



Public Accounts and Estimates Committee

Gambling and liquor regulation in Victoria: a follow up of three Auditor-General reports

Inquiry

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About the Committee

Functions

The Public Accounts and Estimates Committee is a Joint Parliamentary Committee constituted under the *Parliamentary Committees Act 2003* (Vic).

The Committee comprises of nine Members of Parliament drawn from both the Legislative Assembly and the Legislative Council.

The Committee scrutinises matters of public administration and finance to improve outcomes for the Victorian community. Under the legislation, the Committee is required to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council
- audit priorities for the purposes of the *Audit Act 1994*.

The Committee also has a number of obligations and responsibilities regarding the Victorian Auditor-General and the Victorian Auditor-General's Office (VAGO). A key responsibility is conducting follow up inquiries into selected VAGO performance audits.

Follow up inquiries examine the progress made in implementing the audits' recommendations, identify any issues with implementation and investigate new issues that may have arisen since the audit reports were tabled. Follow up inquiries also allow the Committee to make recommendations that will improve specific areas of public administration and accountability.

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Terms of Reference

Gambling and liquor regulation in Victoria: a follow up of three Auditor-General reports

The Committee resolved at its meeting on 3 April 2023 to inquire into the Victorian Auditor-General's (VAGO) audits: *Follow up of regulating gambling and liquor*; and *Reducing the harm caused by gambling*; in effect examining three VAGO audits. It was further resolved that the Inquiry consider online gambling but exclude gambling at Crown Casino in Melbourne.

The Committee inquired into:

1. The 2019 recommendations of the Auditor-General on regulating gambling and liquor:
 - (a) Licensing industry participants
 - (b) Assuring compliance
 - (c) Measuring performance and collaborative enforcement
2. The 2021 recommendations of the Auditor-General on reducing the harm caused by gambling:
 - (a) Understanding gambling harm
 - (b) Preventing gambling harm
 - (c) Treating gambling harm
3. Regulating and reducing the harm caused by online gambling.

Chair's foreword

The Victorian Auditor-General has tabled three reports in the Victorian Parliament in recent years relating to liquor and gambling regulation and minimising the harm caused by gambling and alcohol. The Public Accounts and Estimates Committee has an important role in following up on whether the recommendations contained in these reports have been implemented by the Government.

We know that gambling and alcohol consumption both during and post the COVID-19 pandemic has increased. What also increased during that time, is the associated harm in the Victorian community. It was for these reasons, that the Committee decided it was timely to examine the outcomes of the three reports and investigate online gambling. This report is the culmination of the Committee's work over the last eight months.

Whilst the Committee was undertaking its work, the Victorian Government introduced the Gambling Legislation Amendment Bill into the Parliament in October 2023. The Bill passed and reform will now take place that will result in some positive changes, including the standardisation of gaming venue operating hours and compulsory closure between 4am and 10am, and a reduction in load limits on gaming machines.

Despite inroads being made to reduce gambling and alcohol related harm to the Victorian community, there is still more work that both Government and the industry can do. The Committee has made 61 recommendations that it believes, if implemented, will result in a safer community. More appropriate regulations and safeguards are needed to protect Victorians, especially our children and young people. Our culture has often been described as one that tends to normalise both drinking and gambling. The Committee heard evidence to suggest that this has become more entrenched than ever, with the rise in social media and digital technology. This is certainly something that needs to be addressed, with States, Territories and the Commonwealth all having an important role to play.

On behalf of the Committee, I would like to thank the many stakeholders who participated in this Inquiry and generously shared their expertise and personal experiences, which included local community organisations and service providers who specialise in addressing gambling and alcohol related harm. The Committee also asked several industry representatives to give evidence and acknowledges those industry participants that accepted the opportunity. Whilst these conversations are never easy, the Committee appreciated the full and frank evidence and the contribution they made to this report.

I would also like to thank my Committee Colleagues for their commitment to this Inquiry – Nicholas McGowan MLC (Deputy Chair), Michael Galea MP, Meng Heang Tak MP, Mathew Hilakari MP, Lauren Kathage MP, Bev McArthur MLC, Danny O'Brien MP, Ellen Sandell MP, and former member Paul Hamer MP.

Lastly, I would like to thank the Committee Secretariat for their diligent work on this Inquiry and the preparation of this report.

A handwritten signature in black ink, appearing to read 'S. Connolly', written in a cursive style.

Sarah Connolly MP
Chair

Executive summary

Chapter 1

The Auditor-General tabled a total of three reports on the regulation of gambling and liquor and reducing the harm caused by gambling in 2017, 2019 and 2021. One of the important roles of the Public Accounts and Estimates Committee is to follow up on the Auditor-General's reports to determine whether the recommendations have been fully implemented by government agencies and if other important related issues have emerged.

This report contains the Committee's findings and recommendations in relation to the three Auditor-General reports. The Committee also investigated online gambling which now accounts for the fastest growing gambling losses in Victoria. Crown Casino was not in scope to avoid any duplication with the most recent Royal Commission into the casino operator and licence and the Auditor-General's planned audit of the casino.

The Committee found that work on four of the 13 recommendations from the 2017 and 2019 audits was incomplete. The four outstanding recommendations relate to:

- liquor licensee checks
- better targeting of gambling compliance activities
- the compliance quality assurance framework
- quality of publicly reported performance measures.

The Committee found that work on most of the Auditor-General's 2021 recommendations, directed towards the Victorian Responsible Gambling Foundation (VGRF), was still in progress. The Committee also identified opportunities to strengthen the VGRF's outcomes framework to guide prevention and treatment programs. The VGRF is responsible for addressing gambling harm in the community. From mid 2024 funding for the VGRF will be discontinued and the functions of the VGRF will be assumed by other government agencies. Significant work will be required by the VGRF's successors to fully implement the Auditor-General's recommendations to prevent and protect the community from gambling harm.

In relation to online gambling the Committee found it is accelerating in Victoria and can be particularly harmful to users because of its accessibility, normalisation and the aggressive marketing methods employed. Children and young people are most vulnerable with the current regulatory environment providing insufficient protection. The Committee makes 20 recommendations in relation to online gambling and protecting the community from harm. It identifies the need for industry sharing its real time data with regulators, greater protection for children, the development of

a Victorian online gambling strategy, development of a code of conduct for online gambling providers, greater transparency regarding compliance action taken by the gambling regulator and reforms to the regulation of Victorian bookmakers.

Chapter 2

Alcohol the consumption and gambling are common activities in Victoria and Australia. Although the consumption of alcohol among Australians is declining, alcohol-related harms remain high, suggesting that certain demographics are continuing to drink at harmful levels. Over two-thirds of Victorian adults spent money on some form of gambling during 2018–19, according to the most recent data available.

Alcohol and gambling may not only harm an individual but also those around them. Alcohol can have a negative impact on physical and mental health; result in involvement with emergency and treatment services; family violence incidents; motor vehicle accidents; and violence and other assaults.

A relationship between gambling and family violence has been established. Gambling can be both the impetus and the outcome of family violence. Similarly, there is a link between gambling and suicide, with a total of 184 gambling-related suicides occurring in Victoria between 2009 and 2016. No recent data is available from the Coroner's Court.

Gambling harm disproportionately affects those experiencing social and economic disadvantage, while culturally and linguistically diverse communities highlighted their unique vulnerabilities to gambling harm. Gambling amongst young people is increasingly normalised. Participants at the Committee's Youth Roundtable shared their varied lived experiences of gambling harm. Treatment service providers explained how guardians are seeking out assistance for their young sons and families to manage gambling addictions.

The financial consequences of gambling can be substantial. Gambling player losses in Victoria totalled \$7.5 billion in 2022–23. Losses from electronic gaming machines constitute the largest losses in Victoria but losses from online gambling are the fastest growing. The Victorian Government raised \$2.5 billion from gambling taxes in 2022–23 and gambling tax revenue accounted for 7.6% of total revenue collected in the same year.

The investment in harm minimisation and community benefits was examined by the Inquiry. Stakeholders asserted that only a portion of the Community Support Fund (derived from gambling tax revenue) is directed to addressing gambling harm. Others highlighted deficiencies in the community benefits arrangements, whereby gaming venues are expected to allocate 8.33% of revenue to approved community purposes. The Committee was advised that the funds are sometimes redirected to benefit the clubs. The Committee has recommended reforms to the Community Support Fund and community benefits arrangements.

Chapter 3

Regulation of the gambling and liquor industries in Victoria has seen numerous changes in the last two decades. Initially established as two single purpose regulators for liquor and gambling, an amalgamation established the Victorian Commission for Gambling and Liquor Regulation (VCGLR) in 2012. This dual regulator was the subject of the Victorian Auditor-General's (VAGO) 2017 and 2019 reports. In 2021, the combined regulator was once again separated into two bodies, known as the Victorian Gambling and Casino Control Commission and the Victoria Liquor Commission. There is a renewed emphasis on harm minimisation and a public health approach to the regulation of gambling and liquor. This is an acknowledgement that they are harmful products.

By August 2023, VAGO's progress report noted completion of 11 of the 13 recommendations directed to the then VCGLR. The Committee concluded that further work is required to fully acquit the recommendations relating to liquor licensing, risk, compliance and performance measures.

Issues persist in the existing policy and regulatory systems. In the liquor space, experts highlighted the negative impacts of increased accessibility to alcohol via packaged liquor 'big box' retailers, online sales and home delivery. In relation to gambling, the number, location and access to electronic poker machines remain of concern. The Committee has made recommendations regarding:

- electronic gaming machine (EGM) room operating hours
- loss limits regulated in more progressive Scandinavian countries
- the total number of EGMs
- gambling advertising
- gambling venue licence applications.

The Victorian regulators are also responsible for compliance and education functions. The Committee has recommended that compliance inspections be balanced across metropolitan and regional areas, as well as increased use of 'mystery shopper' exercises. With regards to education the Committee has recommended training in the responsible service of alcohol for delivery drivers and updated education programs and resources for school students about alcohol harm.

Chapter 4

The VGRF was established in 2012 to address the causes of gambling harm, provide treatment and intervention services, raise awareness and advocate within government. From 1 July 2024, the VGRF will not receive further funding and other government agencies, including the VGCCC, will assume responsibility for gambling research, education, and treatment and prevention functions.

The VGRF's research aims to increase understanding of gambling harm. The VGRF categorises 'gambling harm' into seven forms, being financial harm; relationship disruption, conflict or breakdown; emotional or psychological distress; decrements to health; cultural harm; reduced work or study performance; and criminal activity. The VGRF found in 2018–19, 0.7% of adult Victorians suffered from a gambling disorder, compared to 69% of all Victorians participating in gambling.

Despite the VGRF being in operation for more than 11 years:

- the levels of those experiencing serious gambling harms have remained consistent over time
- only 1–2% of those experiencing gambling harm have sought treatment from VGRF funded services, the only public services in Victoria
- the effectiveness of gambling treatment and services provided is unknown.

VAGO's 2021 report made eight recommendations, largely directed to the VGRF. Although the VGRF advised four are complete, the Committee found seven of the eight were still in progress. There is significant work to be done by the VGRF's successors.

Chapter 5

Online gambling was not a focus of the Auditor-General's audits. However, Australians currently spend more than any other country on online gambling, resulting in the highest losses per capita in the world. This report is the first detailed examination of online gambling in Victoria.

Online gambling is governed by Commonwealth legislation - the *Interactive Gambling Act 2001*. The Australian Communications and Media Authority enforces prohibition on illegal offshore gambling being advertised or provided to Australians. Despite this, licensing of online gambling providers remains in the purview of state and territory governments.

Technological advances have increased the accessibility of online gambling, and people can now gamble whenever and wherever they choose. Online gambling can be particularly harmful given that it is easily accessible, highly immersive by design, able to target individual customers and can be used covertly. Research has indicated that at least 34% of interactive or online gamblers are likely to experience harm, compared to 16% of people who gamble offline. Online gambling has been linked with financial distress, relationship breakdowns, and mental health issues.

Young people are particularly negatively affected by online gambling, including those from culturally and linguistically diverse backgrounds. There is concern young people are being groomed with the emergence of simulated gambling and gambling-like activities online. Features such as loot-boxes and in-game purchases are now widespread. The need for further research and regulation of gambling-like activities was highlighted by witnesses including participants at the Committee's Youth Roundtable. The Committee has made two recommendations to prevent and address

the harm to young people by online gambling, simulated gambling and gambling-like activities.

The Committee has also identified the need for better data to inform the regulation and licensing of online gambling in Victoria.

Chapter 6

The national regulatory framework for online gambling is fragmented across 60 pieces of Australian, state and territory legislation, industry codes of practice, multiple Australian Government ministries and the racing and gaming portfolios of state and territory governments. Many online wagering and betting providers are licensed in the Northern Territory (NT) possibly because it charges the lowest taxes and fees for online wagering and betting. Industry representatives asserted the NT offers a fit-for-purpose regime with sufficient consumer protections.

In Victoria, responsibility for granting wagering and betting licences sits with the Minister for Casino, Gaming and Liquor Regulation. Monitoring and enforcement of online gambling providers licensed in Victoria and providing services to Victorians falls within the remit of the Victorian Gambling and Casino Control Commission (VGCCC). Online keno licences have recently been granted for the first time in Victoria until 2042.

A review is currently underway by the Victorian Government of Responsible Gambling Codes of Conduct. The codes are a condition of service providers obtaining a gambling licence. Recent compliance information regarding the codes is not available. The Committee recommends the VGCCC publish the codes online; and details of any breaches in its Annual Reports. The Committee also recommends the effectiveness of the codes in preventing gambling harm is evaluated.

In its first year of operation, the VGCCC updated its complaints process to incorporate harm minimisation principles and launched a tip-off program for community reporting. The Committee considers that publication of the VGCCC's monitoring regime for providers of online gambling products and all disciplinary actions taken in respect of online gambling providers would be beneficial.

Racing Victoria (RV) is involved in the regulation of online gambling, by way of its historic role in bookmaking regulation and independent governance of the Victorian thoroughbred racing industry (VTR). Although RV's role is focused on the daily operations of on-course betting rings, betting from on-course patrons and some off-course wagering, the technology has meant Victorian bookmakers have diversified and now offer a 24/7 worldwide product. Consequently, RV is responsible for regulating bookmakers with a growing share of activities derived from a non-VTR product, such as sports betting. The Committee found the role of RV and other racing control bodies in regulating Victorian bookmakers is no longer fit-for-purpose and should be transferred to the VGCCC.

The Commonwealth, state and territory governments launched the National Consumer Protection Framework for Online Wagering in 2018, which sets out ten minimum protection measures for consumers of online gambling services licensed in Australia. Measures are implemented by each state and territory government as they see fit. The framework has several limitations and additional consumer protection reforms were recommended to the Committee such as banning online gambling advertising and prohibiting offers of free credits. Industry representatives asserted further consumer protections may encourage illegal offshore gambling.

Stakeholders have called for the national regulation of online gambling.

Findings and recommendations

1 Introduction

FINDING 1: The Victorian Auditor-General's (VAGO) 2019 *Follow Up on Regulating Gambling and Liquor* assessed the action taken in respect of 13 recommendations made in 2017. VAGO's progress report tabled in August 2023 reflects completion of 11 of the 13 recommendations.

7

FINDING 2: The Committee found that due in part to the machinery of government changes, further work is required by the Victorian Gambling and Casino Control Commission to fully implement the Victorian Auditor-General's Office Recommendations 2 (liquor licensing), 8 and 9 (compliance) and 12 (performance measures).

7

FINDING 3: The Committee found that significant further work is required by the Victorian Responsible Gambling Foundation (VRGF) and its successor to fully implement the Victorian Auditor-General's Office recommendations from its 2021 audit report *Reducing the harm caused by gambling*. There are also opportunities to strengthen the VRGF's outcomes framework to guide prevention and treatment programs (Recommendation 3).

9

2 The prevalence, harm and benefits of gambling and liquor

FINDING 4: Alcohol-related harms can affect the individual and the others around them. Up to half of Australians have reported adverse effects including verbal abuse experienced as a result of others' drinking.

19

FINDING 5: Alcohol-related harms have affected Victoria's frontline emergency and treatment services, particularly following the COVID-19 pandemic. Alcohol-related presentations have surged in Victoria, with almost 28,000 treatment episodes recorded in 2021–22, an increase of 4,500 episodes, compared to 2020–21.

21

FINDING 6: Over 900 Victorians die from alcohol-related diseases every year.

21

FINDING 7: Researchers have identified a relationship between alcohol consumption and family violence whereby alcohol consumption is known to increase both the frequency and severity of family violence. 21

FINDING 8: Higher alcohol outlet density is associated with greater alcohol-related harms and greater consumption of alcohol. The increase in harms and consumption is attributed to increased exposure to marketing and convenience. 22

FINDING 9: Although research is still developing, the relationship between gambling harm and family violence is evident. Gambling can be both the impetus and the outcome of family violence and can both precede and increase the chance of violence. Victim-survivors may participate in gambling as a mechanism for coping. 23

FINDING 10: The Libraries After Dark program, funded by the Victorian Responsible Gambling Foundation and participating councils, extended the opening hours of local libraries and aimed to provide at-risk groups with social and recreational options during the evening, as an alternative to gaming venues. The program will not continue after 2024. 24

RECOMMENDATION 1: The Victorian Government consider extending its support for the Libraries After Dark program, or similar programs. In addition, the Victorian Government undertake work to understand:

- what additional safe places of recreation may be needed by communities after hours as alternatives to gaming venues
- which geographic areas would benefit most from these programs
- the need and demand in the community for such programs
- whether the Libraries After Dark model can be expanded to benefit at-risk groups in the community.

24

FINDING 11: On average 23 people committed suicide in Victoria annually between 2009 and 2016 due to gambling. For many more Victorians, gambling would have been a contributing factor to their suicide. Gambling can contribute to risk factors of suicide, by aggravating financial hardship, employment issues and relationship breakdowns. 25

RECOMMENDATION 2: The Victorian Government work with the Coroners Court of Victoria to expand its analysis of data from 2017 onwards to develop a complete and up to date dataset of gambling-related suicides in Victoria. 25

FINDING 12: Gambling harm is disproportionately experienced by communities also experiencing social and economic disadvantage. 28

FINDING 13: Culturally and linguistically diverse (CALD) communities are vulnerable to gambling harm. Gambling harm in CALD communities can result in financial losses, sexual slavery and criminal outcomes including imprisonment, and is exacerbated where issues with gambling are particularly stigmatised. 30

FINDING 14: Gambling harm is particularly prominent in young men, a cohort for whom gambling is increasingly normalised. Treatment service providers are experiencing a rise in referrals for both therapeutic and financial counselling sought by parents and guardians on behalf of their young sons. 31

FINDING 15: Gambling player losses in Victoria amounted to \$5.1 billion in 2020–21 and increased to \$7.5 billion in 2022–23. Losses from electronic gaming machines constitute the largest losses in Victoria but losses from online gambling are the fastest growing category of losses. 32

FINDING 16: The revenue raised in Victoria from wagering and betting taxes has increased significantly since the introduction of the Point of Consumption Tax in 2019, now making it the third largest source of gambling tax revenue in the State. It is forecasted that the State will raise \$497 million from wagering and betting in 2026–27. 37

FINDING 17: Total gambling player losses continue to greatly exceed the total gambling revenue collected in Victoria. In 2022–23, gambling player losses total \$7.5 billion compared to gambling tax revenue of \$2.5 billion. 38

FINDING 18: Most, but not all of Victorian gambling tax revenue, is allocated to various funds, including the Community Support Fund, to finance programs in hospitals and community organisations, mental health services, and programs to tackle problem gambling, as well as drug education, treatment, and rehabilitation. In particular, the Community Support Fund, a trust fund established in 1991, directs ‘a portion’ of gaming revenue back to the community. 40

FINDING 19: In 2021–22, hypothecated gambling tax revenue is estimated at \$1.7 billion compared to \$2 billion in total gambling tax revenue in Victoria. In 2026–27, hypothecated gambling tax revenue is forecast at \$2.6 billion compared to a forecast of \$3 billion in total gambling tax revenue. 40

RECOMMENDATION 3: The Victorian Government explore whether the Community Support Fund can provide greater support for programs, services and initiatives to prevent and reduce gambling harm in the Victorian community. **40**

FINDING 20: The community benefits arrangements are intended to offset harms associated with gambling by requiring clubs with electronic gaming machine licences to direct 8.33% of gaming revenue towards community purposes or activities. Evidence to the Inquiry showed that clubs are claiming operational expenses, venue upkeep, promotional/marketing activities, transport of clients, and salaries as community benefits. **41**

RECOMMENDATION 4: The Victorian Government review the purpose of the community benefits arrangements and what percentage of gaming revenue is being redirected into the community, as opposed to being spent on operational expenses and expenditure aimed at increasing clientele. **42**

RECOMMENDATION 5: As part of this review, the Victorian Government consider if there is a public benefit in replacing the existing community benefits arrangements and redirect the 8.33% of gaming revenue of clubs with electronic gaming machine licences to a publicly-managed fund targeted towards reducing and preventing gambling harm. **42**

3 Regulating gambling and liquor

FINDING 21: A key, fundamental role for government regulators, including gambling and liquor regulators is to protect communities and prevent harm. **47**

FINDING 22: The concept of harm minimisation is not a new one. Legislation to minimise the harm caused by liquor consumption and gambling has been in place since the 1990s and early 2000s in Victoria. **52**

FINDING 23: The definition of harm in the legislation administered by the Victorian Liquor Commission now identifies children, vulnerable people and communities who may be impacted by family violence. The Victorian Liquor Commission is now consulting with stakeholders to inform and revise their internal risk templates. **53**

FINDING 24: The Victorian Gambling and Casino Control Commission has a legislated mandate to minimise gambling harm. Expert witnesses informed the Committee that it is more important to retain a focus on harm prevention rather than minimisation, treatment, and reduction. **54**

FINDING 25: The renewed emphasis on harm minimisation in Victoria’s renewed gambling regulation regime is recognition that a public health approach is necessary to protect individuals and the community against the harmful impact of this activity. It also demonstrates that the previous system did not incorporate the best practice regulatory principles of ‘address[ing] the underlying causes of harm’ and being ‘proportionate to the harm or risk to the community’.

