

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Auditor-General's Reports no. 99: Follow up of Regulating Gambling and Liquor (2019) and no. 213: Reducing the Harm Caused by Gambling (2021)

Melbourne – Tuesday 5 September 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O'Brien

Ellen Sandell

WITNESS

Kai Cantwell, Chief Executive Officer, Responsible Wagering Australia.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

I will begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders, past, present and emerging, as well as elders from other communities who may be with us today.

On behalf of the Parliament the committee is conducting this follow-up inquiry into the Victorian Auditor-General's reports on regulation of gambling and liquor and the reduction of gambling harm in Victoria.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome Kai Cantwell, CEO of Responsible Wagering Australia. Mr Cantwell, I am going to invite you to make an opening statement or presentation, and this will be followed by questions from the committee. Over to you.

Kai CANTWELL: Thank you. Can I start by saying thank you to the committee for the opportunity to appear today. Responsible Wagering Australia is the industry association representing Australian licensed wagering service providers, Sportsbet, Entain, Bet 365, PointsBet, Betfair and Unibet. RWA members contributed almost \$6 billion into the Australian economy in 2022 and supported more than 32,000 Australian jobs. In 2022 our members made a \$1.8 billion economic contribution to the Victorian economy and supported more than 10,000 full-time Victorian jobs.

Responsible Wagering Australia is committed to reducing harm associated with gambling and has a strong track record in this area. Several initiatives in RWA's code of conduct, such as deposit limits and a prohibition on payday lenders, have been incorporated into the national consumer protection framework, bringing the rest of the industry up to the standard that we already operate at. Our members have world-leading consumer protections that only exist in account-based gambling, such as being able to monitor our customers' deposits and spending in real time, make evidence-based assessments as to their likelihood of harm and intervene before harm occurs. This is in stark contrast to the land-based gambling interventions, which are often inconsistently supervised and rely on human interpretation of at-risk signs which are unreliable and near impossible to verify. Land-based gambling accounts for the majority of gambling harm in the community, with more than 50 per cent of all gambling harm in Australia caused by pokies alone, with casino gambling the next largest contributor to the issue. Frequently this harm is where it can be least afforded, in low socio-economic communities.

The federal government is currently considering 31 recommendations from the federal parliamentary inquiry into online gambling. RWA has engaged cooperatively in this process with the goal of ensuring that Australians can gamble in a safe environment and are aware of the tools available to help them stay in control of their gambling behaviour. RWA has identified four key themes in the federal inquiry, all relevant to the Victorian government inquiry – some more than others. I will outline them shortly.

First, advertising: RWA agrees that the current levels of advertising are out of step with community sentiment, and we are working productively with sectors that would be impacted by a reduction in advertising, and the federal government, to consider appropriate balanced and evidence-based measures that would strike the right balance. The federal committee's recommendation for a blanket ban on advertising is, however, extreme overreach that will rip hundreds of millions of dollars away from sports and broadcasters which currently flows through to regional broadcasters, local and professional sports, sports integrity programs and producing Australian content on free-to-air TV. There is a middle ground that must be reached to ensure we continue to see this investment in these areas whilst also achieving the government's aim of reducing the total volume of

advertising and ensuring that children and problem gamblers experience reduced exposure to gambling advertising.

Second, banning promotions, otherwise referred to as inducements: promotions are legal products that help diversify the market and ensure providers can offer their products in a competitive but highly regulated environment. The number one reason that people shift their gambling to illegal offshore providers is to get products they cannot get in legal markets, for example, cashback offers and bonus bets, which the committee has recommended banning. These products are used in marketing strategies adopted by most large businesses, including department stores and supermarket chains, such as two-for-one offers, end-of-financial-year sales and the like.

The third theme is national consistency. Responsible Wagering Australia supports a move to consistency across all of the federal, state and territory jurisdictions in which we operate and in which we are regulated. Harmonisation of regulation will simplify the landscape for not only wagering service providers but governments, and most importantly for punters. Sports integrity bodies have also been clear that their outcomes are best met through a nationally consistent approach. A simple to understand environment only serves to better protect punters, as regulation is easier to understand and comply with and standards of all wagering service providers will be raised to the already high standards that RWA members operate at.

