of credit by online wagering providers in Australia. In practice, states and territories continue to regulate licensed online wagering providers in relation to bans on credit including deferred settlement, where this is in place.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There will continue to be fragmented regulation across jurisdictions for lines of credit that is inconsistent with responsible gambling.

Option two: banning lines of credit, with an exemption for some on-course bookmakers' operations

This option proposes a prohibition on lines of credit being offered by online wagering providers, with an exemption for on-course bookmakers and their face-to-face and telephone-based wagering operations.

On-course bookmakers exemption

This option proposes to provide an exemption for on-course bookmakers. It is proposed that this would exempt their face-to-face and telephone-based operations only. An on-course bookmaker for the purposes of an exemption, consistent with the primary focus of their operations, is defined by reference to what they are not—corporate bookmakers. A corporate bookmaker is a company registered under the *Corporations Act 2001*, which is authorised to undertake bookmaking, at a principal place of business that does not include the racecourse.

Adopting such a definition would exempt on-course bookmakers who are licensed to conduct telephone betting from the racecourse, as well as on-course bookmakers who are *also* licensed to conduct operations off-course, by telephone.

These operators may avail themselves of the same exemption while conducting off-course telephone betting, provided that its principal operations are not conducted away from the racecourse while operating as a registered Australian company.

On-course bookmakers exempt from the ban would be required to comply with alternative protections, similar to those proposed for VIP or professional punters in option three, in place of a ban.

Transitional period

A transitional period could be afforded to generally allow operators to make any necessary adjustments to their business operations, before this measure takes effect. This transitional period would apply to all operators, including those who are exempt from a ban.

Whether operators wish to also settle or write off any outstanding debts before or after this transitional period is a matter for each operator. This measure does not apply to, or affect credit facilities entered into before a ban, and nor does it affect or apply to the recovery of any outstanding debts, whenever this may have been incurred.

Impact analysis of option two

Key saves/benefits:

- This option harmonises a ban across all jurisdictions. This is expected to reduce the associated costs of adhering to multiple regulatory environments nationally.
- This option may prevent the accumulation of debt that may be beyond the customer's means to repay.

Key costs/disadvantages:

- Prohibition for all customers, except through exempt on-course bookmakers, may result in licensed online wagering operators losing some wagering revenue.
- There is a risk that this prohibition will push Australian customers (and possibly some licensed online operators) to offshore, unlicensed wagering operators.

Option three: banning lines of credit, with exemptions for on-course bookmakers' and VIP customers

This option proposes a prohibition on lines of credit being offered by online wagering providers, with an exemption for on-course bookmakers and their face-to-face and telephone-based wagering operations, and an exemption for VIP customers or professional punters.

VIP customers or professional punters exemption

This option proposes to allow current and future VIP and professional punters to use credit from online wagering providers, however, this should be subject to extra protections and harm minimisation checks:

- an individual must meet a specified threshold to be designated as a VIP or professional punter (for example, annual turnover) and this turnover should be set at a high amount—feedback is sought on the appropriate threshold as part of this process
- ensure financial capacity to repay without causing substantial hardship, including standard pre-credit checks, ongoing assessments of a customer's financial viability and proof of income tests to ensure extra protections are in place
- ensure harm minimisation checks are carried out, to align with the other consumer protection measures provided by wagering operators (for example, checking against the self-exclusion register and pre-commitment schemes)
- the exemption would only be granted where a customer had initiated the application
- the exemption would not be advertised.

An evaluation of the VIP programs across all of industry could be undertaken to ensure there are no unintended consequences, and the program is working as intended. If there is an unacceptable number of cases where VIP status has been granted to individuals resulting in financial difficulty or being identified as someone with a gambling problem, then tighter controls for determining VIP status could be considered through to the total ban of lines of credit being offered.

These protections should be flexible enough to apply to both customers of on-course bookmakers and VIP or professional punters, to ensure their suitability for credit is assessed and monitored. Additional measures might also be considered to limit debt spirals, through repeated borrowing by customers, similar to measures already in place for SACCs.

The above protections proposed in place of a ban should seek to provide a consistent approach to the level of protections afforded to consumers across credit betting and other services, based on the risks of harm.

Option three might be implemented in any number of ways as proposed under the various regulatory models for implementing the National Framework. Additionally, given the unique nature of credit betting and regulatory environment in which it operates, there might also be an additional option of extending the NCCPA and the National Credit Code. These national laws are the product of extensive reforms designed to remove fragmentation (not dissimilar to the current state of credit betting) in the consumer credit laws where there would be policy benefits, as well as drawbacks of pursuing this approach.

Transitional period

A transitional period could be afforded to generally allow operators to make any necessary adjustments to their business operations, before this measure takes effect. This transitional period would apply to all operators, including those who are exempt from a ban.

Impact analysis of option three

Key saves/benefits:

- This option harmonises a ban across all jurisdictions. This is expected to reduce the associated costs of adhering to multiple regulatory environments nationally.
- This option may prevent the accumulation of debt that may be beyond the customer's means to repay.

Key costs/disadvantages:

- There may be initial costs to set up the management of a carve-out for consumers of exempt services, or VIP or professional punters. This includes requirements for verifying those customers who may be exempt and determining the financial capacity of these customers to repay.

Option four: Banning lines of credit for all customers

This option proposes online wagering providers be prohibited from offering lines of credit to any of their customers. Note that this full ban would not apply to land-based face-to-face betting operations.

A full prohibition of offering lines of credit by online wagering operators may provide better policy consistency for customers using licensed online wagering providers in Australia, regardless of their turnover.

Transitional period

A transitional period could be afforded to generally allow operators to make any necessary adjustments to their business operations, before this measure takes effect. This transitional period would apply to all operators, including those who are exempt from a ban.

It is a matter for each operator if they wish to settle or write off any outstanding debts before or after a ban commences. This measure does not apply to or affect credit facilities entered into before a ban, and nor does it affect or apply to the recovery of any outstanding debts, whenever this may have been incurred.

Impact analysis of option four

Key saves/benefits:

- This option harmonises the regulations across all jurisdictions. This may reduce the associated costs of operating across multiple regulatory environments nationally where it could be possible for online wagering operators to comply with different regulations across jurisdictions.
- This option may prevent the accumulation of debt that may be beyond the customer's means to repay.

Key costs/disadvantages:

- Full prohibition may result in licensed online wagering operators losing some wagering revenue.
- There is a risk that full prohibition will push Australian customers (and possibly some licensed online operators) to offshore, unlicensed wagering operators.
- There is a risk that this approach could increase the amount of customers seeking short-term loans from providers with significant interest repayments (both legitimate and illegitimate credit providers).

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the banning lines of credit measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these four options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach to banning lines of credit on businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

15. What is your preferred option? Please justify why.
16. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
17. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
18. If you are an online wagering provider or on-course bookmaker, and offer lines of credit, how many customers on average apply for a line of credit? How many customers do you offer lines of credit to? What is the average turnover of these customers?
19. For option three, do you support an exemption for VIP and professional punters and/or for on-course bookmakers? Please justify why or why not. Please include any calculations, analysis or evidence that supports your position, including a policy rationale as to why the exemption/s should be included as part of this measure.

20. What do you consider to be an appropriate way to define who is, and who is not, exempt for the purposes of a 'carve-out' for on-course bookmakers?
21. What do you consider is an appropriate monetary threshold to fall into the VIP and professional punters category? Do you consider there are other, non-financial, parameters for establishing a VIP or professional punter?
22. What do you consider are appropriate financial and harm minimisation checks to be completed before lines of credit are offered to VIP and professional punters?
23. Is the proposed on-course bookmaker exemption likely to pose any unintended consequences?
24. If you are an on-course bookmaker, what would the financial impact be on your business if you were unable to use telephone operations to facilitate lines of credit for customers? What would the financial impacts be if you were unable to use telephone-based operations to facilitate lines of credit for customers? Please include any calculations, analysis or evidence that supports your position.
25. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
26. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?
27. What do you think is a suitable transitional period for operators to transition to this measure under each option? Would a different period(s) be better and why?

4. Offering of inducements consistent with responsible gambling

The aim

The aim of this measure is to ensure the offering of wagering inducements will be consistent with responsible gambling. It has been suggested that some wagering inducements are likely to maintain or exacerbate harmful betting behaviours. As discussed further below, it is likely this measure will form a minimum standard.

Definition

In the context of this Consultation RIS, and consistent with the definition used by the O'Farrell Review, inducements are defined as rewards offered by online wagering operators to encourage new consumers to open online wagering accounts, or rewards that could be perceived to be encouraging existing customers to increase their level of online wagering activity above an acceptable level, or otherwise is likely to contribute to harm. The types of inducements include:

- sign-up offers (including free bets or matching of initial deposits)
- multi-bet offers
- deposit bonuses (including free bets or matching of additional deposits)
- payouts on certain losing bets (including protest or extra-time payouts)
- referral credits
- promotional odds (such as 'bonus' odds)
- promotional winnings (such as 'bonus' winnings)
- competitions offering bonus bets as prizes
- reduced commissions
- free bets
- or
- cash rebates.

It should be noted that there is ambiguity surrounding the current definition of inducements. Policy analysis, performed by the Centre for Gambling Education and Research, found that the regulatory environment for wagering inducements currently lacks clarity on what constitutes an inducement, provides little specificity about which aspects of inducements are acceptable or not, and lacks consistency across Australian jurisdictions.³⁹

Many stakeholders have expressed concern at maintaining the current definition of inducements, and have strongly suggested revising and improving the definition.

³⁹ Hing, N., Sproston, K., Brading, R., and Brook, K. 2015. *Review and analysis of sports and race betting inducements*. Victoria, Australia: Victorian Responsible Gambling Foundation. p. 12.

There is limited research on loyalty programs and how these impact on gambling behaviour. Where this exists, it relates primarily to land-based gambling, specifically electronic gaming machines venues. These venues generally offer a range of services including food and beverage, and as such, are difficult to draw comparisons from.

Most loyalty programs operate to attract and retain customers by providing some type of reward or recognition for continued custom. This is typically tier-based, with higher tiers providing more rewards. For the purposes of this measure, loyalty programs and affiliate programs are considered outside of the scope for inducements. This is because they are more justifiable as competitive marketing strategies due to the number of licensed wagering operators in the Australian market. However, the interaction of loyalty programs and inducements is something that will be further considered.

There is a consultation question at [Appendix A](#) that seeks the view of businesses, individuals and the community sector, on whether the above definition is suitable for the purposes of online wagering under the National Framework, or whether you have any views on how inducements should be defined under the National Framework. There is also a question on loyalty programs and affiliate programs, and whether these should be included in scope for a ban on inducements.

Why is this being implemented as a consumer protection measure?

The IGA Review examined the use of inducements and concluded that there is high potential for harm and misuse, and that there is a ‘need for a vigilant approach’ to their use.

The IGA Review recommended against treating all inducements as simply standard advertising practice, and recommended the development of a mandatory national code of conduct for advertising by wagering providers, including inducements to bet.⁴⁰

The PC Inquiry noted that it is important to distinguish between the different forms of inducements. Such as those that are part of the general promotion and marketing to increase enjoyment, and those inducements that are likely to lead to problem gambling, or exacerbate existing problems, such as offering credit, vouchers, or rewards to open new accounts. The Inquiry found these difficult to justify, and recommended they be prohibited.

⁴⁰ Commonwealth of Australia, Department of Broadband, Communications and the Digital Economy. 2012. *Review of the Interactive Gambling Act (2001), Final Report*. p. 50.

A report titled, *The structural features of sports and race betting inducements: Issues for harm minimisation and consumer protection 2016*⁴¹ (2016 VRGF paper), provides further analysis of the likely effects of wagering inducements on consumers and suggestions for their improved regulation. The analysis of the likely effects of wagering inducements revealed that:

- Some internet gamblers seek out inducements to take advantage of 'free' bets and bonus deposits, opening accounts with multiple operators as a result.
- Young male sports bettors in particular, reported being encouraged by online advertising to switch from physical to online betting environments, to open accounts to receive 'free' bonuses, and to move between operators to access different incentives.
- Many of these sports bettors were reportedly focused on what was on offer, rather than any long-term risks or consequences.
- About one-third of sports bettors and one in six adolescents agreed they felt encouraged by the in-match promotion of incentivised bets to take up these offers.
- 'Risk-free' bets were considered to strongly encourage sports betting because they create the false impression that winning is certain.

A 2015 study funded by the Victorian Responsible Gambling Foundation, titled *Review and analysis of sports and race betting inducements* (2015 VRGF Review), is the first known comprehensive examination of wagering inducements in Australia. The 2015 VRGF Review was conducted over seven weeks, consisting of a literature review, policy analysis, audit of inducements, and the continual monitoring of wagering inducements.

The 2015 VRGF Review found that the extensive variety of inducements offered to Australian punters, such as bonus bets, multi-bets, play-through requirements, and credit for betting may encourage the intensification of betting, leading to longer time spent betting, a longer time spent 'chasing' losses, and riskier betting behaviour.⁴² In particular, the 2015 VRGF Review made the following associations with different types of wagering inducements.

- Wagering inducements aimed at commencement of betting (for example, sign-up bonuses) can increase the overall number of bettors and overall betting consumption. They also increase the use of multiple wagering accounts which can extend time and money spent through using bonus bets requiring matched amounts.
- Inducements with stringent play-through conditions increase the volume of an individual's betting and exposure to a potentially addictive activity.
- Inducements for multi-bets may encourage increased volume of betting, as these require heavier product use.

⁴¹ Hing, N., Sproston, K., Brook, K., & Brading, R. 2016. The structural features of sports and race betting inducements: Issues for harm minimisation and consumer protection, *Journal of Gambling Studies*.

⁴² Hing, N., Sproston, K., Brading, R., & Brook, K. (2015). *Review and analysis of sports and race betting inducements*. Melbourne: Victorian Responsible Gambling Foundation, p.10.

Additionally, the 2015 VRGF Review stated ‘the lack of research into wagering inducements currently precludes an evidence-based approach to policy’.⁴³

Industry stakeholders have made claims that there are no discrete links between the use of inducements and the risk of harm, or problem gambling. However, the 2015 VRGF Review cited that, ‘Lack of easily accessible and transparent information on the restrictions applied to inducements hinders informed choice, which is a cornerstone of consumer protection and responsible provision of wagering’.⁴⁴

The 2015 VRGF Review provided multiple suggestions for the improved regulation of inducements, including; banning certain types of inducements, clarifying the definition of inducements, strengthening monitoring and compliance mechanisms, and a better representation of responsible gambling objectives.

The 2016 VRGF paper further recommended banning certain inducements based on links to gambling-related harm. This paper also advocated for the inclusion of responsible gambling messages and a consistent approach to regulation of inducements.⁴⁵

The O’Farrell Review and Government Response

The O’Farrell Review did not specifically reference inducements offered by online wagering operators in any recommendations. However, the O’Farrell Review did highlight industry concerns over the fragmented approach to inducement restrictions across jurisdictions, which increases compliance costs and restricts their ability to service customers consistently.

On this basis, the Government Response committed to:

The Government will also consider a harmonised regulatory regime to ensure that the offering of inducements is consistent with responsible gambling.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers discussed prohibitions in relation to offering inducements for online wagering. Ministers agreed that further work would be undertaken in relation to a **minimum standard for a ban on inducements**, noting that some states already ban all inducements. Ministers also agreed the detail of precise minimum standards will be determined by July 2017.

What stakeholders have said about this measure

Stakeholders raised concerns that certain inducements encourage a higher intensity of gambling, and longer time spent gambling, potentially leading to an increase in harmful gambling behaviour.

⁴³ Ibid, p.13.

⁴⁴ Ibid, p.111.

⁴⁵ Hing, N., Sproston, K., Brook, K., & Brading, R. 2016. The structural features of sports and race betting inducements: Issues for harm minimisation and consumer protection, *Journal of Gambling Studies*.

Additionally, some stakeholders have stated that the complex and lengthy terms and conditions of some inducements prohibit informed choice, which would aid the customer in understanding their commitments when accessing inducements, such as requiring money to be spent before winnings are accessible.

In consultations, it was conveyed by industry that inducements to open a betting account (sign-up offers) represented only a 'one-off' incentive, and that these were mostly aimed at attracting new customers to a specific operator, rather than encouraging an increase in betting behaviour. However, they note that sign-up offers may facilitate the transition from land-based wagering services to online services, which may exacerbate problem gambling behaviour.⁴⁶ A ban on sign-up inducements is supported by some industry stakeholders.

Many in the community are concerned that sign-up inducements unnecessarily encourage people to commence online wagering which may result in significant cost to them later.

Feedback from consultations with some academic and community stakeholders was that gambling should not to be encouraged, even though it is a lawful activity. Some academic and community stakeholders recommended banning all inducements.

Overarching considerations

There are a number of important considerations around a harmonised regulatory regime for the offering of inducements and consistency with responsible gambling:

- balanced against the need for strong consumer protection, there is the potential for a commercial disadvantage on licenced wagering companies in Australia, when competing with offshore wagering operators who are able to offer inducements to customers—this may cause a leakage of customers to offshore providers from a restriction on inducements
- some wagering operators have different websites, or have disclaimers for different jurisdictions, to ensure they comply with the differing legislation and restriction of each jurisdiction—this increases the operation costs and maintenance fees of sustaining these websites
- a better definition of inducements is required to aid in the distinction between inducements to gamble, and the legitimate marketing strategies used by wagering operators to promote their services
- inducement and/or advertising restrictions could be considered to achieve the objective of consistency with responsible gambling
- there is confusion as to whether loyalty programs and third-party affiliate programs are considered a form of inducement; further consideration of these types of programs is needed to determine if they constitute an inducement, and if consumer protection would increase if they are restricted

⁴⁶ Hing, N., Sproston, K., Brook, K., & Brading, R. 2016. The structural features of sports and race betting inducements: Issues for harm minimisation and consumer protection, *Journal of Gambling Studies*, p. 32.

- if wagering operators are not permitted to compete for business by one method of promotion, they will inevitably look for alternatives—consideration should be given to the existing, and possible future, responses of wagering operators to a blanket prohibition and the social value of alternative forms of promotion.⁴⁷

Current practice in Australia

All states and territories currently have some level of restrictions in place for inducements offered by online wagering operators, ranging from a complete ban through to only regulating the advertising of inducements to new customers. Some jurisdictions prohibit advertising inducements to new customers, but allow loyalty programs on the proviso that they meet responsible gambling expectations.

The most stringent approaches compared to the current regulation around the advertisement of inducements are the NSW and SA models. From 4 January 2016, NSW laws were amended to prohibit gambling advertising which offers any inducement to participate in any gambling activity, including an inducement to open a betting account. However, directly marketing gambling inducements to a person who is an existing wagering account holder is allowed (for example, through email). In SA, the only allowed type of inducement which may be advertised is in the form of an acceptable loyalty program.

Noting that some jurisdictions already have tighter restrictions on inducements, the development of a minimum standard provides flexibility for jurisdictions to provide more stringent regulations.

Table 5: Breakdown of inducement controls across jurisdictions

State/Territory	Are there any restrictions in place for online wagering inducements?	Are online wagering inducements included in legislation?	Are online wagering inducements included in any industry codes?	Are limits placed on inducements offered to new customers?
ACT*	✓	✓	✓	✓
NSW**	✓	✓	✗	✓
NT [±]	✓	✗	✓	✗
QLD ^{±±}	✓	✗	✓	✓
SA [‡]	✓	✓	✗	✓
TAS ^{‡‡}	✓ (limited)	✗	✓ (limited)	✗
VIC ^{‡‡‡}	✓	✓	✓	✓
WA ^{‡‡‡‡}	✓	✗	✓	✓

⁴⁷ Ibid.

*According to the mandatory ACT Gambling and Racing Control (Code of Practice) Regulation 2002, the ACT prohibits a sports bookmaking licensee from inducing a person to open a bookmaking customer deposit account. For example, this includes offering free or discounted gambling credits.

**In the context of the NSW laws, advertising means material that is available to the world at large (for example, print, television, internet), but does not apply to direct promotions between the provider and their customer. Specifically, under Clause 12(1)(h) of the Betting and Racing Regulation 2012, it now states that licensed wagering operators must not publish any gambling advertising 'that offers any inducement to participate, or to participate frequently, in any gambling activity (including an inducement to open a betting account)'.

‡There are no prohibitions on licensees offering inducements in the NT. However, the mandatory NT Code of Practice requires operators to comply with any relevant codes established by the Australian Association of National Advertisers, including the overarching Code of Ethics established by the Communications Council. This means that promotions which include inducements are to be delivered in an honest and responsible manner with consideration given to the potential impact of people adversely affected by gambling. As mentioned above, there are no limits that apply to inducements offered to NT residents; however, any limits set in other jurisdictions do apply.

‡‡There are no prohibitions on licensees offering inducements in QLD. However, the offering of inducements is contrary to Practice 6.10 of the voluntary Queensland Responsible Gambling Code of Practice 2015, which requires that 'advertising or promotion does not involve any irresponsible trading practices by the gambling provider'. According to the code, an irresponsible trading practice is defined as 'the offering of an inappropriate enticement or inducement to customers that is in conflict with the objective of maximising responsible gambling and minimising problem gambling'.

‡In SA, betting operators (interstate) are prohibited from advertising any offer for credit, voucher or reward as an inducement, including an inducement to open a gambling account.

‡‡TAS has no restrictions in place for online wagering operators offering inducements, aside from a ban on incentive based sponsorship. According to the TAS Responsible Gambling Mandatory Code of Practice, player loyalty programs must not offer rewards to members greater than \$10 which can be used for gambling purposes.

‡‡‡In VIC, it is a criminal offence for a wagering service provider to offer any credit, voucher or reward as an inducement to open a betting account.

‡‡‡‡Under the *WA Gaming and Wagering Commission Regulations Act 1988*, WA prohibits advertising that offers a benefit, consideration or reward in return for a person participating in gambling; or continuing to gamble; or opening a betting account with the operator. Additionally, WA prohibits any advertising of inducements of any kind with the exception that existing consumers who have opted into receiving promotional material may be sent inducements up to a maximum value of \$100, under the Racing and Wagering self-regulatory Code of Practice.

Regulatory reform options

There are three options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	Minimum standards for restricting inducements: banning sign-up offers, better defining inducements in line with responsible gambling, and creating an opt-in system: stronger consumer protection standards (minor regulatory impact)
Option three	Banning all inducements: most stringent consumer protection approach (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements for offering inducements for online wagering in Australia. In practice, states and territories continue to regulate licensed online wagering providers who provide a range of features for the offering of inducements, which will continue to be applied at the individual operator level.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There will continue to be fragmented regulation across jurisdictions for online wagering inducements, which is inconsistent with responsible gambling.
- There will continue to be confusion around how inducements are defined for the purposes of online wagering, including the use of different definitions across jurisdictions, making it difficult for online wagering operators to comply with the different regulations.

Option two: minimum standards for restricting inducements

This option proposes a strong set of core minimum standards for consumer protection, around the offering of inducements by online wagering providers. These minimum standards are consistent with responsible gambling and will apply across Australian jurisdictions.

In line with stakeholder concern and research, the below minimum standards seek to create a national definition of inducements, require consumer choice to opt-in to receive permitted inducements and seek to prohibit the inducements which were identified as likely to cause the most harm. The list of inducements below is intended to be refined during this consultation process.