55

FINDING 26: Both the Victorian Liquor Commission and the Victorian Gambling and Casino Control Commission reported they have implemented risk-based licencing models as per Recommendation 4 of the Victorian Auditor-General’s Office 2017 *Regulating Gambling and Liquor* audit.

57

FINDING 27: Since coming into operation on 1 July 2022, the Victorian Gambling and Casino Control Commission and the Victorian Liquor Commission are implementing new structures relating to how they apply risk-based licensing and compliance regulation to incorporate harm minimisation.

59

FINDING 28: The Victorian Gambling and Casino Control Commission is currently undertaking a three-phase process to overhaul its regulatory methodology which is expected to be fully implemented by early 2025. As a result, the risk-based licensing and compliance approach to gambling that the Victorian Auditor-General’s Office (VAGO) recommended in its 2017 *Regulating Gambling and Liquor* audit will not be operational until 2025, eight years after it was originally flagged by VAGO.

59

RECOMMENDATION 6: The Victorian Gambling and Casino Control Commission continue to report to the Victorian Auditor General’s Office on the implementation of Recommendation 8 of the 2017 *Regulating Gambling and Liquor* audit.

60

FINDING 29: The presence and number of electronic gaming machines (EGMs) in casinos as well the presence of EGMs in club, bar and pub venues varies across Australia’s states and territories. The presence of EGMs in the casino and suburban and regional venues in Victoria is at the higher end with New South Wales having the most followed by Queensland then Victoria.

63

FINDING 30: In Victoria, recent electronic gaming machine (EGM) use changes include the introduction of a load up limit of \$100, carded play in EGM rooms based at the casino by the end of 2023 and the mandatory closure of EGM rooms in venues (apart from the casino) between 4.00am and 10.00am by mid-2024. Other states and territories are also in the process of introducing further reforms to EGM use.

63

RECOMMENDATION 7: Twelve months after the commencement of the new closure time (4.00am to 10.00am) for electronic gaming machine rooms operating in Victorian venues, the Government review:

- a. the level of harm minimisation arising from the new operating hours
- b. the benefits of expanded closure hours.

66

RECOMMENDATION 8: The Victorian Government examine daily, weekly and annual gambling loss limits including lessons from regulatory frameworks in Norway, Sweden and Finland and loss limits to be implemented in Tasmania next year e.g. \$100 per day, \$500 per month and \$5,000 per year.

66

RECOMMENDATION 9: The Victorian Government consider the impact of reducing the total number of electronic gaming machines.

67

RECOMMENDATION 10: The Victorian Government urge the Commonwealth Government to implement advertising bans in relation to gambling activities in line with international best practice.

67

RECOMMENDATION 11: The Victorian Government consider banning gambling advertising in areas that come under state jurisdiction, such as public places. The Victorian Government also consider introducing stricter rules on primetime gambling advertising similar to the rules recently adopted in the South Australian Government's gambling advertising Codes of Practice.

67

FINDING 31: It is difficult for local councils to object to new electronic gaming venues or the expansion of existing venues in their areas as:

- the evidentiary burden is currently placed on them to prove a new venue or expansion of an existing venue would create a 'net detriment' to the community
- current precinct structure plans allow gaming venues to be classified as recreational and/or entertainment facilities in newly established greenfield estates.

68

RECOMMENDATION 12: Gambling venue licence applicants that wish to introduce or increase the number of electronic gaming machines, and/or gaming venues in a location must prove to the Victorian Gambling and Casino Control Commission that this will provide a 'net economic and social benefit' to the surrounding community.

68

RECOMMENDATION 13: The Victorian Government explore the guidance on precinct structure plans in the existing planning laws to consider whether gaming venues should continue to be classified as recreational and/or entertainment facilities in newly established greenfield estates.

68

FINDING 32: The Victorian Gambling and Casino Control Commission have begun a community engagement process to guide its approach to regulating for harm minimisation, including gathering intelligence from the community sector and holding community forums.

69

RECOMMENDATION 14: The Victorian Gambling and Casino Control Commission (VGCCC) establish a regular program of consultation with local government to inform and advise of current gambling regulation licensing, information and compliance shortfalls, and of any risk-based regulatory measures that the VGCCC could readily incorporate to reduce gambling harm in the community.

69

FINDING 33: The Victorian Government lifted the freeze on issuing late night liquor licences for venues in the inner-city municipalities of Melbourne, Port Phillip, Yarra and Stonnington on 30 June 2023. An initial review of the new arrangements is expected to be held at the end of 2024, followed by a more comprehensive review in mid-2025, two years into the new licensing environment.

71

RECOMMENDATION 15: The Victorian Liquor Commission publicly release data it captures over the next two years relating to liquor licence breaches in the municipalities of Melbourne, Port Phillip, Yarra and Stonnington. This information should inform the Government's reviews of the new inner city liquor licensing arrangements that are planned to take place in 2024 and 2025.

71

RECOMMENDATION 16: The Victorian Government outline its plan for further community consultation about the lifting of the late night liquor licence ban. The Government's review determine whether there are any changes to harms from alcohol associated with the lifting of the ban.

71

FINDING 34: The Victorian Liquor Commission (VLC) is currently experiencing delays in assessing and issuing liquor licences and has had to divert staff from the compliance area to assist in processing licence applications to reduce the backlog. Additional staff are in the process of being recruited for the VLC to fully meet its regulatory functions in licencing and compliance.

74

RECOMMENDATION 17: The Victorian Government review the resources available to the Victorian Liquor Commission, to ensure that it can fully meet its regulatory obligations in liquor licencing, compliance and enforcement in a timely and effective manner. **74**

RECOMMENDATION 18: The Victorian Gambling and Casino Control Commission continue to report to the Victorian Auditor General’s Office on the implementation of Recommendation 9 of the 2017 *Regulating Gambling and Liquor* audit. **75**

FINDING 35: The Victorian Liquor Commission and the Victorian Gambling and Casino Control Commission are engaging in ongoing training of its staff to achieve effective compliance outcomes. Therefore both regulators are continuing to implement Recommendation 10 of the Victorian Auditor-General’s Office 2017 *Regulating Gambling and Liquor* audit. **76**

FINDING 36: There are 12 inspection and six investigation staff within the gambling teams of the Victorian Gambling and Casino Control Commission. This compares to 16 inspection staff and two investigations and intelligence staff in the casino branch. **78**

RECOMMENDATION 19: The Victorian Gambling and Casino Control Commission further develop its compliance and enforcement strategy to ensure balanced coverage of inspections across metropolitan Melbourne and regional Victoria. **78**

FINDING 37: Online purchasing and home delivery of alcohol increased rapidly during the COVID-19 pandemic, and there is limited data on the level of compliance and enforcement action taking place for alcohol purchased this way. **79**

RECOMMENDATION 20: The Victorian Gambling and Casino Control Commission and the Victorian Liquor Commission consider increasing ‘mystery-shopper’ style compliance exercises to assist with licensee enforcement. **80**

RECOMMENDATION 21: The Victorian Liquor Commission develop an appropriate training module for the responsible service of alcohol for delivery drivers. **82**

RECOMMENDATION 22: The Victorian Liquor Commission, in conjunction with the Department of Education, Victorian Curriculum and Assessment Authority and the Office for Youth, review and update where necessary education programs and resources for school students about alcohol harm. **82**

FINDING 38: The Victorian Gambling and Casino Control Commission's Budget Paper no. 3 performance measures are inadequate and currently focus on outputs instead of outcomes that demonstrate the effectiveness of measures to reduce harm. **83**

FINDING 39: The Victorian Gambling and Casino Control Commission (VGCCC) is finalising a new corporate plan to reflect the revised functions, powers and operating environment of the organisation. The VGCCC is also developing an outcomes framework that is intended to gauge the impact of harm minimisation measures in at-risk groups, community awareness and the accessibility of tools and information. **84**

RECOMMENDATION 23: The Victorian Gambling and Casino Control Commission review its Budget Paper no. 3 performance measures with a view to developing performance measures that demonstrate the impact of its harm minimisation legislative responsibilities. The new measures should be informed by the objectives and indicators in the upcoming *Strategic Plan* and outcomes framework that is in development. **84**

RECOMMENDATION 24: The Victoria Liquor Commission publish information that demonstrates how harm minimisation is being incorporated into its regulatory framework, including:

- Developing performance measures for inclusion in the Budget Papers and its Annual Report
- Posting timely information including Commission tribunal hearing decisions, the compliance record of licence holders and licence applicant history on its website. **84**

RECOMMENDATION 25: In light of the potential for harm caused by products promoted by the gambling and alcohol industry, the government consider reforming donations from the gambling and alcohol industry and associated entities to state political parties. **88**

4 Reducing the harm of gambling

FINDING 40: The Victorian Responsible Gambling Foundation is not funded beyond 30 June 2024 and the Government is yet to announce which agencies or departments will assume responsibility for its various programs and services.

93

FINDING 41: Experts advised that there may be conflicts between the functions of gambling regulation, prevention, research and treatment and consequently this should be reflected in future machinery of government changes.

93

RECOMMENDATION 26: Gambling prevention and treatment programs be delivered by a health-rather than justice-based agency to embed the public health approach to gambling.

93

FINDING 42: The level of problem gambling has remained relatively consistent over time in Victoria. This is despite the establishment of the Victorian Responsible Gambling Foundation over a decade ago in 2012.

97

FINDING 43: The definition of gambling harm is contested in academic literature but has been classified by the Victorian Responsible Gambling Foundation into seven categories: financial harm, relationship disruption, conflict or breakdown, emotional or psychological distress, decrements to health, cultural harm, reduced performance at work or study, and criminal activity.

98

FINDING 44: The Victorian population gambling and health study is a report conducted by the Victorian Responsible Gambling Foundation every four years, which analyses a general population survey on gambling participation, gambling behaviour and gambling-related harm in Victoria. Approximately 630,000 Victorians experienced at least one form of gambling harm in 2018–2019. The prevalence of ‘problem gambling’, as classified by the Problem Gambling Severity Index, is around 0.7% of the Victorian adult population. The majority of gambling harm (70%) is experienced by people whose behaviour is classified as non-problem, low-risk and moderate-risk gambling.

98

RECOMMENDATION 27: The Victorian Government ensure an updated *Victorian population gambling and health study* is published based on surveys conducted in 2022–2023 and continues to be published in future years.

98

FINDING 45: The public health approach views gambling harm as the result of a combination of factors, including social, cultural, policy, legislative, economic and environmental. This approach situates gambling products and the environments in which they are delivered as the root causes of gambling harm, and that gambling products are designed to keep people gambling and promoted in a way that increases the risks of harm. This contrasts with the ‘dangerous consumption’ or ‘responsible gambling’ model, which views the individual and the ‘problem gambler’ as responsible for their degree and experience of gambling harm.

100

FINDING 46: The Committee recognises there is a tension between how the gambling industry views and responds to gambling harm and the public health approach. While the gambling industry broadly recognises gambling harm as an issue, it promotes ‘safer’ or ‘responsible gambling’ rather than viewing gambling products and the gambling environment as inherently harmful.

100

FINDING 47: The Victorian Responsible Gambling Foundation has developed a sector development strategy to support the application of research findings in the design and improvement of prevention programs and treatment services. The Committee could not evaluate the sector development strategy because it was not made available to the Committee by the requested deadline.

103

RECOMMENDATION 28: The Victorian Responsible Gambling Foundation or its successor publicly report on actions recommended by funded research that have been integrated into the design of its prevention programs and treatment services design.

103

RECOMMENDATION 29: A gambling research plan be developed to guide future publicly funded research investment and address evidence gaps.

103

FINDING 48: The Victorian Responsible Gambling Foundation commissioned a consultant to undertake a service system review. The final report was delivered in July 2023, but is yet to be publicly released. This review may inform a new service delivery model, expected to be rolled out from mid-2024. The timeline for full implementation across the State is unknown.

104

RECOMMENDATION 30: The Victorian Responsible Gambling Foundation or its successor publish the service system review on its website.

104

RECOMMENDATION 31: Publicly funded gambling research adopts a public health approach, improves understanding of gambling harm, directly informs prevention and treatment services, is outcomes focussed and readily accessible. **105**

RECOMMENDATION 32: The Victorian Government support further research into gambling harm, specifically into the impacts of co-occurring conditions, gambling amongst culturally and linguistically diverse communities and Aboriginal and Torres Strait Islander peoples, and the relationship between family violence and gambling. Such research inform programs aimed at preventing gambling harm in these communities. **105**

FINDING 49: The Victorian Responsible Gambling Foundation has partially addressed the Victorian Auditor-General's Office's two recommendations relating to its research to inform prevention and treatment. There remain significant gaps that require further attention including whether the substantial research programs funded over the last 10 years have effectively informed the design of prevention and treatment services and programs and translated into positive outcomes for individuals and the wider Victorian community. **106**

RECOMMENDATION 33: Victorian Responsible Gambling Foundation data and research be interrogated to extract findings to improve gambling treatment client retention. These findings be shared widely with prevention and treatment services and other health practitioners. **106**

FINDING 50: The Victorian Responsible Gambling Foundation has developed an outcomes framework to better measure and evaluate its treatment and support services and prevention programs. The outcomes framework will be reported against annually. The 2024 report has not yet been released. **110**

FINDING 51: The Victorian Responsible Gambling Foundation's legislative responsibilities do not readily align with its outcomes framework. **110**

FINDING 52: The Victorian Responsible Gambling Foundation has developed a prevention programming framework to support evidence-based approaches to addressing risk and protective factors that contribute to gambling harm. This framework is set to be released in late-2023. The Committee could not evaluate the framework as a requested copy was not provided by the requested deadline. A copy of the report has subsequently been published on the Committee's website. **110**

RECOMMENDATION 34: The Victorian Responsible Gambling Foundation’s reducing gambling harm outcomes framework be amended to address and monitor:

- the relationship between gambling and coercive control
- how contextual gambling factors impact the nature and extent of family violence
- how economic abuse is linked to gambling
- the relationship between online gambling and family violence.

111

RECOMMENDATION 35: The Victorian Responsible Gambling Foundation’s reducing gambling harm outcomes framework be amended to capture:

- client confidence or sustained changes in behaviour
- long-term measurements of client progress
- the financial wellness of clients.

111

FINDING 53: The Victorian Responsible Gambling Foundation (VRGF) has developed a new evaluation framework but is yet to incorporate methods of measuring the cost-effectiveness of its programs and activities. The evaluation framework is scheduled for completion in 2023–24, contrary to the 31 March 2023 completion date the VRGF advised the Victorian Auditor-General’s Office.

112

FINDING 54: The Victorian Responsible Gambling Foundation advised that implementation of Recommendation 5 of the Victorian Auditor-General’s Office 2021 *Reducing the Harm Caused by Gambling* audit, is dependent on the outcomes of the services system review, which the Committee notes has now been completed.

112

FINDING 55: The Victorian Responsible Gambling Foundation is yet to fully implement two of the three Victorian Auditor-General’s Office recommendations in the 2021 *Reducing the Harm Caused by Gambling* audit relating to gambling prevention programs.

112

FINDING 56: The client information sharing and referral protocols between different gambling service options, recommended by the Victorian Auditor-General’s Office in the 2021 *Reducing the Harm Caused by Gambling* audit, have not been established. Further work is also required to support Aboriginal and Torres Strait Islander and culturally and linguistically diverse communities.

118

RECOMMENDATION 36: The client information sharing and referral protocols recommended by the Victorian Auditor-General's Office in the 2021 *Reducing the Harm Caused by Gambling* audit be finalised as a matter of priority, with a high level agreement signed off between the relevant departments. **119**

FINDING 57: While existing datasets may have been incorporated into the Victorian Responsible Gambling Foundation's outcomes framework, new client-level outcome measures are yet to be developed. This is being considered under the service system review and will be enacted as part of new service delivery model. **119**

FINDING 58: A small fraction of gamblers experiencing harm receive treatment from the Victorian Responsible Gambling Foundation's funded services. **119**

FINDING 59: The Victorian Responsible Gambling Foundation and service providers do not know if the gambling treatment and support they deliver are effective. **120**

RECOMMENDATION 37: The Victorian Government consider analysing its current gambling treatment services to consider whether they meet best practice, evidence-based models of care, quality standards, clear outcome frameworks and system intelligence, as is the case in the healthcare system. **121**

RECOMMENDATION 38: Gambling treatment and support services transition from the Department of Justice and Community Safety to the Department of Health, given the high instances of co-occurring conditions for people experiencing gambling harm. **121**

RECOMMENDATION 39: Gambling treatment and support services are integrated with mental health, alcohol and other drug, family violence and homelessness services. **121**

FINDING 60: The Victorian Responsible Gambling Foundation and the Department of Justice and Community Safety are working to integrate Gambler's Help services within the Family Violence Multi-Agency Risk Assessment and Management (MARAM) framework. However Gamblers Help services will not be 'authorised' until Phase 3 of MARAM reforms in late 2025, at least two years away and four years after the Victorian Auditor-General's Office recommendation in the 2021 *Reducing the Harm Caused by Gambling* audit was made. **123**

FINDING 61: The Department of Families, Fairness and Housing has provided Gambler’s Help services with information on homelessness, The Orange Door and financial counselling services. 123

FINDING 62: The Victorian Responsible Gambling Foundation is yet to complete all of the Victorian Auditor-General’s Office (VAGO) recommendations in the 2021 *Reducing the Harm Caused by Gambling* audit relating to its treatment and support services. The Department of Families, Fairness and Housing has completed its role in acquitting VAGO’s recommendation, however, the Department of Health and the Department of Justice and Community Safety have not. 124

RECOMMENDATION 40: Government-funded gambling treatment and support services explore the possibility of:

- transforming Gambler’s Helpline and Gambling Help Online from referral to counselling and outreach services
- better promotion of these services
- supporting Gambler’s Help service providers with training to provide culturally responsive services to culturally and linguistically diverse communities and Aboriginal and Torres Strait Islander peoples. 125

RECOMMENDATION 41: The Victorian Government consider regulatory measures to improve the collection, accessibility and publication of data held by the gambling industry, online gambling providers and gambling venues, including municipal-level data and data related to socioeconomic and demographic characteristics of customers. 125

5 Online gambling: prevalence and harm

FINDING 63: The growth of online gambling has accelerated in Victoria and Australia since the COVID-19 pandemic lockdowns, both in participation and expenditure. 130

FINDING 64: Sports betting is the fastest growing form of online gambling in Australia. The increase in prevalence of sports betting may be attributed to the pervasive nature of advertising, and online gambling provider inducements, incentives and marketing tools. 131

FINDING 65: Australian state and territory governments license providers to offer online gambling services. The Australian Communications and Media Authority works to block unlicensed illegal online gambling services and reduce the harms associated with these gambling activities by enforcing compliance with the *Interactive Gambling Act 2001* (Cth).

133

FINDING 66: While gambling losses from electronic gaming machines still account for the largest share of losses in Victoria, the fastest growing losses are from online gambling.