Finally, a focus on offshore providers: RWA strongly welcomes the federal committee's recommendations for action to combat illegal offshore operators. Research by H2 Gambling Capital delivered this year found that the offshore market was valued at approximately \$1 billion per year. Only last month the Australian Communications and Media Authority has now valued the market at approximately \$1.63 billion. This is \$1.63 billion that is being ripped away from the hands of Australian punters with no consumer protections, no guarantee of returns for punters, no economic return for Australia – that is jobs, taxes and fees – and no return for Australian sports, racing and broadcasters. RWA supports any sensible measure that will assist in regulating or blocking these nefarious, criminal organisations that only serve to harm Australian punters and the safety of the wagering landscape in Australia. The risks of over-regulation, poorly targeted regulation or poorly implemented regulation are evident in studies around the world, and their links to the illegal offshore market are clear. It is absolutely critical that any regulatory changes are balanced and informed by evidence and consultation with impacted industries. State and territory governments will have responsibility for administering measures adopted by the federal government. For that reason it is critical that all state and territory governments and the federal government work together to sequence nationally consistent reforms underpinned by a strong evidence base and focused on harm reduction.

Finally, there is also a legislated review of the national consumer protection framework that is set to commence within six months now that all 10 measures of the national consumer protection framework have been implemented. RWA also recommends that state governments consider the findings of this evaluation so that the outcomes of the review can underpin any future policy. RWA and our members look forward to working with government and policymakers to offer our insights. The industry has an important role to play in policy development and delivering measures that are fit for purpose and deliver the desired outcomes for customers. Thank you, again, for the opportunity to appear today. I look forward to questions.

The CHAIR: Thank you, Mr Cantwell. I will throw to the Deputy Chair first.

Nicholas McGOWAN: Thank you very much, and thank you also for the presentation. How would you characterise the current framework in Australia? It seems in many ways to be a mess. You have got so many jurisdictions and so much inconsistency. Your body is supposed to represent the views across the nation, and then you have got the international aspects as well.

Kai CANTWELL: I reflect on a similar question put to Mr Lang earlier. Whilst the regulatory frameworks here in Australia are complex, I mean, we are talking 26 different regulatory frameworks and regulation in every state and territory plus federal regulation, the level of regulation is what I would consider appropriate. What we are really keen to see is harmonisation and consistency through implementation of any future reforms to make sure that the landscape can be, I guess, cleaned up in a sense and easier to understand. As I mentioned in my opening, simple to understand regulation is an ideal outcome for wagering service providers but also for punters, who will understand what is on offer in their jurisdiction because it will be harmonised and simple across the country.

Nicholas McGOWAN: I am interested in what you have said too about – and we often forget this, I think; I will speak on my own behalf. We can make a contribution towards legislation and regulations, but often they will have unintended consequences and they are not necessarily positive. It does occur to me that, as you pointed out, where we make more rules or we clamp down more, there will always be those who will work around those rules. From an international experience, what has been the greatest concern where domestic authorities have clamped down or made amendments? What is the greatest threat we should be looking out for in terms of the problem shifting from onshore to offshore?

Kai CANTWELL: It is a real risk. I think you will hear statements from the Alliance for Gambling Reform and others who will say it is a bogeyman and it is not real. I mean, the fact of the matter is the illegal offshore market is 15 per cent of the total market. It is \$1.6 billion a year. People are using the offshore market. Why do they go there? They go there because the regulation or measures that are put in place at times can stifle opportunities for punters to get the return that they are looking for. So we need to be really careful in the way we implement regulation to make sure we understand what those unintended consequences are.

I reflect on the federal inquiry's position on the blanket banning of inducements, which is something we absolutely do not support. Promotional offers, as I said in the opening, are business techniques used by all businesses in the country that help to differentiate products within the market. People will go looking for them, and they are very easy to find. I could pull it up on my phone right now and google an online casino, and I would be able to find hundreds of them that I could deposit money into immediately to go and chase those promotional offers and products.

The offshore market is a real risk, and the ACMA and their regulation are patchy. They are absolutely working with the tools they have got, but that is why we are so keen to see some further investment in the ACMA to be able to deal with the offshore providers. But for the Victorian context it is really important then to consider those potential flow-on impacts of regulation. It is not saying that regulation is a bad thing; what it is saying is we really need to understand what the right line is to draw with regulation and those potential flow-on consequences of either over-regulation or poorly thought through or poorly implemented regulation.

Nicholas McGOWAN: In your presentation you talked about investment in local sports. What is the magnitude we are dealing with there? How much money actually goes into local sport from gambling proceeds?

Kai CANTWELL: I would probably have to take that on notice. A lot of money flows through product fees and the like through to sports. Within sports there is generally a significant portion of money that then goes through to sport integrity programs. I was meeting with Sport Integrity Australia yesterday to discuss just that and unpack how that money flows through and why it is important to continue integrity programs within sports. Also a component of those fees then flows into junior sports and grassroots level sports. Then of course through broadcasters and other arrangements as well it goes into keeping sports free and cheap to participate in, which obviously is also a really important thing for Australians to see, so they can keep seeing their sports on free-to-air TV, keep attending sports games and keep the healthy practice that is sport popular within Australia.