Specifically, the minimum standards regarding inducements canvassed under this option could include the following features:

- prohibiting inducements to sign up to open a new account
- prohibiting the matching of customer deposits or offering of free bets
- prohibiting inducements that require any winnings to be ‘turned over’ before they can be withdrawn
- require new and existing account holders to opt-in to receive marketing material about inducements, and allowing account holders to opt-out (or unsubscribe) at any time
- require any marketing of inducements to clearly articulate all the terms and conditions pertaining to the inducement, noting that this will require further consultation
- require a better definition of inducements to aid in the distinction between inducements to gamble, and the legitimate marketing strategies used by wagering operators to promote their services—one option is to adopt the NSW definition of inducements, which states:

An inducement is an offer, whether accepted or not, that has the capacity to encourage a person to participate, or participate frequently, in gambling activity. This includes the opening of a betting account.

- the features would apply to both new and existing customer accounts
- the ban or restriction on the offering of inducements would apply specifically to direct offers by online wagering operators, without restricting other general advertising and marketing, to the public.

Impact analysis of option two

Key saves/benefits:

- There will be more consistency around the offering of inducements across operators.
- This option will implement a minimum standard across all jurisdictions, while also allowing the offering of certain inducements to enable continued market competition, and allowing some jurisdictions to apply more stringent regimes.
- This option will provide increased consumer protections to the offering of inducements.

Key costs/disadvantages:

- This option could result in a reduction in the amount of new customers signing up to an account with a licensed online wagering operator, which would therefore result in a decrease in their wagering revenue.
- Although there is no definitive data, this option could have the flow-on effect of reducing broadcast advertising and, therefore, a reduction in revenue for broadcasters and sporting bodies.

Option three: banning all inducements

This option proposes a complete ban of all inducements applied consistently across jurisdictions. This option is the most stringent approach to the offering of inducements across jurisdictions.

Ongoing consideration is needed to distinguish between inducements to gamble, and the legitimate marketing strategies used by wagering operators to promote their services (for example, customer loyalty programs).

Currently, SA bans wagering inducements, and represents the most stringent restriction. While SA allows for certain loyalty programs and third-party affiliate programs, this option could include a ban on these types of programs. The ban on inducements was introduced in SA by the Independent Gambling Authority, and is covered under the Gambling Codes of Practice Notice 2013, which restricts an online wagering operator from offering any inducement that is:

- directed at encouraging patrons to gamble
- or
- directed at encouraging people to open gambling accounts.

In NSW, gambling advertising which offers any inducement to participate in any gambling activity is prohibited, including an inducement to open a betting account. This creates an offence which applies not only to NSW wagering operators, but also to operators licensed in other Australian jurisdictions who advertise inducements to NSW residents.

Clause 12(1)(h) of the Betting and Racing Regulation 2012 states “a non-proprietary association or licensed wagering operator, or an employee or agent of a non-proprietary association or licensed wagering operator, must not publish any gambling advertising that offers any inducement to participate, or to participate frequently, in any gambling activity (including an inducement to open a betting account).”

Publishing in this context means making the advertisement available to the world at large and capable of being accessed by people in NSW, including on the internet. It is not prohibited to directly market gambling inducements to a person who is an existing wagering account holder with the licensed wagering operator (that is, not published to the world at large).

Option three goes further than the current regulation of inducements in both SA and NSW. Under this option, there is a complete ban of all inducements and the direct marketing of inducements to existing customers.

Impact analysis of option three

Key saves/benefits:

- It is the most stringent form of consumer protection with regard to inducements.
- This option aims to prevent the predatory approach to offering inducements to individuals.

Key costs/disadvantages:

- A significant impact of banning all inducements, loyalty programs and third-party affiliates may be a significant decrease in profits made by industry, broadcasters and sporting bodies.
- This option may decrease market competition in the Australian online wagering industry and potentially push consumers to illegal offshore online wagering companies.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the inducements measure of the National Framework.

By asking questions on the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach for businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

28. What is your preferred option? Please justify why.
29. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
30. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
31. For options two and three, if you are an online wagering operator, what is your expected loss/gain in revenue drawn from the offering of inducements?
32. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
33. Do you agree with the current NSW definition of an inducement, identified in option two? Would you suggest a change? Please justify why.
34. Do you consider customer loyalty programs to be an inducement? Should this be incorporated into a ban, as per option three?
35. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

5. Activity statements on demand and on a regular basis

The aim

The aim of providing regular activity statements for players is to enable customers to readily track and monitor their wagering spending and behaviour. Providing these statements to customers regularly ensures that consumers are made aware of and monitor their expenditure through clear, transparent and consistent information.

Providing statements (or a prompt/alert) to individuals ensures they are made aware of regular summary information for monitoring their own expenditure, can encourage reflection and awareness of expenditure and be used to inform future wagering decisions for individuals. This information will also reduce the likelihood of future harm from spending more than a person can afford to.

Combined with providing regular statements, the availability of on demand transaction history is a useful tool for all consumers to empower them to align perceptions of expenditure with fact, therefore preventing any underestimation (or overestimation).

These activity statements can also provide an avenue of regular contact between wagering providers and individuals. This allows information on responsible gambling information and counselling services, emergency support to be shown, as well as increasing awareness of other available tools to help consumers monitor and control their own gambling behaviour, such as pre-commitment or self-exclusion.

Definition

Activity statements refer to information that detail an individual's betting history, including the outcomes of bets, aggregate wins and losses, and deposit information. These statements can be made available to wagering account holders online or through a mobile application, or can be sent out via email or other method of correspondence. Activity statements typically provide a list of all transactions over a specific time period.

Why is this being implemented as a consumer protection measure?

Although activity statements are already mandated in most jurisdictions to be made available to customers, there is currently inconsistency across jurisdictions in Australia for what activity statements must include and whether these must be provided to customers (for example, emailed or notified through push notifications), or only made available for them to access. The regularity or frequency of updated statements being provided is also inconsistent across states and territories.

Activity statements (and access to transaction information) are an important consumer protection tool as they can provide accurate, clear information on an individual's online wagering expenditure. By harmonising requirements nationally and across all providers, consumers have this consistent information available to them regularly and on-demand.

Account activity statements have been considered as an important consumer protection tool through a number of reviews and inquiries including the IGA Review and the PC Inquiry and also through research.

The IGA Review outlined that there should be strict harm minimisation standards for consumers to assist with spend tracking to ensure they do not spend beyond their financial means. Similarly, the PC noted that the available data from the Australian Household Expenditure Survey showed individuals regularly underestimate their gambling spending. Activity statements are important in addressing this issue.

Current research findings indicate that the majority of gambling customers would like the option to receive feedback on their transactions through an online wagering operator, especially over a period of time. Receiving regular financial statements has been found to be one of the most popular options for responsible gambling tools.⁴⁸

Some research indicates that providing consumers with a statement that shows their total losses may have adverse effects such as loss-chasing behaviours.⁴⁹ However, there is evidence to show that loss chasing behaviours are often developed early in regular gambling, rather than being a consequence of excessive involvement in gambling.⁵⁰

The use of activity statements, in conjunction with other measures in the National Framework (such as pre-commitment and consistent responsible gambling messaging), is expected to provide greater overall protection for consumers, empowering them to stay in control of their own gambling.

The statements will be a useful tool in giving all consumers the ability to monitor and manage their gambling, and to allow individuals to identify risky gambling patterns or behaviours before any significant problems develop. This detailed and accurate data can also assist with people who are experiencing gambling problems and seeking support for this, including for counsellors to be able to assist people with reviewing and analysing any patterns.

Harmonisation of the method in which activity statements are provided will also benefit wagering operators in providing a national expectation for this measure. As well as content of activity statements, the way in which these are provided to consumers and with what regularity are issues that will be influenced by this consultation process.

⁴⁸ Gainsbury, S. 2012. *Internet Gambling: Current research findings and implications*.

⁴⁹ Ladoceur, R. et. al. 2012. Precommitment in Gambling: a review of the empirical evidence. *International Gambling Studies*, 12(2), pp. 215-230.

⁵⁰ Essays, UK. (November 2013). *Loss Chasing Is Defined Psychology Essay*. Retrieved from <https://www.ukessays.com/essays/psychology/loss-chasing-is-defined-psychology-essay.php?cref=1>

Current practice in Australia

There are a range of different approaches for online wagering activity statements in Australian states and territories, as each jurisdiction has its own regulatory system. The different approaches across jurisdictions range from not prescribing activity statements for online wagering activity at all through to some regulation and/or legislation for the provision of activity statements. This ranges from once a month in SA (linked to particular thresholds for gambling transactions) to once a year in Tasmania.

Where jurisdictions do not provide regulations for the provision of activity statements for online wagering, jurisdictions do have provisions related to activity statements for land-based gambling activities. Additionally, where there is no regulation, this does not mean wagering service providers do not provide customers with activity statements.

A summary of the known current practice in Australia for the provisions of activity statements for online wagering only is provided in Table 6.

Table 6: Current practice in Australian jurisdictions

State/territory	Regulation for provision of activity statements	Specific provisions of activity statements for online wagering
ACT	✗	Nil for online wagering Some wagering providers may voluntarily provide activity statements through customers' online accounts.
NSW	✗	Nil for online wagering Some wagering providers may voluntarily provide activity statements through customers' online accounts. These statements show transaction history, deposits and withdrawals and balance.
NT	✓	Provided in the NT Code of Practice. Licensees must provide activity statements upon request and online. Customer activity statements are required to include: <ul style="list-style-type: none"> • transaction based information, including the date, time, amount and description for all transactions • financial information, including: account balance, and win/loss information • time spent gambling online (excluding sport bookmakers).
QLD	✗	Nil for online wagering Some wagering providers may voluntarily provide activity statements through customers' online accounts.

State/territory	Regulation for provision of activity statements	Specific provisions of activity statements for online wagering
SA	✓	<p>Provided for in the SA Gambling Code of Practice Notice 2013, whereby operators must send an account holder a routine activity statement:</p> <ul style="list-style-type: none"> • every month where there are 50 or more transactions for a gambling account • for up to three consecutive calendar months where more than 40 transactions are conducted on an account • once in 12 months following the provision of an activity statement. <p>In addition to any routine activity statements, an operator must also send special activity statements to an account holder upon request, for the period nominated by the account holder. From 1 July 2016, activity statements were required to include details on spotter's fees.</p>
TAS	✓	<p>Provided in the Responsible Gambling Mandatory Code of Practice for Tasmania, where player loyalty programs are in place, activity statements must be provided at least once a year and must show point's accrual separately for gambling and non-gambling activity. For any gambling activities, the statement must show the amount in dollars, of any expenditure during the period. This should be accessible in real time.</p>
VIC	✗	<p>Nil for online wagering</p> <p>Under the Responsible Gambling Code of Practice of Victoria's wagering and betting licensee (Tabcorp Wagering Victoria), Tabcorp provides customers (including online customers) with access to betting statements that record:</p> <ul style="list-style-type: none"> • all bets • all winning dividends • account balance • deposits made and where made (for example, retail outlet, Australia Post, online) • method of bet placed (for example, telephone, online, retail outlet) • method of withdrawal. <p>Information relating to a customer's account history, including winnings and losses, is also available for a period of up to 90 days from the date of the original transaction.</p> <p>While Tabcorp's Responsible Gambling Code of Practice is a requirement under the <i>Gambling Regulation Act 2003</i>, the Act does not require that such a code deal with player activity statements,</p>

State/territory	Regulation for provision of activity statements	Specific provisions of activity statements for online wagering
		except as it relates to session tracking functionality on gaming machines.
WA	✖	<p>Nil for online wagering</p> <p>Western Australia prescribes a self-regulator Code of Practice under Racing and Wagering Western Australia (RWWA). The Rules of Wagering 2005 does not include any rules in relation to online wagering. Some wagering providers may voluntarily provide activity statements through customers' online accounts.</p>

The O'Farrell Review and Government Response

Regarding activity statements, the O'Farrell Review made the following recommendation:

Users should be regularly sent online statements detailing their wagering activity including total wagered, winnings and losses. These statements should also be readily accessible through the operator's website.⁵¹

The Government Response agreed with recommendation 8 and committed to the following:

The Government will work with the states and territories to develop a universal and nationally consistent approach to empower gamblers to monitor and manage their expenditure as part of the National Framework (as per recommendation 2). A number of wagering service providers already provide their consumers with activity statements.

These statements should be transparent and easy to understand. Minimum information requirements will be part of the National Framework.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting on 27 April 2017, ministers gave in-principle agreement to requiring wagering providers to provide activity statements for online wagering, that includes practical information to empower individuals.

Ministers agreed that the detail around the information included and the format of activity statements would be tested. However, this information should be clear and not complex, clearly articulating net wins and losses for the specified period.

Ministers agreed to implement this measure through amendments to state licensing agreements, or other state-based mechanisms, by the end of 2017.

⁵¹ Commonwealth of Australia. Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 153.

What stakeholders have said

As part of the consultation process for the O'Farrell Review, non-industry stakeholders identified the difficulty faced by customers in understanding the extent and impact of their gambling activity, due to a lack of access to clear, easy to understand activity statements. Further, the provision of activity statements was seen as a possible way of mitigating current difficulties faced by customers in self-identifying their at-risk or problem behaviour.

During targeted consultations held by the Department of Social Services, there was a mixed reaction on the effectiveness of mandating activity statements. Most industry stakeholders thought the current account settings were sufficient and that the majority of gamblers were aware of how much they spent and can use online facilities through their wagering account to check their expenditure. In addition, industry raised privacy and safety concerns around sending statements to physical home addresses, noting that the benefits of sending statements via post, particularly if they are based on what a consumer nominates, are unlikely to outweigh the cost.

However, non-industry stakeholders believed mandating statements with minimum features was necessary, with a need to use plain language and clearly identify how much had been spent by the player.

Overarching considerations

A key consideration in delivering universal activity statements is the content and information that is provided to consumers. Although there is a wide-range of information that could be included, it is important that this consumer information is clear to understand, avoiding complex terminology or concepts that can confuse individuals. This requires further trialling and testing to ensure that activity statements are an effective method for consumers to be aware of and manage their wagering expenditure.

Types of information

With regards to the type of information required in player activity statements, this should cover a number of important pieces of information to allow a consumer to track their expenditure over time. During the consultation period undertaken to inform this RIS, representatives from the wagering industry stated that information on amounts drawn down (deposits) to an individual account was the least confusing information to provide a consumer.

However, in the interest of consumer empowerment, comprehensive transaction and expenditure information should be included. In particular, this could include net win and loss information, total bets made, as an addition to full transaction histories. There is a need to balance an appropriate level of detail that informs the consumer, against too much detail that overwhelms them (for example, a 30-page statement).

A summary of key data should be provided in all statements, with access to greater detail than this needing to be easily accessible, but not necessarily provided automatically.

Activity statements could also be made to contain a summary of information relating to an individual's pre-commitment limit set and identify any occasions where this limit was breached.

Presentation of information

Following on from the previous consideration and in the interest of reducing confusion for consumers, detailed information could be shown using graphs, charts and tables, clearly summarising the key components of a player activity statement.

Another possible option to make activity statements transparent and clear has been to provide comparative information for a consumer in charts or tailored statements, displaying their individual activity against consumer averages or community norms, or against similar timeframes (for example, utility bills showing average expenditure or comparing your household to the same time in a previous year). However, this approach would require further research around utility and effectiveness.

Messaging on activity statements

A further consideration around content relates to responsible gambling messages or promoting the consumer protection tools available through a wagering operator's website. Player activity statements may operate as an important line of communication with consumers to remind them of the gambling support services via web-links to websites provided on responsible gambling information services, including online treatment options and emergency support.

Promotion of available tools would also help to reduce the stigma around consumer protection tools and normalise their use. This will strengthen the notion that the National Framework and the measures within it are not simply for people with gambling issues, but for any consumers who wish to use them. This is likely to improve uptake of the variety of tools available.

Frequency of activity statements

Currently, the frequency in which activity statements are provided varies by jurisdiction, with some states requiring a statement sent out based on time and at least one jurisdiction linking this to number of transactions in a period. With consumer choice as a key aspect of a national consumer protection framework, providing options around how frequent statements are made available to consumers should remain a guiding principle.

A final consideration relating to frequency of statements is around the total period of time that would be contained or shown in each statement. Although the use of sports betting and wagering websites is growing, there can be seasonal variance in when individuals are using these services. The length of time that a statement covers should be aware of this and provide options for longer statement periods, where possible.

Regulatory reform options

There are three options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	A standardised approach for providing activity statements: stronger consumer protection standards (minor regulatory impact)
Option three	Standardised activity statements from a centralised system (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements for the provision of activity statements for online wagering in Australia. In practice, states and territories continue to regulate licensed online wagering providers with a range of features for activity statements that continues to be applied at the individual operator level.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There will continue to be inconsistency in the requirements for activity statements that online wagering operators make available or provide to consumers across different states and territories. This includes a range of costs involved with complying with the different requirements.
- Consumers may continue to be confused by complex, unclear language and information in activity statements or transaction summaries.
- Consumers may continue to not access their activity statements.

Option two: a standardised approach for providing activity statements

This option proposes a set of stronger consumer protection standards for activity statement features for online wagering for all operators, applied consistently across Australian jurisdictions. Specifically, the stronger consumer protection standards for the activity statements measure will include the following features:

- be provided free of charge to the customer
- require statements to be provided regularly, at least every quarter, and if requested, on demand—consumers would be provided the choice to change the frequency of statements being provided
- be available for delivery through multiple methods, including pushed out to customers via the mobile application or via email, as well as mailed by post
- make all expenditure information easily accessible (including previous statements), through multiple delivery methods to consumers at all times—this includes through an online wagering operator’s website and mobile phone application, and options should also be provided for other access methods (including paper and excel formats) to allow individuals to further monitor wagering history
- prompt a consumer at sign-up to elect a preferred method for activity statements, with the default being a mobile application or email alert with a link providing direct access to the statement (that is, not simply directing to the operators website)
- provide practical information that is clear and not complex, including high level summary information that allows an individual to manage and monitor their expenditure—this includes information such as total amounts wagered, net winnings and net losses
- link with pre-commitment limit information, where applicable, such as the limit, when limits were set, changed or reached during the activity statement period
- include links and information on responsible gambling such as the Gambling 1800 Helpline and website, and other consumer protection tools; for example, links with pre-commitment information where applicable.

The benefits of providing this detailed transaction information is expected to outweigh the risks of encouraging riskier gambling behaviours by customers.

Although many of the features outlined under this option are already available or accessible through several licensed onshore wagering provider websites, any changes would take into account technological lead times that would be required for implementation. This may be the case for several online wagering companies with head offices based offshore, but licensed to operate in Australia.

Impact analysis of option two

Key saves/benefits:

- There is a greater level of consistency around the type of information provided in activity statements and less confusion around determining what expenditure data is presented in a statement. Increasing the frequency in which consumers are offered or provided with statements gives greater transparency over gambling activity.
- The level of information provided, including links to pre-commitment limits and gambling support services, increases the level of consumer protections.
- This option harmonises the regulations across all jurisdictions, reducing compliance costs for multiple regulatory environments.

Key costs/disadvantages:

- There are expected to be small costs for industry in implementing the requirements, particularly around developing clear summary information and allowing this to be accessible on-demand, and linking pre-commitment limit information.
- There will also be costs for industry in preparing and providing activity statements, especially where an individual elects to have this information mailed out to them.
- There may also be a risk that by providing activity statements and at an increased frequency, individuals will pay less attention to these statements, thereby reducing their overall effectiveness.
- Improving the ability of individuals to monitor their own gambling expenditure may also lead to an increase in people accessing gambling and community support services, placing a strain on the community sector and level of services they can provide.

Despite some minor development and administration costs for industry, this option is expected to have a net benefit for stakeholders in implementing due to the harmonisation of numerous state and territory requirements for statements and increased consumer protection.

Option three: standardised activity statements: a centralised system approach

This option proposes the issuing of standardised activity statements through a centralised system, linked to all online wagering operators. This option leverages the stronger consumer protection standards in option two and improves the effectiveness of activity statements through the development of a centralised system that can provide activity statements for all wagering activity, instead of just wagering activity at individual operator level only.

This option is similar to, and has linkages with, the provision of a centralised system for a self-exclusion register and a voluntary pre-commitment scheme.

The development and implementation of a centralised server will be based on the ability of licensed onshore wagering operators providing sufficient transaction information on individual players.

Ultimately, the approach will provide a holistic activity statement to consumers, summarising activity across all online wagering providers in a single statement. A standardised activity statement will also provide a breakdown of activity for each licensed wagering operator that an individual has placed a bet with, during the statement period. However, as with other measures, the principle of consumer choice remains important. As such, this option would provide the option to have separate statements for each wagering provider with which the individual has placed a bet with in the specific period.

As with other centralised system options, the implementation of this approach could require significant research and testing, as well as a longer timeframe for development. Guarantees around consumer privacy and sensitive commercial information would be a key consideration in moving towards this option.

This option avoids a requirement for multiple wagering operators to send regular account activity statements to the same account holder. This may be a benefit, in light of some recent findings around the number of accounts operated by Australian customers, averaging around two active accounts each for the roughly 1,000 consumers surveyed. Around 10 per cent of those surveyed had four or more active accounts.⁵²

Impact analysis of option three

Key saves/benefits:

- This option provides transaction information across all online wagering accounts (or those selected) in one clear, consistent format. A single activity statement will better empower individuals to monitor and manage their expenditure.
- This option provides a centralised system approach with a single activity statement as this will provide greater transparency for individuals and assist in reducing expenditure estimation bias for people at risk of developing gambling issues.

Key costs/disadvantages:

- There are expected to be significant costs to industry in facilitating such a centralised system for activity statements to consumers. This represents a significant departure from the current arrangements. In particular, relaying data to the central server in an appropriate timeframe such that on-demand information is as up-to-date as possible will be a costly exercise, especially for smaller organisations.

⁵² UBS Evidence Lab: Australian Gaming – Australian wagering customer survey, 18 July 2016

- Costs of complying with a centralised server option may impact on the economic viability of some smaller wagering operators and see leakage of customers to offshore markets, unregulated by Australian governments.

Potential features following trial and testing

The preferred approach and main objective for the provision of activity statements is to deliver a universal and nationally consistent approach that is transparent and clear. Further refinements and more stringent requirements around structure and content would be developed over a longer time period, informed by research, trialling, evaluations and further consultation.

A longer term approach to activity statements could consider a centralised system, allowing a single activity statement to display information for an individual's gambling expenditure across all licensed wagering operators in Australia, with which they held an account. This could link with the other consumer protection measures with scope for implementation through a central system, specifically, self-exclusion and voluntary pre-commitment.

Other longer term features that should be considered for implementation, as part of the provision of activity statements, include:

- **Illustrative graphs:** the development of charts and tables to present a clear, pictorial summary of individual wagering activity in an easy to understand way
- **Comparative statements or charts:** messaging and/or charts showing personal expenditure for the consumer relative to community norms and averages
- **CALD relevance:** the availability of activity statements and explanatory information in languages other than English for culturally and linguistically diverse (CALD) customers
- **Limited brand affiliation:** restrictions on the level of wagering operators branding that can be displayed, with prohibitions on promotional information being included
- **Standardised format:** prescribing a consistent format for all activity statements, regardless of operator
- **Statement frequency:** consideration of statements provided at different intervals to quarterly, including linking the frequency of statements/alerts to specific thresholds for levels of transactions or wagering turnover.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the provision of the activity statements measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these three options, Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach to activity statements on businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

36. What is your preferred option? Please justify why.
37. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
38. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
39. If you are an online wagering provider, please outline how many customers you provide activity statements to. How do you provide these activity statements to clients? What is the cost of providing activity statements and of making these available at all times?
40. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
41. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation timeframe? If yes, what do you believe is a suitable timeframe?
42. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

6. Responsible gambling messaging

The aim

The aim of this measure is to use nationally consistent messaging to assist efforts in responsible gambling for online wagering. This will ensure that consumers receive important communication that creates awareness about appropriate or harmful gambling behaviours, and provides messaging that informs consumers about the availability of consumer protection tools. This measure will also inform the consumer about what gambling help services are available and provide information on how to access gambling help services.