136

RECOMMENDATION 42: The Victorian Government advocate for the Commonwealth Government to compel online gambling providers to provide comprehensive anonymised data on customer use of their products. This includes data on demographics, indicators of gambling harm and the outcomes of intervention measures to increase understanding of the drivers and impact of online gambling harm.

136

RECOMMENDATION 43: The Victorian Government consider the benefits of introducing the provision of real-time, anonymised data of the use of online gambling products as a licensing condition for online gambling providers licensed in Victoria and where appropriate advocate for similar action by the Commonwealth Government.

136

FINDING 67: Characteristics specific to online gambling have rendered this form of gambling particularly harmful to users, such as ease of access, the design of interactive gambling products, capacity for covert use and aggressive and targeted marketing methods of providers.

138

FINDING 68: Young people are particularly vulnerable to online gambling harm, due to being higher volume users of technology and the normalisation of gambling resulting from exposure to gambling advertising and the use of gambling products by family and friends.

141

FINDING 69: The measures in place to restrict young people under the age of 18 from accessing gambling products online have not been wholly effective.

141

RECOMMENDATION 44: The Victorian Government consider how Gambling Codes of Conduct and harm minimisation ministerial directions can be intentionally designed and enforced to ensure young people are protected from the harms of online gambling and people under the age of 18 are unable to access gambling products online.

141

RECOMMENDATION 45: The Victorian Responsible Gambling Foundation or its successor work with the Department of Education to review and update or develop evidence-based resources for Victorian students and their families addressing the harm caused by simulated gambling and gambling-like activities, to be introduced to support curriculum delivery at both a primary and secondary school level. **144**

6 Regulating online gambling

FINDING 70: The role the Victorian Gambling and Casino Control Commission plays in regulating the actions of online gambling service providers in Victoria – across licensing and approvals, monitoring and analysis, education and enforcement – is outlined in several pieces of legislation, regulations and ministerial directions. There is no single source of clear and accessible information to inform the Victorian community about how online gambling services are regulated. **147**

RECOMMENDATION 46: The Victorian Gambling and Casino Control Commission outline clear and accessible information on its webpage explaining its role in regulating online gambling in Victoria across licensing and approvals, monitoring and analysis, education and enforcement. **147**

RECOMMENDATION 47: The Victorian Government establish its strategy for the regulation of online gambling. This strategy should outline harm minimisation objectives for the Victorian Gambling and Casino Control Commission across licensing and approvals, monitoring and analysis, education and enforcement of online gambling products accessible by Victorians, with an outcomes framework to be reported against annually. **147**

FINDING 71: From August 2024, applications for wagering and betting licences will be required to address harm minimisation criteria. **148**

RECOMMENDATION 48: Wagering and betting licences awarded by the Minister for Casino, Gaming and Liquor Regulation from August 2024 include gambling harm minimisation conditions in line with international best practice. **148**

FINDING 72: The May 2022 Independent Review Panel Report on the Keno Licencing Project does not include information on the submissions provided or stakeholders engaged during consultation. **149**

FINDING 73: Online keno licence applications were assessed against ‘responsible gambling’ criteria rather than criteria directed to reducing gambling harm. As a concept, responsible gambling is outdated and problematic, because it places the onus of responsibility on the user of gambling products rather than acknowledging the inherent harm of gambling products. **150**

FINDING 74: The Minister for Casino, Gaming and Liquor Regulation awarded licences to Tabcorp and Lottoland, allowing the provision of online keno until 2042. The provision of a 20-year licence does not limit the ability of the State’s regulation of these products, including the rapidly evolving online gambling environment. **150**

FINDING 75: Operators of online keno must comply with harm minimisation measures outlined in ministerial directions which took effect on 14 April 2022. **150**

FINDING 76: Most online gambling service providers operating in Australia are licensed and regulated by the Northern Territory Racing Commission. Online gambling providers licensed in other states and territories must still comply with the legislation, regulation and harm minimisation directions of the jurisdiction in which they are providing services. **151**

FINDING 77: There is inconsistency across Australian jurisdictions in how online gambling is regulated and the fees and levies imposed on gambling service providers. **152**

FINDING 78: Online gambling providers licensed in the Northern Territory pay lower taxes and fees compared to providers licensed in other Australian states and territories. **152**

FINDING 79: Gambling taxes made up 7.6% of total revenue collected in Victoria in 2022–23. The Northern Territory is more heavily reliant on this revenue stream than Victoria. **152**

RECOMMENDATION 49: To increase transparency for the Victorian community, the Victorian Gambling and Casino Control Commission consider publishing all gambling service provider Responsible Gambling Codes of Conduct on their webpage. **155**

RECOMMENDATION 50: The Victorian Gambling and Casino Control Commission report on the nature and number of breaches of gambling service provider codes of conduct in its Annual Report. **155**

FINDING 80: The Department of Justice and Community Safety’s review of the Responsible Gambling Codes of Conduct (RGCC) seeks feedback on how RGCCs can be revised to ensure gambling products are supplied responsibly and minimise harm, rather than ensuring that Victorians gamble responsibly. **156**

RECOMMENDATION 51: The Victorian Government implement an evaluation process for measuring the effectiveness of gambling codes of conduct and gambling provider requirements are routinely updated in line with international best practice to prevent gambling harm. **157**

FINDING 81: The Northern Territory (NT) is the only Australian jurisdiction with a purpose-designed code of practice for online gambling providers. The NT code does not outline policies and procedures on how gambling harm red flags should be detected or a requirement for gambling providers to limit provision of gambling services or close accounts following detection. **158**

RECOMMENDATION 52: The Victorian Government implement a purpose-designed code of conduct for online gambling providers which identifies indicators of gambling harm, policies and procedures for detection and the required actions of providers to address these harms. The code should also include all National Consumer Protection Framework measures so that information regarding the obligations of online gambling providers to reduce gambling harm is accessible in a single location. **158**

RECOMMENDATION 53: The Victorian Gambling and Casino Control Commission consider publishing its monitoring regime for providers of online gambling products accessed by Victorians. **159**

FINDING 82: Since 2021, it has been publicly reported that two enforcement actions have been taken out in Victoria on online gambling providers, one of which resulted in \$12,704 in fines and remedies being paid. **159**

RECOMMENDATION 54: The Victorian Gambling and Casino Control Commission publish all disciplinary actions taken and outcomes regarding online gambling providers, on its webpage in a timely manner. **160**

RECOMMENDATION 55: The Victorian Government review the penalty framework for enforcement action available to the Victorian Gambling and Casino Control Commission against online gambling providers to ensure penalties for breaches of online gambling harm minimisation requirements match the seriousness of the breaches and provide an adequate incentive to change behaviour. **160**

FINDING 83: The complaints process concerning gambling service providers is complex given that there are at least 10 government entities that operate at the Victorian state and Australian national level which play a role in this process. **161**

RECOMMENDATION 56: The Victorian Government provide in-principle support for the establishment of a national ombudsman for complaints against online gambling providers. **162**

FINDING 84: Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria have responsibility for the licensing, monitoring and enforcement of all Victorian licensed bookmakers, many of which offer gambling services online. **165**

FINDING 85: The role of racing authorities in the regulation of Victorian bookmakers is no longer fit-for-purpose due to regulatory overlap across licensing, monitoring and enforcement activity, conflicts of interest in regulatory function, diversion of resources away from Victorian thoroughbred, harness and greyhound racing and Victorian bookmakers offering wagering services unrelated to racing, including sports betting. **165**

RECOMMENDATION 57: All Victorian licensing, monitoring and enforcement of bookmaking be transferred to the Victorian Gambling and Casino Control Commission. **165**

FINDING 86: The Victorian Gambling and Casino Control Commission’s list of licensed bookmakers published on their webpage is not up-to-date. **165**

RECOMMENDATION 58: The Victorian Gambling and Casino Control Commission publish on its webpage accurate data on the number of licensed bookmakers in Victoria, including how the different types of bookmakers—such as corporate or individual—are characterised. **165**

RECOMMENDATION 59: The Victorian Gambling and Casino Control Commission (VGCCC) review the bookmaker licenses awarded by Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria and include in the review harm minimisation criteria that draw on the VGCCC’s Harm Minimisation Assessment Tool (HMAT) and international best practice measures. **166**

FINDING 87: The Victorian Gambling and Casino Control Commission’s harm minimisation mandate and ministerial directions relating to the National Consumer Protection Framework do not fully extend to the gambling services offered by Victorian licensed bookmakers. **166**

FINDING 88: The scope of the Victorian Auditor-General’s (VAGO) 2017 audit *Regulating Gambling and Liquor* did not include the licensing and compliance functions of Racing Victoria as VAGO did not have ‘follow the dollar’ powers at the time which would enable the examination of activities of non-public bodies. **167**

FINDING 89: The Victorian Gambling and Casino Control Commission and Victoria Police both have a role in the regulation of sports controlling bodies and sports betting in Victoria. **169**

FINDING 90: The National Consumer Protection Framework outlines minimum consumer protection measures for implementation across Australian jurisdictions. States and territories can tailor the measures. **170**

FINDING 91: The Commonwealth Government planned to regularly review, update and refine the National Consumer Protection Framework for Online Wagering (NCPF) for continuous improvement. Since its implementation in 2018, a baseline evaluation of the NCPF was undertaken in 2019. A multi-staged evaluation of the NCPF is due to commence in 2023. **170**

FINDING 92: The Ministers on Online Wagering and Harm Minimisation did not meet between September 2017 and February 2023—a hiatus of five and a half years between meetings. **171**

FINDING 93: Online gambling providers have a range of real-time account management and data monitoring processes in place to assist their customers to gamble safely and allow providers to detect gambling harm and intervene to address harms. **178**

FINDING 94: The number of gambling harm interventions actioned by online gambling providers—such as deposit limits and blocks, account suspension and closure—is an indication of the extent with which gambling harm is being experienced by their customers. **178**

FINDING 95: Online gambling providers are meeting their mandatory staff training obligation under the National Consumer Protection Framework, which is minimal. **180**

RECOMMENDATION 60: The Victorian Government advocate through the Ministers on Online Wagering and Harm Minimisation forum for a review of the adequacy of safer gambling training requirements. **180**

FINDING 96: Sportsbet's safer gambling team of 20 people aims to achieve safer gambling outcomes for 1.2 million Australian customers through measures such as interventions and referrals to external support services. **181**

RECOMMENDATION 61: The Victorian Government consider the benefits of implementing ministerial directions that compel online gambling providers to:

- a. effectively monitor gambling harm
- b. intervene and refer customers to qualified specialist gambling harm counselling professionals for access to support services
- c. collect and provide data on the effectiveness of their interventions against gambling harm outcome indicators as well as provide details on their models of intervention and how they meet best practice
- d. annually report on the outcomes of their interventions to the Victorian Gambling and Casino Control Commission and how they will improve them. **182**

Acronyms

ABS	Australian Bureau of Statistics
ACMA	Australian Communications and Media Authority
ACV	Alcohol Change Victoria
AFL	Australian Football League
AGR	Alliance for Gambling Reform
AGRC	Australian Gambling Research Centre
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
AO	Order of Australia
AOD	Alcohol and Other Drugs
AVWA	Australian Vietnamese Women's Association
AUSTRAC	Australian Transaction Reports and Analysis Centre
BHN	Better Health Network
BP3	Budget Paper no. 3
BYO	Bring-Your-Own
CALD	Culturally And Linguistically Diverse
CBS	Community Benefit Statement
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
DFFH	Department of Families, Fairness and Housing
DH	Department of Health
DJCS	Department of Justice and Community Safety
ECCV	Ethnic Communities' Council of Victoria
EGM	Electronic Gaming Machine
EPA	Environmental Protection Agency
FCA	Federation of Chinese Associations
FTE	Full-Time Equivalent
GRA	Gambling Research Australia
GRV	Greyhound Racing Victoria
HACSU	Health And Community Services Union
HRV	Harness Racing Victoria
IDC	Inter-Departmental Committee
LCV	Liquor Control Victoria
LGA	Local Government Area

Acronyms

MARAM	Multi-Agency Risk Assessment and Management
MARC	Monash Addiction Research Centre
MAV	Municipal Association of Victoria
MBL	Minimum Bet Limit
MoU	Memorandum of Understanding
NCPF	National Consumer Protection Framework
NT	Northern Territory
NTRC	Northern Territory Racing Commission
NTV	No To Violence
PGSI	Problem Gambling Severity Index
POCT	Point Of Consumption Tax
PSP	Precinct Structure Plan
QON	Question On Notice
RAV	Responsible Alcohol Victoria
RCVMHS	Royal Commission into Victoria's Mental Health System
RGCC	Responsible Gambling Codes of Conduct
RSA	Responsible Serving of Alcohol
RV	Racing Victoria
RWA	Responsible Wagering Australia
SA	South Australia
SCB	Sports Controlling Body
SEIFA	Socio-Economic Indexes For Areas
SGHS	Short Gambling Harm Scale
SPA	Suicide Prevention Australia
TAFE	Technical And Further Education
VAADA	Victorian Alcohol And Drug Association
VAGO	Victorian Auditor-General's Office
VBA	Victorian Bookmaker's Association
VCAT	Victorian Civil and Administrative Tribunal
VCGLR	Victorian Commission for Gambling and Liquor Regulation
VCGR	Victorian Commission for Gambling Regulation
VGCCC	Victorian Gambling and Casino Control Commission
VLC	Victorian Liquor Commission
VLGA	Victorian Local Governance Association
VPeR	Victoria Police Electronic Referral
VRGF	Victorian Responsible Gambling Foundation
VTR	Victorian Thoroughbred Racing
WHO	World Health Organisation

Chapter 1

Introduction

1.1 The Committee's role

The Public Accounts and Estimates Committee (the Committee) is responsible for conducting follow up inquiries into selected audits undertaken by the Victorian Auditor-General's Office (VAGO). Follow up inquiries examine the progress made to implement audit recommendations, identify any issues or concerns with implementation and consider any new or novel issues arising since the audit reports were tabled.

On 3 April 2023, the Committee resolved to follow up on two VAGO performance audits:

- *No. 99: Follow up of Regulating Gambling and Liquor (2019) of the 2017 VAGO Audit Regulating Gambling and Liquor*¹
- *No. 213: Reducing the Harm Caused by Gambling (2021)*.

VAGO's initial 2017 audit arose as a result of the challenges faced by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) in amalgamating its two predecessor regulators, the Victorian Commission for Gambling Regulation and Responsible Alcohol Victoria.² Following the *Royal Commission into the Casino Operator and Licence* in 2021, the VCGLR was divided once again into two single-purpose regulatory bodies, now known as the Victorian Gambling and Casino Control Commission (VGCCC) and the Victorian Liquor Commission (VLC).

The Committee moved to follow up on the implementation of the audit's recommendations now that the VCGLR has been disbanded under new regulatory arrangements. The Committee considers that the commencement of this follow up is appropriate in light of the significant harms associated with alcohol and gambling, particularly following the COVID-19 pandemic and changes in gambling activity and alcohol use. The Committee also considered that sufficient time has passed since the initial reports were made by VAGO, allowing the relevant agencies to make substantial progress in implementing the recommendations (See Tables 1.1 and 1.2).

To avoid duplication, the Committee resolved that this Inquiry would not focus on findings or recommendations made in relation to the Casino. The Committee notes that

¹ The Victorian-Auditor General's (VAGO) 2019 audit followed up on its 2017 audit *Regulating gambling and liquor*. In effect, the Public Accounts and Estimates Committee's Inquiry examined three audits in total: VAGO's 2017 audit and 2019 follow up audit and 2021 audit *Reducing the harm caused by gambling*.

² Victorian Auditor-General's Office, *Regulating Gambling and Liquor*, Melbourne, February 2017, pp. vii-viii.

Crown Casino was the subject of the Royal Commission, with the final report handed down in 2021.³

While VAGO's previous audits did not examine either the regulation or harms associated with online gambling, there have been significant developments regarding online gambling in recent years. These include:

- the creation of the *National Consumer Framework for Online Wagering*⁴
- a recent Commonwealth Parliamentary Inquiry into online gambling and its impacts on those experiencing gambling harm⁵
- the growing prevalence of online gambling.⁶

Therefore the Committee resolved to also examine the harms associated with online gambling and regulation of online gambling.

It was resolved that the Committee inquire into:

1. The 2019 recommendations of the Auditor-General on regulating gambling and liquor:
 - a. Licensing industry participants
 - b. Assuring compliance
 - c. Measuring performance and collaborative engagement
2. The 2021 recommendations of the Auditor-General on reducing the harm caused by gambling:
 - a. Understanding gambling harm
 - b. Preventing gambling harm
 - c. Treating gambling harm
3. Regulating and reducing the harm caused by online gambling.

These elements formed the Committee's Terms of Reference.

³ The Hon Ray Finkelstein AO, QC, *Royal Commission into the Casino Operator and Licence, Royal Commission into the casino operator and licence: The Report, Volume 1*, Melbourne, October 2021.

⁴ Department of Social Services, *National Consumer Protection Framework for Online Wagering in Australia – National Policy Statement*, Australian Government, May 2022, <https://www.dss.gov.au/sites/default/files/documents/05_2022/national-policy-statement-updated-3-may-2022.pdf> accessed 21 November 2023.

⁵ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023.

⁶ Australian Communications and Media Authority, *Online Gambling in Australia, 2022*, <<https://www.acma.gov.au/sites/default/files/2022-02/Online%20gambling%20in%20Australia.pdf>> accessed 11 September 2023.

1.2 Victorian Auditor-General's Office recommendations

VAGO tabled its *Report No. 99: Follow up of Regulating Gambling and Liquor* in November 2019. The purpose of the 2019 follow up audit was to assess steps taken by the regulator in response to recommendations made by VAGO in its 2017 audit. The 2017 audit made 12 recommendations for the VCGLR, a joint recommendation for the VCGLR and Victoria Police and a final recommendation for the then Department of Justice and Regulation (now the Department of Justice and Community Safety [DJCS]).

The Committee's findings and recommendations regarding the regulator's progress in implementing the VAGO recommendations are examined in Chapter 3.

Report No. 213: Reducing the Harm Caused by Gambling was tabled by VAGO in March 2021. This report focused on the role and functions of the Victorian Responsible Gambling Foundation (VRGF); a statutory authority established in 2012 under the Department of Justice and Community Safety's predecessor.⁷ VAGO examined whether the VRGF was achieving its intended outcomes and impacts, including through understanding gambling harm, prevention programs and treatment services.⁸

The report concluded that the VRGF did not know whether its prevention and treatment programs are effective in minimising gambling harm.⁹ Additionally, VAGO found that the VRGF did not consistently use evidence gained through its research to improve program design and service delivery.¹⁰ As a result of VAGO's audit, eight recommendations were made.

The Committee's findings in relation to the VRGF's implementation of the VAGO recommendations are discussed in Chapter 4.

1.3 Implementation of the Victorian Auditor-General's Office audit recommendations – overview

1.3.1 2019 audit: Follow up of regulating gambling and liquor

VAGO concluded in its 2019 audit that progress had been made on 13 recommendations but additional work was necessary to finalise actions on most recommendations.¹¹ In 2019, VAGO did not examine whether Victoria Police and DJCS had taken steps to implement recommendations directed to them, focusing largely on the steps undertaken by the VCGLR.¹²

⁷ Victorian Responsible Gambling Foundation, *Submission 45*, p. 3; Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, Melbourne, March 2021, p. 3.

⁸ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 3.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Victorian Auditor-General's Office, *Follow Up of Regulating Gambling and Liquor*, Melbourne, November 2019, p. 7.

¹² Ibid.

Update to the Committee

A joint submission prepared by DJCS and the Department of Families, Fairness and Housing (DFFH) provided an update on the implementation of the recommendations relating to liquor. It noted that, in 2021, the then-VCGLR reported to VAGO that 10 recommendations relating to liquor had been completed.¹³ These responsibilities are now in the domain of Liquor Control Victoria (LCV), following machinery of government changes.¹⁴ The Victorian Liquor Commission confirmed to the Committee that all the recommendations relating to its work have been implemented.¹⁵

In respect of the recommendations targeting gambling, the Committee was advised by the regulator that ‘by 2019 we had substantially implemented the majority of them’ and that ‘since then, with the exception of Recommendations 8 and 9, we have fully implemented them.’¹⁶

The VGCCC have requested that Recommendations 8 and 9 be discontinued as:

- The organisational restructure has shifted from the VCGLR to a single-focus regulator with a revised mandate and changes to the scope of regulatory operations
- Work is underway to evolve the regulatory approach beyond the original scope of the recommendations
- An extensive range of interim measures are already in place, including a risk-based annual assurance plan, data insights program, community and welfare sector engagement program, memorandums-of-understanding (MOUs) with other parties and data analysis and intelligence to target inspection activity.¹⁷

Outlined in Table 1.1 is the status of the relevant former and current bodies in respect the recommendations made by VAGO. The findings of the Committee in relation to the implementation of the recommendations is also set out.