Nicholas McGOWAN: In the evidence you have provided there – I am certainly aware of a lot of local sports in my electorate, and I can say to you I cannot see any evidence on the ground of gambling proceeds assisting them in any way, shape or form in reducing their fees.

Kai CANTWELL: As I say, I would have to take on notice the specifics of that question and am very happy to do so.

Nicholas McGOWAN: Thank you. Last question – I will pass over; I know we have got limited time – your organisation would have looked at, I guess, at this stage the impact of the increased point-of-consumption tax here in Victoria from 10 to 15 per cent. What is the likely impact on the revenue of your members?

Kai CANTWELL: Once again, I might take the specifics on notice, only because that is a commercial aspect for members and we do not always have visibility of all of the commercials for obvious reasons. But I guess what I would say is the 15 per cent is obviously a relatively reasonable landing place in terms of where point-of-consumption tax sits around the country, and we obviously welcome the flowthrough into the racing industry of the increase.

Nicholas McGOWAN: Thank you very much. Thank you, Chair.

The CHAIR: Thank you, Mr McGowan. Mr Hamer.

Paul HAMER: Thank you, Chair. Thank you, Mr Cantwell. You mentioned the proposed advertising ban, and you made a reference to say that you thought that current advertising was probably too great but you did not support a total ban. What in your mind is an inappropriate level of advertising?

Kai CANTWELL: We have formed a position as a membership organisation that we are supportive of volume and frequency caps on broadcast television. The key to consider in the advertising and in our position on advertising is it cannot be done in isolation. If we want to have the overall intended outcome of reducing (a) the volume and frequency of advertising, (b) advertising that flows through to children and (c) advertising that flows through to problem gamblers, then we need to address the entire advertising sector. We cannot just take an approach where we look at TV advertising alone, else advertising will move elsewhere. We have got a position that is: we need to address TV and broadcast advertising, we need to address online, we need to address out of home, we need to address social media and the like – we need to address all of the advertising platforms together. So we have been working with the federal government to put our position to them and start those discussions. We also need to then discuss those positions with the advertising sectors, sports and others, and broadcasters, social media and the like to make sure that the positions are reasonable and do not have any unintended consequences on those industries as well.

Paul HAMER: So that would include also outdoor advertising – advertising at sporting events themselves?

Kai CANTWELL: Yes. For example, we would be happy to see I think it is the Victorian rules implemented in terms of out-of-home advertising whereby signage cannot be put within 150 metres of schools and community places and the like. Similar to Entain, we have a position on shirt sponsorships and phasing those out.

Paul HAMER: You mentioned you have a code of conduct that sort of applies across all of your members. Why haven't you taken that position to date in terms of having a stronger restriction, like a self-regulation, on advertising? Obviously you would probably need to work with sporting codes and the like. Why haven't you taken that position?

Kai CANTWELL: Obviously it has been an area of a lot of discussion, but we do need to understand, much like if you ban advertising in one advertising medium it will likely shift elsewhere, if RWA members were to reduce their total advertising, that does not mean the amount of gambling advertising would reduce overall. There is all likelihood that others would pick up the slots that we leave vacant, and that is why we have been so keen to work with government to make sure that we get a regulation that goes across the whole of the industry, and we have been leaders in having that discussion with government.

Paul HAMER: Still on your code of conduct, I was wondering if you could talk a little bit more about how you as an industry body are trying to identify gambling harm and then address it.

Kai CANTWELL: Obviously we have some members who have some pretty impressive tools in terms of identification of gambling harm and intervention. As an industry association – as I mentioned off the record before we started, I have been in the role four months – RWA is going through a process of a bit of growth at the moment in terms of representing the industry more appropriately. As part of that, we have established a research and insights team, a small team, albeit, with the aim of unpacking trends both here within our membership but also externally and overseas to understand what other consumer protection tools and what other policies might be useful to implement here in Australia within our membership. Of course then we are taking the learnings from our own members on tools that are working and also what might not be working and looking at all of that together to hopefully piece that together with the evaluation of the national consumer protection framework, which starts any moment now, to unpack what out of those 10 measures is also working. We do have a leadership role. We have got a bit of evidence and insights to unpack over the next little while, including that evaluation, and I look forward to sharing those insights with our members and then hopefully sharing more broadly with the entire Australian licensed wagering service provider community to ensure we can lift the standards of the entire industry.

Paul HAMER: Would it be correct to say that you do feel as an industry body that those protections could be strengthened further than what they are today?