Definition

Responsible gambling messaging (RGM) refers to the display of messages which aim to encourage gamblers to be more aware of their gambling behaviours. RGM is also a harm minimisation and consumer protection measure, as it assists individuals by promoting healthy behaviours. In the National Framework, RGM explores two types of messaging; generic and dynamic messaging.

Generic messaging is the display of messages that provide general responsible gambling messages in addition to gambling help services information. For example, generic messaging involves the display of a responsible gambling tagline, such as 'gamble responsibly' which provides a link to the GHO website (www.gamblinghelponline.org.au) and the Gambling 1800 Helpline (1800 858 858). These messages are targeted at the community at large; both potential and existing customers.

Dynamic messaging involves individualised pop-up messages which display customer information specific to their online gambling activity such as; time spent in one session, amount spent and lost. These messages are designed to disrupt the customer's play and momentarily break concentration. The account-based nature of online wagering allows for operators to access information to design customer-tailored messages. These messages are primarily a targeted harm minimisation measure for customers who may be 'at-risk' gamblers and would benefit from disruption measures in their session of play.

Why is this being implemented as a consumer protection measure?

RGMs are an important consumer protection tool, as they provide a mechanism to assist customer self-appraisal and momentarily disrupt a customer's concentration during play. As outlined above, they also provide information about other consumer protection tools and support services.

Greater consistency across jurisdictions in the approach to RGM was identified as an important consumer protection measure in the IGA Review. The IGA Review recommended a nationally consistent set of requirements for RGM to ensure its effectiveness as a consumer protection measure.

Currently, RGMs are inconsistent across states and territories. Jurisdictions mostly do not specify message presentation, and user fatigue, content or the format of RGMs can often cause customers to ignore messages. In most cases, the form and content are generally prescribed in some form of legislative instrument and/or approved by the regulatory body. The O’Farrell Review found that greater consistency was more likely to support the considerable efforts jurisdictions invest in harm minimisation initiatives.⁵³ Additionally, the content and branding of messages needs to be further explored.

Current practice in Australia

As already mentioned, RGM regulation is inconsistent across jurisdictions. A high-level summary of the known current online wagering RGM practices across jurisdictions is provided in table 7 below.

Table 7: Current practice in Australian jurisdictions

State/territory	Regulation or Code for responsible gambling messaging	Specific provisions of responsible gambling messaging
ACT	✓	The ACT’s Gambling and Racing Control (Code of Practice) Regulation 2002 – Schedule 1 requires that online providers must not publish gambling advertising unless it contains, or is published near, the name and telephone number of an approved gambling counselling service in the ACT.
NSW	✗	There are no specific provisions for responsible gambling messaging in the provision of online wagering itself. However, under the Betting and Racing Regulation 2012 any licensed wagering operator that publishes in writing, any printed form (such as a magazine) of gambling advertising relating to their online services, are required to include the prescribed gambling message.
NT	✓	Under the NT’s Code of Practice, operators must ensure their website outlines their policies, procedures and commitments to responsible gambling practices in addition to displaying information about gambling help services.
QLD	✓	RGM provisions provide that wagering operators are to incorporate responsible gambling messages in advertising and promotion where appropriate, under the Queensland Responsible Gambling Code of Practice.

⁵³ Commonwealth of Australia. Department of Social Services, 2015. *Review of Illegal Offshore Wagering*, p. 156.

State/territory	Regulation or Code for responsible gambling messaging	Specific provisions of responsible gambling messaging
SA	✓	<p>In SA, Gambling Code of Practice Notice 2013 provides that operators must include RGM (either an 'expanded' or a 'condensed warning message') in all gambling advertising. In practice, a suite of six expanded warning messages may rotate within a six-month period while the same condensed warning message may be used, subject to annual review.</p> <p>Further provisions specific to gambling advertising communicated via text message, or other electronic forms of communications (such as social media).</p> <p>In addition, operators must also ensure they incorporate a condensed warning message at point of sale, on their webpages.</p>
TAS	✓	<p>Tasmania's Responsible Gambling Mandatory Code of Practice, (together with the applicable Commission Rules), and the Tasmanian Gambling Product Advertising Standards require operators to provide customers with information on responsible gambling, other consumer protection measures and gambling help services.</p> <p>In addition, these instruments also require operators to include RGMs in all online advertising except where an operator has a dedicated responsible gambling information webpage. Further specific rules regarding the content, form size and location of RGMs in online advertising is contained within the advertising standards.</p>
VIC	✓	<p>In Victoria, the <i>Gambling Regulation Act 2003</i> requires licensed wagering service providers to include a prescribed statement in relation to problem gambling, in all forms of gambling advertising (including online).</p> <p>The Tabcorp Wagering (Vic) Pty Ltd Responsible Gambling Code of Conduct states a responsible gambling message 'Gamble Responsibly' must be prominently displayed on its websites.</p>
WA	✓	<p>Gambling operators who undertaking any advertising in Western Australia are required under regulation 43 of the Gaming and Wagering Commission Regulations 1988 to provide the telephone and website details of problem gambling help services. This requirement is also supported in Codes of Practice for Racing and Wagering Western Australia and the WA Bookmakers Association.</p>

The O'Farrell Review and Government Response

Regarding this matter, the O'Farrell Review made the following recommendation:

The national policy framework should introduce a system to allow for the development and use of nationally consistent and standardised messaging to assist efforts to ensure responsible gambling.⁵⁴

The Government Response agreed with the recommendation and committed to:

The Government will work with the states and territories, and other stakeholders to include standardised messaging about responsible gambling in the national framework (as per recommendation 2).

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers provided in-principle agreement that the National Framework will mandate a national standard based on evidence for RGMs relevant to online wagering. It was noted at the meeting that the terminology of messaging is crucial to their effectiveness as a consumer protection measure, and messages should be designed in collaboration with experts.

Ministers also agreed that further research would be undertaken into the effectiveness of the current Gambling Help Online service.

What stakeholders have said about this measure

Much of the comments made by stakeholders were around gambling slogans and public education. Stakeholders also indicated support for a nation-wide campaign to promote responsible gambling, which would include advertising campaigns through mediums such as television broadcasting, social media and print media. The development of such a campaign would encourage brand recognition among individuals and the community to raise awareness of responsible gambling messaging. Such a campaign is a consideration for further research, consultation and testing.

As part of consultations, stakeholders recommended that messages be worded to encourage a call to action for customers to take control of their gambling behaviours. Messages must be designed to effectively target all potential and existing customers across a variety of distribution channels including advertising (broadcasting, social media and internet advertising), websites (operator home pages and point of sale), and other communications. Research has identified a strong need to test messages with different groups in order to avoid messages being considered irrelevant.⁵⁵ Stronger consumer protection standards should also consider non-English speaking communities, and links need to be provided to gambling counselling advice in other languages.

⁵⁴ Commonwealth of Australia. Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 157.

⁵⁵ Central Queensland University. 2014. *Intelligent messages as part of a pre-commitment scheme*, commissioned by Australian Department of Social Services.

In written submissions as part of these consultations, stakeholders widely supported the harmonisation of generic responsible gambling messaging across jurisdictions and encouraged the consistent display of the Gambling 1800 Helpline. Industry stakeholders emphasised the importance of scripted messages informed by research and evidence in addition to the evaluation of the effectiveness of messages.

Another industry stakeholder identified that the improvement of RGM offers an opportunity to refresh and educate individuals beyond the existing slogan of 'gamble responsibly'.

Stakeholders were widely unsupportive of the exploration and eventual implementation of dynamic messaging systems. It was expressed that at present, there is limited evidence to support the effectiveness of dynamic messaging.

Overarching considerations

There are a number of considerations for introducing consistent RGM provisions. This includes the need for careful design of messages to ensure their effectiveness and relevance across many different consumer groups in Australia. Trialling, testing and evaluation of messages is also crucial for the efficacy of this measure. This was further supported by industry stakeholders during the October 2016 consultations. In this forum, stakeholders indicated that message trials were essential in order to develop meaningful messages which were likely to be seen and understood by customers. Further consideration is needed as to how these messages will be designed and evaluated for effectiveness. The campaign suggested by stakeholders will also require careful consideration.

As part of RGM, links to phone and online support services should also be provided to consumers. Finally, responsible gambling messages should be designed in a way that they can be easily understood and accessible to a wide range of groups across Australia. Therefore, the accessibility, that is the range of different languages, should be considered.

Regulatory reform options

There are three options for the consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	Consistent generic messaging: stronger consumer protection standards (minor regulatory impact)
Option three	Consistent generic messaging and dynamic messaging: most stringent consumer protection standards (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements for responsible gambling messaging for online wagering in Australia. In practice, states and territories continue to regulate licensed online wagering providers and provide requirements on RGM, with varied RGM across Australian jurisdictions.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in the regulatory burden or costs.

Key costs/disadvantages:

- There will continue to be inconsistent RGM messaging, which may impede jurisdiction's consumer protection efforts.

Option two: consistent generic messaging

This option proposes a set of stronger consumer protection RGM standards for all online wagering operators, applied consistently across Australian jurisdictions. It may also complement land-based gambling messaging. The consistent RGM standards will be based on research and evidence that will ensure RGM is effective and assists in efforts to help prevent individuals from engaging in online problem gambling behaviours, and to help individuals who may be experiencing harm from online problem gambling. This research and evidence base will include analysis of existing research available and calls for new research on topics such as betting patterns for online wagering and effects of messaging types.

The terminology of messaging is crucial to their effectiveness as a consumer protection measure. Therefore, the national framework should mandate stronger consumer protection standards based on evidence for responsible gambling messaging relevant to online wagering. Messages should also be designed in collaboration with industry, the community sector and academia to ensure they are understandable and accessible to a wide range of groups across Australia. Additionally, the detail around the messaging used, including format, style, consistency and imagery will be tested and further researched to ensure their effectiveness. Additionally, to ensure relevance, messages should also be designed in consideration of the jurisdiction in which they are displayed.

Impact analysis of option two

Key saves/benefits:

- A consistent RGM approach will reduce long-term compliance costs for operators who will be able to use the same advertisements and publications across Australia.
- Messages will be scripted to affect a positive impact on the rationale behind gambling behaviours. Individuals will also be presented with easily accessible information about and direct customers to gambling counselling services.

Key costs/disadvantages:

- Consultations with broadcasters indicated that one advertisement is approved for a period of two years. For all changes to RGM, advertisements will need to be changed accordingly. This represents a cost to the industry and broadcasters.
- Industry, and potentially the community sector, will need to change their RGMs on their respective websites, promotional products, etc.
- If generic messaging is used, there is a possibility that message fatigue will result in RGMs being less effective.
- This consumer protection measure needs to be informed by further research and evidence and therefore, stronger consumer protection standards for RGM will be developed at a later date.

Option three: Consistent, generic messaging and dynamic messaging

This option proposes consistent and generic RGM and dynamic messaging. This option will leverage the stronger consumer protection standards (as mentioned in option two) and improve the effectiveness of RGM with dynamic messaging.

Dynamic messaging involves the display of pop-up messages which are specific to an individual customer's gambling activity. The aim of dynamic messaging is to force a break in the customer's concentration during play. This encourages customers to analyse and evaluate their gambling behaviour and make a rational judgement as to further financial and time commitment.

Industry stakeholders identified during consultations that predictive algorithms, which can trigger messages according to a customer's play, are possible. However, industry also indicated that technological challenges may delay their effectiveness. With extensive testing and verification, these algorithms may assist such message systems in future years. However, it should be noted that predictive algorithms are not required for some forms of RGMs, just those that are trying to identify harmful gambling patterns.

Due to the interactive nature of online gambling, the timing of dynamic messages requires careful consideration. Messages would need to be designed to ensure they do not prohibit a customer from placing a bet but rather, assist the customer to make rational choices. Further research and testing would ensure messages were designed in an effective way to disrupt the attention of customers while gambling, allow momentary self-appraisal and produce positive outcomes for their gambling choices.

Impact analysis of option three

Key saves/benefits:

- Dynamic messaging may provide benefits for individuals as it causes a momentary break in concentration which supports customers to analyse their gambling behaviour and promotes the responsible consumption of gambling. Messages would aim to encourage rational gambling choices and support self-appraisal.

Key costs/disadvantages:

- Predictive algorithms are currently unrefined and face several challenges in the accuracy of their results. The effective use of these algorithms would require extensive research and testing to ensure accuracy prior to their use (a research project is currently underway). This would impose costs to the industry and operators in regard to testing of these algorithms.
- Dynamic messaging may cause individuals to react negatively due to the timing of the pop-up messages. Individuals may feel that the timing of messages negatively interferes with placing a bet and impacts on their ability to engage with the gambling activity. This may have an adverse effect and cause customers to look to offshore operators, where activity would not be disturbed by pop-up messages.
- As more individuals seek help from either consistent or dynamic messaging, this could potentially lead to an increase in counselling attendance, resulting in pressure on resources and increased regulatory costs for the community sector.
- Under this option, industry, and potentially the community sector, will need to significantly change their RGMs on their respective websites, promotional products, etc.
- Due to the individualised nature of dynamic messaging, consideration must be given to the use of technology in tailoring the messages according to customer activity and associated privacy concerns. Customers also may choose to opt out of these messages, which raises concerns about its effectiveness as a consumer protection measure.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the RGM measure of the National Framework.

By asking questions on the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach for RGM for businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

43. What is your preferred option? Please justify why.
44. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
45. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
46. What do you consider the costs will be to undertake research on RGM for online wagering, including how long this research will take and who should financially contribute to this research? What do you consider the costs are for dynamic messaging?

47. Are there any features in the options presented that you have concerns with?
Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
48. Do you believe there are other, better options to implement this measure?
Please justify why. What are the costs and benefits or disadvantages associated with this other option?

7. Staff training

The aim

The aim of this measure is to educate staff on the responsible provision of gambling services in the context of online wagering environments. This ensures that staff are adequately prepared to identify and offer support to individuals who may be experiencing gambling related harm, and offer online wagering services in a responsible manner. Ensuring that training is delivered through approved providers allows for approval, consistency and flexibility in training programs and supports updated knowledge about gambling rules and regulations.

Definition

Mandated staff training means that all staff involved in the provision of online wagering services, or who have the capacity to influence wagering services, are trained in the responsible conduct of gambling. Responsible gambling refers to a gambling environment that is safe, socially responsible and supportive and where the potential for harm associated with gambling is minimised, and people can make informed decisions about their participation in gambling.⁵⁶

Additionally, staff training must be completed through an approved provider. In general terms, this means that a training provider's course must be approved by the relevant Commonwealth, state or territory government regulator.

Why is this being implemented as a consumer protection measure?

Staff training is an important consumer protection tool under the National Framework, as it educates staff on the responsible provision of gambling services. The IGA Review supported the need for further education and training to support staff capability in identifying problem gambling behaviours.⁵⁷

Currently, the completion of the Responsible Service of Gambling course is mandatory for staff in all states and territories, with the exception of Western Australia and NSW. However, it is important to note that this requirement is predominantly adapted for staff working in land-based gambling venues and does not focus on the training requirements for staff working in an online gambling context.

⁵⁶ Commonwealth of Australia. Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 12.

⁵⁷ Commonwealth of Australia, Department of Broadband, Communications and the Digital Economy. 2012. *Review of the Interactive Gambling Act (2001), Final Report*. p. 89.

Research into the perceived efficacy of responsible gambling strategies in Queensland gambling venues suggests that staff training is a very important facilitator in ensuring compliance with the Queensland Responsible Gambling Code of Practice.⁵⁸ Additionally, a research report prepared for Gambling Research Australia which looked into behavioural indicators of problem gambling, made strong recommendations for staff to be effectively trained in the identification of key problem gambling behaviours.⁵⁹ The report suggested that early identification of these problem gambling indicators can facilitate confident and proactive dialogue between staff and customers.

As noted in the O'Farrell Review, the incidence of online problem gambling across all interactive gambling platforms is high; some researchers say around 2.7 per cent of online gamblers have a problem, compared to 0.9 per cent of all gamblers.⁶⁰ Therefore, early intervention by staff who are trained in recognising harmful gambling behaviours can assist in reducing the severity of problem gambling behaviour.

Responsible gambling training in an online environment should equip staff to identify an increase in betting that is highly disproportionate to normal wagering activity for a particular customer, or when compared to a baseline, for example. It is also important that staff are trained in the correct way to assist a customer once they have identified potential harmful gambling behaviour.

Therefore, staff training as a consumer protection measure is an essential aspect of online wagering industry practice. The stringent training of all staff employed by an Australian licensed online wagering service who are involved in the provision of wagering services, or who have the capacity to influence the wagering service (such as marketing staff) is of vital importance, as this helps to ensure a top down approach and build a culture of responsible gambling within the organisation.

Current practice in Australia

Currently, regulations are fragmented and inconsistent across Australian jurisdictions, with regards to training requirements for staff involved in online wagering. Mostly, states and territories establish codes of practices that require operators to provide their online wagering staff with responsible gambling training.

The NT, for instance, requires all staff engaged in client interaction to complete training which develops several key competencies such as identifying problem gambling and red flag behaviours, providing clients with information on the operator's products, informing clients about the operator's consumer protection measures and answering questions regarding terms and conditions.

⁵⁸ Breen, H., Buultjens, J., Hing N. 2003. *Perceived efficacy of responsible gambling strategies in Queensland hotels, casinos and licensed clubs*, p. 143.

⁵⁹ Thomas, A., Delfabbro, P. & Armstrong, A. 2014. *Technical Report: Validation study of in-venue problem gambling indicators*. March 2014. Retrieved: www.researchgate.net/publication/261367385

⁶⁰ Gainsbury, S., Russell, A., Hing, N., Wood, R., Lubman, D. & Blaszczynski, A. 2014. The prevalence and determinants of problem gambling in Australia: Assessing the impact of interactive gambling and new technologies. *Psychology of Addictive Behaviours*, 28(3), pp. 769-779.

Staff are provided with a checklist of red flag behaviours which they are required to identify in customer activity and take appropriate action to address. All staff who engage with customers (including senior staff and managers) are required to complete refresher training courses every 12 months. In-house training is accepted however the operator must provide the training material upon request to the regulator. All operators must maintain a Gambling Training Register which includes staff name, date and type of training completed.

While there are **national competency standards** associated with the Responsible Service of Gambling course for staff working in land-based venues, these standards do not apply to training packages for staff engaged by online wagering operators.

A summary of the known current staff training practices in Australia for online wagering is provided in Table 8 below.

Table 8: Current practice in Australian jurisdictions

State/territory	Regulation/Code of Practice for staff training	Accredited training provided to staff	Specific provisions of staff training
ACT	✓	✗	The ACT's Gambling and Racing Control (Code of Practice) Regulation 2002, Schedule 1, sets out minimum standards gambling operators must meet in providing gambling services, including wagering and interactive gambling. This includes mandatory staff training in an approved program.
NSW	✓	✗	Under the ABA Code of Practice, to which the NSW Bookmakers Co-operative is a signatory, bookmakers and their customers are to receive training in the responsible provision of wagering services.
NT	✓	✗	The NT Code of Practice, section 3 outlines the requirement that new staff must complete responsible gambling training within three months of commencing employment.
QLD	✓	✗	Under practice 2.4 of the Queensland Responsible Gambling Code of Practice providers must ensure 'Mechanisms are established to ensure that appropriate and ongoing responsible gambling training is provided to staff who provide gambling products to customers.'

State/territory	Regulation/Code of Practice for staff training	Accredited training provided to staff	Specific provisions of staff training
SA	✓	✗	<p>Under the Gambling (Codes of Practice) Notice 2013, wagering providers must adhere to responsible gambling staff training requirements. This training can be provided in-house however any external providers must be a registered training organisation under the specified national law.</p> <p>However, the wagering and lotteries requirements under the code of practice are not as stringent as for other gambling platforms.</p>
TAS	✓	✓	<p>Training requirements apply to Special Employees of all types of wagering operators (including betting exchange and totalisator betting). Special employees must be certified as competent to perform their duties from an approved training institute before they may be licensed to carry out these duties. Any subsequent certifications (not exceeding five years) may be required at the discretion of the Commission.</p>
VIC	✓	✗	<p>The Tabcorp Wagering (Vic) Pty Ltd Responsible Gambling Code of Conduct requires all employees to be trained in responsible gambling or take part in a communications program regarding its wagering products and services, which includes information on responsible gambling matters.</p>
WA	✓	✗	<p>Bookmakers and their staff are required under the WA Bookmakers Association Code of Practice to receive training in the responsible provision of wagering services.</p> <p>The Racing and Wagering Western Australian (RWWA) Responsible Wagering Code of Practice requires all RWWA employees involved in the provision of off-course totalisator wagering, including TAB agents and staff, and Account Service Managers and Operators to be trained in RWWA's responsible service of wagering.</p> <p>The training program was developed with the assistance of Gambling Help WA who provides face-to-face counselling services for those people who are/have been affected by problem gambling on behalf of the Problem Gambling Support Services Committee.</p> <p>However, it should be noted that while a statutory body, RWWA is separate and independent from government, and operates on a commercial basis.</p>

The O'Farrell Review and Government Response

Regarding mandating responsible gambling training for all staff involved in online wagering, the O'Farrell Review made the following recommendation:

All staff involved with online users must undertake appropriate training in the responsible conduct of gambling – provided through an accredited provider.⁶¹

The Government Response committed to:

The Government will work with the states and territories, the industry, community sector and training providers on mandatory training requirements. Wagering service providers are well placed to identify and support problem gamblers in the responsible conduct of gambling, similar to the responsible service of alcohol requirements.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, subject to consultation and further work by senior officials, ministers agreed in-principle that all staff who are involved in the provision of wagering services, or who have the capacity to influence the wagering service, must undertake responsible services of gambling training. This will be done through approved training providers to ensure high-quality of training and consistency of training is delivered.

Ministers agreed this should be included in state and territory licensing arrangements, or other state and territory-based mechanisms, by the end of 2017.

What stakeholders have said about this measure

As part of the consultations for the O'Farrell Review, responsible gambling organisations noted that training is of vital importance for online wagering staff, as it assists employees in understanding how to recognise customers who are experiencing harm and which gambling help service(s) to recommend.⁶² Feedback from the consultations in October 2016 suggested that the training program could be developed by the community sector or another non-government organisation specialising in assisting customers experiencing gambling-related harm.

During the consultations, stakeholders also identified that the training program should be carefully designed to address the needs of staff working for a particular operator as different products may require different competencies. Additionally, feedback from consultations in October 2016 identified that any training program needed to include the development of skills which could assist staff in having difficult conversations with customers.

⁶¹ Commonwealth of Australia, Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 155.

⁶² Ibid, p. 144.

While there are varying views on this issue, it is considered that all staff would be required to complete the online training modules. Staff involved in customer service and interaction with customers, would be required to complete additional face-to-face competency training to develop skills in handling difficult conversations in the most effective way. Additionally, some stakeholders suggested that using predictive algorithms are more important than staff training.