¹³ Department of Justice and Community Safety and the Department of Families, Fairness and Housing, *Submission 44*, p. 3.

¹⁴ Ibid.

¹⁵ Mr James O’Halloran, Deputy Chair, Victorian Liquor Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2; Victorian Liquor Commission, response to questions on notice received 16 August 2023, p. 4.

¹⁶ Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission, public hearing, 24 July 2023, *Transcript of evidence*, p. 2.

¹⁷ Victorian Auditor-General’s Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*, 2023, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 11 September 2023.

Table 1.1 Status of the recommendations from the Victorian Auditor-General's Office 2017 and 2019 audits

Victorian Auditor-General's Office (VAGO) recommendations	Status of implementation		Committee's findings
	Per VAGO	Per relevant authority	
Recommendations for the Victorian Commission for Gambling and Liquor Regulation (VCGLR)			
1. Amend its liquor licensing process	Completed by the VCGLR on 8 July 2020	LCV: Completed	Completed
2. Undertake ongoing liquor licensee checks	Completed by the VCGLR on 3 August 2020	LCV: Completed	Incomplete
3. Improve guidance on assessment of licence applications	Completed by the VCGLR on 11 June 2020	LCV: Completed	Completed
4. Implement a risk-based licensing model	Completed by the VCGLR on 11 June 2020 With respect to liquor, risk-assessment is now recorded in a different system to ensure consistent capturing of the details of risk assessments for licence applications With respect to gambling, a risk-based model, comprising two components, has been implemented. The first component assesses suitability of gambling applicants and the second component relates to gaming machines types	LCV: Completed VGCCC: Completed	Completed
5. Develop principles or guidance for assessing net detriment and transparent reporting for electronic gaming machine applications	Completed by the VCGLR on 1 March 2020	VGCCC: Completed	Completed
6. Broaden reporting on licencing activities beyond processing speed	Completed by the VCGLR on 27 July 2017	LCV: Completed VGCCC: Completed	Completed
7. Conduct robust data integrity checks across all divisions	Completed by the VCGLR on 16 January 2017	LCV: Completed VGCCC: Completed	Completed
8. Continue to revise the risk-based approach to compliance to ensure better targeting of compliance activities	With respect to liquor, completed by the VCGLR. With respect to gambling, discontinued, as per VAGO's progress report published in August 2023	LCV: Completed VGCCC: Recommends that Recommendation 8 be discontinued	Completed Incomplete
9. Compliance quality assurance framework	Discontinued	LCV: Responsibility for Recommendation 9 has transferred to the VGCCC VGCCC: Recommends that Recommendation 9 be discontinued	Incomplete

Victorian Auditor-General's Office (VAGO) recommendations	Status of implementation		Committee's findings
	Per VAGO	Per relevant authority	
Recommendations for the Victorian Commission for Gambling and Liquor Regulation (VCGLR)			
10. Ensure training on a regular and ongoing basis for compliance inspectors	Completed by the VCGLR on 12 February 2018	LCV: Completed VGCCC: Completed	Completed
11. Complete planned actions to improve casino operations	Relates to casino operations – not within the Committee's Terms of Reference		n/a
Recommendations for VCGLR and the then Department of Justice and Regulation			
12. Improve the quality of its publicly reported performance measures	Accepted and completed on 12 February 2018	Department of Justice and Community Safety: Completed VGCCC: Completed	Incomplete
Recommendations for VCGLR and Victoria Police			
13. Develop a comprehensive enforcement strategy	Accepted and completed on 5 November 2018	Department of Justice and Community Safety: Completed VGCCC: Completed Victoria Police: Completed	Completed

Source: Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023: Data dashboard*, 30 August 2023, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 11 September 2023; Department of Justice and Community Safety and the Department of Families, Fairness and Housing, *Submission 44*, pp 3-4; Victorian Gambling and Casino Control Commission, *Submission 28*, p. 4; Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2; Mr James O'Halloran, Deputy Chair, Victorian Liquor Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2; Victoria Police, *Submission 54*, p. 9.

The Committee found inconsistencies and a lack of clarity in the responses provided by the regulators. For example, Recommendation 9 recommended that the then VCGLR complete its quality assurance framework for compliance. Since 2017, this recommendation has progressed as follows:

- The recommendation was assessed by VAGO as 'in progress' at the time of the follow up audit in 2019.¹⁸ VAGO maintained that the recommendation was 'in progress', noting the completion of the framework, at the time of its annual status report tabled in June 2022.¹⁹
- The recommendation was then reported by the VGCCC as 'discontinued' to VAGO for its annual status report in August 2023.²⁰
- The VLC at the hearings advised that 'the recommendations that relate to liquor have been completed.'²¹

¹⁸ Victorian Auditor-General's Office, *Follow Up of Regulating Gambling and Liquor*, Melbourne, November 2019, p. 26.

¹⁹ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2022, 2022*, <https://www.audit.vic.gov.au/sites/default/files/2022-10/20220629_Responses-to-Performance-Engagemen-Recommendations.pdf> accessed 16 October 2023.

²⁰ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations 2023*.

²¹ Mr James O'Halloran, *Transcript of evidence*, p. 2.

- In a joint submission, DJCS and DFFH advised that responsibility for recommendation 9 had been transferred to the VGCCC.²²

The status of the implementation of the recommendations is analysed in greater detail in Chapter 3.

FINDING 1: The Victorian Auditor-General's (VAGO) 2019 *Follow Up on Regulating Gambling and Liquor* assessed the action taken in respect of 13 recommendations made in 2017. VAGO's progress report tabled in August 2023 reflects completion of 11 of the 13 recommendations.

FINDING 2: The Committee found that due in part to the machinery of government changes, further work is required by the Victorian Gambling and Casino Control Commission to fully implement the Victorian Auditor-General's Office Recommendations 2 (liquor licensing), 8 and 9 (compliance) and 12 (performance measures).

1.3.2 2021 audit: Reducing the harm caused by gambling

In the 2021 audit, VAGO made eight recommendations directed largely to the VRGF.²³ In August 2023, VAGO published its *Responses to Performance Engagement Recommendations: Annual Status Update 2023*, which has the most up-to-date information on the status of all recommendations made by the office between July 2018 and June 2022.²⁴ It found most of the outstanding recommendations were in progress - due for completion by 1 July 2023 at the latest. Recommendation 3 was the only one to have been finalised with the completion of an outcomes framework in mid-2021.

The VRGF provided updates on the status of the implementation of the recommendations in its submissions and at the hearings. The VRGF reiterated acceptance of all eight recommendations, 'of which four have been acquitted, one is very close to being acquitted and will soon go to the Board, and the remaining three are well progressed.'²⁵

Table 1.2 outlines the status of the recommendations made in the 2021 audit.

²² Department of Justice and Community Safety and the Department of Families, Fairness and Housing, *Submission 44*, pp. 3-4.

²³ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, pp. 5-10.

²⁴ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations 2023*.

²⁵ Mr Shane Lucas, Chief Executive Officer, Victorian Responsible Gambling Foundation, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2.

Table 1.2 Status of the recommendations from the Victorian Auditor-General's Office 2021 audit

Victorian Auditor-General's Office (VAGO) recommendations	Status of implementation		Committee's findings
	Per VAGO	Per relevant entities	
Recommendations for the Victorian Responsible Gambling Foundation (VRGF)			
1. Ensure evidence from its research informs the design and improvement of prevention programs and treatment services	Accepted and in progress, noting that the latest target due date was 31 March 2023	VRGF: Acquitted in March 2023	In progress
2. Apply available research and evaluation to improve efficacy of treatment and support services	Accepted and in progress, noting that the latest target due date was 1 July 2023	VRGF: In progress	In progress
3. Develop an evaluation and outcomes framework to guide prevention and treatment programs	Accepted and completed on 1 July 2021	VRGF: Acquitted	Further modifications warranted
4. Assess the cost-effectiveness of prevention approaches in future evaluations and for media campaigns	Accepted and in progress, noting that the latest target due date was 31 March 2023	VRGF: Acquitted in March 2023	In progress
5. Identify, share and promote better practices within the funded organisations	Accepted and in progress, noting that the latest target due date was 30 June 2023	VRGF: In progress where responses to this recommendation are dependent on outcomes of a service system review	In progress
6. Establish client information sharing and referral protocols between treatment service options	Accepted and in progress, noting that the latest target due date was 1 July 2023	VRGF: In progress	In progress
7. As part of the evaluation and outcomes framework, complete a strategic review of datasets and develop client-level outcome measures	Accepted and in progress, noting that the latest target due date was 1 July 2023	VRGF: In progress	In progress
Recommendations for VRGF, the Department of Justice and Community Safety, the Department of Health and the Department of Families, Fairness and Housing			
8. Establish systems and protocols for gamblers with co-occurring conditions that enable holistic screening assessments and referral to appropriate services	Accepted by all targeted entities and in progress, noting that the latest target due date for each of the targeted entities differ	VRGF: Acquitted in July 2023	In progress
		Department of Justice and Community Safety and Department of Families, Fairness and Housing: In progress	In progress

Source: Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*, 2023, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 11 September 2023; Department of Justice and Community Safety and the Department of Families, Fairness and Housing, *Submission 44*, pp. 5-6; Victorian Responsible Gambling Foundation, *Submission 45*, pp. 13-19.

FINDING 3: The Committee found that significant further work is required by the Victorian Responsible Gambling Foundation (VRGF) and its successor to fully implement the Victorian Auditor-General's Office recommendations from its 2021 audit report *Reducing the harm caused by gambling*. There are also opportunities to strengthen the VRGF's outcomes framework to guide prevention and treatment programs (Recommendation 3).

1.4 Key Committee findings on online gambling

This Inquiry is the first time online gambling has been examined in the State of Victoria.

With regards to online gambling harm, the Committee found that:

- Online gambling, particularly sports betting, has experienced accelerated growth in Victoria, as it has nationally, since the COVID-19 lockdowns (See Section 5.3 of this report)
- Online gambling can be particularly harmful to users because of how accessible it is, how normalised it has become and the aggressive marketing methods employed around the product (Section 5.4)
- Children and young people are particularly vulnerable to online gambling and the currently regulatory environment is not providing satisfactory safeguards to protect them (Section 5.4.1).

In terms of online gambling regulations, the Committee found that:

- The role and work of the Victorian Gambling and Casino Control Commission in regulating the actions of online gambling service providers in Victoria is complex and not widely understood (Section 6.2)
- Most online gambling services operating in Australia are licensed and regulated by the Northern Territory Racing Commission (Section 6.3.3)
- The licenses for online keno for the next 20 years in Victoria have recently been awarded. The criteria used to assess applications used the principle of 'responsible gambling', which many witnesses questioned (Section 6.3.2)
- Wagering and betting licenses in Victoria from August 2024 will be required to address gambling harm minimisation criteria (Section 6.3.1)
- The role of racing authorities in the regulation of Victorian bookmakers is no longer fit-for-purpose (Section 6.6)
- The complaints process concerning gambling service providers is complex, with 10 different government entities involved in Victoria and nationally (Section 6.5)
- There are limitations with Responsible Gambling Codes of Conduct and the harm reduction measures associated with the National Consumer Protection Framework for Online Wagering (Sections 6.4 and 6.8).

1.5 The Committee's approach to this Inquiry

1.5.1 Inquiry process

The Committee sought evidence from a variety of sources. The Committee promoted the Inquiry in the print media and on social media channels. It called for submissions from individuals and organisations addressing any of the issues identified in the Terms of Reference. A promotional video featuring the Chair on behalf of the Committee, inviting submissions particularly from those with lived, personal experience of gambling or liquor harms, was also publicised on YouTube and other social media channels.

The Committee received written submissions from a number of organisations subject to recommendations from VAGO including:

- Victorian Gambling and Casino Control Commission
- Victorian Responsible Gambling Foundation
- Department of Justice and Community Safety and the Department of Families, Fairness and Housing (joint submission)
- Victoria Police.

A total of 54 submissions were accepted by the Committee in response to the Inquiry and are available on the Committee's website (See Section A.1 in Appendix A).

Public hearings took place on 24–25 July and 5 September 2023 (See Section A.2 in Appendix A). The Committee heard and considered evidence from various stakeholders, including:

- VAGO
- regulators
- industry
- academics undertaking research into health, gambling and alcohol regulation and harms
- treatment service providers
- those with lived experience and concerned individuals
- peak bodies advocating for reducing harm from gambling and liquor
- peak organisations representing local councils
- recipients of VRGF funding and service providers to culturally diverse communities.

On 31 July 2023, the Committee undertook a site visit in Geelong, Victoria. The selection of Geelong reflects findings made in VAGO's 2021 audit that Victorians in rural and regional areas can be vulnerable to the harms of gambling. The region was also chosen

for a site visit as the City of Greater Geelong has the fourth highest pokies expenditure out of all local government areas in Victoria, with 6.15 machines per 1000 adults.²⁶

The Committee visited Meli, a Victorian not-for-profit organisation offering multiple services including therapeutic and financial counselling services in the Barwon and Greater South Coast regions. The Committee gained insight into the experiences of treatment service providers. The Committee would like to thank the Meli staff for their important contribution to the Inquiry. The Committee also visited the gaming room at the Waurin Ponds Hotel in Geelong.

Figure 1.1 The Committee’s site visit to Meli, a not-for-profit organisation offering services in the Barwon and Greater South Coast areas



The Committee hosted a Youth Roundtable on 9 August 2023 at Parliament House. The purpose of this engagement was to ensure that the views of young Victorians from a wide range of backgrounds were gathered. The Youth Roundtable was attended by 35 people between 18 to 29 years of age. Participants shared their experiences with alcohol and gambling. Each group’s key findings were subsequently shared with the wider group. The participants’ insights were collated into a submission accepted by the Committee as evidence to the Inquiry.

²⁶ Victorian Responsible Gambling Foundation, *Pokies across Victoria*, 31 August 2023, <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/pokies-across-victoria/greater-geelong>> accessed 8 October 2023.

Figure 1.2 Youth participants attending the Committee’s Youth Roundtable at Parliament House



The Committee would like to acknowledge and warmly thank witnesses, youth participants and those who made written submissions for their involvement in the Inquiry.

1.5.2 Organisations that declined to appear at the public hearings

Several organisations were twice extended an invitation by the Committee to give evidence at the hearings. The following organisations either declined to appear or did not respond to the Committee:

- Tabcorp
- Alcohol Beverages Australia
- Australasian Gaming Council
- Australian Hotels Association.

1.6 Outline of this report

The Committee’s report structure reflects the major areas of focus in VAGO’s 2019 and 2021 audits as well as the Terms of Reference regarding online gambling.

Chapter 2 sets out the prevalence, harm and benefits of gambling and liquor consumption in Victoria. Chapter 3 examines the 2019 recommendations made by VAGO in respect of the regulation of gambling and liquor in Victoria. Chapter 4 assesses the 2021 recommendations made by VAGO in relation to reducing the harm

caused by gambling. The harm caused by online gambling and prevalence of gambling is analysed in Chapter 5. The current regulatory frameworks and further steps that are necessary to mitigate the harm caused by online gambling are examined in Chapter 6.

1.7 Legislative reform

The Victorian Government introduced the *Gambling Legislation Amendment Bill 2023* to Parliament on 3 October 2023. The Bill includes provisions aimed at enforcing mandatory closure periods for all gaming machine areas in venues—except the casino—daily between 4.00am and 10.00am. The Bill also introduces provisions to ban betting by Victorians on contingencies taking place in other Australian jurisdictions, such as community sporting events (See Section 6.3.3 of this report for further discussion).²⁷

The Bill was passed in the Legislative Assembly on 19 October 2023 and in the Legislative Council on 31 October 2023.²⁸

²⁷ Victoria, Legislative Assembly, 4 October 2023, *Gambling Legislation Amendment Bill 2023 Second Reading Speech*, <<https://new.parliament.vic.gov.au/parliamentary-activity/hansard/hansard-details/HANSARD-2145855009-22111>> accessed 31 October 2023.

²⁸ *Gambling Legislation Amendment Bill 2023* (Vic).

Chapter 2

The prevalence, harm and benefits of gambling and liquor

2.1 Overview

This chapter opens with an examination of the prevalence of alcohol consumption and gambling in the Victorian and Australian communities. It considers the evidence received by the Committee of the diverse and widespread harms associated with alcohol consumption and gambling activities, including the impacts of alcohol on individuals and other members of the community, physical and mental health, the justice system, and emergency and treatment services. The section then examines evidence provided to the Committee on the harms associated with gambling such as family violence, criminal activity and suicides, and outlines the relationships between gambling harm, and disadvantaged communities, culturally and linguistically diverse communities, younger demographics and people with disability.

The financial contribution of the alcohol and gambling industries to the Victorian economy is analysed, with the Chapter providing an outline of the gambling tax revenue collected by the State of Victoria, in addition to examining the hypothecation¹ of gambling taxes and the arrangements directed to targeting harm minimisation and community benefits.

The final section of this Chapter raises the tension between the economic benefits arising from gambling and the harm associated with gambling. Chapter 5 contains an in-depth review of the prevalence and harm of online gambling.

¹ Hypothecation is the allocation of funds for a specific purpose or to a specific recipient. Source: Parliamentary Budget Office, *Submission 29*, p. 19.

2.2 The prevalence of alcohol consumption and gambling

Despite recognition of the harmful effects of liquor and gambling,² drinking alcohol and gambling are common in Victoria and Australia.³ According to the Australian Institute of Health and Welfare (AIHW), consumption of alcohol in Australia is associated with many social and cultural pursuits, while VicHealth has found that ‘drinking alcohol is a significant part of Victorians’ lifestyles.’⁴ Gambling is similarly ‘widespread’ in Victoria.⁵ Consumption of alcohol and participation in gambling activities are legal forms of recreation and entertainment.⁶ Research conducted by the AIHW found about three in four Victorians had consumed alcohol in the previous 12 months, while one in four, aged 14 and over, consumed five or more drinks in one sitting at least once a month.⁷ Alcohol is the only drug where approval of regular use by an adult is higher than disapproval.⁸

VicHealth’s *Alcohol Strategy 2019–2023* notes that although overall levels of alcohol consumption among Australians are declining, some alcohol-related harms have increased significantly over a six year period, including hospitalisations (increasing by 31%) and ambulance attendances (increasing by 33%).⁹ As levels of alcohol-related harms are not declining in line with the overall decrease in alcohol consumption, it is possible that certain sections of the population are continuing to drink at high levels.¹⁰ For instance, there is a ‘well established link between men, drinking and harm.’¹¹

Similarly, 73% of Australian adults have gambled at least once in the past 12 months.¹² Almost two in five adults gambled at least weekly.¹³ The most recent population study published by the Victorian Responsible Gambling Foundation (VRGF) found that in 2018–19, over two-thirds of Victorian adults had spent money on some form

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- 2 Better Health Channel, *How alcohol affects your body*, 8 October 2020, <<https://www.betterhealth.vic.gov.au/health/healthyliving/how-alcohol-affects-your-body>> accessed 16 October 2023; Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 6; University of New South Wales, *Submission 21*, p. 1; Prof Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 43*, p. 1; Erika Langham et al., ‘Understanding gambling related harm: a proposed definition, conceptual framework, and taxonomy of harms’, *BMC Public Health*, vol. 16, no. 80, 2016, p. 1.
 - 3 VicHealth, *Drinking-related lifestyles: exploring the role of alcohol in Victorians’ lives*, 2013 <https://www.vichealth.vic.gov.au/sites/default/files/RMIT-DRL_Qualitative-Report.pdf> accessed 16 October 2023; Sarah Marko et al., ‘“Aussies Love a Bet”: Gamblers discuss the social acceptance and cultural accommodation of gambling in Australia’, *Australian and New Zealand Journal of Public Health*, vol. 46, no. 6, 2022, pp. 829–830.
 - 4 Australian Institute of Health and Welfare, *Alcohol, tobacco and other drugs in Australia*, 2023, <<https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/drug-types/alcohol>> accessed 12 September 2023; VicHealth, *Drinking-related lifestyles: exploring the role of alcohol in Victorians’ lives*, Victorian Health Promotion Foundation, Melbourne, 2013, p. 5.
 - 5 Piers DL Howe et al., ‘Predictors of gambling and problem gambling in Victoria, Australia’, *PLOS ONE* vol. 14, no. 1, 2019, p. 1, doi: <<https://doi.org/10.1371/journal.pone.0209277>>.
 - 6 Australian Institute of Health and Welfare, *Alcohol, tobacco and other drugs in Australia*; Marko et al., ‘“Aussies Love a Bet”: Gamblers discuss the social acceptance and cultural accommodation of gambling in Australia’, pp. 829–830.
 - 7 Australian Institute of Health and Welfare, *National Drug Strategy Household Survey 2019*, Canberra, 2020.
 - 8 Ibid.
 - 9 VicHealth, *Alcohol Strategy 2019–2023*, Victorian Health Promotion Foundation, Melbourne, 2019, p. 5.
 - 10 VicHealth, *Exploring men’s risky drinking cultures: Research highlights*, 2019, <<https://www.vichealth.vic.gov.au/sites/default/files/Mens-risky-drinking-summary.pdf>> accessed 8 October 2023.
 - 11 Ibid.
 - 12 Australian Gambling Research Centre, *Gambling Participation and Experience of Harm in Australia*, Australian Institute of Family Studies, Canberra, 2023, p. 1.
 - 13 Ibid.

of gambling, including lottery products, over the previous twelve months.¹⁴ While the 2018–19 study is the most up to date prevalence data for Victoria currently available, an updated VGRF four-year population gambling and health study is due to be released next year. More recent data published by the Australian Gambling Research Centre in 2023 found that of the Victorian population who gambled at least once in the past 12 months, 33% participated in sports betting, 40% on racing and 31% on pokies.¹⁵ According to the VRGF, Victorian gamblers lost \$1.4 billion on pokies in the period 1 January to 30 June 2023.¹⁶

2.3 Harms associated with alcohol and gambling: what the Committee was told

The Committee was provided with evidence, including from those with lived personal experience and those with direct experience of the treatment services sector, of the harms alcohol and gambling are causing to the Victorian community.