Kai CANTWELL: I think, as I mentioned probably a couple of times in my opening statement, the standards of the industry as a whole could be lifted to the standards I see and I think that RWA members already operate at. There is a degree of regulation that everyone needs to adhere to, and then there are things that go above and beyond the current regulation that our members are doing. The real-time intervention is just one of those tools, but it is a great example of where the industry is leading the way in terms of consumer protection tools. Can I just say in terms of consumer protection tools and why we go above and beyond, gone are the old days of a cowboy-type industry that sometimes we get criticised for. For us, the industry is successful if we look after our punters. It is not profitable to have problem gamblers. The industry is successful if we look after our punters.

Paul HAMER: Thank you.

The CHAIR: Thank you, Mr Hamer. Mr O'Brien.

Danny O'BRIEN: Thank you, Chair. Good morning, Mr Cantwell. Can I just clarify – RWA's members are all online wagering providers, so all just sports betting basically?

Kai CANTWELL: Sports and racing, yes – all online.

Danny O'BRIEN: Do you have any evidence or do you have any idea of the interchangeability for punters between online sports betting, or sports betting, full stop – racing – and, say, gambling at casinos and at pokies venues?

Kai CANTWELL: I could take that on notice. I was looking at some research on that only the other day, but it was not RWA's own research, and I do not have those figures off the top of my head.

Danny O'BRIEN: But do you recall – do punters go from one thing to the other, or are punters predominantly a racing punter or a Sportsbet punter and they do not go into a gaming venue, and vice versa?

Kai CANTWELL: I believe there were three distinct categories in the research that I was looking at, which were those that live in that sort of online sports and racing punting world, those that live predominantly in the land-based pokies-type world and then those who jump across both. I am really sorry, I cannot remember the stats on how many live in each of those categories.

Danny O'BRIEN: No, that is fine. If you would share with the committee that report, that might be useful if that is something that is publicly available.

Kai CANTWELL: Great.

Danny O'BRIEN: We heard from Entain. They indicated that the Victorian regulatory framework is probably lacking compared to other states. Does RWA have a view?

Kai CANTWELL: Look, I think I would probably agree that the NT is the most fit for purpose when it comes to regulation or licensing of online bookmakers.

Danny O'BRIEN: What about, though, in terms of gambling harm reduction? Have you got a view across the nation as to who does it better – which areas might be too stringent or not stringent enough?

Kai CANTWELL: No, I do not. But leading into where you are going, I think on top of the evidence that Mr Lang provided on the NT being fit for purpose in terms of regulation, just building on that, the Northern Territory was also the first jurisdiction to offer licences in Australia. They came on board in 1995, with other jurisdictions coming on progressively from 1997. So it is quite reasonable to assume that a lot of the early adopters in this space would have come in under a licensing regime in the Northern Territory, and as long as that regime remains fit for purpose, then there would be no reason to move elsewhere, particularly when considering Mr Lang's evidence that in terms of consumer protection they are offering some of the best regulation.

Danny O'BRIEN: Okay, that is interesting to note. From a Victorian perspective, noting you are a national body, do you have any concerns around areas that need improvement in Victoria, either that are lacking in terms of protection for the problem gambler or that are too onerous on industry?

Kai CANTWELL: I think probably my main evidence in response to that question would be, and this is relatively consistent across the country – particularly with RWA, as I said before, going through a bit of a renewal process, we certainly would like to be considered and consulted on potential policy changes. Often consultation with the wagering industry is done very late and more as an 'FYI: this is the regulation you will now have imposed' as opposed to an actual consultation on potential policy options. Consultation is obviously very important because it allows us to provide views and feedback on what will work and what will not work. It does not mean governments or regulators have to adopt the feedback provided by wagering service providers, but often we end up with regulation that is actually not fit for purpose and can be detrimental to punters if that consultation does not occur in a meaningful way. As I say, we obviously are going to represent the wagering service provider industry, but at the same time we can provide really meaningful feedback on potential regulation and policies should we be engaged at the right time and in the right way.

Danny O'BRIEN: Okay, thank you. Thank you, Chair.

The CHAIR: Thank you, Mr O'Brien. We will go to Mr Galea.

Michael GALEA: Thank you, Chair, and thank you, Mr Cantwell, for joining us today. Firstly, where is RWA based?

Kai CANTWELL: We have an office here in Melbourne and a very small office in Canberra as well. Obviously I am based in Canberra, but most of my team are down here. We have got a lot to do with the federal government at the moment, so it is quite handy being in both locations.

Michael GALEA: Of course. Is there a reason that you are not also based in the Northern Territory, like most of your members?