Overarching considerations

Important considerations around mandated staff training for online wagering staff include:

- type of approval process for providers to become approved
- whether the training program could be developed by or in collaboration with the community sector
- whether responsible gambling training should be applied through a national competency
- how the training program can be designed to address the needs of staff working for particular operators, as different products will require different competencies
- the modality in which staff can complete the training, for example, face-to-face and/or online, and which will have the most net benefit.

Regulatory reform options

There are three options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	Prescribed learning objectives: stronger consumer protection standards (minor regulatory impact)
Option three	Mandatory approved program (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes made to the current arrangements for staff training in online wagering in Australia. In practice, states and territories continue to regulate licensed online wagering providers who provide a range of training for staff that continues to be largely applied at the individual operator level.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.
- Maintaining current arrangements will allow for online wagering operators to have more flexibility in how they choose to train their staff.

Key costs/disadvantages:

- Online wagering staff may not be able to recognise and handle customers who may be experiencing gambling-related difficulties, or adequately assist online consumers. Staff training requirements will remain inconsistent across states and territories. This includes if staff training is mandated for online wagering staff, the training course's content and other general requirements.

Option two: prescribed learning objectives

This option proposes a set of stronger consumer protection standards for the training and learning objectives for staff involved in online wagering for all operators, applied consistently across Australian jurisdictions. Essentially, this option mandates compulsory training for staff involved in online wagering, including those staff that do not have direct interactions with customers.

Specifically, the stronger consumer protection standards for the staff training measure could include the following features:

- All staff employed by an Australian licensed online wagering service who are involved in the provision of wagering services, or who have the capacity to influence the wagering service (such as marketing and communications staff), **must undertake responsible service of gambling training** to ensure a **culture of responsible gambling** within the organisation.
- **Regulators would approve the content of the training** (either themselves or through a third party), including key **minimum learning objectives** which seek to educate staff to support the responsible provision of online wagering and assist staff in identifying/intervening in potentially harmful gambling. The minimum learning objectives need to be relevant to online wagering.
- Staff must undertake training **within three months of commencing employment as a minimum standard** with the operator, and complete **refresher courses frequently**. As stated previously, ministers agreed this will be implemented by the end of 2017.
- Regulators would also have a role in determining who is an **approved training provider** (for example, a wagering provider, a community sector organisation or another third party) to ensure high-quality and consistency of training is delivered. Delivery of staff training in this option would be dependent on the operator, funding and the mode.

A key consideration of this option is determining who would be responsible for developing the key learning objectives. In addition to staff understanding their obligations under legislation, the national training standards could be informed by extensive research on indicators of gambling harm in online wagering environments and market testing of effective mechanisms for handling customers experiencing harm. Effective consumer protection standards for staff training for online wagering would be informed by consultations with the industry, academia and community sector.

Impact analysis of option two

Key saves/benefits:

- This will allow training programs to be designed with the same objective and ensure that staff that move from one operator to another, will be equipped with the same skills.
- Nationally consistent learning objectives will also benefit the community sector and allows organisations with extensive experience in gambling help services to contribute to the development of key learning objectives. This will assist in developing objectives which are based on research, testing and evaluation.
- This option supports the Government Response in mandatory training for all staff involved in online wagering. This provides a huge benefit to individuals, industry and the community sector as all staff will develop skills and competencies to be more effective in the provision of responsible gambling services. It will encourage an organisational culture of supported education about the importance of responsible gambling.

Key costs/disadvantages:

- This option will have an impact on operators as it will require a change to current training programs. This may incur initial cost for operators to reflect the stronger consumer protection standards.
- Gamblers experiencing gambling harm may be more likely to seek help under this option, which could lead to individuals reaping both extrinsic and intrinsic benefits. However, this could potentially also lead to an increase in counselling attendance, resulting in pressure on resources and increased regulatory costs for the community sector.

Option three: mandatory approved program

This option proposes a mandatory approved training program for all staff involved in online wagering be developed and provided consistently across Australian jurisdictions.

The course could be developed in accordance with agreed learning outcomes and offer consistent approved training for all online wagering staff in Australia. The course could be delivered in both an online and face-to-face format. Operational staff that are responsible for customer service could be required to complete both training courses, while administrative staff would only need to complete the online course.

This option leverages the stronger consumer protection standards for the learning and training objectives for staff and ensures consistent staff training across all jurisdictions; and would avoid any potential discrepancies in the strategies used to handle customers who may be experiencing harm.

This option raises considerations regarding the responsible organisation for development and delivery of the training courses. Feedback from consultations identified that a registered training organisation may provide an inexperienced and generic approach to training programs. Stakeholders recommended training programs developed by the community sector, may be more effective due to their organisations' extensive experience in managing and assisting customers with gambling related problems.

Another key consideration of this option is whether the approved program will be a national training course. While this will have larger regulatory impacts, developing a national training course will remove the risk that regulators will approve different standards of training across jurisdictions. This will allow for a fully harmonised approach in relation to educating staff on the responsible provision of gambling services in the context of online wagering environments.

Impact analysis of option three

Key saves/benefits:

- A consistently delivered training program for online wagering to all staff across Australia would ensure that all staff developed the same skills in assisting customers experiencing gambling-related harm.
- This streamlined approach will allow for the development of quality training programs to focus on the core needs of a staff training program. It will significantly benefit the community sector as there would be the opportunity to shape the program to ensure it is founded on research and expertise.
- The community sector may experience an increase in demand for gambling help services, as more gamblers are encouraged to seek help.

Key costs/disadvantages:

- This training program would impose a cost for industry as it would require staff to complete a new training program, the cost of which would need to be covered by the industry.
- Gamblers experiencing gambling harm may be more likely to seek help under this option. This potentially leads to an increase in counselling attendance for the community sector, resulting in pressure on resources and increased regulatory costs.
- Any discrepancies in the adoption of the training course may produce inconsistent approaches to responsible gambling services across Australia, until the program has been delivered to all states and territories.
- This option requires extensive research and consultation to develop a training program which is agreed to by all stakeholders. This may have an impact on the industry in regard to questions of an interim training program.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the staff training measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach to staff training for online wagering for businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

49. What is your preferred option? Please justify why.
50. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
51. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
52. If you are an online wagering provider, what proportion of your staff, and how often do you provide these staff, with training for wagering activity?
53. If you are an online wagering provider, what do you consider the cost is of training one staff member? That is, considering the cost of the training provider (if any), amount of hours it takes and hourly rate of staff, etc.
54. What do you consider will be the costs for developing learning objectives that ensure stronger consumer protections? How much do you consider it will cost, and how long will it take, to develop an approved training program for staff?
55. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
56. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation date? If yes, what do you believe is a suitable timeframe?
57. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

8. Reducing the current customer verification period

The aim

The aim of this measure is to reduce the current maximum timeframe allowed for verifying customers when opening an online wagering account. Quicker age and identity verification processes would be expected to identify and reduce the potential harms associated with underage online wagering and consumers operating under assumed names for purposes such as match fixing and to avoid consumer protection measures such as self-exclusion.

Definition

Customer verification refers to the process of collecting and verifying a customer's identity information upon registration of a new online wagering account. This involves identity verification confirming a customer's name, and/or age and residential address in accordance with Anti-Money Laundering and Counter-Terrorism Financing Rules 2007 (AML/CTF Rules).

Why is this being implemented as a consumer protection measure?

The inclusion of this measure in the National Framework recognises that a reduction in the customer verification timeframe is important for consumer protection to mitigate the risks associated with underage online wagering, money laundering and terrorism financing.

It also assists online wagering operators to guard against reputational, operational and legal risks. Reducing the customer verification timeframe further assists the self-exclusion measure, which is also incorporated into the National Framework, and prevents a potentially excluded customer from wagering online for an extended period of time before detection.

Commensurate with improvements in the efficiency and effectiveness of online customer verification services, the current maximum timeframe of 90 days is considered to overestimate the time it actually takes to verify a customer, as discussed further under current practice. This extended timeframe is problematic as generally, customers are able to use their account to deposit funds and place bets prior to the completion of verification. They cannot however, withdraw funds until verification has been completed.

This presents significant risks to individuals and the community such as underage online wagering, identity fraud and the account being used to hold illicit funds. If a customer's identity cannot be verified by the end of the timeframe, some operators return the deposited funds only once a customer's identity can be verified.

Current practice in Australia

Currently, all Australian licensed online wagering operators providing designated services under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) have compliance and reporting obligations as reporting entities. Under the provisions of subsection 229(1) of the AML/CTF Act, the Chief Executive Officer of the Australian Transaction Reports and Analysis Centre (AUSTRAC) may, by writing, make rules (that is, the AML/CTF Rules) prescribing matters which any other provision of the AML/CTF Act requires or permits to be prescribed by the AML/CTF Rules.

Further, subsection 229(2) provides that AML/CTF Rules have the status of a legislative instrument under the *Legislative Instruments Act 2003*. Currently, Australian licensed online wagering operators are required, in accordance with the AML/CTF Rules, to verify a new customer's identity within 90 days of the customer opening a new account.

Generally, under the AML/CTF Rules, a reporting entity is required to carry out procedures to identify a new customer before providing a designated service. Under the AML/CTF Rules however, online wagering operators have an exemption from this requirement. Part 10.4 of the AML/CTF Rules allows verification of a customer's identity within 90 days of the customer opening an account with an online wagering operator.

Australian states and territories therefore require online wagering operators to verify a new customer's identity within a maximum of 90 days of opening a new account. However, online wagering operators licensed in the NT are required to verify customer information within a maximum of 45 days under the NT Code of Practice, providing a stronger safeguard for customers, but resulting in an inconsistent approach in Australia for customer verification of online wagering accounts. However, this also demonstrates a reduction in verification timeframe is achievable.

The current 90-day timeframe is considered to overestimate the time required to verify a customer's identity. The AML/CTF Rules, which came into effect in 2007, do not reflect the current environment of advancing technology or account for the current speed and ease of completing the verification process online.

At present, some operators access third-party document verification systems such as Identi and Veda Advantage in order to efficiently verify information. Other operators however, may require customers to submit in person documents to third-party services such as Australia Post, which extends the time needed to complete verification.

Background

The 90-day customer verification timeframe in the AML/CTF Rules has been in place since coming into operation in 2007. Since then, the online wagering sector has undergone substantial change, along with broader changes to digital technologies. There has been significant growth in the number of customers wagering online, the number of online wagering operators and the number of third-party providers offering services to complete the customer verification processes online. Further, there has been a growth in the illegal offshore wagering market.

The IGA Review

The IGA Review recommended (recommendation 3) that as part of the consumer protection measures, quicker identity and age verification of customers would allow verification processes to be more effective. It recommended a 30-day timeframe for customer verification.⁶³

The O'Farrell Review and Government Response

The O'Farrell Review outlined that customer verification for online wagering should form part of the stronger consumer protection standards of the National Framework.

The O'Farrell Review made the following recommendation:

*As part of the national policy framework, the current 90 day verification period should be reduced to at least 45 days.*⁶⁴

The Government Response committed to:

The Government will work with the states and territories and industry to significantly reduce the current verification periods and to ensure appropriate safeguards are in place to protect young and vulnerable consumers.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers agreed in-principle to reduce the current customer verification period to **21 days (or a lesser period)** for online wagering across all jurisdictions. Ministers acknowledged that the verification process is an important consumer protection tool, and is critical to restricting access to online gambling by underage consumers and for those self-excluded consumers.

What stakeholders have said about this measure

In written submissions to the Commonwealth, stakeholders widely expressed support for the proposed reduction in the customer verification timeframe. In general, industry stakeholders confirmed that the verification process was achievable in significantly less time, however, offered further support for allowing customers to use their account prior to completion of verification. Reasons for this indicated that this would avoid incentivising individuals to go to offshore accounts in order to begin wagering sooner.

Industry stakeholders also indicated that, with access to more government databases, customer verification could be completed quicker, ranging from 72 hours to one month. Further consultation with state officials suggests that 21 days is a feasible timeframe. Industry stakeholders have not indicated significant costs resulting from a reduction in the customer verification timeframe.

⁶³ Commonwealth of Australia, Department of Broadband, Communications and the Digital Economy. 2012. *Review of the Interactive Gambling Act 2001, Final Report*, p. 55.

⁶⁴ Commonwealth of Australia, Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 155.

Overarching considerations

There are a number of issues for consideration for reducing the current 90-day customer verification period. This includes consideration of the timeframe practically needed for operators to complete customer verification, balanced against the possibility of pushing consumers to illegal offshore wagering providers.

It is important to consider the experience of international jurisdictions that have been able to reduce the customer verification timeframe to 72 hours. In the UK, regulation requires operators to verify the identity of a new customer within 72 hours, through operator access to customer information sourced from a range of national information databases. In Gibraltar, the Gambling Code of Practice also requires operators to complete customer verification within 72 hours, and permits access to online information databases.

Additionally, under Italy's Certification Guidance, operators must complete customer verification within 30 days, during which time customers are prohibited from making any withdrawals from the account. In Nevada, United States of America, gambling regulations also specify a maximum 30-day timeframe for verification. This process can be completed either in-person or online.

Research has also found that effective customer verification was a successful feature in enforcement of age restrictions. Through date of birth verification, operators have the ability to detect customers who attempt to use false details to create an account and engage in underage online wagering or fraudulent activities.⁶⁵

It is also important to consider whether there should be restrictions on the use of online wagering accounts prior to customers being verified. Requiring a customer's age and identity to be verified prior to any gambling activity could significantly reduce the potential for underage gambling or fraudulent activity. However, this may incentivise Australian customers to commence betting immediately with offshore operators, which is a contradiction of the priority of the O'Farrell Review.

⁶⁵ Gainsbury, S. 2014, *Interactive gambling*. Australian Gambling Research Centre Report.

Regulatory reform options

There are four options for this consumer protection measure:

Option number	Description
Option one	Current arrangements: no changes (base case)
Option two	Reduction to a 21-day timeframe: stronger consumer protection standards (minor regulatory impact)
Option three	Reduction to a 14-day to 72-hour to timeframe (minor regulatory impact)
Option four	Mandatory verification prior to any wagering activity (major regulatory impact)

Option one: current arrangements: no changes

This option proposes there be no changes to the current arrangements for customer verification for opening online wagering accounts in Australia. In practice, states and territories continue to regulate licensed online wagering providers who apply their own customer verification checks within the required timeframes, applied at the individual operator level.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There would continue to be an inconsistent approach in Australia for the timeframes customer verification of online wagering accounts is completed by.
- There may continue to be periods of up to 90 days that people who are underage or are acting contrary to the AML/CTF Rules are able to engage in online wagering activity prior to detection.

Option two: reduction to a **21-day** timeframe

This option proposes the maximum customer verification timeframe be reduced from 90 days (or 45 days in the case of NT registered entities) to 21 days.

Impact analysis of option two

Key saves/benefits:

- This option harmonises the customer verification timeframe across jurisdictions. It will also improve operators' fraud detection abilities as this measure supports a more efficient and timely verification process.

- This option significantly restricts the time a person, who is underage, is self-excluded or is acting contrary to the AML/CTF Rules, is able to engage in online wagering activity prior to detection.

Key costs/disadvantages:

- Smaller operators may find it more difficult to complete customer verification within the reduced timeframe, putting them at a competitive disadvantage compared to larger operators.

Option three: reduction to a 14-day to 72-hour timeframe

This option proposes the customer verification timeframe be reduced significantly to a shorter maximum time period of between 14 days to 72 hours.

The O'Farrell Review and recent stakeholder consultations identified that a 14-day to 72-hour timeframe is achievable for some operators. Internationally, at least two jurisdictions, including the UK and Gibraltar, currently require all operators to complete customer verification within 72 hours.

The Australian online wagering industry has indicated that a 72-hour timeframe would generally be easily achievable if operators were granted access to government information databases in order to complete verification. However, there will always be a small number of individuals who cannot be electronically verified.

Impact analysis of option three

Key saves/benefits:

This option will:

- harmonise the customer verification timeframe across jurisdictions
- improve operators' fraud detection abilities as this measure supports a more efficient verification process
- significantly restrict the time a person, who is underage or is acting contrary to the AML/CTF Rules, is able to engage in online wagering activity prior to detection.
- contribute to the effectiveness of the self-exclusion measure—a reduced timeframe would prevent excluded customers from engaging in online wagering for at most between 14 days and 72 hours
- provide a shorter timeframe in which customers are able to gain full functionality of their accounts, such as withdrawal of funds, which may help in discouraging customers registering with illegal offshore operators
- further encourage operators to use third-party verification systems in order to achieve a shorter verification timeframe—these systems will reduce administrative requirements for operators to complete verification in addition to reducing the number of manual verifications necessary

- deliver the greatest consumer protection as the speed of verification would significantly reduce the opportunity for online wagering accounts to be used by underage and self-excluded customers or for purposes that contravene the AML/CTF Rules.

Key costs/disadvantages:

- Operators may require access to government systems and databases in order to facilitate verification of documents between 14 days and 72 hours. This may incur additional subscription costs for operators to gain access to third-party verification systems. Providing operators with additional access to third-party verification systems may also pose privacy concerns in relation to the security of customer information, including how operators share and store that information.
- Operators may require additional staff in the initial set-up of this new system in order to meet the significantly reduced customer verification timeframe.
- This option may impose a competitive disadvantage on smaller operators who may lack the technological capability to complete the process within the proposed timeframe. Access to databases would require significant considerations as to staffing, privacy concerns and administration of the database.

Option four: Mandatory verification prior to any wagering activity

This option proposes that mandatory customer verification be completed prior to a customer being able to wager with an online operator.

Impact analysis of option four

Key saves/benefits:

This option will:

- harmonise the customer verification policy across jurisdictions
- deliver the greatest consumer protection as it would almost entirely remove the opportunity for online wagering accounts to be used by underage and self-excluded customers, or for purposes that contravene the AML/CTF Rules.

Key costs/disadvantages:

- This option may incentivise Australian customers to sign up with illegal offshore operators where they will have the option to commence wagering immediately.
- This option may impose a competitive disadvantage on smaller operators who may lack the technological capability to complete the process within a short timeframe. Larger operators with the facilities to complete the verification process in the shortest possible timeframe may be more attractive to customers seeking to use their wagering account with minimal delay.
- Operators may lose revenue that would otherwise have been received during the verification timeframe.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the customer verification measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of the four options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts when making a decision on the appropriate timeframe reduction for customer verification.

A list of consolidated consultation questions is included at [Appendix A](#).

58. What is your preferred option? Please justify why.
59. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
60. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
61. If you are an online wagering provider, please outline the number of online wagering accounts you have, including the average of how many new accounts you need to verify per year?
62. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
63. If you are an online wagering provider, what do you consider the impact would be if customers were restricted from using their online wagering account prior to their identity being verified? What would be the associated costs and benefits or disadvantages of this feature?
64. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

9. Payday lenders

The aim

The aim of this measure is to prohibit the links between online wagering operators and payday lenders. This is to ensure that consumers who are account holders with online wagering operators are neither targeted, nor made aware of payday lenders via online wagering operators and their online wagering websites.

Payday lenders are legally referred to as small amount credit contract (SACC) providers. However, payday lenders and payday lending are terms that SACC providers and SACCs are more commonly referred to in the public domain.

Options to prohibit links between online wagering operators with payday lenders are considered in this chapter which apply to online wagering operators, including any of their affiliates, and links to SACC providers.

This measure does not intend to restrict consumers from being able to apply for a SACC generally if they choose to, however, it does intend to discourage, restrict or prohibit online wagering operators from referring SACC providers or consumer information to SACC providers.

Definition

A SACC is defined, under the *Consumer Credit Legislation Amendment (Enhancements) Act 2012*, as a contract that⁶⁶:

- is not a continuing credit contract and is unsecured
- is not provided by an authorised deposit-taking institution (ADI)
- has a credit limit of \$2,000 or less
- has a term between 16 days and one year.

Prior to July 2010, there was no legislative definition of the different credit types offered by licensed SACC providers. The SACC provisions came into effect from 1 March 2013. As part of these provisions, 'short term' loans of \$2,000 or less, that individuals must repay in 15 days or less, are prohibited.⁶⁷ However, this prohibition on short terms loans does not apply to loans offered by ADIs.

SACC providers are often viewed as a convenient source of quick cash and are seen as filling a credit gap in many communities where low income earners do not have the same access to low interest loans as middle to high income earners.⁶⁸

⁶⁶ Australian Securities and Investments Commission. *Payday lenders and the new small amount lending provisions*, Report 426, p.18.

⁶⁷ <https://www.moneysmart.gov.au/borrowing-and-credit/consumer-credit-regulation>

⁶⁸ Southwark Council and Ben Cave Associates. 7 March 2014. *Betting, borrowing and health – health impacts of betting shops and payday loan shops in Southwark*, p. 29.

The Review of the small amount credit contract laws

The Commonwealth Government commissioned an independent review of the SACC laws (SACCs Review) in August 2015. A final report, *the Review of the small amount credit contract laws*, was provided to the Commonwealth Government on 3 March 2016.

There were a total of 24 recommendations made, which the Commonwealth Government supported the vast majority of the recommendations, in part or in full. This was announced by the Minister for Revenue and Financial Services, the Hon Kelly O'Dwyer MP on 28 November 2016.⁶⁹

The final report made a number of recommendations designed to increase financial inclusion and reduce the risk that consumers may be unable to meet their basic needs or may default on other necessary commitments. Implementation of these recommendations will ensure that vulnerable consumers are afforded appropriate levels of consumer protections while continuing to access SACCs and consumer leases.

Of particular importance for this measure is the following recommendation:

SACC providers should be prevented from making unsolicited SACC offers to current or previous consumers.

The Commonwealth Government has accepted this recommendation in full, agreeing with the principle that consumers should only apply for a SACC when they proactively choose to do so, rather than being prompted by a SACC provider. This is important to highlight that online wagering operators should be implementing business practices that do not prompt consumers to apply for a SACC.

Why is this being implemented as a consumer protection measure?

The Commonwealth Government's long-standing policy position is that responsible gambling means individuals engage in gambling activity within their means. However, there are more options than ever before for individuals to find ways of being able to borrow money for gambling purposes.

With relative ease, a consumer can set up an online wagering account, place a series of bets and find themselves in financial difficulty quickly. To pay back gambling losses and manage this financial difficulty, consumers may seek out, or be referred to options to access faster and easier ways of being able to borrow money.

One way of achieving this is through the SACC industry, which now has a stronger presence than ever on the internet. It is quick, easy and efficient to borrow money through online applications and online approval processes, often with minimal customer verification and financial assessment tests. This can result in a cycle where an individual, already financially vulnerable, may attempt to win back their wagering losses by borrowing more money.

⁶⁹ <http://kmo.ministers.treasury.gov.au/media-release/105-2016/>

This is of biggest concern for problem gamblers, or those at risk, who are the most vulnerable group. This borrowing to repay debt is often accompanied with other existing debts and the inability of consumers to pay off their bills and debts, including the inability to meet their basic needs or they may default on other necessary commitments. Common impacts on top of this for problem gamblers are relationship breakdown, family violence, suicide, involvement in fraud or other crime, as identified in the April 2016 Financial Counselling Australia report.⁷⁰

In 2011, it was estimated that 1.1 million Australians accessed SACC services, representing around 15 per cent of the working age population. In that same period, an Australian Research Council Linkage study found that 15 per cent of participants accessed SACCs for gambling purposes.⁷¹

As the proliferation of SACC providers is fairly new, there is limited research evidence on the impacts SACCs has on Australian consumers for online wagering purposes, despite the recent SACCs Review—but this looked at the impacts of SACCs on consumers generally. Research in the UK⁷², which has examined the links between gambling debt, payday loans and health in Southwark, has shown⁷³:

- access to SACC providers is an important factor in borrowing behaviour
- SACCs do not alleviate economic hardship and can trap users into a spiral of debt
- unmanageable SACC borrowing is linked to poor mental health as a result of indebtedness and financial exclusion
- while occasional sports betting may be mildly positive, the use of multiple forms of betting, particularly Fixed-Odds Betting Terminals by younger adults, can be associated with significant harm to health and wellbeing
- the greater the number of debts a person has, the higher their risk of also having a mental disorder.