Recent Australian studies have demonstrated a connection between alcohol and gambling related harm, with both activities found to show similar dependency forming properties.¹⁷ Licensed venues are often places where people can also gamble, such as in pokies rooms in clubs and taverns, as well as casinos. Alcohol consumption impairs judgment, and in an environment where there is access to gambling, this can incur larger bets and faster gambling losses.¹⁸

A recent Australian study drawn from a Victorian dataset found people who drink alcohol or engage in heavy episodic drinking while gambling are three times more likely to partake in risky levels of gambling.¹⁹ A further study found more than half of Australian men who are at-risk of becoming, or who are, problem gamblers, drank alcohol at a harmful or hazardous levels, with the proportion increasing from 54% to 56% between 2013–14 to 2020–21.²⁰

¹⁴ Matthew Rockloff et al., *Victorian population gambling and health study 2018–2019*, Melbourne, March 2020, p. 18.

¹⁵ Australian Gambling Research Centre, *Gambling Participation and Experience of Harm in Australia*.

¹⁶ Victorian Responsible Gambling Foundation, *Victorians lose \$3.022 billion on pokies in 2022–23*, 28 July 2023, <<https://responsiblegambling.vic.gov.au/about-us/news-and-media/victorians-lose-3022-billion-on-pokies-in-2022-23>> accessed 8 October 2023.

¹⁷ Koen Smit et al., 'Associations between heavy episodic drinking, drinking while gambling, and risky gambling', *Journal of Gambling Studies*, 2023, p. 2, doi: <<https://doi.org/10.1007/s10899-023-10235-w>>.

¹⁸ Ibid.

¹⁹ Ibid, pp. 7–8.

²⁰ Rukhsana Tajin et al., 'Gambling participation and harm among Australian men', in Brendan Quinn, Bosco Rowland and Sean Martin (eds.), *Insights #2: Findings from Ten to Men – The Australian Longitudinal Study on Male Health 2013–21*, Australian Institute of Family Studies, Melbourne, 2022, p. 11.

Box 2.1 Identified harms of liquor and gambling in licenced premises from Victoria Police

In its submission, Victoria Police identified several predominant risks and harms associated with liquor and gambling in licenced premises and gambling service venues. Being venue based, these potential risks may impact both community wellbeing and safety as well as individuals, dependent on the harmful behaviour.

Victoria Police currently use an electronic referral system (VPeR) which aims to improve outcomes for people who interact with Police and Protective Service Officers and may have unmet social or healthcare needs. The system can record risk factors such as alcohol dependency or misuse, gambling and financial difficulties and refer to support services where appropriate.

Financial difficulties associated with gambling and problems with alcohol or substance abuse were identified as the lead risk factors in the perpetration of family violence offences. Victoria Police noted that in the last 12 months, there were over 1,100 reported family violence incidents in licenced premises that involved gambling or alcohol related harm. Victoria Police further advised that since April 2017, 6,641 referrals via the VPeR have been made for alcohol dependency or misuse while 595 referrals have been made in respect of gambling issues.

Harm to the amenity of local communities from violent behaviour, public drunkenness, vandalism or property damage and other disorderly behaviour were identified as a common risk factor of licenced premises. The risk of community harm caused by unregulated gambling was also noted, with gambling services often used to disguise serious and organised criminal activity such as money laundering. Implementing casino and racing exclusion orders^a are another method used to prevent the potential commissioning of serious crimes which harm the community.

a. Casino and racing exclusion orders prohibit a person from entering or remaining in a casino or racecourse, for the benefit of public interests, until the exclusion order is lifted by police or the venue.

Source: Victoria Police, *Submission 54*.

2.3.1 Alcohol-related harms

Alcohol Change Victoria described alcohol harms in Victoria as ‘significant and pervasive.’²¹ At the hearings, Alcohol Change Victoria noted that ‘evidence shows the large big-boxes are most associated with harm, as well as online sales and delivery licences. We are seeing increasing evidence of harm from those licence types’.²²

²¹ Alcohol Change Victoria, *Submission 27*, p. 5.

²² Ms Sarah Jackson, Legal Policy Advisor, Alcohol Change Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 4.

Dr Anne-Marie Laslett, Senior Research Fellow and an expert witness for Alcohol Change Victoria, said:

I think it is also important to keep in context, if we are talking about big-box issues, that a lot of the harms that might come from those do occur within the home I think it is over two-thirds of Australians' drinking that occurs in the home. We also know that in Victoria a third of child protection cases involve alcohol – across Australia I think it is 26% – and up to 70% of family violence cases involve alcohol.²³

Dr Laslett further highlighted that 'a whole range of harms' can occur from other people's drinking, with up to half of Australians reporting that they have been adversely affected by the drinking habits of others, having experienced verbal abuse or been made to feel afraid.²⁴ The impact of alcohol harm to others was echoed in a submission from the South Gippsland Shire Council, which stated that 28% of parents of children under 18 years reported that their child had been harmed or put at risk of harm because of someone's else drinking.²⁵ This was commonly in the form of a child experiencing verbal abuse or a child being a passenger in a vehicle driven by someone over the legal blood alcohol limit.²⁶

Representatives from the Victorian Alcohol and Drug Association (VAADA) highlighted the impact of alcohol-related harms to the community and discussed its ramifications for Victoria's frontline emergency and treatment services. The Executive Officer of VAADA noted that 'alcohol has almost always been the most prevalent drug of concern among those seeking AOD [alcohol and other drug] treatment' and referred to an increase in demand for services arising out of the stressors of the COVID-19 pandemic²⁷ (Refer also to Box 2.2). Staff witnessed an increase in the number of people presenting for treatment who had consumed 'extraordinary amounts of alcohol' of up to 60-plus units a day, while daily waitlists for AOD treatment increased by approximately 71%.²⁸ In addition to an increase in the number of people previously in recovery relapsing, there has also been growth in the number of people new to the treatment system.²⁹

FINDING 4: Alcohol-related harms can affect the individual and the others around them. Up to half of Australians have reported adverse effects including verbal abuse experienced as a result of others' drinking.

²³ Dr Anne-Marie Laslett, Senior Research Fellow, Centre for Alcohol Policy Research, La Trobe University, Adjunct Senior Research Fellow, National Drug Research Institute, Curtin University, Honorary Senior Fellow, Melbourne School of Global and Population Health, University of Melbourne, Alcohol Change Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 6.

²⁴ Ibid.

²⁵ South Gippsland Shire Council, *Submission 25*, p. 3.

²⁶ Ibid.

²⁷ Mr Scott Drummond, Executive Officer, Victorian Alcohol and Drug Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 2.

²⁸ Ibid.

²⁹ Ibid.

Box 2.2 Trends in alcohol consumption in Victoria during the COVID-19 pandemic

During the COVID-19 pandemic the alcohol industry ‘greatly accelerated’ the expansion of online sales and rapid home delivery of alcohol products. Alcohol Change Victoria (ACV) spoke of ‘the spike’ in online sales and delivery during COVID-19, which has continued to increase following easing of pandemic restrictions. Annual revenue from online alcohol sales in Australia rose from \$339 million in 2012 to \$2 billion in 2022.

A rise in advertising and promotional offers was also noted, with the emergence of ‘buy now, pay later’ schemes, enabling people to purchase alcohol with money they do not currently have. The Victorian Alcohol and Drug Association (VAADA) advised that these schemes have impacts particularly for those experiencing substance dependence, because they ‘provide a temptation to purchase beyond their means’ and can ‘impede recovery’.

Online alcohol sales and home delivery potentially increase the physical and economic availability of alcohol, which could lead to increases in consumption and harm. Increased availability of alcohol is of concern, because as noted by Professor Claire Wilkinson of the University of New South Wales, one of the most effective ways to reduce alcohol harms is ‘controls on accessibility [and] availability’, including ‘how many places there are to buy it.’

A 2020 Foundation of Alcohol Research and Education poll found 38% of people utilising rapid home delivery consumed more than eleven standard drinks on the day of delivery. A 2023 study found one-in-five participants used a delivery service to extend a drinking session, with a third indicating that if the service was not available they would have stopped drinking, further suggesting alcohol delivery services may be influential on ‘routine drinking activities’. Use of home delivery services in this manner is associated with hazardous or harmful drinking, and ACV highlighted strong evidence that the availability of alcohol increases harm, especially in the home and late at night.

The VAADA confirmed that the COVID-19 pandemic exacerbated the harms caused by alcohol consumption, reporting that 70% of its member agencies saw increases in both the prevalence and severity of alcohol-related presentations during the pandemic. At the hearing, the Committee was informed by VAADA that ‘presentations and demand for treatment from those struggling with alcohol dependence has increased.’

Source: Prof Claire Wilkinson, Senior Research Fellow, University of New South Wales; Honorary Research Fellow, Centre for Alcohol Policy Research, Latrobe University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, pp. 1, 5; Ms Sarah Jackson, Legal Policy Advisor, Alcohol Change Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, pp. 5, 10; Victorian Alcohol and Drug Association, *Submission 26*, pp. 1, 6–7; Stephanie Colbert et al., ‘Cross-sectional survey of a convenience sample of Australians who use alcohol home delivery services’, *Drug and Alcohol Review*, vol 45, issue 5, pp. 7, 987; Foundation of Alcohol Research and Education, *2020 Annual Alcohol Poll: Attitudes & Behaviours*, 2020, <<https://fare.org.au/wp-content/uploads/ALCPOLL-2020.pdf>> accessed 9 October 2023; Mr Scott Drummond, Executive Officer, Victorian Alcohol and Drug Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 5; Alcohol Change Victoria, *Submission 27*, p. 10.

The Executive Officer of VAADA also advised of the continuing effect on emergency and treatment services generally, and pointed to a ‘surge’ in alcohol-related presentations in Victoria, with almost 28,000 treatment episodes recorded in 2021–22, increasing by 4,500 episodes from the prior year.³⁰ Issues with alcohol contributed to 43% of the demand for online AOD counselling services over the past decade, while paramedic attendances involving alcohol, with or without other substances, account for nearly 60% of all AOD-related attendances in the past decade.³¹ This represents 238,949 alcohol-related incidents of a total of 407,783 AOD incidents in Victoria.³²

FINDING 5: Alcohol-related harms have affected Victoria’s frontline emergency and treatment services, particularly following the COVID-19 pandemic. Alcohol-related presentations have surged in Victoria, with almost 28,000 treatment episodes recorded in 2021–22, an increase of 4,500 episodes, compared to 2020–21.

Alcohol products have a significant impact on both physical and mental health.³³ Witnesses advised the Committee that alcohol consumption can cause chronic disease, including heart disease and at least seven types of cancer.³⁴ More than 900 Victorians die from alcohol-related diseases each year.³⁵ Alcohol consumption is also linked to mental health conditions, including depression and suicide, and is related to substance dependence.³⁶

FINDING 6: Over 900 Victorians die from alcohol-related diseases every year.

Alcohol is also a factor in other harmful behaviour including motor vehicle accidents, violence and assaults.³⁷ Innocent bystanders may be affected by alcohol-related violence and vehicle accidents.³⁸ There is a relationship between alcohol products and family violence where consumption of alcohol is known to increase the frequency and severity of family violence.³⁹

FINDING 7: Researchers have identified a relationship between alcohol consumption and family violence whereby alcohol consumption is known to increase both the frequency and severity of family violence.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 6.

³⁴ Alcohol Change Victoria, *Submission 27*, p. 5.

³⁵ Ibid.

³⁶ Victorian Alcohol and Drug Association, *Submission 26*, p. 2.

³⁷ Ibid; Alcohol Change Victoria, *Submission 27*, p. 5.

³⁸ Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 6.

³⁹ Alcohol Change Victoria, *Submission 27*, p. 5.

The issue of alcohol outlet density and availability was discussed at the hearings (Box 2.2). Professor Claire Wilkinson of the University of New South Wales noted that ‘a higher number [of alcohol outlets] in a small area is associated with greater harms than when the density is lower.’⁴⁰ She further noted evidence showing that ‘in societies where the number of outlets has increased over time ... population indicators of harm and consumption increase’.⁴¹ The rise in harms is attributed to the ‘convenience cost’ whereby people are more likely to consume alcohol if they are exerting less effort to access it.⁴² Professor Wilkinson also discussed the greater exposure associated with higher outlet density whereby competing retailers are engaging in promotional work and price reductions and increasing the community’s exposure to visual messaging.⁴³

FINDING 8: Higher alcohol outlet density is associated with greater alcohol-related harms and greater consumption of alcohol. The increase in harms and consumption is attributed to increased exposure to marketing and convenience.

2.3.2 Gambling-related harms

The Alliance for Gambling Reform noted that ‘harms from gambling in the Victorian community continue to grow’, while Professor Samantha Thomas of Deakin University indicated that gambling ‘[poses] a significant threat to public health.’⁴⁴ In addition to harm to the individual, effects of harm are widespread and can be experienced by frontline and emergency services, and by an individual’s family members and friends.⁴⁵ Research indicates that a person experiencing issues with gambling can affect up to six other people in contact with them.⁴⁶

The Committee was advised of a ‘strong and clear link’ between gambling harm and family violence.⁴⁷ No to Violence (NTV) stated that people experiencing issues with gambling are more than twice as likely to perpetrate or experience family violence.⁴⁸ Consequently, family violence is often a co-occurring issue for those seeking treatment for gambling harm, with 38% of those experiencing gambling harm reporting being victims of physical intimate partner violence and 37% reporting being perpetrators of physical intimate partner violence.⁴⁹

40 Prof Claire Wilkinson, Senior Research Fellow, University of New South Wales; Honorary Research Fellow, Centre for Alcohol Policy Research, Latrobe University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 3.

41 Ibid, p. 5.

42 Ibid, p. 4.

43 Ibid.

44 Alliance for Gambling Reform, *Submission 39*, p. 11; Prof Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 43*, p. 2.

45 Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 6.

46 Belinda Goodwin et al., ‘A typical problem gambler affects six others’, *Journal of Gambling Studies*, vol. 17, no 2, 2017, p. 283, doi: <<https://doi.org/10.1080/14459795.2017.1331252>>.

47 No to Violence, *Submission 14*, p. 7.

48 Ibid.

49 Ibid.

NTV notes that the relationship between family violence and gambling is complex with gaps in research and evidence.⁵⁰ Despite this, evidence indicates that gambling and the perpetration of family violence have common risk factors including male gender, young age, impulsivity and antisocial behaviour.⁵¹ Gambling can be both the impetus and the outcome of family violence and can both precede and increase the chance of violence.⁵² Likewise, coercive and controlling behaviour can precede gambling which in turn can exacerbate the frequency and severity of violence.⁵³ In addition, victim-survivors of family violence may also participate in gambling as a coping mechanism.⁵⁴

FINDING 9: Although research is still developing, the relationship between gambling harm and family violence is evident. Gambling can be both the impetus and the outcome of family violence and can both precede and increase the chance of violence. Victim-survivors may participate in gambling as a mechanism for coping.

Numerous witnesses noted that gaming venues can double as a ‘safe space’, particularly late at night or in the early hours of the morning. Some people may frequent venues and participate in gambling to escape family violence, or as a means to gain social connection.⁵⁵ The Chief Executive Officer of the VRGF said:

... there is a lot of research around that suggests that loneliness, social isolation and not a sense of inclusion are real drivers for people to seek activity and to seek activity that might have a social component, such as being in a venue.⁵⁶

The ‘profound need’ for alternative social and leisure venues to discourage patronage of pokies venues was reiterated by various stakeholders, who pointed to the benefits of initiatives like Libraries After Dark.⁵⁷ Libraries After Dark, a gambling harm prevention program funded by the VRGF and participating councils, supported communities by providing recreation alternatives.⁵⁸ It promoted the local library as an alternative to the pokies venue by expanding library opening hours to later in the evening and aimed to reduce social isolation, a risk factor for gambling harm.⁵⁹ Rose O’Leary of the Alliance for Gambling Reform said that Libraries After Dark meant that

... people had a different activity to do that was in a safe environment but with a lot of the same experiences of a poker machine venue, for example, free tea and coffee, connection with another person, warmth or, if it is summer, aircon.⁶⁰

50 Ibid.

51 Ibid.

52 Ibid.

53 Ibid.

54 Ibid.

55 Meli, *Submission 51*, p. 5; Mr Shane Lucas, Chief Executive Officer, Victorian Responsible Gambling Foundation, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 3.

56 Ibid, p. 11.

57 Rev Tim Costello AO, Chief Advocate, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 8.

58 Alliance for Gambling Reform, supplementary information received 1 August 2023, p. 1.

59 Ibid.

60 Ms Rose O’Leary, Policy and Advocacy Lead, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 8.

Jan Black, Policy Adviser for the Municipal Association of Victoria, commented:

It is really about trying to mimic the time that people would most want to use and that do use pokie venues and trying to provide spaces, then, that people can come to – somewhere like libraries, which are a good civic space where everyone can feel welcome.⁶¹

An evaluation of Libraries After Dark, provided by the Alliance for Gambling Reform, concluded that the chief achievement of the program was ‘the enhancement and advocacy of libraries as inoculators against social isolation – a key driver of gambling harm.’⁶²

The Committee was informed that the program is not continuing beyond 2024 where funding has ceased.⁶³ Further work could be undertaken to better understand the need for such programs with a view to creating alternatives spaces available for those at risk of gambling harm, based on the Libraries After Dark model.

FINDING 10: The Libraries After Dark program, funded by the Victorian Responsible Gambling Foundation and participating councils, extended the opening hours of local libraries and aimed to provide at-risk groups with social and recreational options during the evening, as an alternative to gaming venues. The program will not continue after 2024.

RECOMMENDATION 1: The Victorian Government consider extending its support for the Libraries After Dark program, or similar programs. In addition, the Victorian Government undertake work to understand:

- what additional safe places of recreation may be needed by communities after hours as alternatives to gaming venues
- which geographic areas would benefit most from these programs
- the need and demand in the community for such programs
- whether the Libraries After Dark model can be expanded to benefit at-risk groups in the community.

⁶¹ Ms Jan Black, Policy Advisor, Municipal Association of Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 6.

⁶² Alliance for Gambling Reform, supplementary information, p. 1.

⁶³ Ms Kathryn Arndt, Chief Executive Officer, Victorian Local Governance Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 6; Alliance for Gambling Reform, supplementary information, p. 1.