Kai CANTWELL: No, other than the east coast is where we are doing a lot of work. It makes sense to be headquartered in the area where a lot of our consultation occurs.

Michael GALEA: Sure. But I also imagine the majority of your members' market is also on the east coast or in the major cities. If I can dig a bit deeper into the Northern Territory regulator, you said that there is no regulatory benefit from being in the Northern Territory. Is there any taxation benefit for them to be based – licensed – in the Northern Territory?

Kai CANTWELL: I would have to take the specifics of that on notice. Obviously we have a list of regulatory measures and fees and the like that we pay, so we obviously have licensing fees. As I say, I would have to take the specifics on notice if I am able to. Taxation arrangements – we pay point-of-consumption tax to every jurisdiction around the country, with the exception of the NT, as we pay licensing fees there, and all the other standard taxes that you would expect: GST, corporate profits, payroll tax et cetera. So I cannot see there would be a taxation benefit of being in the NT, but I am happy to take the specifics on notice.

Michael GALEA: Thank you – if you can take that on notice. You said that the regulatory framework is stronger. For an industry that is national, and one would presume the customer base is relatively evenly proportioned based on population across the country, would you agree it is quite unusual for the vast majority of your members to be based in one jurisdiction where less than, say, 2 or 3 per cent of their market would be?

Kai CANTWELL: No, not considering the evidence that I have provided and that Mr Lang provided.

Michael GALEA: Okay. This year the NTRC was found to have failed to inform bookmakers – your members – of 48 people who were on a voluntary self-exclusion register over a period of up to five years, which put those individuals at considerable risk of harm. How can Victorians be confident in this interstate regulator when they have had such a major failing this year?

Kai CANTWELL: I am not aware of the specifics of that. I guess where I would go from there is we have been pushing for some time, leading the way – Responsible Wagering Australia and our members – on the establishment of the national consumer protection framework and of course as a part of that of BetStop, the

national self-exclusion register. We are extremely pleased to see that that has been implemented now for multiple reasons: (1) it provides those consumer protections and should, all going well, make sure that those customers who do choose to self-exclude are not contacted, and (2) it was the final measure of the consumer protection framework and it does kick off that evaluation, which will be really important in unpacking the success of those measures and what other regulation might be appropriate going forward.

Michael GALEA: I appreciate you are also relatively new to the role, so I am prepared to be a bit understanding on this point, but you said you are not aware of this breach. This was a pretty significant breach that occurred this year. Does RWA have a position on what happened in the Northern Territory?

Kai CANTWELL: Look, I will take that on notice and come back to you. As you noted, I am three or four months into the role, but as I said, I would suggest that our focus is on getting those nationally consistent protections in place as quickly as we can to ensure that we protect Australian punters, as I mentioned earlier.

Michael GALEA: In line with that, would you support shifting to a federal regulation model?

Kai CANTWELL: We are supportive of national consistency and harmonisation. I think national regulation is a positive aspiration, but there is obviously a lot to unpack in terms of how you would give effect to that. It is easy to say, hard to do.

Michael GALEA: Yes. You said to Mr Hamer just before that it is not profitable to have problem gamblers. That struck me as a bit of a surprise, because surely that would be very profitable for your members?

Kai CANTWELL: You have to consider the entire environment here. You have to consider the fact that more than ever wagering service providers need a social licence to operate. With problem gamblers or people where the system has failed them, often we end up with reputational concerns, and we will regularly end up returning lost money.

Michael GALEA: There has been some discussion as well about advertising, and you have called for a middle ground approach. That falls short of where the federal committee recommended. The fact that we are in this position in the first place, though – is this a signal that industry has failed to self-regulate?

Kai CANTWELL: No, I do not think so. I think industry is operating within the rules that currently exist. Community sentiment has changed, and so we need to make sure that the current levels of regulation keep up with that community sentiment shift.

Michael GALEA: You identified in your presentation as well, and I believe that you are correct, that the majority of gambling harm still comes from what you called land-based gambling, so poker machines and the like. How do you take into account, though, for the fact that the biggest increase in gambling harm is coming from online and sports betting?

Kai CANTWELL: Well, look, there is always more to be done in terms of consumer protections. And so if there is growth in a market, then of course consequential growth in harm will occur, but we do offer significantly improved consumer protections for punters who punt in an account-based space as opposed to those in land-based. There is no visibility of how much I am putting through the poker machines; there is entire visibility of how much I am putting through my wagering service provider account. There is visibility of deposits. There is visibility of bet sizing. There is visibility of time of day of betting. These are all things that can inform red flags that will pick up on problem gambling behaviour and, as I say, stamp it out before it gets to a point of problem gambling.