⁷⁰ Financial Counselling Australia. 2016. *Problem Gambling*. Financial Counselling, Survey and Case Studies.

⁷¹ Banks, M; Marston, G; Russel, R; Karger, H. 2014. In a perfect world it would be great if they didn't exist: How Australians experience payday loans. *International Journal of Social Welfare*, p. 3.

⁷² This research was undertaken in Southwark in the UK. While this is not in Australia, this research shares some insights into the social impacts of betting and accessibility to payday loans and likely health outcomes.

⁷³ Southwark Council and Ben Cave Associates. 7 March 2014. Betting, borrowing and health – health impacts of betting shops and payday loan shops in Southwark.

There is some research that has indicated that some SACC arrangements are targeted towards consumers who are financially vulnerable and who are unable to access mainstream credit due to poor credit rating or unemployment, and that this embeds financial disadvantage even further.⁷⁴ This is also evident when entering 'payday loans' into an internet search engine, where it yields a multitude of payday lenders for which consumers can readily access and a list of other concerning 'related searches', including:

- no refusal loans Australia
- no credit check loans guaranteed
- urgent loans for Centrelink customers
- instant loans for Centrelink customers
- bad credit payday loans Australia.

A submission made by the Consumer Action Law Centre to the SACCs Review provided a case study of a consumer who had a gambling problem, and who had entered into SACCs regularly for short periods. In this submission, it was highlighted that just before the consumer paid off a current SACC, the consumer was sent an SMS offering a further SACC.⁷⁵

Another submission made to the SACCs Review by the Financial Rights Legal Centre highlighted that SMSes are timed to be sent to SACC consumers often around Christmas and towards the end of current SACC loan.⁷⁶

More recently, a report on the findings of the review of the payday lending industry found the amount of payday lending is growing with an estimate of \$400 million for the overall value of small amount loans for the 12 months to June 2014.⁷⁷

It is recognised that some consumer protection measures have been put in place in recent years to reduce debt risks from SACCs generally for consumers. In 2013, this included the introduction of requirements regulating the content, placement and use of warning messages and advertisements for SACCs and implementing practices where consumers must acknowledge that they have read any warning statements before they can apply for a loan.⁷⁸

However, this consumer protection measure attempts to build on reducing debt risks specifically for online wagering consumers, by removing the linkages between online wagering providers and payday lenders—largely through advertising and promotion—so consumers who use online wagering services are not targeted to apply for SACCs.

⁷⁴ The Melbourne Newsroom. 5 June 2014. Payday lenders target the financially vulnerable: <http://newsroom.melbourne.edu/payday>

⁷⁵ Commonwealth of Australia, The Department of the Treasury. 2016. *Review of the small amount credit contract laws – Final Report*, p. 33.

⁷⁶ Australian Securities and Investments Commission. *Payday lenders and the new small amount lending provisions, Report 426*, p. 34.

⁷⁷ *Ibid*, p. 7.

⁷⁸ *Ibid*, p. 30.

Current practice in Australia

SACCs are primarily regulated under the National Credit Code (Code) as contained in Schedule 1 of the NCCPA. The Code replaces the old Credit Codes formerly operating in each state and territory. Unlike short term credit contracts (those being unsecured loans of 15 days or less of similar kinds to SACCs), SACCs are not prohibited but are subject to regulation and licensing under the Code.

Credit providers who provide SACCs to consumers to finance gambling are subject to the Code. This includes any wagering operator who provides credit directly to their customers for betting, in jurisdictions where this practice is not banned. Additionally, the Code also regulates any person who provides credit assistance, or act as intermediaries between a credit provider and their customers, including wagering operators who perform these roles, as part of their wagering business.

While the Code imposes various measures on operators and intermediaries—which as mentioned above, have been largely aimed at ensuring consumers are able to make more informed decisions and suitably assessed for credit to reduce debt risk—the Code does not directly regulate key business activities through credit providers that are linked to the consumers of wagering operators. For example, the Code permits referrals to and from wagering operators to their consumers, and the solicitation of credit by wagering operators on behalf of credit providers.

The role of credit providers, and their relationship to wagering operators who serve as intermediaries for credit providers might be an area to further implementation of the regulatory options. To the extent credit betting by wagering operators is banned under state and territory law, this may become a key process via which credit is facilitated to consumers to finance their wagering. For example, major bookmakers, such as Sportsbet Pty Ltd, already have such arrangements in place.

The Australian Securities and Investments Commission (ASIC) is the national regulator for consumer credit and are also responsible for enforcing the Code. Any changes to the Code could be administered by ASIC. ASIC also administers a licensing regime through which it regulates the probity and integrity of credit providers. These generally operate in tandem with state and territory laws where wagering operators who are authorised to engage in credit activity (such as in the ACT or Tasmania via the operation of trade accounts), are exempt from the licensing requirements under Commonwealth legislation. These operators must still comply with the Code's responsible lending and related obligations.

However, there is no available research evidence to reflect how the relationship between SACC providers and online wagering providers is managed, monitored or in any way regulated in Australia. This is likely due to the recent emergence and proliferation of both the online wagering industry and the online payday lending industry and the fact that many countries have prohibited the provision of lines of credit by online wagering operators. The nature of online wagering and payday lending is also concerning as it lacks face-to-face customer interaction.

The O'Farrell Review and Government Response

The Commonwealth Government's long-standing policy position is that responsible gambling means individuals engage in gambling activity within their means.

The O'Farrell Review identified concerns with the relationship between online wagering companies and payday lenders. During the review consultation process, some stakeholders noted that customers of online wagering operators are sometimes directed to payday lenders, in order to provide loans of up to \$2,000 for emergency expenditure and settling lines of credit gambling debt. In particular, payday lenders are advertising on wagering operator websites, or in some cases, establishing direct partnerships with loan providers.

Regarding this matter, the O'Farrell Review made the following recommendation:

Links between online wagering operators and payday and other lenders should be discouraged.⁷⁹

The Government Response committed to:

Concerns were raised to the Review about links between payday lenders and online betting operators. The Government will work with the industry, state and territory governments and the counselling sector to investigate ways to discourage the link between payday lenders and online wagering.

What stakeholders have said about this measure

As part of consultations for the O'Farrell Review, some stakeholders raised concerns that customers of online operators are being directed to payday lenders through advertising on the websites of online operators or through direct partnerships between payday lenders and operators.

Stakeholders raised concern that links between SACC providers and onshore operators served only to ensure that users without the capacity to pay are able to settle their borrowed lines of credit through access to loans at high interest rates. This would reduce the efficacy of consumer protection measures seeking to reduce harm to customers by providing tools to assist them to manage their gambling expenditure.

Financial Counselling Australia

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. FCA believes the most appropriate and strongest reform would be to prohibit credit and payday loans for gambling purposes. In the absence of this change, the FCA has recommended amending Australia's credit laws to include, among other options, 'banning advertising links between payday lending sites and sports betting sites'.⁸⁰

FCA believes that disassociating payday lenders with online gambling sites is a vital consumer protection tool and it is necessary for people gambling away their own money, as they often try to win it back by borrowing to continue betting.

⁷⁹ Commonwealth of Australia, Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 154.

⁸⁰ Financial Counselling Australia. 2015. *A Report: Duds, Mugs and the A-list – A Report into the Impact of Uncontrolled Sports Betting*, p.4.

The second gambling ministers meeting

At the second Commonwealth, state and territory ministers meeting held on 27 April 2017, ministers gave in-principle agreement to prohibiting links between online wagering operators and SACC providers. Specifically, ministers agreed that the National Framework would prohibit:

- advertising or direct marketing of SACC providers on online wagering websites
- online providers from referring consumers to credit organisations to finance wagering activity and providing consumer information to SACC providers.

Ministers also agreed to explore whether this ban should extend to affiliated organisations of wagering providers. The Commonwealth Government will implement these requirements by the end of 2017.

Overarching considerations

Important considerations around prohibiting the links between online wagering operators and payday lenders include:

- how such links are defined and who they should apply to
- how and who should monitor the practice of ensuring online wagering consumers are not targeted
- how this consumer protection measure interacts with all Commonwealth, state and territory ministers position on banning lines of credit offered by wagering operators
- whether monitoring and enforcing a prohibition on links to payday lenders, with an appropriate enforcement and penalty regime, should be introduced to strengthen adherence to prohibit links.

Regulatory reform options

There are three options for this consumer protection measure:

Option Number	Description
Option one	Current arrangements: no changes (base case)
Option two	Prohibiting links between online wagering operators and payday lenders: stronger consumer protection standards (minor regulatory impact)
Option three	Prohibiting links between online wagering operators and payday lenders: a fully harmonised approach , including prohibiting payday lenders to loan money for online wagering purposes (minor regulatory impact)

Option one: current arrangements: no changes

This option proposes no changes be made to the current arrangements between online wagering operators and SACC providers, including its interactions with consumers. In practice, states and territories continue to regulate licensed online wagering operators where providers may or may not have direct or indirect links with payday lenders, or the offering of payday loans.

Impact analysis of option one

Key saves/benefits:

- This option has no increase or decrease in regulatory burden or costs.

Key costs/disadvantages:

- There may continue to be linkages, direct or indirect, between online wagering operators and payday lenders through advertising and/or other promotional material or referral of customer information.

Option two: prohibiting links between online wagering operators and payday lenders

This option proposes a set of stronger consumer protection standards for links between online wagering operators and payday lenders, applied consistently across Australian jurisdictions.

Specifically, the stronger consumer protection standards for the links between online wagering operators and payday lenders could include the following features:

- There will be no advertising or direct marketing of SACC providers on licensed online wagering operators' websites.
- All online wagering operators will be responsible for ensuring advertising is not available on their websites and no promotional material is provided for payday lenders.
- The referral of customers to credit organisations to finance any gambling activity will be banned.
- The provision of customer information to SACC providers will be prohibited.

To prohibit links between online wagering operators and payday lenders, a restriction on these linkages could include advertising by affiliate organisations with links to wagering operators. Affiliate organisations would include, but not be limited to, sporting leagues, television broadcasters, social media platforms, and telecommunications companies.

This option aligns more broadly with changes Google announced in May 2016 that it is banning all payday loan advertising from its search engine site in response to stakeholder concerns that this lending practice exploits the poor and vulnerable by offering them immediate cash that must be paid back in a short amount of time and under incredibly high interest rates.⁸¹ Facebook also does not display advertisements for SACCs/payday loans.

Impact analysis of option two

Key saves/benefits:

- Stronger consumer protection standards will be implemented, that protect consumers across all Australian jurisdictions, rather than just some jurisdictions, from being targeted to obtain a SACC for gambling purposes and to not be subjected to any payday lending advertising and/or other payday lending promotional material when accessing online wagering services.

Key costs/disadvantages:

- There may be costs and impacts such as new compliance with the law for the prohibition of links; the requirement to take information down and to change any related business practices.
- Implementing stronger consumer protection standards should make it easier for industry to comply with these new regulations, however, there will still possibly remain inconsistencies across the jurisdictions in how this option is implemented.

Option three: a fully harmonised approach

This option proposes a full prohibition between online wagering operators and payday lenders be mandated, including a restriction that prohibits payday lenders to loan money to consumers specifically for online wagering purposes.

The restriction in the National Framework to prohibit payday lenders to loan money to consumers specifically for online wagering purposes could be achieved through an amendment in the NCCPA82 so that any licensed SACC providers are prohibited from lending money for the purposes of online wagering.

This option needs to take into consideration appropriate compliance and enforcement arrangements for the restriction of offering a SACC for gambling purposes and also be cognisant of the recent SACCs Review.⁸³

This option could also include extending the ban to organisations affiliated with wagering providers. This would require wagering providers to be actively aware of any relationships with SACC providers that affiliate organisations have.

⁸¹ Peterson, A. & Marte, J. 11 May 2016. *Google to ban payday loan advertisements*. The Washington Post.

⁸² Amending the NCCPA may require further consultation with SACC providers and other financial institutions.

⁸³ This option has not considered a consent option where a consumer needs to give consent for SACC providers to contact them. A consent option does not align with the Commonwealth's commitment to ensure strong consumer protections are in place and the Commonwealth's view is that any gambling activity should not be undertaken with borrowed money.

Impact analysis of option three

Key saves/benefits:

- This option harmonises the regulations across all jurisdictions for industry that will only have to comply with one regulatory system for online wagering.
- This option provides the most stringent consumer protections by prohibiting SACCs for the purposes of gambling. While this limits consumer choice and accessibility to SACCs for wagering purposes, it provides the greatest protections for consumers from spiralling into further debt.
- This option is expected to reduce the associated costs of adhering to multiple regulatory environments across Australian jurisdictions.
- The community sector is most likely to be in favour of this option to ensure the greatest harm minimisation for SACCs for wagering consumers and reduce the number of options available to consumers to borrow money to gamble with.

Key costs/disadvantages:

- This option may have initial costs to implement changes to existing legislation and any potential new legislation.
- Requiring wagering operators to have in-depth knowledge of the commercial and other relationships that affiliate organisations have may impose an administrative burden on operators, and one that is ongoing or requires changes to disclosure arrangements between organisations.
- A flow-on impact for affiliated organisations to be more transparent in their partnerships with SACC providers could be expected.

Consultation questions

The consultation questions below relate to the options outlined in this chapter for the linkages between online wagering operators and payday lenders measure of the National Framework.

By asking questions on the cost of current business practices and the expected impacts of these three options, the Commonwealth, state and territory governments will be able to examine the extent of the regulatory and financial impacts of developing a standard and consistent approach for businesses, individuals and the community sector.

A list of consolidated consultation questions is included at [Appendix A](#).

65. What is your preferred option? Please justify why.
66. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
67. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.

68. For option three, if you are an online wagering operator, what do you estimate the loss of revenue would be from restricting payday loans to be used for online wagering activity?
69. For wagering operators (and for organisations affiliated with wagering providers), what are the potential impacts of ensuring affiliated organisations do not have any links with SACC providers?
70. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
71. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

The approach to regulating the National Framework

This chapter outlines the existing legislative and regulatory context for online wagering in Australia and explores four key options for implementing a consistent approach to the implementation of the National Framework. These options include those broadly canvassed in the O'Farrell Review.

Existing legislative context

Current regulatory arrangements for online wagering in Australia operate at both the Commonwealth and state or territory level. At the Commonwealth level, the IGA prohibits the supply of most interactive gambling services to consumers in Australia. For interactive gambling services that are not prohibited (generally referred to here as 'online wagering'), each state and territory has enacted their own laws to license and regulate these services in the Australian market.

Any person wishing to conduct or provide online wagering services as a business in Australia, must be authorised under state or territory laws. Pre-existing state or territory licensing regimes for land-based gambling have formed the basis of most online wagering regimes. Online operations are often endorsed to carry out these activities as an extension of existing licenses for land-based wagering. In some jurisdictions, licensing for online wagering has also evolved away from making such distinctions to provide more generalised arrangements for authorising online wagering operations and the requirements they impose.

Measures for protecting consumers are primarily given effect through dedicated state and/or territory licensing regimes. Under these arrangements, states and territories require operators to implement measures for protecting consumers in relation to the services that they are licensed to provide. These protections may be given effect by imposing a license condition (which may be prescribed in legislation/regulation/other legislative instrument or negotiated), creating civil or criminal penalties prohibiting harmful conduct (legislation/regulation), or a combination of both approaches.

Further, some measures are also legislated and regulated by the Commonwealth (in isolation or in addition to states and territories), for example, customer verification requirements.

Applying a national perspective, state and territory licensing regimes have also adapted to facilitate more harmonised approaches to regulation. Significantly, where a wagering service is provided legally under a licence granted by an Australian state or territory, it will also be recognised as a legal service under the laws of other states or territories. Some jurisdictions have also established arrangements, which in effect allow a licensing authority/regulator to dispense with requirements under their own laws, in recognition of a corresponding obligation imposed by another state or territory operating in its place.

However, fragmentation in consumer protection has not been eliminated. In some cases, in addition to the requirements imposed under an operator's license, an operator may be subject to similar obligations imposed by the operation of intersecting regulatory regime (Commonwealth or state or territory) in the jurisdiction in which the operator is licensed. Further, a licensed operator may also be subject to corresponding requirements imposed under the laws of another state or territory, for the purposes of operating in the other state or territory. The laws of another state or territory may apply in any number of ways—this would depend on the law itself.

There can be unique and incompatible differences between the requirements imposed under the corresponding laws of another state or territory or the Commonwealth. To ensure compliance, operators and other regulated entities may adapt their services or activities accordingly to ensure compliance in that state or territory, or to ensure their services or activities are not conducted in that state or territory, where it may no longer be commercially viable or as attractive to pursue in light of the costs of compliance.

Objectives of harmonisation

As noted in the O'Farrell Review, a National Framework which is consistent across all jurisdictions is important to improving harm minimisation outcomes for Australian consumers, and sustaining a dynamic and competitive domestic industry to deliver these consumer protections.

Harmonisation not only improves the efficacy of these protections for the onshore market, but it also reduces the relative compliance costs for onshore operators across jurisdictions. This can enhance the competitiveness of the domestic market, to offset leakage to the unlicensed market, where there are no guaranteed consumer protections. A reduction in compliance costs may also encourage offshore providers to become licensed in Australia.

In developing the options, it is proposed that the objectives set out by the O'Farrell Review are also adopted here for the National Framework. Specifically, these include:

- protecting consumers, both in terms of protection from unfair market practices and protection from the harms associated with gambling
- encourage competition, both within the domestic industry and between the industry and offshore competitors.⁸⁴

In support of these objectives, a regulatory model for establishing the National Framework has been designed with regard to delivering the following core, competing outcomes:

- to leverage existing regulatory resources and expertise
- to streamline administration, including minimising duplication, costs and complexity

⁸⁴ Commonwealth of Australia, Department of Social Services. 2015. *Review of Illegal Offshore Wagering*, p. 151.

- to ensure consistency and certainty in the ongoing regulation of consumer protections
- to preserve harmonisation in regulation where appropriate and where it exists.

Additionally, depending on its scope, a regulatory model might also take into account (either directly or indirectly) the following additional aims:

- to promote high standards of probity, integrity and transparency
- to support broader efforts to reduce the size of the offshore illegal market.

Options for harmonisation

Four broad options for establishing and maintaining consistency in the regulation of consumer protection for online wagering are proposed. While there are a range of other options for regulating a National Framework, given the broad spectrum of interests which need to be balanced, the following four options are considered to be the most feasible for achieving regulatory and policy objectives. These options were discussed broadly at the gambling ministers meeting in 2016 and may also be pursued in combination.

Option number	Description
Option one	No joint National Framework (no regulatory change)
Option two	Joint National Framework providing best practice consumer protection standards, legislated and regulated by the states and territories (minor regulatory impact)
Option three	Joint National Framework providing best practice consumer protection standards, legislated by the Commonwealth, and regulated by states and territories (moderate regulatory impact)
Option four	Joint National Framework providing best practice consumer protection standards, legislated and regulated by the Commonwealth (major regulatory impact)

Across all options, the Commonwealth, states and territories would work together on a jointly agreed set of consumer protection standards to form the National Framework. The Commonwealth would retain responsibility for regulating prohibited or unlicensed interactive gambling services under the IGA. It may also retain responsibility for certain measures, currently dealt with under existing national regimes where appropriate, to avoid undermining harmonisation where it exists. The key benefits and impacts of implementing each of the above options are considered below.

Option one: no joint National Framework

While it would be open to Commonwealth, state and territory governments to maintain the status quo, relevant ministers of all governments have jointly committed to establishing a National Framework for best practice consumer protection standards. These commitments recognise that a robust and consistent regulatory framework is important to maintaining robust and effective harm minimisation outcomes, as well as sustaining a dynamic and competitive domestic industry for online wagering.

A National Framework that minimises complexity and inconsistency can therefore not only enhance outcomes in the regulation of consumer protections, but also reduce the burdens faced by Australian licensed operators, and any competitive advantage illegal operators may enjoy over licensed operators.

The actions taken to establish a National Framework by Australian governments to date are also supported by the findings and recommendations of the O'Farrell Review. The O'Farrell Review established the case for nationally consistent regulation in consumer protection, making 16 recommendations in support of a National Framework and its measures (and a further three to complement this Framework).

In light of the above, it would not be acceptable for governments to take no action.

Option two: legislated and regulated by states and territories

The second option for implementation is for individual state or territory laws to be amended separately, to give effect to the measures contained in the National Framework. The National Framework would have broad application, with states and territories implementing its measures only where they license online wagering activities. Essentially, this maintains the regulatory status quo, with enhanced and consistent consumer protections applied.

States and territories could retain responsibility for determining how the National Framework's scope and measures apply in their respective licensing and regulatory regimes, and making any ongoing changes to keep it up to date following agreement with all jurisdictions. States and territories may give effect to the consumer protection measures using the legislative instruments which afford consumers their current protections.

States and territories could also be responsible for administering the consumer protection measures under the National Framework. States and territories may exercise their existing disciplinary powers and functions to promote compliance with the consumer protection measures. States and territories would generally monitor and evaluate the implementation of the National Framework within their jurisdictions, with the Commonwealth assisting in this work.

More generally, the Commonwealth would work with states and territories in a policy development and coordination role to assist states and territories with ensuring the National Framework remains effective for meeting policy objectives and responding to emerging national issues.

Key benefits:

- This option would provide consumers with a stronger level of protection under state and territory laws, and help in reducing the risk of these protections deviating from the consumer protection standards.
- The improved stability and consistency in the regulatory environment would also reduce the costs of complying with multiple or additional requirements imposed by the laws of a state or territory that are outside the state or territory in which an operator is licensed.
- Additionally, this option would also incur the least upfront costs for governments to introduce, by allowing states and territories to leverage existing resources and arrangements for consumer protection to implement the National Framework.
 - This would further reduce the upfront regulatory costs for operators in jurisdictions where state and territory regulators charge industry for regulation.

Key impacts:

- While state and territory governments would be committed to action, several state and territory parliaments are likely to require their own legislative amendments to give effect to the National Framework. Given this, implementation of enhanced protections for consumers may be delayed, with the potential to create uncertainty.
- Under this option, there are no changes to the regulatory structures set up to administer the consumer protection measures. The same decision making processes and governance arrangements for administering the current regulation remain in place, where an operator conducting business on a national scale may be subject to multiple sources of regulation, in addition to those imposed under its licensing jurisdiction, each of which are governed by their own frameworks.
- While there should be no regulatory impact if the content of the measures remains harmonised, there is some potential risk of future deviation arising. While Commonwealth, state and territory governments would seek to honour commitments in maintaining uniformity, given the sheer volume of regulation in operation and the independence of some existing rule makers, this could not be guaranteed.