Other evidence received by the Committee highlighted the link between gambling harm and suicide. At the hearings, Rev Tim Costello, Chief Advocate of the Alliance for Gambling Reform reflected on the ‘devastating’ impact of gambling harm, as ‘someone who has done six funerals for people who took their lives because of the shame and stigma.’⁶⁴

Drawing upon the Victorian Suicide Register, the Coroners’ Court of Victoria identified 184 gambling-related suicides between 2009 and 2016.⁶⁵ The number of gambling-related suicides since 2016 is currently unknown, where data from 2017 onwards has not been assessed, due to resourcing issues.⁶⁶ This represents at least 3.8% of all suicides (in 2009 to 2016) noting that this is likely an underestimate of gambling-related suicides.⁶⁷ A greater proportion of the 184 people were younger, male and not in a relationship compared to females.⁶⁸

The relationship between gambling harm and suicide was the focus of the submission made by Suicide Prevention Australia (SPA) as the national peak body for the suicide prevention sector. SPA noted that suicide is a ‘complex, multifactorial human behaviour with many associated and varied risk factors.’⁶⁹ Participation in gambling can contribute to these risks factors, including by way of financial hardship, unemployment and relationship breakdowns, with almost one in five people presenting with suicidality also experiencing gambling harm.⁷⁰

FINDING 11: On average 23 people committed suicide in Victoria annually between 2009 and 2016 due to gambling. For many more Victorians, gambling would have been a contributing factor to their suicide. Gambling can contribute to risk factors of suicide, by aggravating financial hardship, employment issues and relationship breakdowns.

RECOMMENDATION 2: The Victorian Government work with the Coroners Court of Victoria to expand its analysis of data from 2017 onwards to develop a complete and up to date dataset of gambling-related suicides in Victoria.

⁶⁴ Rev Tim Costello AO, *Transcript of evidence*, p. 4.

⁶⁵ Coroners Court of Victoria, *Submission 46a*, p. 2.

⁶⁶ Coroners Court of Victoria, *Submission 46b*, p. 6.

⁶⁷ Coroners Court of Victoria, *Submission 46a*, p. 3.

⁶⁸ *Ibid.*, p. 7.

⁶⁹ Suicide Prevention Australia, *Submission 13*, p. 1.

⁷⁰ *Ibid.*

Impact of gambling venues and gambling harm in disadvantaged communities

The Committee received submissions from a number of councils and municipal associations in relation to the impact of electronic gaming machine (EGM) venues and gambling harm in their communities.⁷¹ The Municipal Association of Victoria (MAV), the legislated peak body for local government in Victoria, explained 'large numbers of electronic gambling machines are located in venues in communities that can least afford to lose.'⁷² The Cities of Greater Dandenong, Brimbank and Hume are the top three metropolitan local government areas (LGAs) experiencing social disadvantage, according to the latest ABS Index of Relative Socio-economic Disadvantage (known as the 'SEIFA index') based on the data from the 2021 Census.⁷³ For these three municipalities:

- Brimbank experienced the highest losses on EGMs in Victoria at over \$128 million in 2021–22, and the second highest gambling loss per EGM machine in 2022–23 (\$952).⁷⁴
- Hume City Council, with the second highest SEIFA disadvantage score in metropolitan Melbourne, was the fifth highest local government area for EGM losses at \$105 million.⁷⁵
- Greater Dandenong has the highest levels of disadvantage out of all metropolitan LGAs according to the ABS SEIFA index (and was second state-wide), experiencing the fourth highest gambling loss per EGM machine in 2022–23, at \$927.⁷⁶

The maps below demonstrate the highest average EGM loss per player by LGA in Melbourne (Figure 2.1) and regional Victoria (Figure 2.2). The City of Greater Geelong had the highest average gambling loss by EGM out of all Victorian councils in 2022–23, at \$1,370. The City of Monash experienced the highest losses per EGM in 2022–23 out of all metropolitan Melbourne councils, with \$953 lost on each EGM.⁷⁷

71 Municipal Association of Victoria, *Submission 23*, p. 5; City of Greater Dandenong, *Submission 30*, pp. 1–2; Hume City Council, *Submission 11*, p. 2; Brimbank City Council, *Submission 18*, pp. 1–2; Yarra City Council, *Submission 19*, p. 1; Mornington Peninsula Shire, *Submission 17*, p. 1; South Gippsland Shire Council, *Submission 25*, pp. 2–3; Monash City Council, *Submission 12*, pp. 3–4.

72 Municipal Association of Victoria, *Submission 23*, p. 5.

73 Committee calculation, Australian Bureau of Statistics, Socio-Economic Indexes for Australia (SEIFA), 2021, 27 April 2023 <<https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release#data-downloads>> accessed 12 October 2023.

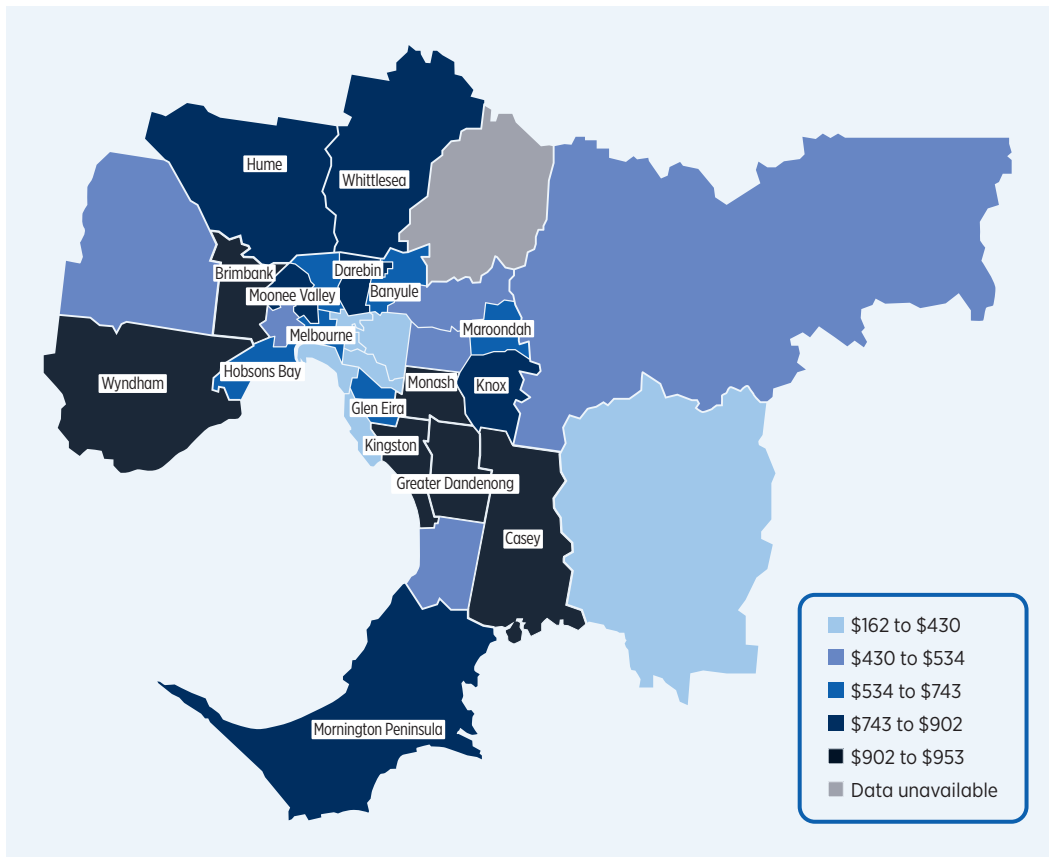
74 Brimbank City Council, *Submission 18*, p. 1; Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, Attachment E.

75 Hume City Council, *Submission 11*, p. 2; Victorian Gambling and Casino Control Commission, response to questions on notice, Attachment E; Committee calculation, Australian Bureau of Statistics, Socio-Economic Indexes for Australia (SEIFA).

76 Victorian Gambling and Casino Control Commission, response to questions on notice, Attachment E; Committee calculation, Australian Bureau of Statistics, Socio-Economic Indexes for Australia (SEIFA).

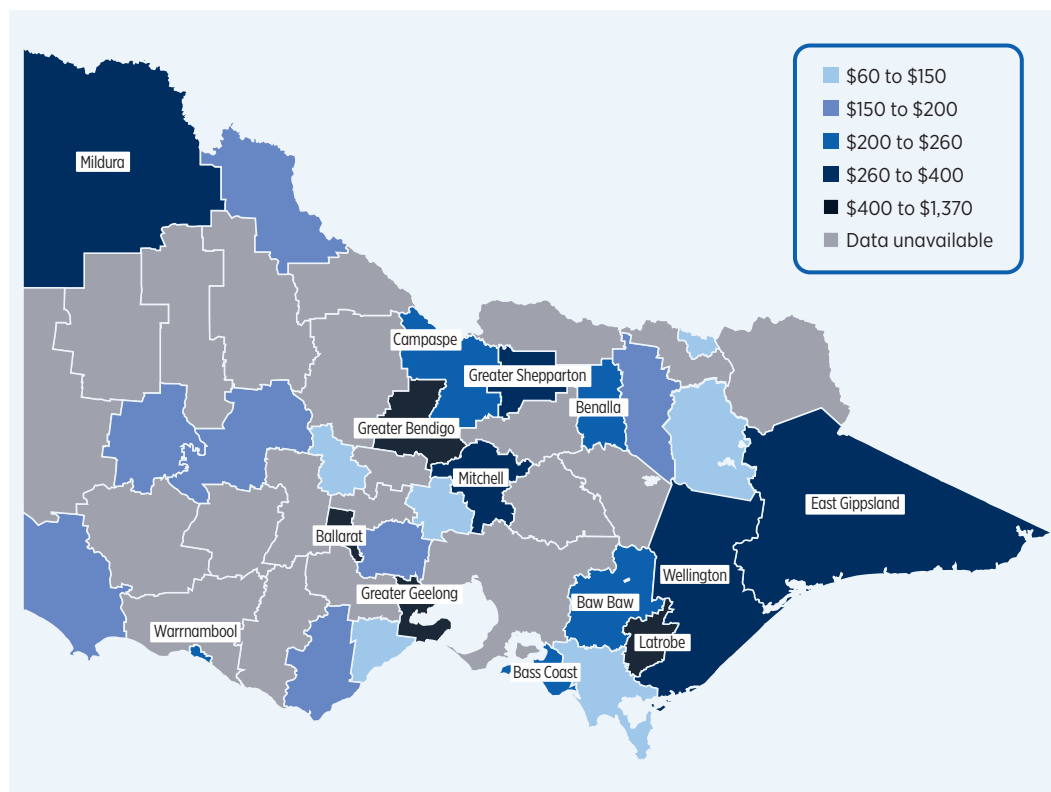
77 Victorian Gambling and Casino Control Commission, response to questions on notice, Attachment E.

Figure 2.1 Average electronic gaming machine gambling loss per player by local government area, Melbourne, 2022–23



Source: Victorian Gambling and Casino Commission, response to questions on notice received 11 August 2023, Attachment E.

Figure 2.2 Average gambling loss per electronic gaming machine by local government area, regional Victoria, 2022–23



Source: Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, Attachment E.

At the hearings, Professor Thomas also discussed the impact of socio-economic inequities on gambling harm and the need for reform:

We know that the [pokies] venues are clustered in some of our most disadvantaged and deprived communities, and at the moment some of the policy reforms that have been recommended are good steps forward. But they do not address that inequity. They do not address that venues are clustered in places like Brimbank and Wyndham and Hume and not in Toorak and Glen Eira and so on. So we need policy mechanisms that level that playing field, that actually start to reduce the number of venues and machines in those communities which already are under so much stress and experience so much disadvantage.⁷⁸

FINDING 12: Gambling harm is disproportionately experienced by communities also experiencing social and economic disadvantage.

The Committee received evidence as to the unique ways in which Victoria’s culturally and linguistically diverse (CALD) communities are affected by gambling harm. The Australian Vietnamese Women’s Association (AVWA) offers gambling prevention

⁷⁸ Prof Samantha Thomas, School of Health and Social Development, Deakin University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, pp. 2–3.

initiatives as well as gambling counselling services.⁷⁹ In addition to the shame and stigma associated with gambling for the Victorian Vietnamese community, the AVWA raised the intersection between gambling and the criminal justice system.⁸⁰ Representatives from the AVWA stated that an obvious point of contact between people experiencing gambling harm and the justice system is ‘when a person who develops gambling problems commits a crime such as thievery and/or drug trafficking to repay the accumulated financial debt.’⁸¹ Since 2000, the number of incarcerated Vietnamese women in Victoria has increased by 481% with one of the pathways into the drug trade being to ‘resolve debts incurred through casino gambling’.⁸² Casino gambling is used by Vietnamese women to ‘escape family stress, relationship breakdown and cultural gaps between them and their children.’⁸³

Anh Bui, Counselling Team Leader at AVWA, told the Committee that anecdotally ‘... the majority from the Vietnamese community in prison are coming from gambling, either directly or indirectly.’⁸⁴

Likewise, the Federation of Chinese Associations (FCA) informed the Committee of the ways in which gambling affects its Victorian Chinese community. FCA offers programs funded by the VRGF. Bear Lin, Counsellor and Project Manager of FCA, said that ‘the Chinese population is highly targeted as one of the main customer groups in the gambling industry’ with ‘lots of culturally friendly advertising.’⁸⁵ Harm from gambling in the Chinese community is compounded where gambling is ‘actually a very hidden secret of individuals and families in the Chinese culture’ and where ‘a culture of counselling services’ is not well accepted.⁸⁶

The FCA discussed the devastating consequences gambling can have on an individual’s finances and family relationships. Ms Lin said:

... usually firstly they [the gambler] will ask their family and friends to borrow money to continue their gambling, and once they fail to do it they will start approaching the loan sharks. And then the shark loans will offer them different deals in taking care of the debts. In one of our cases, very heartbreaking, one gambler borrowed about \$1 million from the loan shark at the casino, and then a few days later on the loan shark came to his property, knocked on the door and threatened that if he failed to pay that debt, his sisters, his girlfriend and his mother would be moved to the sex work industry to pay off the bills for him.⁸⁷

⁷⁹ Ms Ngoc Chung, Chief Executive Officer, Australian Vietnamese Women’s Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 2.

⁸⁰ Ms Anh Bui, Counselling Team Leader, Australian Vietnamese Women’s Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 3.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Ibid, p. 5.

⁸⁵ Ms Bear Lin, Counsellor and Project Manager, Federation of Chinese Associations, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 1.

⁸⁶ Ibid, p. 2.

⁸⁷ Ibid, p. 7.

The concern over young people participating in gambling was raised by staff at the treatment service Meli, in Geelong. Meli informed the Committee that young men are a cohort significantly affected by gambling, where gambling is increasingly normalised.⁸⁸ Meli noted that ‘young men do not typically access services for problem gambling, due to the socially acceptable nature of gambling for this cohort.’⁸⁹ However, Meli has witnessed a trend in its entry pathways to treatment whereby parents and guardians are seeking help on behalf of younger people engaged in gambling. In addition to parents accessing financial counselling for sons (aged between 18 – 25 years) to assist with resolving gambling debt, parents are also seeking therapeutic counselling for their sons presenting with gambling issues to better understand and manage their behaviour.⁹⁰

Meli highlighted the relationship between disability and gambling harm through a case study of one of their clients. The client presented for treatment with gambling issues in 2018. The client was a woman, aged 53 years, who had bipolar disorder and a cognitive disability. She received a disability support pension and was able to work 8 hours per week. She also experienced family violence while renting with her adult sons. As part of her treatment, Meli staff assisted the client with managing her financial situation, resolving numerous debts and setting up payment plans. Debts included rental arrears, debts to her pharmacist, pay day lenders, energy providers, and phone providers. The client was also referred to other support services.

At the Youth Roundtable, participants discussed their exposure to alcohol and gambling. Many highlighted the impacts of alcohol and gambling on mental health, finances, productivity and relationships. One participant – Fred – shared their personal experience with gambling and the damage it caused:

When it comes to the role of gambling in our lives, I mean I can speak from personal experience that I lost a lot of money and a lot of time gambling. For me, I think that the time is worse than the money. I lost \$225,000 and two years of my life. I look at it as an expensive lesson which is something I can take from that money but there’s nothing I’ll get back from that time.⁹¹

FINDING 13: Culturally and linguistically diverse (CALD) communities are vulnerable to gambling harm. Gambling harm in CALD communities can result in financial losses, sexual slavery and criminal outcomes including imprisonment, and is exacerbated where issues with gambling are particularly stigmatised.

⁸⁸ The experiences of the service providers at Meli are reflected in research commissioned by the Victorian Responsible Gambling Foundation. A study, which considered the attitudes and behaviours of young men aged between 18 and 35 years, found that 23% of bettors reported being under 18 when they first placed a bet on sports. A significant minority (26%) quickly transitioned from initiation to regular sports betting, having become at least fortnightly bettors at the same age they started betting. The research concluded that sports betting has become normalised among young men, who are involved in sports both as participants and viewers, and facilitated by increased access to gambling via new technologies. Source: Rebecca Jenkinson et al., *Weighing up the odds: young men, sports and betting*, report for Victorian Responsible Gambling Foundation, 2018, <<https://responsiblegambling.vic.gov.au/resources/publications/weighing-up-the-odds-young-men-sports-and-betting-394>> accessed 31 October 2023.

⁸⁹ Meli, *Submission 51*, p. 35.

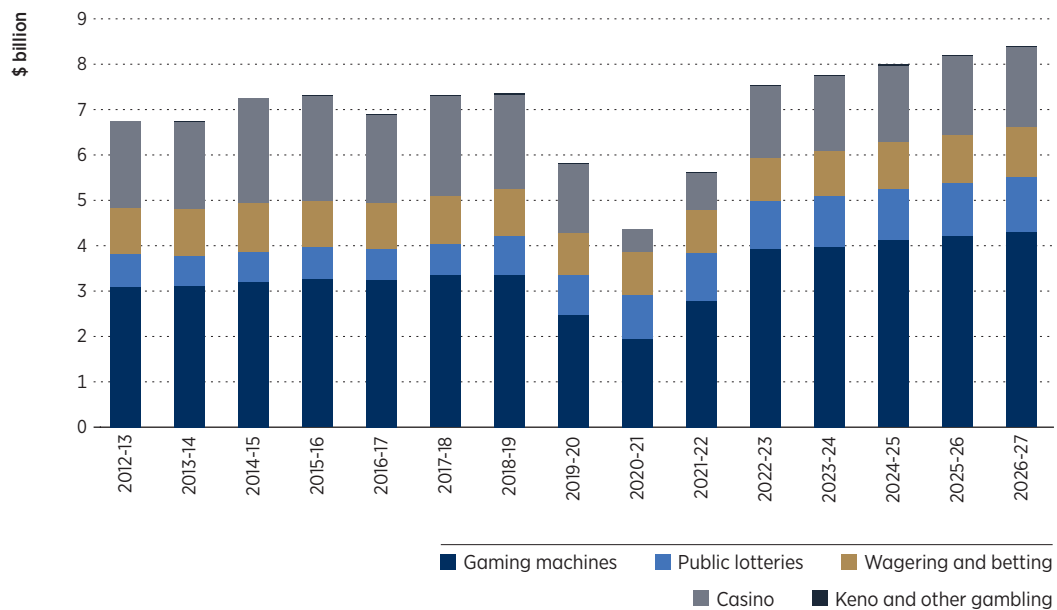
⁹⁰ Ibid.

⁹¹ Discussion from PAEC Youth Roundtable, Melbourne, 9 August 2023.

FINDING 14: Gambling harm is particularly prominent in young men, a cohort for whom gambling is increasingly normalised. Treatment service providers are experiencing a rise in referrals for both therapeutic and financial counselling sought by parents and guardians on behalf of their young sons.

Finally, it is well established that, from a financial and economic perspective, gambling can cause financial losses and distress.⁹² Gambling player losses in Victoria are significant. Gambling player losses – being the total amount spent on gambling, less the amount won and equivalent to the total revenue earned by gambling operators – have exceeded \$5 billion each year in Victoria since 2012–13 (Figure 2.3).⁹³ While player losses fell to \$5.1 billion in 2020–21, reflecting the closure of gambling venues due to public health-related lockdowns in place in Victoria, once lockdown restrictions were lifted, gambling player losses quickly rebounded and by 2022–23 they reached \$7.5 billion.⁹⁴

Figure 2.3 Player losses by gambling activity type from 2012–13 to 2022–23 (actual), and 2023–24 to 2026–27 (estimate)



Note: Reported player losses for wagering and betting only include losses to Victorian based gambling institutions and companies. Keno and other gambling only include player losses from keno games.