Michael GALEA: Yes. We have heard the evidence that the phrasing ‘gamble responsibly’ can be problematic because it can shift the issue of gambling harm and addiction onto the punters themselves rather than the WSP or government or regulators. Do you agree with that?

Kai CANTWELL: I think dealing with problem gambling has to be a joint effort. There needs to be programs, tools and support offered by wagering service providers. There needs to be, as there is with other behaviours that can become problematic, government support, and there needs to be a degree of personal and community responsibility in terms of addressing these kinds of risky behaviours that can occur when things get out of hand. Pleasingly from a Responsible Wagering Australia perspective, we are not just partnering with

government and working with government to help inform future policies and regulations, we are also partnering with the social services industry. As you may have seen, we have partnered through the Financial Counselling Australia industry funding model, which I am hoping we will be able to announce formally in the next few weeks, to ensure that we are triangulating and providing all of those supports also from that community level.

Michael GALEA: Thank you. Is that my time?

The CHAIR: Unfortunately, Mr Galea.

Michael GALEA: Thank you, Chair. Thank you, Mr Cantwell.

Kai CANTWELL: Thank you.

The CHAIR: We will go to Mrs McArthur.

Bev McARTHUR: Thank you very much, Chair and Mr Cantwell. Can you just repeat to me how much the Australian economy, the governments around Australia, collects in taxes through your industry?

Kai CANTWELL: I might have to grab the taxes on notice, but we do have a \$6 billion economic impact. Now, that obviously considers the sort of flowthrough benefits to the economy. We have valued that at \$6 billion and 32,000 jobs directly and indirectly. And so there are obviously a lot of jobs that are supported indirectly through the industry and then through racing, which I understand as a whole is something more like 80,000 jobs. I mean, at the end of the day these are big numbers of people that we employ through our industry. And as I say, if you get that right, we have got a legitimate, legal entertainment industry that is supporting significant amounts of jobs around the country and often through regional areas as well, which is really important.

Bev McARTHUR: Could you take on notice how much tax revenue is collected through the industry?

Kai CANTWELL: Most certainly.

Bev McARTHUR: Thank you. You said that your industry is leading the way in having discussion with government. Well, have governments been dragging the chain in this?

Kai CANTWELL: Look, I would not say that.

Bev McARTHUR: No, do not be unkind to them.

Kai CANTWELL: I think probably the biggest concern, as I say, is making sure there is meaningful consultation with the industry. It is really important so that we can get implementation happening quickly. If the consultation is poor, we end up in a spot where we go round in circles and have to go back and re-prosecute decisions on policy or implementation, and so the key here is getting the consultation right up-front. As I said, we will be one voice that you have to balance out with many, but at least you have heard the feedback from the industry on how you could best protect punters.

Bev McARTHUR: So that would perhaps be something, a key recommendation, you would suggest this committee might produce in the end – that the most important thing to do would be to have meaningful and real consultation with the industry before they embark on giving you or us new regulations.

Kai CANTWELL: We absolutely would not be averse to a recommendation about consulting with industry.

Bev McARTHUR: In terms of helping problem gamblers, there was, in the Northern Territory and other places, a cashless welfare card, which has been done away with now. Do you have any evidence of how that benefited the problem gamblers?

Kai CANTWELL: I understand that the cashless welfare card had a significant body of evidence. It was evaluated heavily over a number of years. It was around for 15-odd years in the Northern Territory, and it certainly had some very positive findings with regard to reductions in alcohol and gambling behaviours. There

is always going to be disputed evidence, and in those evaluations I would also offer up that the evaluation findings were disputed, and obviously there could have been more done in terms of both qualitative and quantitative evidence to make sure that those findings were fully verified. But as someone who has spent a lot of time in remote northern Australia, I can absolutely vouch for the fact that those kinds of programs were certainly having at least some of those intended consequences.

Bev McARTHUR: Thank you. Would another recommendation be that there should be nationally consistent regulations?

Kai CANTWELL: Look, absolutely, where possible – and this is going back to the federal inquiry. A lot of the recommendations in the federal inquiry are around that theme of national consistency. We absolutely agree with that conceptually, and harmonisation of regulation wherever possible, so long as – I think we need to continue to keep our eye to the fact that if you go down the path of harmonised but very heavy-handed, then we run the risk of pushing those people into that illegal offshore market. As I say, it makes up 15 per cent of the market, \$1.6 billion a year; it is significant. So harmonisation, yes, but balanced and proportionate needs to be a real consideration when introducing regulation.

Bev McARTHUR: Just going to that offshore illegal market, what do governments have to do to shut it down?