- In large part, this risk arises from the diversity of legislative frameworks operating, to govern both the creation of regulatory rules and its administration across various regulatory and licensing bodies. Under a national regime, it has been suggested that the risk of inconsistency arising is more likely to be the result of inadvertent legislative or regulatory changes, made in response to pressure to resolve local issues and priorities.
 - For indicative purposes only, in the past decade, a conservative lower-end estimate of the average number of (successful) amendments made in the areas subject to the National Framework was 12 legislative amendments per year.⁸⁵
- Given each of these potential amendments may be driven by a different policy agenda, it is assumed that in the absence of arrangements governing the administration of legislative changes in this area, there is a real risk these routine changes will not converge under a nationally consistent policy approach to online wagering regulation.
 - Past attempts to achieve consistency in the ACL demonstrates this is a very real risk, where divergence by governments (including the Commonwealth) can lead to increased complexity and compliance costs despite the best intentions and commitments of governments.⁸⁶
- As a subset of the ACL, it is noted that the model adopted by the ACL provides one relevant (but not the only) example of how this risk can be managed in the context of online wagering regulation.⁸⁷ Such a model is likely to have resourcing implications.
 - This risk could also be mitigated in the design of the regulatory regime as explored in options three and four.
- This option will not address broader inconsistencies in the licensing, regulation and taxation of online wagering operators. Dealing with these inconsistencies could contribute to any of the competitive advantages that offshore operators enjoy over licensed operators.

Summary analysis

By leveraging existing regulatory arrangements, option two would improve consumer protection outcomes for individuals while imposing the least upfront regulatory costs for online wagering operators. However, these benefits are reliant on each state and territory parliament enacting their own laws to implement the National Framework, which may reduce certainty in achieving consistency.

⁸⁵ This estimate was made based on a search of acts made in point of time, in the areas of regulation approximated to the National Framework, and only in a selection of jurisdictions, with contrasting regulatory regimes. Amendments were counted by title only, and not by provisions within a title. A more accurate approach would be to count the provisions which together make up a policy proposal since these would constitute the discrete policy drivers potentially impacting on national consistency and which may require a substantive policy solution to address. Each title may contain any number of proposals it could 20, it could 5.

⁸⁶ On 27 November 2009, Dr Steven Kennedy delivered a speech, entitled [An Introduction to the Australian Consumer Law](#), to the Standing Committee of Officials of Consumer Affairs' Forum for Consumer and Business Stakeholders and provides relevant insights.

⁸⁷ See for example <http://consumerlaw.gov.au/consumer-policy-in-australia/maintaining-consistency-with-the-acl/>

Over the longer term, the benefits of option two may not last without also addressing the diversification of regulatory structures via which consumer protections are established and governed. As a result, the benefits of option two may be outweighed by the costs of managing complexity in regulation between jurisdictions, and any new complexities which might later arise in consumer protections across jurisdictions—should this risk be realised—particularly as the industry grows and expands.

Option three: legislated by the Commonwealth, regulated by states and territories

Unlike option two, option three proposes to reach agreement with states and territories on respective roles and responsibilities for regulating the National Framework, before establishing them in Commonwealth legislation. Consenting states and territories would administer the National Framework's delegated functions in conjunction with their broader regulation of operator integrity and probity under their existing licenses. In general, this option maintains the regulatory status quo, while providing for a consistently legislated National Framework, and affording jurisdictions further enforcement powers.

The Commonwealth would enact the National Framework either as new legislation, amendments to the IGA, or a combination of both. As the legislator of the National Framework, the Commonwealth would retain high level policy responsibility for its rules and requirements. However, a process could be formed with the states and territories (and prescribed in legislation) for updating the National Framework. The Commonwealth might also perform a high level oversight role of the National Framework, to ensure that national legislation is applied consistently and administered effectively across Australia.

As part of this role, the Commonwealth would delegate the performance of regulatory functions under the National Framework to the states and territories where they consent. State and territory delegates could enforce the consumer protection measures under the National Framework, while continuing to regulate the integrity and probity of online wagering operators through their licensing laws.

There are various approaches via which option three could be implemented. For example, a state and territory-based approach might involve setting up the National Framework to operate in tandem with the enforcement of state or territory licenses, potentially leveraging an operator's license to support compliance under the National Framework. In contrast, a national approach might place a greater emphasis on streamlining protections under a single national law, while supporting enhanced integration of state and territory enforcement activities, which are best suited to regulating in an emerging national market.

It is likely that the optimal arrangements would involve elements of both Commonwealth, state and territory approaches, which would be developed and refined with jurisdictions. However, this would also ultimately depend on the inter-operability and compatibility of existing regulations under any national regime. The key benefits and impacts of both these elements are broadly identified below.

Key benefits:

Where option three is set up with a focus on streamlining the administration of the National Framework, it would deliver a number of benefits:

- It will consolidate existing measures under national legislation, which would reduce complexity and improve clarity on consumer protection requirements by replacing the various regimes operating concurrently with a single regime. This could reduce the costs of compliance for online wagering operators across jurisdictions.
 - This would also provide consumers with greater certainty of guaranteed protections across jurisdictions.
- Given the Commonwealth Government would apply one law via the National Framework, this option would also provide more certainty, and consistency in the regulation of online wagering services.
 - However, this outcome would need to be weighed against the benefits and costs of a National Framework, which incorporates best practice in line with state and territory regulation. A National Framework that is strengthened by state and territory regulation may enhance compliance and administration under a national regime, but it may also come with some increased costs and potential complexity (further explored below).
 - This might in part be mitigated by the Commonwealth Government assuming a greater role in coordinating administration across governments, particularly in key areas of strategic importance.

Key impacts:

At a minimum, regardless of how option three is set up to operate, it is likely to have the following impacts:

- There may be some minor increase in the potential costs of administration for the Commonwealth Government, where it may perform a high level oversight role of the National Framework (as the legislator for its enabling legislation). This might be offset by any simplification in regulation and administration under existing consumer protection measures.
- States and territories may need to manage some new complexity in administration which arises from the Commonwealth enacting legislation for a National Framework and its interaction with state and territory regimes. Some additional administration may be necessary in order to maintain a seamless and complementary approach to regulating operators across their consumer protections obligations (provided under the National Framework), and broader integrity and accountability requirements (provided under state and territory licensing requirements).

Where option three is set up to operate within, and leverage existing state and territory regulatory arrangements, the below impacts are likely to increase:

- Leveraging existing state and territory mechanisms in support of enforcing the National Framework may result in additional regulation, particularly if control over these regulations and their associated powers are to remain with their respective jurisdictions as opposed to consolidating them under a single law.

- Additionally, there is a risk it may preserve the concurrent operation of multiple regimes, which give effect to the consumer protections under a National Framework. Depending on how existing regulation is used in support of a National Framework, this may lead to future changes in consumer protections if not adequately addressed.

At a broader level, this option only achieves consistency in terms of the National Framework and does not address broader inconsistencies in the licensing and regulation of operators. These impacts could contribute to any of the competitive advantages that offshore operators enjoy over licensed operators.

Summary analysis

Option three may have more potential to achieving national consistency than option two, and could avoid the costs of managing the duplication in regulation which also arises under option two.

Option three would require the Commonwealth Government to take legislative action to establish the National Framework, with input from state and territory governments. Underpinned by national legislation, this would help to govern changes to regulation under a single framework, reducing the risk of future inconsistency. The size of this risk would also depend in part on the implementation method.

Broadly speaking, implementing option three could increase the number of Commonwealth, state and territory authorities involved, and the complexity of regulation where existing state and territory regulation is leveraged. This would need to be weighed against the potential benefits of an enhanced regulatory framework.

Option three could be implemented relatively quickly, if the changes are largely required to be undertaken by the Commonwealth Parliament. However, if subsequent changes are also required to the laws administered by state and territory regulatory bodies, this could have the same implementation timeframe as option two.

In addition, option three could also be subject to the same limitations resulting from inconsistencies in licensing and taxation over the longer term.

Option four: legislated and regulated by the Commonwealth

While the focus of options two and three is limited to achieving consistency in consumer protection, option four proposes a more holistic approach to achieving harmonisation. This involves not only streamlining state and territory consumer protections under a National Framework, but also streamlining the underpinning regulatory regime. Harmonisation on this scale would provide a uniform operating environment that is dedicated to regulating online wagering operators.

Option four would be implemented through Commonwealth legislation, which would see a Commonwealth regulator established to oversee the regulation, licensing and potentially taxation of online wagering within Australia. Similar to option three, the repeal of, and/or amendments to state and territory law, is proposed to allow a Commonwealth regulatory regime to operate without adding further duplication or imposing additional tax burdens in the online space.

As part of an expanded role, the Commonwealth Government could also establish a centralised capacity to collect, analyse, and promulgate betting information to identify irregular and suspicious betting activity across the sports and race betting industries, and the online and offline channels of delivery. Currently, this information is separately collected across various regulators, controlling bodies and licensed operators.

Key benefits:

- This option would provide a uniform set of consumer protections, and broader regulation and licensing, that would be sustainable and well-suited to delivering robust outcomes for consumers in a mature online wagering market.
- Unlike options two and three, over the longer term, establishing a uniform operating environment for online operators (in line with the borderless nature of the industry) would help foster a strong and competitive domestic market to offset leakage of customers to the offshore illegal market where there are no guaranteed protections for consumers.
- Additionally, option four would also allow operators, for the first time, to engage with customers across Australia without the administrative and regulatory burden and costs associated with dealing with multiple state and territory regulators and regulatory regimes, regardless of consistency.

Key impacts:

- Regulating online wagering operators through a national regulator at the Commonwealth level is likely to increase the upfront regulatory costs for operators by establishing new regulatory systems. These costs may be passed down to regulated entities.
- However, over the longer term these costs are likely to be exceeded by the longer term savings generated from removing the diversity in sources of consumer protection regulation which would continue under option two. It would also avoid some of the potential costs of managing any complexity which may arise in administration under option three. The size of any net savings would in part depend on the growth of the industry.
- These effects may be most likely felt in jurisdictions which license higher numbers of operators, where secondary industries may have developed based on the business generated from online wagering in the licensing jurisdiction.

Summary analysis

Option four has the potential to improve consumer protection outcomes for individuals both in the immediate and longer term, by introducing a regulatory regime that fosters a competitive domestic market capable of delivering robust protections and certainty for consumers.

While option four would impose greater compliance costs for online operators in the short-term, these costs are likely to be offset in the longer term as the industry grows.

However, option four is likely to require a longer lead time to develop and establish before the Commonwealth is able to function as a fully operational regulator. There will also be a likely transition period from a multiple regulatory regime to a single regulatory regime. The Commonwealth Government would need to acquire and develop the necessary skills and knowledge, particularly in relation to the regulation of online wagering, to administer option four.

The success of option four is also dependent on a well-designed regulatory model and in particular, taxation and licencing arrangements which, as mentioned above, would require separate consideration. In the context of option four, any proposal for taxation or licencing must provide a commercially attractive regulatory environment to ensure operators and punters remain in the legal market.

Consultation questions

The consultation questions outlined below relate to the four options outlined in this chapter for the regulatory implementation approach for the National Framework.

A list of consolidated consultation questions is included at [Appendix A](#).

72. What is your preferred option? Please justify why. For example, do you think the benefits of state or territory-based regulation and its inherent capacity to respond more directly to any local issues should remain in place? What are the benefits of this arrangement from your point of view? Does this have any drawbacks for states and territories administering a nationally consistent regime?
73. Which option do you think would best suit the conditions of the current Australian online wagering market? Please justify why and give substantiating evidence where possible.
74. What are the costs and/or benefits associated with the current arrangements, including in terms of promoting compliance with nationally consistent regulations, and your preferred option? Please identify and quantify all costs including labour costs, and the basis for these costs.
75. Does it make any difference to you if you are subject to multiple sources of regulation at the same time? While regulation remains consistent, are there any cost impacts incurred from keeping abreast of what rules apply to you? *This is to enable governments to determine the baseline costs now and compare this against the costs for the proposed change.*
76. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible. For example, is the potential complexity of regulation a concern if they remain consistent? Does it impact you in anyway while they remain the same between states and territories? Do you need to answer and or report to more than one regulator on matters concerning compliance with either the same measures, and or different measures?
77. Do you have any concerns about the potential for inconsistency arising in the future if a state or territory-based approach to regulation is maintained? Please justify why.

Implementation and evaluation plan

Following the public consultation process on this Consultation RIS, further analysis of the options will be undertaken and a Decision RIS will be prepared for governments, which outlines the preferred options for implementation of the National Framework.

Implementation

The Commonwealth, state and territory governments aim to implement the National Framework as soon as possible. Regardless of regulatory model, governments propose that where necessary, legislation to implement the measures under the National Framework is introduced by the end of 2017, with appropriate transition timeframes for industry. This would allow sufficient time for reaching agreement on the National Framework and the details of a proposed regulatory model, as well as developing appropriate legislation.

Across all options, it is likely at least some state and territory laws would be required to either amend existing consumer protection measures as per option two, or to remove the operation of state and territory consumer protection measures ahead of the Commonwealth Government legislating the National Framework as per options three and four, to avoid duplication. In the context of options three and four, Commonwealth legislation could be introduced first, followed by states and territories making any necessary amendments to accommodate the National Framework. Where appropriate, implementation might also proceed based on a combination of these approaches.

It is envisaged that the commencement of any proposed legislation (whether introduced by the Commonwealth, state or territory government) could be made contingent upon the passage of all relevant legislation across all jurisdictions. Tying the commencement of the National Framework's legislation across all jurisdictions ensures that the National Framework only applies as a nationally consistent regime, and does not add further complexity or inconsistency with a partially implemented National Framework across jurisdictions.

Transitional arrangements would also need to be considered to allow jurisdictions and industry to prepare for the implementation of the National Framework, without duplicating their regulatory burdens.

Evaluation

To ensure that regulation remains relevant, effective and consistent over time, there will be ongoing monitoring and review of the implemented changes by all governments. Depending on the regulatory model, this would be supported by regular reporting by regulated entities.

In addition, all governments could be party to a yearly review of the National Framework. This will ensure that the National Framework is achieving its purpose, and provide opportunity to agree on further enhancements and refinement over time subject to research and evaluation. This could be conducted by senior officials from all jurisdictions, who would report to their respective ministers for a decision.

Conclusion

Online wagering is the fastest growing form of gambling in Australia, with the O'Farrell Review finding that the sector is growing by 15 per cent each year. This growth sits within a context of Commonwealth legislation under the IGA which prohibits certain online gambling activities and inconsistent and fragmented regulations across different states and territories who license and regulate online wagering. This translates to a variety of consumer protections provided by online wagering operators and had led to poorer outcomes for consumers and greater compliance costs for operators.

The borderless and frequently changing nature of the internet means that consumer protection is challenging and needs to reflect the current online environment. The concerns about possible harms from online wagering relate to it being easily accessible, immersive, and providing the opportunity to spend money easily. The measures in this RIS are designed to be consumer protection measures available for all consumers, often promoting positive obligations which allow consumers to monitor and manage their own expenditure. The National Framework could be complemented by the possible introduction of other disruption measures for financial transactions and Internet Service Provider blocking, as well as strengthened provisions within the IGA.

Unless protections are brought up to date and applied more consistently, Australia will continue to fall further behind international best practice standards, with the potential to push online wagering operators and consumers offshore. A national policy framework will also need to be robust whilst remaining sufficiently flexible and agile to adapt to changes in online wagering technologies and service offerings, with best practice protections informed by new research and evidence as it becomes available.

This Consultation RIS presents options for nine of the 11 measures that Commonwealth, state and territory ministers have committed to including in the National Framework. These measures also reflect the recommendations put forward in the O'Farrell Review and the Government Response. A range of options for regulating a nationally consistent approach to consumer protection are also identified.

The options draw from the existing requirements across all states and territories, seeking to harmonise these across all jurisdictions. In addition, for some of the measures, options have been influenced by international best practice approaches as well as suggestions from a range of stakeholders, including industry, the community services sector and academia.

Although a status quo option is presented, governments have jointly committed to establishing a National Framework for best practice consumer standards. As such, this status quo option and the questions posed will assist with understanding costs of complying with the current requirements compared with the proposed reform options. This will inform decisions for what is recommended to governments and then implemented as part of the National Framework.

Through this Consultation RIS, stakeholders are invited to consider the impacts and costs of each of the options and to provide information that would be helpful in selecting the option for each measure and the implementation of the National Framework as a whole, with the greatest net benefits. However, it is accepted that each measure of the National Framework and its options presented in this RIS will have different regulatory and financial implications.

The final approach for the implementation of the National Framework will take into account those measures already regulated in states and territories and leverage these existing requirements to strengthen overall consumer protection standards. Consideration of the regulatory impacts and costs of implementing new requirements will be balanced against the advantages for all consumers.

The information received through this Consultation RIS process will ensure that policy decisions are informed by accurate evidence and arrived at through effective consultation processes. The input received through this consultation process will help the Commonwealth, state and territory governments to minimise regulatory burden where possible and minimise additional costs on industry while also balancing the need to ensure consumers have the extra protections in place they need for online gambling.

Appendix A: Consolidated consultation questions

Consumer protection measures

A National self-exclusion register

1. What is your preferred option? Please justify why.
2. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
3. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
4. If you are an online wagering provider, please outline the proportion of your clients who are currently self-excluded, including multi-operator self-exclusion.
5. Do you consider an ICT solution to be viable? What timeframe is this achievable in? Are there any impediments to implementation, such as software communication?
6. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
7. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

A voluntary, opt-out pre-commitment scheme

8. What is your preferred option? Please justify why.
9. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
10. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified, including timeframe for implementation? Please give substantiating evidence where possible.
11. If you are an online wagering provider and offer pre commitment tools for online wagering, please outline the proportion of clients who are currently using pre-commitment features.
12. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
13. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation timeframe? If so, what do you believe is a suitable timeframe?
14. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Prohibition of lines of credit

15. What is your preferred option? Please justify why.
16. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
17. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
18. If you are an online wagering provider or on-course bookmaker, and offer lines of credit, how many customers on average apply for a line of credit? How many customers do you offer lines of credit to? What is the average turnover of these customers?
19. For option three, do you support an exemption for VIP and professional punters and/or for on-course bookmakers? Please justify why or why not. Please include any calculations, analysis or evidence that supports your position, including a policy rationale as to why the exemption/s should be included as part of this measure.
20. What do you consider to be an appropriate way to define who is, and who is not exempt for the purposes of a 'carve-out' for on-course bookmakers?
21. What do you consider is an appropriate monetary threshold to fall into the VIP and professional punters category? Do you consider there are other, non-financial, parameters for establishing a VIP or professional punter?
22. What do you consider are appropriate financial and harm minimisation checks to be completed before lines of credit are offered to VIP and professional punters?
23. Is the proposed on-course bookmaker exemption likely to pose any unintended consequences?

24. If you are an on-course bookmaker, what would the financial impact be on your business if you were unable to use telephone-based operations to facilitate lines of credit for customers?
What would the financial impacts be if you were unable to use telephone operations to facilitate lines of credit for customers? Please include any calculations, analysis or evidence that supports your position.
25. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
26. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?
27. What do you think is a suitable transitional period for operators to transition to this measure under each option? Would a different period(s) be better and why?

Offering of inducements consistent with responsible gambling

28. What is your preferred option? Please justify why.
29. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
30. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
31. For option two and three, if you are an online wagering operator, what is your expected loss/gain in revenue drawn from the offering of inducements?
32. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
33. Do you agree with the current NSW definition of an inducement, identified in option two? Would you suggest a change? Please justify why.
34. Do you consider customer loyalty programs to be an inducement? Should this be incorporated into a ban, as per option three?
35. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Activity statements on demand and on a regular basis

36. What is your preferred option? Please justify why.
37. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
38. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
39. If you are an online wagering provider, please outline how many customers you provide activity statements to. How do you provide these activity statements to clients? What is the cost of providing activity statements and of making these available at all times?
40. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
41. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation timeframe? If yes, what do you believe is a suitable timeframe?
42. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Responsible gambling messaging

43. What is your preferred option? Please justify why.
44. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
45. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
46. What do you consider the costs will be to undertake research on RGM for online wagering, including how long this research will take and who should financially contribute to this research? What do you consider the costs are for dynamic messaging?
47. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.

48. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Staff training

49. What is your preferred option? Please justify why.
50. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
51. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible?
52. If you are an online wagering provider, what proportion of your staff, and how often do you provide these staff, with training for wagering activity?
53. If you are an online wagering provider, what do you consider the cost is of training one staff member? That is, considering the cost of the training provider (if any), amount of hours it takes and hourly rate of staff, etc.
54. What do you consider will be the costs for developing learning objectives that ensure stronger consumer protections? How much do you consider it will cost, and how long will it take, to develop an approved training program for staff?
55. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
56. If you are an online wagering provider, do you have any concerns with the end of 2017 implementation date? If yes, what do you believe is a suitable timeframe?
57. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Reducing the current customer verification period

58. What is your preferred option? Please justify why.
59. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
60. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible?
61. If you are an online wagering provider, please outline the number of online wagering accounts you have, including the average of how many new accounts you need to verify per year?
62. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
63. If you are an online wagering provider, what do you consider the impact would be if customers were restricted from using their online wagering account prior to their identity being verified? What would be the associated costs and benefits or disadvantages of this feature?
64. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Pay day lenders

65. What is your preferred option? Please justify why.
66. What are the costs and benefits or disadvantages associated with the current arrangements and your preferred option?
67. In your view, are there any other costs and benefits or disadvantages of each option that have not been identified? Please give substantiating evidence where possible.
68. For option three, if you are an online wagering operator, what do you estimate the loss of revenue would be from restricting pay day loans to be used for online wagering activity?
69. For wagering operators (and for organisations affiliated with wagering providers), what are the potential impacts of ensuring affiliated organisations do not have any links with SACC providers?
70. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible.
71. Do you believe there are other, better options to implement this measure? Please justify why. What are the costs and benefits or disadvantages associated with this other option?

Implementation of the National Framework

72. What is your preferred option? Please justify why. For example do you think the benefits of state or territory based regulation and its inherent capacity to respond more directly to any local issues should remain in place? What are the benefits of this arrangement from your point of view? Does this have any drawbacks for states administering a nationally consistent regime?
73. Which option do you think would best suit the conditions of the current Australian online wagering market? Please justify why and give substantiating evidence where possible.
74. What are the costs and/or benefits associated with the current arrangements, including in terms of promoting compliance with nationally consistent regulations, and your preferred option? Please identify and quantify all costs including labour costs, and the basis for these costs.
75. Does it make any difference to you if you are subject to multiple sources of regulation at the same time? While regulation remains consistent, are there any cost impacts incurred from keeping abreast of what rules apply to you? This is to enable governments to determine the baseline costs now and compare this against the costs for the proposed change.
76. Are there any features in the options presented that you have concerns with? Or, are there any particular features that you believe should be included? Please justify why and give substantiating evidence where possible. For example, is the potential complexity of regulation a concern if they remain consistent? Does it impact you in anyway while they remain the same between states and territories? Do you need to answer and or report to more than one regulator on matters concerning compliance with either the same measures, and or different measures?
77. Do you have any concerns about the potential for inconsistency arising in the future if a state or territory based approach to regulation is maintained? Please justify why.

Appendix B: Government Response to the Review of Illegal Offshore Wagering



Australian Government

Government Response to the 2015 Review of the Impact of Illegal Offshore Wagering

April 2016

INTRODUCTION

On 7 September 2015, the then Minister for Social Services, the Hon Scott Morrison MP, asked the Hon Barry O'Farrell to conduct a Review of the Impact of Illegal Offshore Wagering (the Review).

The Review was conducted to investigate the size and scope of the illegal offshore wagering problem and advise on ways to strengthen our regulatory enforcement and protect Australians from illegal offshore wagering operators. The Australian Government (Government) is concerned that illegal offshore wagering causes several problems including:

- greater risk for consumers because legal protections are not in place and standard consumer protections are often absent;
- the potential for greater sports integrity problems, as relevant betting and transaction information is not available; and
- less tax revenue for governments, less product and other fees for the racing and sports industries, and fewer jobs for Australians.