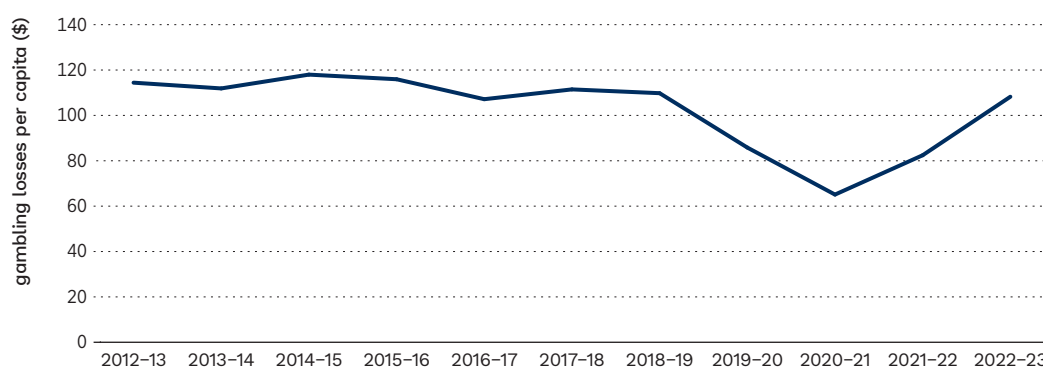
Source: Parliamentary Budget Office, *Submission 29*, p. 1.

⁹² Matthew Browne et al., *The Social Cost of Gambling to Victoria*, report for the Victorian Responsible Gambling Foundation, Melbourne, 2017, p. 1.
⁹³ Parliamentary Budget Office, *Submission 29*, p. 1.
⁹⁴ Committee calculation, Victorian Gambling and Casino Control Commission, response to questions on notice, Attachment D. These losses are categorised by losses from gaming venues, casinos, lotteries, Keno (Tabcorp, Lottoland and other), pari-mutuel wagering (Tabcorp), fixed odds wagering (Tabcorp), trackside (Tabcorp) and wagering (other). Wagering (other) is calculated using data from the State Revenue Office based on player loss totals submitted by tax paying entities to Victoria, as received by the State Revenue Office.

FINDING 15: Gambling player losses in Victoria amounted to \$5.1 billion in 2020–21 and increased to \$7.5 billion in 2022–23. Losses from electronic gaming machines constitute the largest losses in Victoria but losses from online gambling are the fastest growing category of losses.

Figure 2.4 demonstrates gambling losses per capita in Victoria from 2012–13 to 2022–23.

Figure 2.4 Gambling losses per capita, 2012–13 to 2022–23



Source: Committee calculation. Parliamentary Budget Office, Submission 29, p. 1; Australian Bureau of Statistics, Quarterly Population Estimates (ERP), by State/Territory, Sex and Age

Research conducted by the VRGF in 2017 concluded that the social costs of gambling in Victoria amounted to approximately \$7 billion a year.⁹⁵ These costs are inclusive of financial losses, but also encompass emotional and psychological impacts, relationship and family costs, crime impacts, productivity losses and work impacts and costs to the Victorian Government.⁹⁶ In evidence to the Committee, the VRGF noted that the ‘figure is a few years old now’ and the current annual social costs of gambling in Victoria is ‘probably higher.’⁹⁷ The Committee was advised that a revised figure will be published in a further report, based on data gathered in 2022–23 for the VRGF’s four-year population study.⁹⁸

Industry declined to identify the proportion of its client base that fall into the high-risk category.⁹⁹

⁹⁵ Browne et al., *The Social Cost of Gambling to Victoria*, Melbourne, 2017, p. 93.

⁹⁶ Ibid, p. 2.

⁹⁷ Mr Shane Lucas, *Transcript of evidence*, p. 3.

⁹⁸ Ibid.

⁹⁹ Mr Kai Cantwell, Chief Executive Officer, Responsible Wagering Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 11; Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 3.

2.4 Economic benefits of the alcohol and gambling industries

Alcohol consumption and gambling are part of the economy. For instance, many people are employed in the alcohol beverages industry, including in sectors such as manufacturing through to wholesalers, retail and hospitality.¹⁰⁰ According to the Foundation for Alcohol Research and Education, alcohol retail turnover in Victoria continues to increase.¹⁰¹

Others work in the gambling industry, with industry members of Responsible Wagering Australia (RWA), a peak body for Australian-licensed wagering service providers, supporting more than 10,000 Victorian jobs.¹⁰² Entain advised that in 2022–23, it paid \$36.6 million in Victorian point of consumption tax, while RWA indicated its members made a contribution of \$1.8 billion to the Victorian economy in 2022.¹⁰³

In Victoria, Sportsbet supported 8,786 full time (FTE) jobs in 2021–22, representing 47.2% of total jobs supported by the company and supported 18,611 FTE jobs nationally.¹⁰⁴ This total comprises:

- 971 FTE jobs via Sportsbet’s own workforce directly
- 2,611 FTE jobs among the supplier businesses relating to the economic activity generated by Sportsbet
- An additional 4,953 FTE jobs when government spend the taxation revenues that are generated from Sportsbet activity
- An estimated 10,075 FTE jobs from induced value added activity.¹⁰⁵

Sportsbet also noted its contribution to the Victorian and Australian economies. In the year 2021–22, Sportsbet asserted that it contributed \$3.5 billion in value added impact nationally.¹⁰⁶ In 2021–22, Sportsbet paid \$562 million in direct taxation, levies and fees to the State of Victoria.¹⁰⁷ It is estimated that thoroughbred racing is responsible for around 48.4% of the economic impact generated by Sportsbet. Greyhound racing (24.1%), sports betting (21.7%) and harness racing (5.8%) make up the remainder.¹⁰⁸

¹⁰⁰ Alcoholic Beverages Australia, *Economic contribution and future opportunity*, 2021, <<https://www.alcoholbeveragesaustralia.org.au/wp-content/uploads/Alcohol-Beverages-Industry-Report-Deloitte.pdf>> accessed 11 September 2023.

¹⁰¹ Foundation for Alcohol Research & Education, *Alcohol Retail in Victoria*, 2021, <<https://fare.org.au/wp-content/uploads/Alcohol-retail-in-Victoria.pdf>> accessed 12 September 2023.

¹⁰² Responsible Wagering Australia, response to questions on notice received 21 September 2023, p. 3.

¹⁰³ Ibid, p. 3; Entain, response to questions on notice received 21 September 2023, p. 5.

¹⁰⁴ Sportsbet, response to questions on notice received 22 September 2023, p. 16.

¹⁰⁵ Ibid, p. 3.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid, p. 10.

¹⁰⁸ Ibid, p. 3.

By jurisdiction, Sportsbet's largest economic contribution was to Victoria at \$1.7 billion.¹⁰⁹ This amount represents the impact generated directly by Sportsbet as well as the wages, salaries and gross operating surplus of businesses that supply goods and services directly to Sportsbet. It also comprises the economic impact associated with taxes and product fees generated by Sportsbet, in addition to the induced value added impacts derived as a result of Sportsbet activity, like product based impacts and consumption impacts.¹¹⁰ Its second largest economic contribution was to New South Wales at \$910.6 million.¹¹¹

2.4.1 Gambling tax revenue

Gambling tax revenue refers to both the tax revenue generated from gambling activities and revenue from licences for the provision of gambling activities in Victoria.¹¹² In 2022–23 the Victorian government raised \$2.5 billion from gambling taxes, with an increase to \$3 billion in 2026–27 anticipated.¹¹³ In 2022–23, the majority of the gambling tax revenue was sourced from electronic gaming machine taxes (representing 55% of gambling tax revenue). Gaming machine taxes raised \$1.4 billion in 2022–23, with \$1.5 billion forecast for 2026–27.¹¹⁴

The second largest source of gambling tax revenue is public lotteries, raising \$621 million in 2022–23.¹¹⁵ Tax revenue from public lotteries accounted for 26% of gambling tax revenue in 2022–23.¹¹⁶

Gambling tax revenue was 7.6% of the total revenue collected by Victoria in 2022–23.¹¹⁷

¹⁰⁹ Ibid, p. 4.

¹¹⁰ Ibid, p. 12.

¹¹¹ Ibid, p. 4.

¹¹² Parliamentary Budget Office, *Submission 29*, p. 2.

¹¹³ Committee calculation, Department of Treasury and Finance, *2022–23 Financial Report*, Melbourne, 2023, p. 48; Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, Melbourne, 2023, p. 164.

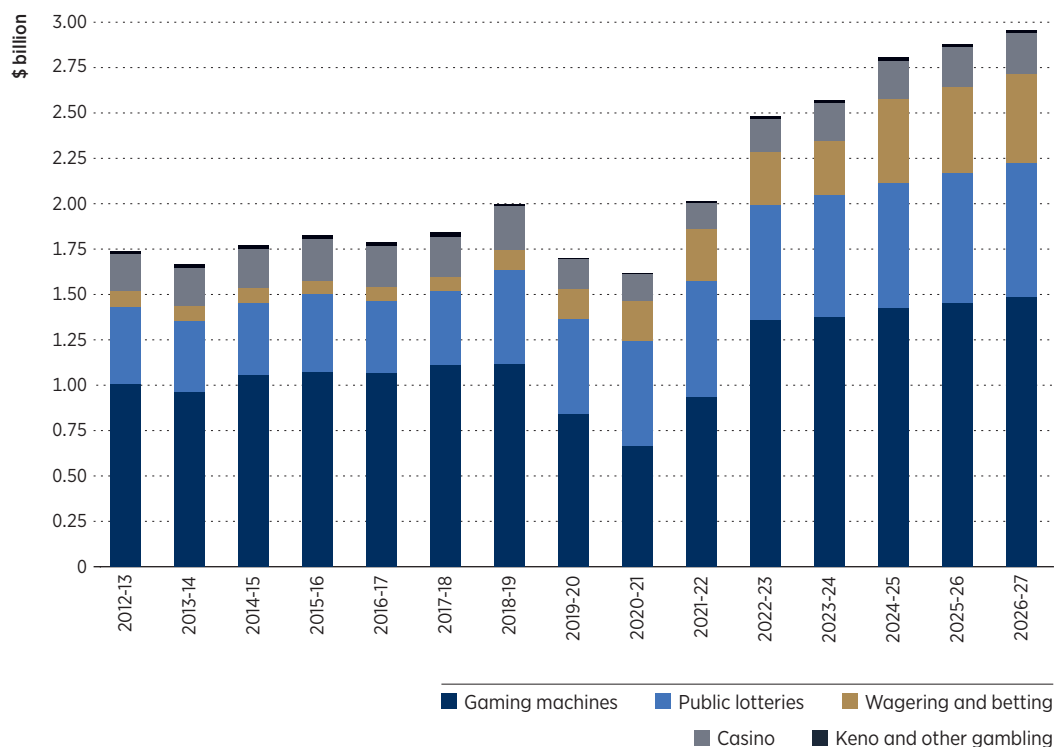
¹¹⁴ Committee calculation, Department of Treasury and Finance, *2022–23 Financial Report*, p. 48; Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, p. 164.

¹¹⁵ Department of Treasury and Finance, *2022–23 Financial Report*, p. 48.

¹¹⁶ Committee calculation, Department of Treasury and Finance, *2022–23 Financial Report*, p. 48.

¹¹⁷ Committee calculation, Ibid.

Figure 2.5 Gambling taxation revenue for Victoria from 2012–13 to 2022–23 (actual), and 2023–24 to 2026–27 (estimate)



Note: wagering and betting is taxed at the point of consumption which means it is levied on player losses for both Victorian, interstate and international gambling operators.

Source: Parliamentary Budget Office, *Submission 29*, p. 2; Committee calculation, Department of Treasury and Finance, *2022-23 Financial Report*, Melbourne, p. 48; Department of Treasury and Finance, *Victorian Budget 2023-24 Paper No. 5: Statement of Finances*, Melbourne, 2023, p. 164.

Point of consumption tax

The imposition of the point of consumption tax has also generated further gambling revenue for Victoria. Prior to 2019, taxes from wagering and betting¹¹⁸ were only paid by gambling operators if they held a Victorian gambling licence.¹¹⁹ Many gambling companies operating in Australia are licenced in the Northern Territory (NT) (See Section 6.3.3 of this Report).¹²⁰ In an attempt to mitigate the concentration of revenue flowing into the NT from their own residents, other Australian states and territories began to impose point-of-consumption taxes (POCT) on online gambling, starting with South Australia

¹¹⁸ For consistency, evidence referring to 'racing and other sports betting' provided to the Inquiry has been noted as 'wagering and betting' throughout this report.

¹¹⁹ Parliamentary Budget Office, *Submission 29*, p. 11.

¹²⁰ Mr Steven Lang, *Transcript of evidence*, p. 1; Mr Jules Norton Selzer, General Manager, Corporate Affairs, Sportsbet, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 7; Responsible Wagering Australia, response to questions on notice, p. 5; Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission, public hearing, 24 July 2023, *Transcript of evidence*, p. 10.

in 2017.¹²¹ By 2023, all states and territories have now implemented a POCT other than the NT:¹²²

- Australian Capital Territory – 25%
- New South Wales – 15%
- Queensland – 20%
- South Australia – 15%
- Tasmania – 15%
- Victoria – 10%
- Western Australia – 15%

Under the POCT, betting operators are required to pay tax on revenue generated from where the bet has been placed, rather than from where the operator is licenced.¹²³ While operators licenced in the NT are still required to pay an annual bookmaker's tax and licencing fees to the state, the NT has lost significant wagering revenue since the introduction of POCTs.¹²⁴

In Victoria, the POCT was first increased from 8% to 10% on 1 July 2021. In the 2023–24 budget, the Victorian Government announced a second increase to the POCT rate from 10% to 15% from 1 July 2024. The tax-free threshold remains unchanged at \$1 million in player losses.¹²⁵

According to the Victorian Parliamentary Budget Office, wagering and betting taxes have been the third largest source of gambling tax revenue in Victoria since the introduction of the POCT, raising \$287 million in revenue in 2022–23.¹²⁶ The introduction of the POCT in 2019 resulted in a substantial increase in tax revenue generated from wagering and betting.¹²⁷ The large increase in 2021–22 (when it increased from \$166 million the previous year to \$221 million) and the subsequent forecast growth in 2024–25 (when it is expected to increase to \$462 million in comparison to the previous year's expected \$303 million) reflect increases in the tax rate.¹²⁸

121 Tony Barnes et al., *The size and growth of the Northern Territory's gambling industry*, working paper for The Northern Institute and Menzies School of Health Research, Charles Darwin University, Darwin, 2017, p. 40.

122 Queensland Government Statistician's Office, *Australian Gambling Statistics 38th Edition, 1995–96 to 2020–21*, Queensland Treasury, Brisbane, 2023.

123 Jamie Nettleton, *A state of flux: Australia's point of consumption tax – implications for wagering operators*, 2018, <<https://addisons.com/knowledge/insights/a-state-of-flux-australias-point-of-consumption-tax-implications-for-wagering-operators>> accessed 3 October 2023.

124 Queensland Government Statistician's Office, *Australian Gambling Statistics 38th Edition, 1995–96 to 2020–21*, Queensland Treasury, Brisbane, 2023.

125 Parliamentary Budget Office, *Submission 29*, p. 12.

126 Ibid; Department of Treasury and Finance, *2022–23 Financial Report*, p. 48.

127 Parliamentary Budget Office, *Submission 29*, p. 12; Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, p. 164.

128 Parliamentary Budget Office, *Submission 29*, p. 12; Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, p. 164; Department of Treasury and Finance, *2022–23 Financial Report*, p. 48.

As indicated, the Victorian Government forecasts raising a total of \$3 billion from gambling taxes in 2026–27.¹²⁹ This compares to the \$2.5 billion raised in 2022–23. The increase primarily reflects the rebound in gambling activity after the end of COVID-19 restrictions in 2021–22 and the increase in wagering and betting taxes, from 10% to 15%.¹³⁰ These figures point to the extent of online gambling revenue previously collected in the NT, as well as prevalence of online gambling in the State of Victoria.

FINDING 16: The revenue raised in Victoria from wagering and betting taxes has increased significantly since the introduction of the Point of Consumption Tax in 2019, now making it the third largest source of gambling tax revenue in the State. It is forecasted that the State will raise \$497 million from wagering and betting in 2026–27.

In evidence to the Committee, concern was raised about the efficacy of the POCT where online gambling providers may be transferring the costs to consumers of gambling products through the alteration of betting odds rather than paying the tax from profits. This means that an increase in the POCT results in consumers losing more.¹³¹ Similarly the New South Wales Treasury POCT review paper found that bookmaker profits were not affected by the imposition of the POCT, and rather, gross wagering margins increased in response to the introduction of the tax.¹³²

Ultimately, the revenue raised from gambling taxation is much smaller than gambling player losses. As indicated, evidence from the VGCCC indicated that gambling player losses totalled \$7.5 billion in 2022–23.¹³³

The total gambling tax revenue raised by the Victorian Government compared to the total gambling player losses in the years 2020–21 to 2022–23 is illustrated in Figure 2.6.

¹²⁹ Parliamentary Budget Office, *Submission 29*, p. 2.

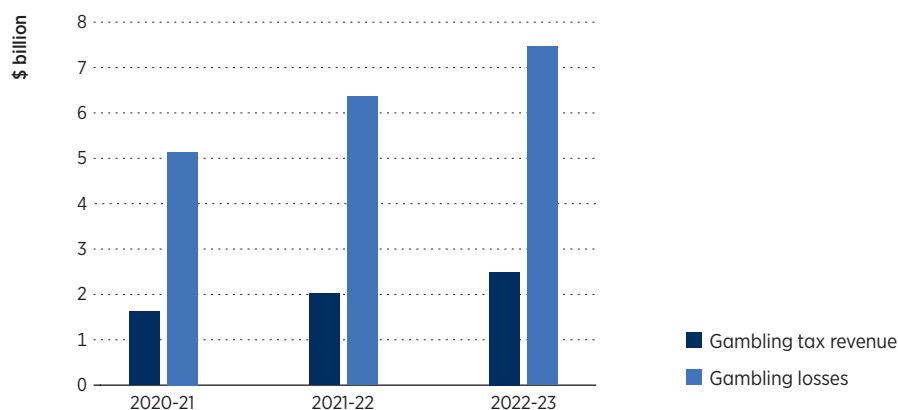
¹³⁰ *Ibid*, pp. 11–13.

¹³¹ John Potter, *Submission 16*, pp. 1–3.

¹³² New South Wales Treasury, *Review of the point of consumption tax – Final report*, Sydney, 2022, pp. 11–12.

¹³³ Victorian Gambling and Casino Control Commission, response to questions on notice, Attachment D. These losses are categorised by losses from gaming venues, casinos, lotteries, Keno (Tabcorp, Lottoland and other), pari-mutuel wagering (Tabcorp), fixed odds wagering (Tabcorp), trackside (Tabcorp) and wagering (other). Wagering (other) is calculated using data from the State Revenue Office based on player loss totals submitted by tax paying entities to Victoria, as received by the State Revenue Office.

Figure 2.6 Gambling tax revenue compared with gambling player losses, 2020–21 to 2022–23



Note: The revenue for 2022–23 is the forecasted amount.

Source: Parliamentary Budget Office, *Submission 29*, p. 2; Committee calculation, Victorian Gambling and Casino Control Commission, public hearing, response to questions on notice received 11 August 2023, Attachment D; Department of Treasury and Finance, *2020–21 Financial Report*, Melbourne, 2021, p. 9.

FINDING 17: Total gambling player losses continue to greatly exceed the total gambling revenue collected in Victoria. In 2022–23, gambling player losses total \$7.5 billion compared to gambling tax revenue of \$2.5 billion.

Hypothecation of gambling taxes

As previously defined, hypothecation is the allocation of funds for a specific purpose or to a specific recipient.¹³⁴ In the Victorian context, most but not all gambling tax revenue is hypothecated to the:

- Hospitals and Charities Fund
- Mental Health Fund
- Community Support Fund
- Victorian Racing Industry
- ANZAC Day Proceeds Fund.¹³⁵

These funds direct ‘a portion’ of gambling revenue back into the community by providing funding for programs in hospitals and community organisations, mental health services, programs to tackle problem gambling, as well as drug education, treatment, and rehabilitation.¹³⁶ Specifically, the Community Support Fund,

¹³⁴ Parliamentary Budget Office, *Submission 29*, p. 19.

¹³⁵ *Ibid*, p. 2.