Kai CANTWELL: There are a couple of recommendations in the federal inquiry that will go part way, and then there is obviously a need to balance out the ability for ACMA and others to shut down illegal websites whilst also balancing out the privacy and regulatory reforms of, you know, not stepping too far into inappropriate shutting down of websites and the like. So we need to be careful, but I think ACMA could absolutely be given more teeth to act quickly to shut down these providers. As I say, I can jump on my phone now and find hundreds of sites that are offering significant promotions to go and gamble with them. As a punter it is not illegal for me to go and use those websites. It is only illegal for them to operate in Australia.

Bev McARTHUR: Well, you would think governments would be onto it in a flash, wouldn't they, missing out on a whole lot of tax.

The CHAIR: Mrs McArthur, I hate to interrupt, but I am going to call time. We have got two other members and we actually have capped time, but because we started late I am going to run over. We need to go to Ms Kathage.

Lauren KATHAGE: Thank you, Mr Cantwell. I want to talk a little bit about what we have heard from others around considering a public health approach to gambling. You have spoken a lot about problem gamblers, but people are certainly advocating that we need to take a public health approach, as we do for other legal products that are restricted for adult use such as tobacco and alcohol. Can you speak a little bit about what consideration your organisation or those you represent have given to the public health approach?

Kai CANTWELL: I think this is a long-term policy discussion that needs to happen. Coming out of social policy myself, I understand the drive to move into a public health debate around gambling. I guess what I would say, first and foremost, though, is there is almost a fundamental concern about pushing down the public health approach from our perspective, and that is that taking that approach may suggest that, like cigarettes, every \$5 bet is doing you damage. Every cigarette is doing you damage; every \$5 bet is not. The majority of Australia punters do so in a safe environment and do so in a safe way, and so there is a fundamental concern around pushing down a public health approach when, as I say, not every bet is doing damage and not every Australian punter is at risk of harm.

Lauren KATHAGE: So not every punter is at risk of harm, and comparing it to cigarettes, we do have greater regulation around cigarettes than we do around gambling. Thinking of youth now, we have heard from service providers that there is an increase in youth that are accessing your product, and we have heard that there are parents bringing children as young as 12 years old in for support. They are accessing your products online and they are discussing amongst themselves how to get around identification verification through online forums. Can you comment on the regulations that are in place to prevent youth from using your product, when it sounds like they are accessing it regardless?

Kai CANTWELL: I guess to start with, just like BetStop, just like the regulation on credit cards, we have been leading the charge in the drive towards preverification. RWA has been a leader in seeking out preverification rules to be implemented, and at the end of this month preverification will be implemented in Australia. We already preverify 90 per cent of accounts in our membership, and that will go to 100 per cent with the preverification rules commencing at the end of this month. That is the way to combat minors opening an account or using an account before it is verified, so we are very excited to see that measure coming on board from the end of this month.

Lauren KATHAGE: Some of the measures that are being taken to protect children from harmful products include programs in schools, so we know that children have alcohol and drug awareness lessons in schools. There are stranger danger sessions. They also have sessions on gambling, so that schools are running sessions to prevent gambling harm amongst children, I think, demonstrates that they are still accessing the product and that the parents and the schools are noticing the impact.

Kai CANTWELL: I would caution against drawing a link from a program being run in a school to that meaning that kids are accessing the products. I think ensuring that children are aware of the risks of doing something that is an adult behaviour is entirely reasonable and does not immediately assume that there is a link or that that behaviour is occurring, and so I guess I would caution about drawing that link without evidence. But what I would say is that of course we support those kinds of programs running. They are important programs to be run in schools. Education is the solution to a lot of societal problems, and we are big supporters of kids being made aware of the risks.

Lauren KATHAGE: So you characterise gambling as a societal problem?

Kai CANTWELL: No, absolutely not.

Lauren KATHAGE: And can I ask which services relating to youth are you consulting with to ensure that you are supporting people to be prevented from accessing your products?

Kai CANTWELL: We have been engaged primarily with government departments at this stage. They are running most of the kinds of programs that you would expect to see, be it in schools or through community organisations. We are heavily engaged with the federal Department of Social Services, and of course we are engaged through the evaluation of the national consumer protection framework as well. Once we see the evidence coming out of that, we can then target some further engagement on other programs and services that might be appropriate to engage with.

Lauren KATHAGE: So no engagement with parents or gambling help service providers for youth?

Kai CANTWELL: We have certainly engaged with gambling service providers that cover the entire spectrum of the gambling population.

Lauren KATHAGE: Thank you. Thank you, Chair.

The CHAIR: Thanks, Ms Kathage. We will go to Ms Sandell.