Mr O'Farrell was given a broad terms of reference to conduct the Review to allow him to look at the problem holistically. Mr O'Farrell's Report is available at www.dss.gov.au/communities-and-vulnerable-people/programmes-services/gambling

The Review makes 19 recommendations and the Government has accepted 14 recommendations in full and four in-principle.

OVERVIEW OF THE AUSTRALIAN MARKET

The size and growth of the market

Australians are among the biggest gamblers in the world, spending \$1,245 per capita in 2014⁸⁸.

Online wagering is presently a relatively small part of the overall gambling market in Australia but it is the fastest growing segment. In 2013-14, overall expenditure on gambling in Australia was \$21.1 billion and wagering made up \$3.4 billion of this. Just under half of all wagering expenditure was conducted online (\$1.4 billion), and this is growing at a rate of 15 per cent per annum.

The Review found that the number of active online wagering accounts in Australia has grown four-fold during the period 2004 to 2014 from 200,000 to 800,000. Many people have more than one account.

Legal online wagering is growing due to the ubiquity of mobile devices and changes in consumer behaviour, which have in part been driven by intensive marketing from companies licensed in Australia. The market is highly competitive, largely consisting of internationally owned companies, licensed and operating in Australia.

The Review found that estimating gambling expenditure by Australians on illegal offshore sites is difficult as there is no single authoritative data set. The lower estimate suggests that it is only 5 per cent of the total expenditure by Australians (\$64 million) and that this figure has declined markedly since 2004. Based on this figure, the 'problem' of illegal offshore gambling is relatively small. However, upper estimates quoted by the Review put the figure at 26 per cent of the market (\$400 million) and growing.

The Review found that Australians bet on illegal offshore sites for many reasons including a broader product offering and better odds. Illegal offshore sites offer a wider range of betting options including in-play and micro bets for sporting events which are not legally offered online to Australians. Some illegal offshore operators offer better odds as they are not paying taxes, licence fees, or product fees required to sustain the industry in Australia. Many Australians are also unaware that the sites they are

⁸⁸ All data is drawn from the Review of Illegal offshore Wagering Report unless otherwise stated

betting on are not licensed in Australia and that there is limited legal recourse if they run into any difficulties obtaining winnings or deposits.

A number of countries have successfully tackled illegal offshore wagering by adopting a multifaceted approach to limiting access to unlicensed wagering sites. France, for example, legislated to break local monopolies on online gambling and introduced Internet Service Provider (ISP) and transaction blocking. This resulted in unauthorised wagering dropping from 75 per cent to 20 per cent of online gambling⁸⁹.

No country has eradicated illegal offshore betting in its entirety.

The Australian regulatory regime

Online gambling, including wagering, is regulated in Australia by a combination of state and territory, and Commonwealth laws. State and territory governments (states) are responsible for the regulation, licensing and most consumer protection measures of legal online gambling services.

The Commonwealth Government's *Interactive Gambling Act 2001* (IGA) limits the types of online gambling products that can be offered to Australians.

Australia is home to nine jurisdictions that licence gambling with more than 60 pieces of legislation underpinning the regulatory environment. As a result Australia has a regulatory framework that is fragmented, inconsistent and leads to increased compliance burdens for online operators who need to comply with differing rules in each state and territory.

The IGA has become ineffective and out-dated, with considerable confusion among both licensed operators and consumers on what is permitted under the Act. For example, some operators have relatively recently introduced 'click-to-call' in-play betting services which have been developed to circumvent the operation of the legislation.

There is also ambiguity about whether offshore providers are complying with Commonwealth, state and territory law. Enforcement of the IGA has also been difficult, as the ambiguity of many provisions and the difficulties in obtaining admissible evidence from overseas jurisdictions often hamper investigations.

Problem gambling

Rates of problem gambling among interactive gamblers is a concern to the Government. It is therefore important that consumer protection measures are monitored and updated when appropriate given the current and projected growth in online gambling.

According to the Review, the rate of problem gambling for online gamblers is 2.7 per cent with 41 per cent of online gamblers considered to be 'at-risk' gamblers (low-risk, moderate-risk and problem gamblers). This means they experience problems, to varying degrees, such as to their physical health like stress or anxiety; financial problems caused by gambling, or chasing losses.

This compares to figures for all gamblers where 0.9 per cent are problem gamblers and around 20 per cent are 'at risk' gamblers.

Online gambling combines a number of issues that are not universally present with other modes of gambling:

- the ability to gamble online, anywhere via mobile devices;
- the ability for gambling operators to target individual gamblers with offers and encouragements to bet;
- the ability to transfer large amounts electronically into online betting accounts; and
- the ability for gambling operators to offer lines of credit to gamblers.

⁸⁹ Victorian Government submission to the Illegal Offshore Wagering Review

Online, you can lose your house, in front of the TV, in a weekend.

THE GOVERNMENT'S DIRECTION

The Government has accepted in full or in-principle 18 of the Review's 19 recommendations. (See the table attached). As the Review notes, no single policy reform can deal conclusively with every aspect of illegal offshore wagering. Consequently a multifaceted approach is required. Based on the Review's recommendations, the Government proposes a three-staged approach, which can be concurrently implemented.

1. The establishment of a national consumer protection framework (national framework). The aim is to empower individual gamblers to ensure that problem gambling is minimised.
2. Amend the law to make it clear that it is illegal for unlicensed overseas gambling companies to offer gambling products to Australians. The Australian Communications and Media Authority (ACMA) will also be empowered to have stronger enforcement mechanisms.
3. Introduce other disruption measures to curb illegal offshore gambling activity.

No measure will completely eliminate the illegal offshore wagering market, but the combination of clarifying the law combined with other disruption measures will make a significant difference, as has been demonstrated by other nations.

The Government will clarify the existing law to respect the provisions and original intent of the IGA by moving to prohibit 'click-to-call' in-play wagering services.

This three-staged approach is outlined in detail below.

1. A National Consumer Protection Framework

The Review made clear that the Australian consumer protection regime is weak and inconsistent across the nation. Mr O'Farrell said *"a key concern of this review is the effectiveness of existing consumer protection measures for online wagering"*. This view was shared by many in the gambling industry including by gambling providers. The largest wagering company in the world, Bet365, said that *"Australia's responsible gambling standards are inconsistent and fall a long way behind international best practice"*.

With online wagering growing at 15 per cent per annum, it is clear that a stronger consumer protection regime is required.

In line with the Review's recommendations, the Government will work with the states to establish a national framework of agreed minimum standards. The Government aims to agree on a framework model within 12 months.

At a minimum the framework should comprise of the following elements:

- a national self-exclusion register for online wagering;
- a voluntary pre-commitment scheme for online wagering;
- standardised messaging and gambling across the nation;
- the provision for operators to provide activity statements for online wagering on demand and on a regular basis;
- operators to train staff in the responsible conduct of gambling through an accredited provider; and
- prohibit lines of credit being offered by wagering providers.

In line with its election commitment for problem gambling, the Government is of the view that people should bet with money they already have and therefore will seek to ban the provision of lines of credit for online wagering altogether. This would bring Australia into line with many other countries and make it consistent with other channels of gambling where providing lines of credit is unlawful. The Government will also consider a harmonised regulatory regime to ensure that the offering of inducements is consistent with responsible gambling.

A range of possible approaches to implement the national framework will be considered and discussed with the states and stakeholders, including that adopted for the National Policy on Match-Fixing in Sport, and a national regulatory approach. The implementation of a national framework may also have flow on benefits to sport and racing integrity, with the provision of more transparent betting and transaction information.

The Government will also introduce nation-wide research on this issue to assist with the development and evaluation of policy responses to gambling and its impact within Australia. We need to understand the size of the problem and collect the data to make informed evidence-based decisions.

The Government will work with the states and territories on a collaborative research effort, including developing an agreed research programme.

2. Clarify the law regarding illegal offshore gambling and empower the ACMA

The Review found that there is a significant weakness in the IGA in that it does not expressly prohibit the provision of gambling services to Australians by offshore providers. Consequently, many offshore providers offering gambling products to Australians may stop if the law was clearer.

For example, the gambling regulator in Gibraltar, a responsible regulator in the global market, informed the Review that labelling offshore operators as 'illegal' was not consistent with its understanding of the IGA.

The Government will amend the IGA to make it clear that the provision of gambling services to Australians by offshore providers is prohibited, unless they are licensed by a state or territory.

Consistent with the Review's recommendations, the Government will give additional powers to the ACMA to notify relevant international regulators if an operator in their jurisdiction is in breach of Australian law. The ACMA will also be granted powers to implement civil penalties.

These actions will send a clear message to gambling operators that the Government is serious about compliance with its gambling laws, and should see responsible international gambling companies either obtaining a licence or ceasing to provide gambling products to Australians.

Other countries take this approach and we will seek to replicate it. France, for example, makes it clear that it is illegal, based on a domain geolocation, for a foreign online betting company to offer gambling products to French nationals.

3. Introduce other disruption measures to curb illegal offshore gambling activity

In addition to clarifying the law, the Review recommended the implementation of a series of other mechanisms to disrupt the illegal offshore gambling market. The term 'disrupt' is carefully used as no single action will completely eliminate illegal offshore gambling. However the combination of greater legal clarity and stronger enforcement (as outlined above) in concert with the disruption measures will have a significant impact.

In line with the recommendations of the Review, the Government will pursue the following responses.

- The creation of name and shame lists to be published online to detail illegal sites and their directors and principals and the use of instruments to disrupt travel to Australia by named individuals.
- Work with the states to restrict unlicensed offshore operators that continue to provide gambling services to Australian consumers, from obtaining an Australian licence for a specified period.
- Consultation with Internet Service Providers to assess the potential options and practicality of voluntarily disrupting access to overseas based online wagering providers who are not licensed in Australia through the use of blocking or pop-up warning pages. Consultation with the banks and credit card providers to assess the potential options and practicality of payment blocking strategies to address illegal offshore gambling.

Expansion of the online betting market

The Government notes the Review's finding that the introduction of a strong national framework is required before considering any expansion of products in the online gambling market.

The Government does not intend to further expand the online betting market in Australia by legalising online in-play betting.

The Government considers 'click-to-call' in-play betting services are breaching the provisions and intent of the IGA. The Government will therefore introduce legislation to clarify the IGA as soon as possible.

CONCLUSION

The Government's approach draws on the experience of overseas regulators, where the most effective reforms brought online gambling within regulatory boundaries, but not without robust approaches to protect consumers and sport, and discourage illegal operators.

The Government extends its gratitude to the Hon Barry O'Farrell for his leadership in conducting the Review and thanks all those who contributed through meetings, research and submissions.

We look forward to engaging with the states, the wagering sector, researchers and the community to progress these measures.

Recommendation	Position	Comments
1: Commonwealth, State and Territory governments should recommit to Gambling Research Australia to ensure that research funds are directed towards maximising the information available to policy makers, academics, the community and industry about the nature, prevalence and impact of gambling across Australia.	Agree in-principle	<p>Focused, strategic and nation-wide research is essential to developing and evaluating policy responses to gambling and its impact within Australia. Gambling Research Australia is currently being evaluated. The Commonwealth and the states and territories are considering which research model best meets the goal of maximising understanding of the nature, prevalence and impact of gambling.</p> <p>The Government will work with the states and territories on a collaborative research effort, including developing an agreed research program and allocating funding to an appropriate research body or bodies.</p>
2: A national policy framework, comprising agreed minimum standards, be established to provide consistency in the regulation of online wagering and to improve the effectiveness of consumer protection and harm minimisation measures across the nation.	Agree	<p>The Government agrees that there should be a nationally consistent framework for gambling regulation and consumer protection, in line with the Government's gambling policy. National consistency is particularly important in this area given that the product crosses jurisdictional boundaries.</p> <p>The Government will work closely with the states and territories, industry and other stakeholders, to develop a national policy and regulatory framework. This will include the specific role(s) that each stakeholder will play.</p> <p>A range of possible approaches to implement the national framework will be considered and discussed with the states and territories and stakeholders, including: that adopted for the National Policy on Match-Fixing in Sport, and a national regulatory approach.</p>

Recommendation	Position	Comments
3: Until the proposed national framework is established and operating, consideration of additional in-play betting products should be deferred and legislative steps taken to respect the original intent of the <i>Interactive Gambling Act 2001</i> .	Noted	<p>The Government does not intend to further expand the Australian gambling market through enabling the offering of online in-play betting.</p> <p>The Government is of the view that the Australian online wagering agencies offering 'click-to-call' type in-play betting services are breaching the provisions and intent of the IGA. The Government will introduce legislation as soon as possible to give effect to the intent of the IGA.</p>
4: A national self-exclusion register that applies across all online operators should be developed, either by an expansion of the Northern Territory register or through a new national system. The costs associated with such a register should be borne by online operators.	Agree	<p>A nationwide, self-exclusion capability to be offered by all providers to all consumers will be developed as part of the national framework in consultation with the states and territories, and other stakeholders (as per recommendation 2).</p> <p>A number of states and territories and wagering providers already have voluntary self-exclusion and pre-commitment systems available, and a national register should ideally leverage existing architecture.</p>
5: Operators should be required to offer customers an opportunity to set voluntary limits on their wagering activities. Consumers should be prompted about setting or reviewing limits on a regular basis.	Agree	<p>The national framework will incorporate standards for making voluntary pre-commitment limits available to all consumers. These will be developed in consultation with the states and territories, and other stakeholders (as per recommendation 2).</p> <p>The standards will consider elements such as visibility, transparency and periodic prompting empowering consumers to reconsider their betting limits.</p>

<p>6: Operators should be required to apply additional consumer protections where 'credit' or deferred settlement betting is available.</p>	<p>Agree</p>	<p>Gamblers should only bet with the money they have. This policy exists for most other gambling products, such as pokies and casinos. It should also occur with the rapidly growing online wagering segment.</p> <p>A number of jurisdictions already prohibit online operators from offering lines of credit.</p> <p>The Government's response goes further than the Review, and consistent with our election commitment, will seek to ban lines of credit being offered for online betting altogether. The Government will work with the states and territories to achieve this.</p> <p>The Government will also consider a harmonised regulatory regime to ensure that the offering of inducements is consistent with responsible gambling.</p>
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Recommendation	Position	Comments
7: Links between online wagering operators and payday and other lenders should be discouraged.	Agree	Concerns were raised to the Review about links between payday lenders and online betting operators. The Government will work with the industry, state and territory governments and the counselling sector to investigate ways to discourage the link between payday lenders and online wagering.
8: Users should be regularly sent online statements detailing their wagering activity including total wagered, winnings and losses. These statements should also be readily accessible through the operator's website.	Agree	<p>The Government will work with the states and territories to develop a universal and nationally consistent approach to empower gamblers to monitor and manage their expenditure as part of the national framework (as per recommendation 2). A number of wagering service providers already provide their consumers with activity statements.</p> <p>These statements should be transparent and easy to understand. Minimum information requirements will be part of the national framework.</p>
9: As part of the national policy framework, the current 90 day verification period should be reduced to at least 45 days.	Agree	<p>The Government will work with the states and territories and industry to significantly reduce the current verification periods and to ensure appropriate safeguards are in place to protect young and vulnerable consumers.</p> <p>International experience suggests verification can be completed more quickly, so the Government will pursue a target of less than 45 days, with the target to be included in the national framework (as per recommendation 2).</p>
10: All staff involved with online users must undertake appropriate training in the responsible conduct of gambling – provided through an accredited provider.	Agree	The Government will work with the states and territories, the industry, community sector and training providers on mandatory training requirements. Wagering service providers are well placed to identify and support problem gamblers in the responsible conduct of gambling, similar to the responsible service of alcohol requirements.

Recommendation	Position	Comments
11: That the national policy framework include consistent, enforceable rules about advertising of online gambling.	Agree	<p>The Government agrees there is scope to make the rules that apply to the advertising of online wagering in states and territories more consistent as part of the national policy framework, and welcomes proposals by industry to develop national guidelines applying to advertisements on different media.</p> <p>The Government notes that there are also a range of regulations applying to distributors of content, such as television and radio broadcasters, which apply nationally to sectors of the industry. These rules have in most cases been developed with extensive consultation and therefore already reflect community views, but there will be differences between media platforms consistent with the way people consume different types of media. These existing frameworks will be taken into account in any national approach.</p>
12: The national policy framework should ensure that advertising of online services using social or digital media platforms is subject to similar regulatory controls as other media.	Agree	<p>The Government agrees that the national framework should also apply to advertising of online wagering services using social or digital media platforms. To the extent that general rules applying to the content of advertisements are developed, these should apply to advertising on social or digital media that carry those advertisements. The regulatory controls for licensing of wagering providers should require compliance with the advertising rules in the national framework.</p> <p>In general social media platforms have good self-regulatory frameworks in place for content, and the Government will work with such providers to ensure these offer appropriate controls in relation to advertising of wagering services and products.</p>
13: The national policy framework should introduce a system to allow for the development and use of nationally consistent and standardised messaging to assist efforts to ensure responsible gambling.	Agree	<p>The Government will work with the states and territories, and other stakeholders to include standardised messaging about responsible gambling in the national framework (as per recommendation 2).</p>

Recommendation	Position	Comments
14: The current single national telephone number and web portal – Gambling Help Online – should be refocused to operate more consistently across all States and Territories, and provide a stronger pathway to other support services for problem gamblers and their families.	Agree in-principle	The Gambling Help Online service is a joint Commonwealth and state and territory partnership. It is currently undergoing formal evaluation to assess its effectiveness and to identify areas for service improvement. The Government will work with state and territory governments to ensure information to assist problem gamblers and their families is consistent and easy to access.
15: Further research should be undertaken on the impact of betting restrictions on illegal offshore wagering and the identification of options to improve the situation.	Agree	The Government will examine the existing literature base on betting limits, commission further research, and undertake further consultations to explore options to address the impact of betting restrictions imposed by Australian licensed bookmakers, which have been cited as a factor in decisions to gamble offshore.
16: A national policy framework that leverages off existing Commonwealth, State and Territory agencies should be implemented and enforced in a similar vein to the National Policy on Match-Fixing in Sport.	Agree in-principle	In line with recommendation 2, the Government will develop national policy and regulatory frameworks, in consultation with the states and territories. This might be implemented and enforced in a similar manner to the National Policy on Match-Fixing in Sport, but the Government will also discuss with the states and territories other mechanisms for implementation.

Recommendation	Position	Comments
<p>17: The Act should be amended to:</p> <ul style="list-style-type: none"> - improve and simplify the definition of prohibited activities - extend the ambit of enforcement to affiliates, agents and the like - include the use of name and shame lists published online to detail illegal sites and their directors and principals and to include the use of other Commonwealth instruments to disrupt travel to Australia by those named - allow ACMA, where appropriate, to notify in writing any relevant international regulator in the jurisdiction where the site is licensed - allow ACMA to implement new (civil) penalties as proposed by the 2012 review - include a provision that restricts an operator providing illegal services to Australian consumers from obtaining a licence in any Australian jurisdiction for a specified future time period 	Agree	<p>The Government will introduce legislative amendments to provide greater clarity around the legality of services, strengthen the enforcement of the Interactive Gambling Act 2001, and deliver improved enforcement outcomes.</p> <p>It will also introduce the other mechanisms as outlined in the recommendation.</p> <p>The implementation of the national framework and other legislative and disruption measures may also be flow on benefits in the critical areas of sport and racing integrity.</p>
<p>18: Treasury, and other relevant agencies should work with banks and credit card providers to identify potential payment blocking strategies to disrupt illegal offshore wagering. Additionally, the recommendation from the <i>2012 Review of the Interactive Gambling Act 2001</i> relating to 'safe harbour' provisions be adopted to support these efforts.</p>	Agree	<p>While disruption strategies cannot provide a complete solution, payment blocking and restrictions have been used in other jurisdictions such as the United Kingdom, France and the United States as part of a multifaceted strategy designed to reduce the adverse outcomes of illegal online wagering.</p> <p>The Government will consult with the banks and credit card providers to assess the potential options and practicality of payment blocking strategies to address illegal offshore wagering and gaming.</p> <p>The adoption of Recommendation 8 from the 2012 Review of the Interactive Gambling Act 2001 will be considered after the potential options have been explored.</p>

Recommendation	Position	Comments
<p>19: ACMA should seek to pursue voluntary agreements with ISP and/or content providers to block identified sites fostering illegal wagering activity within Australia. Failing this, consideration should be given to legislative options for applying website blocking to disrupt the use of offshore operators.</p>	<p>Agree in-principle</p>	<p>Many countries have used Internet Service Providers (ISP) blocking as part of a multifaceted strategy designed to reduce the adverse outcomes of illegal online gambling.</p> <p>The Government will consult with ISPs to assess the potential options and practicality of voluntarily disrupting access to overseas based online wagering providers who are not licensed in Australia through the use of blocking or pop-up warning pages.</p>

Appendix C: First Ministers Meeting Communiqué

Ministers Meeting on Illegal Offshore Wagering Reform

25 November 2016

Communiqué

Melbourne

Commonwealth and state and territory ministers met for the first time in Melbourne today to discuss the Australian Government's Response to the *Review of Illegal Offshore Wagering*. The meeting was chaired by the Hon Alan Tudge MP, the Commonwealth Minister for Human Services, with responsibility for illegal offshore wagering.

Ministers noted that the Review found that online wagering, growing at 15 per cent per annum, is the fastest growing gambling segment in Australia. Over \$1.4 billion is wagered online each year.

It was also noted that while there is no authoritative figure, it is estimated that between five per cent and 26 per cent of all gambling expenditure occurs via illegal offshore gambling sites. These illegal sites present several problems including greater risk to consumers, sports integrity issues, and loss of jobs and revenue in Australia.

Ministers acknowledged that gambling is a legitimate industry, and that many Australians enjoy recreational online wagering. Recognising this, governments want to ensure that nationally consistent consumer protections are in place to better protect Australian consumers.

Establishment of a strong National Consumer Protection Framework

Ministers noted the *Review of Illegal Offshore Wagering* identified that the consumer protection regime for online wagering is inconsistent across Australia.

Ministers agreed that more can be done to limit the harm caused by online wagering for Australians and agreed to continue working together towards the development of a National Consumer Protection Framework. In-principle agreement was provided for the following elements to be included in this framework;

- a national self-exclusion register for online wagering;
- a voluntary, opt-out pre-commitment scheme for online wagering;
- prohibition of lines of credit being offered by online wagering providers;
- a harmonised regulatory regime to ensure the offering of inducements are consistent with responsible gambling;
- the provision of operators to provide activity statements for online wagering on demand and on a regular basis;
- more consistent responsible gambling messaging and gambling counselling advice across the nation;
- staff training in the responsible conduct of gambling through an government approved provider;
- reducing the current 90 day verification period for customer verification to open a wagering account;
- discouraging links between online wagering operators and payday lenders; and
- greater national consistency in advertising of online wagering services.

This Framework will put in place a higher level of national consumer protections than is currently in place in Australia to improve harm minimisation outcomes for Australian consumers.

A working group has been established and will continue developing the National Consumer Protection Framework. Details will be provided for the next meeting of Ministers in early 2017 with a public consultation process to follow.

Changes to the Interactive Gambling Act 2001

Ministers acknowledged the need to crack down on illegal offshore gambling providers and noted that amendments to the *Interactive Gambling Act 2001* were introduced into the Commonwealth Parliament on 10 November 2016.