Ellen SANDELL: Thank you. Just following on from Ms Kathage's questioning. There is a lot of talk amongst our witnesses about people being at risk of gambling harm or vulnerable to gambling harm, and I have heard the term 'problem gambling' used as well. What language does your organisation and the industry broadly use?

Kai CANTWELL: Broadly we talk about people at risk of gambling harm, but obviously there are people who are more than at risk and people that are experiencing gambling harm, so I guess it depends a little on context, but that should give you an idea of some of the language that we use.

Ellen SANDELL: You talked a bit about comparing it to cigarettes or comparing it to alcohol and other risky products. Does your organisation accept that the product itself is addictive by design and therefore harmful by design?

Kai CANTWELL: No, what we accept is that in the wrong context or in an environment that is not cognisant of the potential risk that may occur should it be not handled appropriately – we are absolutely aware

of that – and that is what we are trying to prevent with our responsible gambling tools and our engagement with regulators to ensure that we can get those regulations right.

Ellen SANDELL: Okay. Do you accept that anyone could be subject to gambling harm, or do you feel like there is only a small proportion of the population that is at risk from gambling harm?

Kai CANTWELL: No, I think anybody could be at risk of gambling harm in the wrong circumstances and without the proper regulation and protections that are offered by, for example, Australian licensed wagering service providers in the account-based gambling space.

Ellen SANDELL: You talked a bit about the illegal offshore market and people transferring to the illegal offshore market if regulation on organisations that you represent is too onerous. We have heard evidence that really the greatest indicator of harm from gambling is felt in jurisdictions where gambling is the most easily accessible and available. So that is really the biggest correlation: where it is more easily accessible, you get greater harm. These illegal offshore online casinos, for example, are not advertising as heavily here. They are not as accessible, as in they are not kind of in your face with lots of different advertising and accessible everywhere. Do you actually have evidence that a large proportion of people who currently use the services of your members would actually transfer to these illegal operations?

Kai CANTWELL: I will just quickly run through a couple of examples internationally of where this has occurred. In Norway there were affordability checks, advertising restrictions and restrictions on stakes, and the offshore market increased to 66 per cent of the entire market. Italy abandoned advertising; the offshore market increased to 23 per cent. Spain – a near total ban on advertising; the offshore market increased to 20 per cent. And Denmark, when they were introducing tighter restrictions on inducements, as a result anticipated a 9 per cent increase to the offshore market. This tells you that those international governments either experienced an increase directly related to the increased regulation or they were already expecting it before even implementing it. So they understood the risks of those kinds of policies. The fact that we see an Australian market of 15 per cent and \$1.6 billion a year would tell me that the market is known and it is there, and the tighter our restrictions go, the more likely people are to go and seek out the products that they are seeking in that market. So whilst it might not be –

Ellen SANDELL: We are talking about a difference between – you said it is 15 per cent of the market now compared to, in some of these examples that you cited, 20 per cent, so it is not a wholesale transfer –

Kai CANTWELL: Or 66 per cent in Norway.

Ellen SANDELL: And one of those examples was around an anticipation. Do you know if that actually happened?

Kai CANTWELL: I do not have that in front of me, so I will have to check that out. But returning to your previous point: 20 per cent in some; 66 per cent in Norway.

Ellen SANDELL: In one example. Would your members or your organisation support restrictions on what kinds of activities can be bet on? My understanding is that whilst it is predominantly racing and sports, there are actually a wide range of activities – elections, for example – that can be bet on.

Kai CANTWELL: I probably will not go to product offerings. I try very hard to stay out of what products my members offer. I am very happy to talk about the thematic discussion around inducements and advertising and other bits, but I tend not to speak on behalf of my members about the products that they offer. Sorry, it has come to me a bit late – I apologise – but I think the other key consideration in this offshore market discussion and the market here in Australia as opposed to elsewhere when considering our market is we already do have a fairly heavily restricted market here. We do not have online casinos, and I think when we talk about the prevalence of products, the online casino market and electronic pokies online are definitely something worth considering contextually when we compare to somewhere like the UK, for example.

Ellen SANDELL: Thank you. Sorry, I think we might have covered this, but just to clarify: are all of your members registered in the Northern Territory, or are any registered anywhere else?

Kai CANTWELL: All of my members are licensed in the Northern Territory.

Ellen SANDELL: Okay. Thank you. Thank you, Chair.

The CHAIR: Thanks, Ms Sandell. Mr Cantwell, thanks for spending the morning with us. Apologies for going over time. I do want to thank you on behalf of the committee for appearing here today. The committee is going to follow up on any additional questions or questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee is now going to take a very short 5-minute break before recommencing the hearing at 11:10 am. I declare this hearing adjourned.

Witness withdrew.