These amendments:

- clearly state that it is illegal for overseas gambling companies to offer interactive gambling products to Australians without a state or territory licence;
- empower the Australian Communications and Media Authority with new civil penalties;
- introduce other disruption measures to curb illegal offshore gambling activity, such as placing company directors of illegal offshore companies on the Movement Alert List; and
- clarify the law by prohibiting 'click-to-call' in-play wagering services to respect the original intent of the Interactive Gambling Act.

Minister's also acknowledged that the Australian Government is making progress on assessing the feasibility of Internet Service Provider and Financial Payment Blocking.

Date: 25 November 2016

Media contact:

Appendix D: Second Ministers Meeting Communiqué

Ministers Meeting on Illegal Offshore Wagering Reform

Friday, 28 April 2017

Communiqué

Melbourne

Commonwealth and state and territory ministers met yesterday to progress important reforms to online wagering.

At their second meeting, ministers reaffirmed their commitment to ensuring greater protection for Australians gambling online and to the establishment of a strong, consistent and best-practice National Consumer Protection Framework (Framework).

National Collaborative Gambling Research Model

Ministers agreed to continue collaboration on national gambling research through a new partnership agreement. This will commence on 1 July 2017 with governments committing funding of up to \$3 million over three years.

This will be similar to the former Gambling Research Australia model, and a working group has been established to finalise the agreement, with secretariat support provided by the New South Wales Government.

Ministers noted that a governance committee will be established to help form the research agenda, which will encompass issues of national significance and be focused on the needs of governments.

National Consumer Protection Framework

Overall ministers agreed in-principle to the measures to be included in the National Consumer Protection Framework for online wagering.

Ministers also agreed to the scope of the Framework to apply broadly to include all forms of online and telephone wagering services.

Ministers agreed in-principle to details underpinning each measure of the Framework, as agreed at the 25 November 2016 meeting, and a set of actions and timelines for implementing them.

These measures will be based on best-practice and will be regularly reviewed and updated over time.

As part of the suite of protections, governments agreed to take stronger action to ban lines of credit being offered by online wagering providers, require the first-ever national self-exclusion register for online wagering, and implement a voluntary opt-out pre-commitment scheme.

Together, the 11 measures (which includes the new Gambling Research Australia model), will introduce the largest package of online wagering reforms ever progressed in Australia.

The detailed principles agreed for each measure are:

A national self-exclusion register for online wagering

Ministers agreed that a national self-exclusion register for online wagering should be:

- quick and simple to apply to and take immediate effect, with one single point of contact for consumers to exclude from as many or all providers as they choose
- offered across all phone and web-based digital platforms
- effectively promoted so consumers are educated about self-exclusion and aware of the scheme and
- industry-funded.

Additional features to the self-exclusion register agreed include:

- consumer choice being integral to this system, where consumers should be able to choose when and for how long they wish to self-exclude
- it being mandatory to provide information on problem gambling support services and counselling at the point in time a consumer nominates to self-exclude
- it being mandatory to require a cooling-off period for consumers to revoke self-exclusion
- providers being prohibited to provide any marketing and/or promotional material during the period of self-exclusion
- all funds held in active accounts will be returned to the excluded consumer once all wagers/bets are settled, and then the account to be closed
- a consumer who nominates for permanent/lifetime self-exclusion having their account permanently closed and
- consumers being required to actively approach the wagering provider to reactivate their wagering account with tight prohibitions on providers around encouraging consumers to resume their wagering through marketing or promotion.

Ministers committed to agree implementation details by September 2017.

A voluntary opt-out pre-commitment scheme for online wagering

Ministers agreed that a voluntary opt-out pre-commitment scheme for online wagering should be:

- provided at the individual wagering provider level and
- easily accessible and effectively promoted to consumers.

It was also agreed that:

- it should be mandatory for providers to provide a range of options to set and adjust limits to allow for consumer choice including net deposit limits, loss limits and spend limits
- limits should be binding
- decreasing of limits should apply immediately, with a cooling-off period for limit increases being seven days
- all consumers should be prompted to set and review pre-commitment limits at regular intervals, possibly every year, including to consumers who have chosen not to set a limit
- options should be available for the consumer to determine the time period for their limit, including daily, weekly, fortnightly and monthly

- messaging should be provided to consumers advising them of when their limits have been reached, and at various other intervals prior (for example, at 50 per cent and 85 per cent of their limit)
- limit setting can be accessed online, using a mobile application, over the phone, and using a written form
- providers will be required to offer the choice to set a pre-commitment limit at least every 12 months, to every account holder who has chosen not to set up a pre-commitment limit and
- the availability of the scheme should be promoted beyond initial account sign-up, with education and awareness of the scheme shown on a provider's website and in promotional material.

It was also agreed that terminology used around this measure was important and the use of clear and positive language would likely increase the use of the scheme, with trialling and testing of terminology and features to occur in the second half of 2017.

Ministers also agreed to implement this measure by the end of 2017, subject to consultation with providers.

Prohibition of lines of credit being offered by online wagering providers

Ministers agreed that:

- the use of credit offered by online wagering providers should be prohibited
- an exemption for on-course bookmakers for phone based and in-person betting only. This exemption was proposed as it was recognised that on-course bookmakers have a different business model to the large corporate bookmakers, and that they are also subject to unique licensing conditions under state and territory legislation and
- other exemptions may be considered following further consultation with stakeholders.

Ensure offering of inducements is consistent with responsible gambling

Ministers discussed prohibitions in relation to offering inducements for online wagering. Ministers agreed that further work would be undertaken in relation to a minimum standard for a ban on inducements, noting that some states already ban all inducements.

Ministers agreed the detail of precise minimum standards will be determined by July 2017.

Provision of activity statements on demand and on a regular basis

Ministers agreed that wagering providers would be required to provide activity statements for online wagering which:

- clearly articulate the net win/loss for the specified period
- are provided to consumers on demand and on a regular basis (every quarter)
- are free of charge and easily accessible at all times
- provide links to other consumer protection tools and pathways
- prompt consumers to elect a preferred delivery method for activity statements on sign-up to account
- are available through multiple methods, including being pushed out to consumers via mobile applications or email, as well as mailed by post or through facsimile – providing direct access to the statement
- link with pre-commitment information where applicable and

- provide practical information that is clear and not complex.

It was agreed that the detail around the information to be included and the format of activity statements would be tested.

Ministers agreed to implement this measure through amendments to state licensing agreements, or other state-based mechanism, by the end of 2017.

More consistent responsible gambling messaging

Ministers agreed that:

- the Framework will mandate a national standard based on evidence for responsible gambling messaging relevant to online wagering.
- responsible gambling messages should be easily understood and accessible to a wide range of groups across Australia and should therefore be designed in consideration of the jurisdiction in which they are displayed and
- terminology of messaging is crucial to their effectiveness as a consumer protection measure, and messages should be designed in collaboration with experts (harnessing new and existing research).

The detail around the messaging used, including format, style, consistency and imagery will be tested and further researched to ensure their effectiveness as a consumer protection measure.

Ministers also agreed that further research would be undertaken into the effectiveness of the current Gambling Help Online service. Ministers also acknowledged the importance of online counselling and support services.

Staff training in the responsible conduct of gambling

Subject to consultation and further work by senior officials, ministers agreed in-principle that:

- under the Framework, all staff who are involved in the provision of wagering services, or who have the capacity to influence the wagering service, must undertake responsible services of gambling training, to create a culture of responsible gambling within the organisation
- this will be done through approved training providers to ensure high-quality of training and consistency of training delivered
- regulators would approve the content of the training including key minimum learning objectives and
- training should occur within three months of commencing employment as a minimum standard, with frequent refresher courses.

Ministers agreed this should be included in state licensing arrangements, or other state-based mechanism, by the end of 2017.

Reducing the current 90-day verification timeframe for customer verification

Ministers agreed to reduce the current customer verification period to 21 days (or a lesser period) for online wagering across all jurisdictions. This will be tested with industry. Ministers acknowledged that the verification process is an important consumer protection

tool, and is critical to restricting access to online gambling by underage consumers and for those self-excluded consumers.

Prohibiting links between online wagering providers and payday lenders

Ministers agreed there will be a prohibition on advertising or direct marketing of small amount credit contract providers (payday lenders) on online wagering providers' websites.

In addition to this, there will also be a prohibition on online providers from referring consumers to credit organisations to finance wagering activity and providing consumer information to payday lenders.

Ministers further agreed to explore whether this ban should extend to affiliated organisations of wagering providers.

The Commonwealth will implement these requirements by the end of 2017.

Greater national consistency in advertising of online wagering services

Ministers agreed that the current level of gambling advertising is not liked or desired by the broader community.

Ministers noted the Commonwealth Government is actively considering this issue.

Other issues

Ministers also noted work being undertaken by Commonwealth and state and territory Treasurers on a national wagering tax.

Glossary of key terms

Term	Description
Activity statements	Activity statements refer to information that detail an individual's betting history, including the outcomes of bets, aggregate wins and losses, and deposit information. Activity statements typically provide a list of all transactions over a specific time period.
Authorised deposit-taking institution	Authorised deposit-taking institutions (ADI's) include banks, building societies and credit unions. For the purposes of the payday lending measure, ADIs do not provide payday loans, or small amount credit contracts.
At-risk gamblers	At-risk gamblers are defined as those people identified by the Problem Gambling Severity Index (PGSI) as being either 'moderate risk' or 'high risk' of experiencing gambling problems. The PGSI is a self-reporting assessment tool used to gauge the degree to which a person's gambling is problematic.
Betting limits	Betting limits refer to limits on the size of bets. Limits may refer to maximum betting limits where a cap is placed on bet size, typically as a harm minimisation measure and/or as a risk management measure for bookmakers, or minimum limits that refer to a minimum bet size that bookmakers must accept.
Binding limits	Binding limits refer to self-imposed wagering limits set by individuals, that are enforceable as part of the voluntary pre-commitment tool. This means once a wagering limit is set, it is unable to be increased for a specific period of time, and as such, that individual is unable to continue gambling once they have reached their limit.
Bonus bets	<p>Bonus bets are free betting credits provided to gamblers as an inducement to commence betting or continue betting with a specific operator. The defining feature of bonus bets is that they are often required to be bet or 'played through' before they can be withdrawn; in other words, the bettor must make additional bets in order to take advantage of the financial incentive.</p> <p>These play-through requirements may apply to the bonus amount itself, to the bonus amount plus the stake that is required to attract the bonus, to the winnings obtained through using the bonus amount, or to a combination of these amounts.</p>

Term	Description
Bookmaker	Bookmakers are persons or organisations who take bets, calculate odds and pay out winnings. Bookmakers are licenced in each jurisdiction. Traditionally, bookmakers have referred to referred to individuals operating at event venues. More recently, corporate bookmakers operating online have been established.
Click-to-call (or Bet in-play)	The 'click-to-call' and similar features, allow bettors to place in-play bets over their mobile device without speaking to an operator.
Consumer Protection	Consumer protection refers to government policies, regulations and programs that seek to encourage gamblers to gamble within their limits and reduce the harm from problem gambling.
Cooling-off period	A cooling-off period refers to a period of time after an individual has made a decision in relation to their wagering activity, for self-exclusion or pre-commitment.
Credit betting	<p>Credit betting refers to the provision of a line of credit by a gambling operator to allow a customer to place bets without using deposited funds and to reconcile the account at a later date.</p> <p>Credit betting does not refer to the use of credit cards to deposit funds into an online gambling account.</p>
Customer verification	Customer verification refers to the process of collecting and verifying a customer's identity information upon registration of a new online wagering account. This involves identity verification confirming a customer's name, and/or age, and residential address in accordance with the AML/CTF Rules.
Deposit limits	<p>A deposit limit is a limit on the amount of money that can be deposited by the customer into a single gambling account over a defined period of time.</p> <p>At present, a number of online operators allow customers to set deposit limits, typically when their account is registered. The services typically limit the amount that may be deposited during a day (24 hours), week (seven days) or month (30 days).</p>
Dynamic messaging	Dynamic messaging involves the display of pop-up messages which are specific to an individual customer's gambling activity. The aim of dynamic messaging is to force a break in the customer's wagering activity to encourage individuals to evaluate their wagering behaviour.

Term	Description
Fixed-odds betting	Fixed-odds betting refers to bets placed on sporting or racing events where the eventual payout is determined at the time of the bet. This is in contrast to pari-mutuel betting where the payout is based on the final pool of money staked.
Gambling	<p>In the context of the O'Farrell Review and the Government Response, and therefore this RIS, gambling is defined as all forms of gaming and wagering, including betting on sports, racing and fantasy sports, lotteries, EGMs and all casino games including poker.</p> <p>In Australia, gambling is a collective term for the sub-categories of 'gaming' and 'wagering'. Wagering is a gambling event that takes place generally on a sports field or racetrack. Online wagering refers to these forms of gambling, with the internet simply a mechanism for placing the wager.</p> <p>Interactive gambling (also referred to as online or remote gambling) is a joint term capturing gaming and wagering on the internet. The converging capabilities of computers, laptops, netbooks, tablets, mobile phones, smart phones, interactive televisions, gaming consoles, and wireless portable devices allow interactive gambling to be available almost anywhere at any time.</p>
Harm minimisation	<p>Harm minimisation measures, in the context of gambling and related industries, refers to measures that seek to reduce the negative consequences of gambling, in particular, those consequences associated with at-risk gambling.</p> <p>Examples of harm minimisation measures include, amongst others, pre-commitment requirements and self-exclusion registers.</p>
Harmonisation	In the context of the National Framework, harmonisation refers to adjusting the current differences and inconsistencies in online wagering regulations across Australian jurisdictions and making them uniform or mutually compatible.

Term	Description
Illegal offshore wagering	<p>In the context of the O’Farrell Review and the Government Response, and therefore this RIS, illegal offshore wagering refers to the provision of illegal wagering services by operators based in overseas jurisdictions to Australian residents. Illegal wagering services can include prohibited services under the IGA (such as interactive gaming or in-play betting) or services prohibited under state and territory laws.</p> <p>Under the laws of each Australian state or territory, the provision of wagering services is permitted in that state or territory only when conducted by an operator licensed by the gambling regulator of the respective state or territory. Similarly, the totalisator in each Australian state or territory is licensed by the respective state or territory.</p>
In-play betting	<p>In-play betting refers to betting markets that allow bets to be placed after the commencement of an event such as a sporting match or racing event. Typically, the prices available to bettors may change as the match or event progresses.</p> <p>In Australia, in-play betting is permitted on site or over the telephone for all events, and online for racing events.</p> <p>Interactive forms of this type of gambling are specifically prohibited for other events such as sporting matches, in accordance with section 8A(2)(a) of the IGA.</p>

Term	Description
Inducements	<p>In the context of the O’Farrell Review and the Government Response, and therefore this RIS, inducements refer to financial incentives provided to gamblers or potential gamblers to encourage the initial or continued use of a specific operator. These include:</p> <ul style="list-style-type: none"> • sign-up offers (including free bets or matching of initial deposits) • multi-bet offers • deposit bonuses (including free bets or matching of additional deposits) • payouts on certain losing bets (including protest or extra-time payouts) • referral credits • promotional odds (such as ‘bonus’ odds) • promotional winnings (such as ‘bonus’ winnings) • competitions offering bonus bets as prizes • reduced commissions • free bets <p>or</p> <ul style="list-style-type: none"> • cash rebates. <p>Please refer to section four of this RIS for further information on the proposed reform options for inducements, which include requiring a clearer definition of inducements that is consistent across Australian jurisdictions.</p>
Integrity in sports/racing	<p>A sport that displays integrity can often be recognised as honest and genuine in its dealings, championing good sportsmanship, providing safe, fair and inclusive environments for all involved. It will also be expected to ‘play by the rules’ defined by its code.</p> <p>With regards to gambling, integrity typically refers to an absence of uncompetitive measures used to distort the normal function of gambling markets such as match-fixing.</p> <p>A sport that generally displays integrity has a level of community confidence, trust and support behind them. The impact of this on their business cannot be underestimated.</p>

Term	Description
Interactive gambling (or online or remote gambling)	<p>Interactive gambling (including gaming and wagering) refers to gambling conducted using any of the following interactive mediums:</p> <ul style="list-style-type: none"> • an internet carriage service • any other listed carriage service • a broadcasting service • a datacasting service <p>or</p> <ul style="list-style-type: none"> • any other content service. <p>The prohibition of online gambling services does not apply to wagering services such as betting on racing, sporting or other events (placed before the event commences). It also does not apply to lotteries and other services declared exempt by the responsible Minister.</p>
Interactive gambling service	<p>Interactive gambling service refers to a gambling service (in the ordinary meaning of the term), where the service is provided in the course of carrying on a business and the service is provided to customers, using any of the following:</p> <ul style="list-style-type: none"> • an internet carriage service • any other listed carriage service • a broadcasting service • a datacasting service <p>or</p> <ul style="list-style-type: none"> • any other content service. <p>See sections 4 and 5 of the IGA.</p>
Internet blocking (or website blocking)	<p>Internet blocking refers to the blocking of Internet Protocol (IP) addresses to restrict access to websites by internet users, typically for legal reasons. These filtering systems are applied at the Internet Service Provider level.</p> <p>With regard to online gambling, a number of countries use IP filtering to control access to prohibited online gambling services.</p>

Term	Description
Licensed onshore wagering	<p>In the context of the O'Farrell Review and the Government Response, and therefore this RIS, licensed onshore wagering refers to interactive wagering services provided by operators licensed in an Australian state and territory (excluding external territories such as Norfolk Island) and operating in accordance with all relevant state and Commonwealth laws.</p> <p>At the Commonwealth level, the IGA prohibits the provision of an online gambling service to Australian residents; however, online wagering (save for in-play betting on sports events) and lotteries are exempt from this prohibition.</p> <p>In other words, the provision of an online wagering service to Australian residents is permitted under the IGA, provided that the operator does not offer in-play betting on sports events. This position does not affect state and territory laws that apply to online gambling and that contain additional prohibitions.</p>
Multi-operator self-exclusion	<p>Multi-operator self-exclusion is considered a collective approach to self-exclusion that connects self-exclusion across online wagering operators and relevant regulatory bodies. A multi-operator self-exclusion scheme enables individuals who wish to self-exclude entirely from gambling to do so at a single point rather than needing to self-exclude from each operator.</p>
Opt-in	<p>Opt-in refers to individuals expressing their choice to participate, or receive, something. For example allowing an operator to send marketing and/or promotional material or to sign up to use an online tool, such as voluntary pre-commitment.</p>
Opt-out	<p>Opt-out refers to individuals expressing their choice to not participate, or not receive, something. This may include individuals choosing to opt-out of pre-commitment if they do not wish to set wagering limits, however, individuals will need to make a conscious decision to opt-out.</p>
Payday lenders	<p>Payday lenders are legally referred to as a small amount credit contract (SACC) providers. However, payday lenders and payday lending are terms SACC providers and SACCs are commonly known as. Refer to small amount credit contract.</p>

Term	Description
Payment blocking	Payment blocking is a system used to monitor and limit financial transactions between online gambling services and their customers. Typically, this refers to the blocking of credit card transactions based on the merchant code (code that identifies the type of vendor associated with credit card transactions) for online gambling.
People adversely affected by gambling	People for whom gambling has had a detrimental effect on their life and/or wellbeing.
Pre-commitment (Voluntary)	In the context of gambling and this RIS, pre-commitment refers to the voluntary self-setting of limits to gambling prior to the commencement of the gambling sessions and is a potential harm minimisation measure. Pre-commitment may be voluntary or mandatory. At present, a number of licensed operators providing online wagering services in Australia provide voluntary pre-commitment options.
Predatory approach	<p>Predatory approach refers to the marketing approach and practices used by operators to encourage at-risk players to gamble or continue to gamble.</p> <p>These practices may include, amongst others, targeting profitable at-risk gamblers by promoting/offering financial or other inducements to those players who have and use mail, phone and email solicitations to offer free credit and other inducements such as access to sporting events.</p>
Product fees	<p>Product fees are fees paid by licensed betting operators in Australia to Australian sporting and racing bodies. Typically, under these agreements, product fees paid to sporting bodies are based on 'gross revenue' and fees paid to racing bodies are based on turnover.</p> <p>For example, if a wagering operator wishes to take bets on the A-League, they must have an approval from Football Federation Australia (FFA). Under the conditions of this approval, the wagering operator must pay a product fee to FFA and meet certain integrity obligations.</p> <p>In addition, wagering operators licensed in Australia must seek approval from sporting organisations on the types of bets offered to their clients.</p>

Term	Description
Push notification	A push notification is a message that pops up on a mobile device, relating to a mobile application. Publishers of applications can send out these messages or notifications at any time – users do not have to be in the respective application at the time. In the context of this RIS, they are considered for the purposes of notifying customers of player activity statements being available.
Regulatory impact	Regulatory impact is a systematic approach to assessing the positive and negative effects of proposed and existing regulations and non-regulatory alternatives. It is an important element of an evidence-based approach to policy making.
Responsible gambling	<p>Responsible gambling refers to a gambling environment that is safe, socially responsible and supportive and where the potential for harm associated with gambling is minimised and people can make informed decisions about their participation in gambling.</p> <p>Responsible gambling typically refers to measures that are applied by the industry to minimise harm. However, the measures involved may be similar to measures mandated by governments as part of the licensing and regulatory framework.</p>
Revocation	Revocation refers to the ability and process to revoke a self-exclusion.
Self-exclusion	Self-exclusion is a voluntary process whereby a person with a gambling concern can have themselves excluded from specific gambling venues, or from accessing gambling products provided by particular providers.
Small Amount Credit Contract	<p>A small amount credit contract (SACC) is a contract that has a credit limit of \$2,000 or less, and has a contract term between 16 days and one year. A SACC is not a continuing credit contract and is unsecured and not provided by an authorised deposit-taking institution (ADI's). ADI's include banks, building societies and credit unions.</p> <p>SACCs are more commonly known as a payday loan, or a loan offered by payday lenders.</p>

Term	Description
Totalisator	A totalisator is an entity that provides gambling services as part of a pari-mutuel betting system, that is, a system where the payouts are automatically determined based on the amount gambled. Historically, totalisators (such as the various TABs) have been regulated separately to bookmakers in Australian states and territories. In recent years, totalisators have expanded to include online bookmaking operations similar to those provided by corporate bookmakers.
Turnover	In gambling markets, turnover refers to the total amount of money staked by gamblers; this includes the value of payouts to gamblers.

Abbreviations

Abbreviation	Description
ABA	Australian Bookmakers Association
ACL	Australian Consumer Law
ACMA	Australian Communications and Media Authority
ADI	Authorised deposit-taking institution
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
AML/CTF Rules	Anti-Money Laundering and Counter-Terrorism Financing Rules 2007
ASIC	Australian Securities and Investments Commission
AUSTRAC	Australian Transaction Reports and Analysis Centre
CALD	Culturally and linguistically diverse
COAG	Council of Australian Governments
EGM	Electronic Gaming Machine
FCA	Financial Counselling Australia
GHO	Gambling Help Online
ICT	Information Communication Technology
IGA	<i>Interactive Gambling Act 2001</i>
IOWT	Illegal Offshore Wagering Taskforce
MP	Member of Parliament
NCCPA	<i>National Consumer Credit Protection Act 2009</i>
PC	Productivity Commission
RGM	Responsible Gambling Messaging
RIS	Regulatory Impact Statement
RWWA	Racing and Wagering Western Australia
SACC	Small amount credit contract

Abbreviation	Description
VIP	Very important person
VRGF	Victorian Responsible Gambling Foundation