¹³⁶ Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, p. 172; Department of Treasury and Finance, *Community Support Fund*, 8 February 2023, <<https://www.dtf.vic.gov.au/funds-programs-and-policies/community-support-fund>> accessed 13 October 2023.

established in 1991, is a trust fund governed by the *Gambling Regulation Act 2003* (Vic).¹³⁷ The Anzac Day Proceeds Fund assists ex-service organisations and veterans' community groups in providing practical support to the veteran community through funding welfare and wellbeing activities.¹³⁸

Hypothecated gambling tax revenue is estimated at \$1.7 billion (of the \$2 billion in total gambling tax revenue) in 2021–22.¹³⁹ In 2023–24, approximately 81.4% of total gambling taxation revenue will be allocated to the Hospitals and Charities Fund, the Mental Health Fund, and the Community Support Fund.¹⁴⁰ The balance of the gambling tax revenue likely goes to consolidated revenue. This is expected to increase to \$2.6 billion hypothecated of \$3 billion gambling tax revenue in 2026–27.¹⁴¹ The increase is attributable to the recovery of the gambling industry after COVID-19 and an increase in the tax to be collected from wagering and betting.¹⁴²

In Victoria, the rate and recipient of hypothecation is dependent on gambling tax type.¹⁴³ For instance, 8.33% of player losses from gaming machines in hotels is hypothecated to the Community Support Fund, while all other gaming machine tax revenue is hypothecated to the Hospitals and Charities Fund and the Mental Health Fund.¹⁴⁴ Likewise, public lotteries and keno tax revenue is hypothecated to the same funds.¹⁴⁵

In contrast, 3.5% of all wagering and betting player losses is currently directed to the Victorian Racing Industry, to be increased to 7.5% in 2024–25.¹⁴⁶ One thirtieth of wagering and betting taxes paid in April is directed to the ANZAC Day Proceeds Fund, with the balance hypothecated to the Hospital and Charities Fund.¹⁴⁷

Evidence from the Alliance for Gambling Reform (AGR) suggests that only a portion of the funds of the Community Support Fund is in fact directed to addressing gambling harm. Noting that the Community Support Fund is a 'small portion of taxes', the AGR asserted that:

Despite the entire Community Support Fund coming from gambling losses in Victoria, only 24.54% of the fund's \$112.23 million in revenue in 2019–20 actually went to tackling gambling harm.¹⁴⁸

137 Ibid.

138 Victorian Government, *Anzac Day Proceeds Funds*, 15 August 2023, <<https://www.vic.gov.au/anzac-day-proceeds-fund>>, accessed 13 October 2023.

139 Parliamentary Budget Office, *Submission 29*, p. 3.

140 Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, p. 172.

141 Parliamentary Budget Office, *Submission 29*, p. 3.

142 Ibid, p. 19.

143 Ibid.

144 Ibid.

145 Ibid.

146 Ibid.

147 Ibid.

148 Alliance for Gambling Reform, supplementary information received on 8 September 2023, p. 1.

The AGR called for the entirety of the Community Support Fund, derived from taxes directly from hotel pokie machines, to be directed at preventing and reducing gambling harm, particularly those prevention projects that will lose funding in 2024 with the dissolution of the VRGF.¹⁴⁹

FINDING 18: Most, but not all of Victorian gambling tax revenue, is allocated to various funds, including the Community Support Fund, to finance programs in hospitals and community organisations, mental health services, and programs to tackle problem gambling, as well as drug education, treatment, and rehabilitation. In particular, the Community Support Fund, a trust fund established in 1991, directs ‘a portion’ of gaming revenue back to the community.

FINDING 19: In 2021–22, hypothecated gambling tax revenue is estimated at \$1.7 billion compared to \$2 billion in total gambling tax revenue in Victoria. In 2026–27, hypothecated gambling tax revenue is forecast at \$2.6 billion compared to a forecast of \$3 billion in total gambling tax revenue.

RECOMMENDATION 3: The Victorian Government explore whether the Community Support Fund can provide greater support for programs, services and initiatives to prevent and reduce gambling harm in the Victorian community.

2.4.2 Community benefits from gaming machine revenue

In accordance with the *Gambling Regulation Act 2003 (Vic)*, venue operators with a club or racing club licence which receives gaming machine revenue are required to submit an audited community benefit statement (CBS) each financial year to the VGCCC.¹⁵⁰ The CBS is to specify the type of and quantify the venue’s contributions to their wider local community. The types of benefits that can be claimed by venues are categorised into direct community benefits, indirect community benefits or miscellaneous benefits.¹⁵¹ Venues are required to verify that they have allocated at least 8.33% of their gaming revenue to approved community purposes or activities.¹⁵² Failure to lodge a CBS results in a club being taxed at the higher pub venue rate, until rectification.¹⁵³ Hotels with EGMs who hold a general liquor or late night (general)

¹⁴⁹ Ibid.

¹⁵⁰ *Gambling Regulation Act 2003 (Vic)* s3.6.9; Victorian Gambling and Casino Control Commission, *Frequently Asked Questions: Community benefit statements*, <[faq_community_benefit_statements.pdf \(vgccc.vic.gov.au\)](https://www.vgccc.vic.gov.au/faq_community_benefit_statements.pdf)> accessed 16 October 2023.

¹⁵¹ Victorian Gambling and Casino Control Commission, *Frequently Asked Questions: Community benefit statements*.

¹⁵² Ibid.

¹⁵³ Ibid.

licence are not subject to the community benefits arrangements and are not required to lodge a CBS.¹⁵⁴

Community benefits arrangements are intended to offset the harms caused by gambling, however, the positive impacts of the community benefits arrangements have been questioned.¹⁵⁵ Hume City Council asserted that ‘clubs are legally minimising tax liabilities under the pretext of philanthropic, charitable, or benevolent causes.’¹⁵⁶ Hume City Council referred to the misuse of the ‘community benefits’ claimed by sporting and recreation clubs with EGM rooms, where community benefit statements have been known to include waste and removal costs, Foxtel subscriptions, staff wages and expenses, leasing costs and free entertainment for members.¹⁵⁷

A similar concern was raised by the Victorian Local Governance Association (VLGA) who noted an example of a particular club claiming as community benefits items relating to ‘operations, salaries and the upkeep of the venue.’¹⁵⁸ The CEO of the VLGA discussed an example of an initiative, claimed as a community benefit, that in fact resulted in promotion of and attendance at the venue:

... an industry venue had bought a minibus for the community. There was a residential aged care ... so the venue basically offered them a little bus and would pick them up. Where would they be taken for their first drop-off point? Well, to a free or reduced price lunch at the licensed venue, which of course might on the surface look like it is a community benefit, but of course it is not really, from what we have heard and we have seen from the evidence.¹⁵⁹

A study published by Monash University concluded that the community benefits arrangements in fact ‘provide limited actual community benefit.’¹⁶⁰

FINDING 20: The community benefits arrangements are intended to offset harms associated with gambling by requiring clubs with electronic gaming machine licences to direct 8.33% of gaming revenue towards community purposes or activities. Evidence to the Inquiry showed that clubs are claiming operational expenses, venue upkeep, promotional/marketing activities, transport of clients, and salaries as community benefits.

154 Victorian Gambling and Casino Control Commission, *Frequently Asked Questions: Community benefit statements*; Victorian Gambling and Casino Control Commission, *Community benefit statements – clubs only*, (n.d.), <<https://www.vgccc.vic.gov.au/gambling/gaming-venue-operator/understand-your-gaming-licence/your-obligations/community-benefit>> accessed 31 October 2023; Maribyrnong City Council, *Gambling Fact Sheet 5: Community benefits*, 2022, <<https://www.maribyrnong.vic.gov.au/Residents/Staying-safe-and-healthy/Your-health-and-wellbeing/Reducing-harm-from-gambling>> accessed 31 October 2023; *Gambling Regulation Act 2003* (Vic) s3.6.9.

155 Louise Francis and Charles Livingstone, ‘Gambling’s community contributions: does the community benefit?’, *Addiction Research & Theory*, vol. 28, no. 5, 2020, p. 376, doi: <<https://doi.org/10.1080/16066359.2019.1663834>>; Hume City Council, *Submission 11*, pp. 2–3; Mr Simon Harrex, Policy and Program Lead, Victoria Local Governance Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, pp. 8–9.

156 Hume City Council, *Submission 11*, p. 2.

157 Ibid, pp. 3–4; See also Brimbank City Council, *Submission 18*, p. 3; Municipal Association of Victoria, *Submission 23*, p. 8; City of Greater Dandenong, *Submission 30*, p. 14.

158 Mr Simon Harrex, *Transcript of evidence*, pp. 8–9.

159 Ms Kathryn Arndt, *Transcript of evidence*, p. 9.

160 Francis and Livingstone, ‘Gambling’s community contributions: does the community benefit?’, p. 365.

RECOMMENDATION 4: The Victorian Government review the purpose of the community benefits arrangements and what percentage of gaming revenue is being redirected into the community, as opposed to being spent on operational expenses and expenditure aimed at increasing clientele.

RECOMMENDATION 5: As part of this review, the Victorian Government consider if there is a public benefit in replacing the existing community benefits arrangements and redirect the 8.33% of gaming revenue of clubs with electronic gaming machine licences to a publicly-managed fund targeted towards reducing and preventing gambling harm.

2.4.3 Harm minimisation expenditure

As indicated, the VRGF's mandate is to prevent and reduce gambling harm in Victoria. It draws its main sources of recurrent grant income from:

- The Community Support Fund (\$36.4 million in 2021–22)
- The Consolidated Fund for Gambler's Help agencies, associated with wage increases in the social and community services sector (\$2.97 million in 2021–22).¹⁶¹

Additional income is drawn from unclaimed jackpot special prize pools.¹⁶²

In the 2023–24 Victorian Budget, funding for the *Preventing and addressing gambling harm* program was estimated at \$74.5 million, although the funding is allocated to both the VRGF and the VGCCC.¹⁶³ As a part of machinery of government changes and its harm minimisation mandate, the VGCCC is to assume responsibility for most of the functions of the VRGF from 1 July 2024.¹⁶⁴

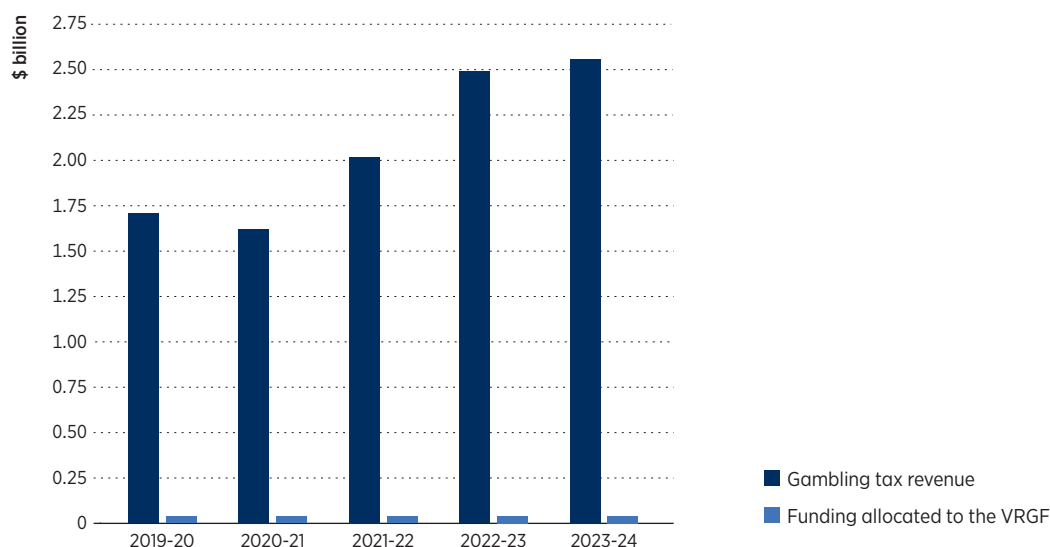
¹⁶¹ Parliamentary Budget Office, *Submission 29*, p. 21.

¹⁶² *Ibid.*

¹⁶³ *Ibid.*

¹⁶⁴ Hon Daniel Andrews MP, *Landmark reforms to reduce gambling related harms*, media release, Victorian Government, Melbourne, 16 July 2023.

Figure 2.7 The Victorian Responsible Gambling Foundation funding compared to gambling tax revenue, 2019–20 to 2023–24



Note: The revenue for the years 2022–23 and 2023–24 are forecasted amounts.

Source: Committee calculation. Parliamentary Budget Office, *Submission 29*, p. 2, 21; Department of Treasury and Finance, *Victorian Budget 2023–24 Paper No. 5: Statement of Finances*, Melbourne, 2023, p. 171; Department of Treasury and Finance, *Victorian Budget 2019–20 Paper No. 3: Service Delivery*, Melbourne, 2019, p. 81; Department of Treasury and Finance, *2020–21 Financial Report*, Melbourne, 2021, p. 9.

2.5 The dilemma for government: revenue vs harm

As highlighted by Associate Professor Charles Livingstone of Monash University, a tension exists for governments between the economic benefits derived from gambling and the harm caused by gambling in the community. At the hearings, the Committee was told:

... the problem is government gets a lot of money from gambling. Where the Treasury is in charge or where the Treasury has a big say in the regulation of gambling, then clearly they will tend to go soft because they want that money. They want to keep it coming.¹⁶⁵

This is particularly relevant in the current economic climate in Victoria. As noted by the Committee in its *Report on the 2023–24 Budget Estimates*, ‘risks to the Victorian economy are greater than normal’ with general government net debt forecast to reach \$135.4 billion in 2023–24 and increasing to \$171.4 billion by 2026–27.¹⁶⁶

On the other hand, as demonstrated by the evidence received by the Committee throughout this Inquiry, the levels of harm associated with gambling are overwhelming and pervasive. Associate Professor Charles Livingstone asserted that much of the

¹⁶⁵ Associate Prof Charles Livingstone, School of Public Health and Preventive Medicine, Monash University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 8.

¹⁶⁶ Public Accounts and Estimates Committee, *Report on 2023–24 Budget Estimates*, Parliament of Victoria, Melbourne, 2023, p. xxix.

revenue derived by the government from gambling is drawn from those most impacted by gambling harm:

The problem is 40% or more, probably more, of the money that goes through poker machines comes from people who are addicted, so it is causing enormous harm. You can say with confidence that at least half the money that goes through poker machines and a similar proportion of the money that goes through the online wagering sector, comes from people who are addicted and it is causing enormous harm to themselves and their families, friends and the community more broadly through crime and so on.¹⁶⁷

Implementation of meaningful reforms to prevent gambling harm requires government to develop other sources of income. It was noted that:

If you really crackdown on all of that, then the revenue stream will dry up quite a bit ... if you want have an effective system of regulation, we have to accept that there will be less revenue to the state and that the gambling industry will shrink in size.¹⁶⁸

¹⁶⁷ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 8.

¹⁶⁸ *Ibid.*

Chapter 3

Regulating gambling and liquor

3.1 Overview

This Chapter begins with a discussion of the purpose of regulation and what the Victorian Auditor-General's Office (VAGO) found regarding the status of liquor and gambling regulation in Victoria when the original 2017 audit *Regulating Gambling and Liquor* was undertaken. The seven principles of best practice regulation, taken from the Commission for Better Regulation's *Victorian Guide to Regulation: A handbook for policy-makers in Victoria*, are identified and are referred to throughout this Chapter as findings and recommendations regarding the current state of liquor and gambling regulation are made.

The Chapter examines the status of the VAGO audit recommendations regarding risk-based regulation, and specifically licensing, compliance and education-related activity in light of the disbandment of the previously combined regulatory body, the Victorian Commission for Gambling and Liquor Regulation (VCGLR), to the creation of the now fully-operational stand-alone regulators for gambling and liquor in Victoria, the Victorian Gambling and Casino Control Commission (VGCCC) and the Victorian Liquor Commission (VLC).

After the Government accepted all the findings of the *Royal Commission into the Casino Operator and Licence* in October 2021, legislation relating to gambling, casino licencing and operation and liquor licencing in Victoria was overhauled. Significantly, this means Victorian gambling and liquor regulation now encompasses a public health approach, recognising that gambling and alcohol are harmful products. This is discussed in this Chapter.

The Chapter details the recent developments in gambling licensing, and electronic gaming licensing in particular, and compares the use and prevalence of these to other jurisdictions.

The Chapter also discusses 'regulation capture', and how this has impacted the regulatory approach to liquor and gambling in the past.

The regulatory issues and impact arising from increasing online activity is mostly canvassed in this Chapter in terms of liquor sales and compliance. The regulatory issues arising from online gambling are discussed in greater depth in Chapter 6.

3.2 The purpose of regulation

Regulation has been defined as ‘any rule endorsed by government where there is an expectation of compliance.’¹ Regulation can be utilised by governments to meet a range of policy objectives, including social, economic and environmental goals² and can be achieved through a diverse range of regulatory instruments; depending on the unique nature of the citizens, communities and economies in question.³

In the original 2017 audit into the then-regulator, the VCGLR, VAGO ‘found significant and serious and systemic failings in regulation.’⁴ The Auditor-General described his initial findings into the VCGLR audit in the wider contemporary context of auditing Victoria’s large regulatory agencies, including the former Building Commission and the Environmental Protection Agency (EPA). Audits of these agencies also found long term deficiencies in the organisations. The Auditor-General explained:

Whenever I look ... at what we call the ‘big R’ regulators – your environmental regulators, social regulators, economic regulators – it seems to me that we keep finding regulatory failure. I am trying to understand what the root cause of the regulatory failure is. In my experience, both in regulators and in other organisations, it starts with the leadership of the organisation, but it can also be in the design of the organisation: what roles and responsibilities it has had.⁵

The Auditor-General pointed to the seven best practice regulatory principles outlined by the Commissioner for Better Regulation that guide the Victorian Government’s development and implementation of new regulations, along with reviews of existing regulatory frameworks. The Auditor-General indicated his office also use these principles as a guide when assessing the effectiveness of Victoria’s regulatory agencies. The principles state that regulation should be:

- effective in addressing the underlying causes of harm
- cost effective
- proportionate to the harm or risk to the community
- flexible to accommodate changes in technology, markets, risks and community views
- consistent with the Government’s priorities to enhance Victoria’s liveability and growth in productivity and employment
- consistent across Government to avoid unnecessary overlap and duplication

1 Department of Prime Minister and Cabinet, *Australian Government Guide to Regulatory Impact Analysis*, 2020, <<https://oia.pmc.gov.au/sites/default/files/2021-06/australian-government-guide-to-regulatory-impact-analysis.pdf>> accessed 8 October 2023.

2 OECD, *Regulatory Impact Assessment*, 2020, <<https://www.oecd-ilibrary.org/sites/7a9638cb-en/index.html?itemId=/content/publication/7a9638cb-en>> accessed 8 October 2023.

3 OECD, *Regulatory Impact Assessment*.

4 Mr Andrew Greaves, Auditor-General, Victorian Auditor-General’s Office, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 1.

5 Mr Andrew Greaves, *Transcript of evidence*, p. 9.

- clear and easily understood by business and the community.⁶

Two of the principles refer directly to the concept of harm. In its guide directed at regulators, Better Regulation Victoria emphasises that ‘regulators play a critical role in protecting communities and our environment from risks of harm.’⁷ Regulators are equipped with ‘the power and functions that exercise control or place responsibilities on individuals, businesses, the public and government bodies.’⁸

The interaction between regulatory functions and harm minimisation was commented on by the Auditor-General at the hearings. In response to questions regarding machinery of government changes and the potential amalgamation of the regulatory arm and the prevention of harm into a single entity, the Auditor-General noted:

I would even say that in the context of the regulator, part of the regulator’s role is to prevent harm ... we should not lose sight of the fact that that this is why we have regulators, to actually prevent harm. So I actually see their roles in that respect as complementary rather than contradictory. I think they could work with and learn from each other, understand the regulatory approach to prevention as well as the [Victorian Responsible Gambling Foundation’s] approach to prevention.⁹

FINDING 21: A key, fundamental role for government regulators, including gambling and liquor regulators is to protect communities and prevent harm.

3.2.1 Timeline: audits and regulatory environment

The 2017 VAGO audit outlined some of the difficulties the combined regulator experienced when it was established in 2012, including budget cuts, the loss of experienced staff and expertise, and poor morale.¹⁰ By the time the report on the *Royal Commission into the Casino Operator and Licence* was released in October 2021, the Government had called combining liquor and gambling regulation in one body as ‘a failed experiment.’¹¹

Thus in 2021 the VCGLR was split into two single-purpose regulatory bodies, now known as the Victorian Gambling and Casino Control Commission (VGCCC), and the Victorian Liquor Commission (VLC). The VGCCC acted as a dual-purpose regulator, licensing both gambling and liquor, until 1 July 2022 when the VLC came into operation.¹²

6 Commissioner for Better Regulation, Department of Treasury and Finance, *Victorian Guide to Regulation: A handbook for policy-makers in Victoria*, Melbourne, 2016, p. i.

7 Better Regulation Victoria, *Towards Best Practice: A Guide for Regulators*, 2022, <<https://content.vic.gov.au/sites/default/files/2023-03/Towards-Best-Practice-A-guide-for-regulators-%281%29.pdf>> accessed 8 October 2023.

8 Better Regulation Victoria, *Towards Best Practice: A Guide for Regulators*, 2022.

9 Mr Andrew Greaves, *Transcript of evidence*, p. 7.

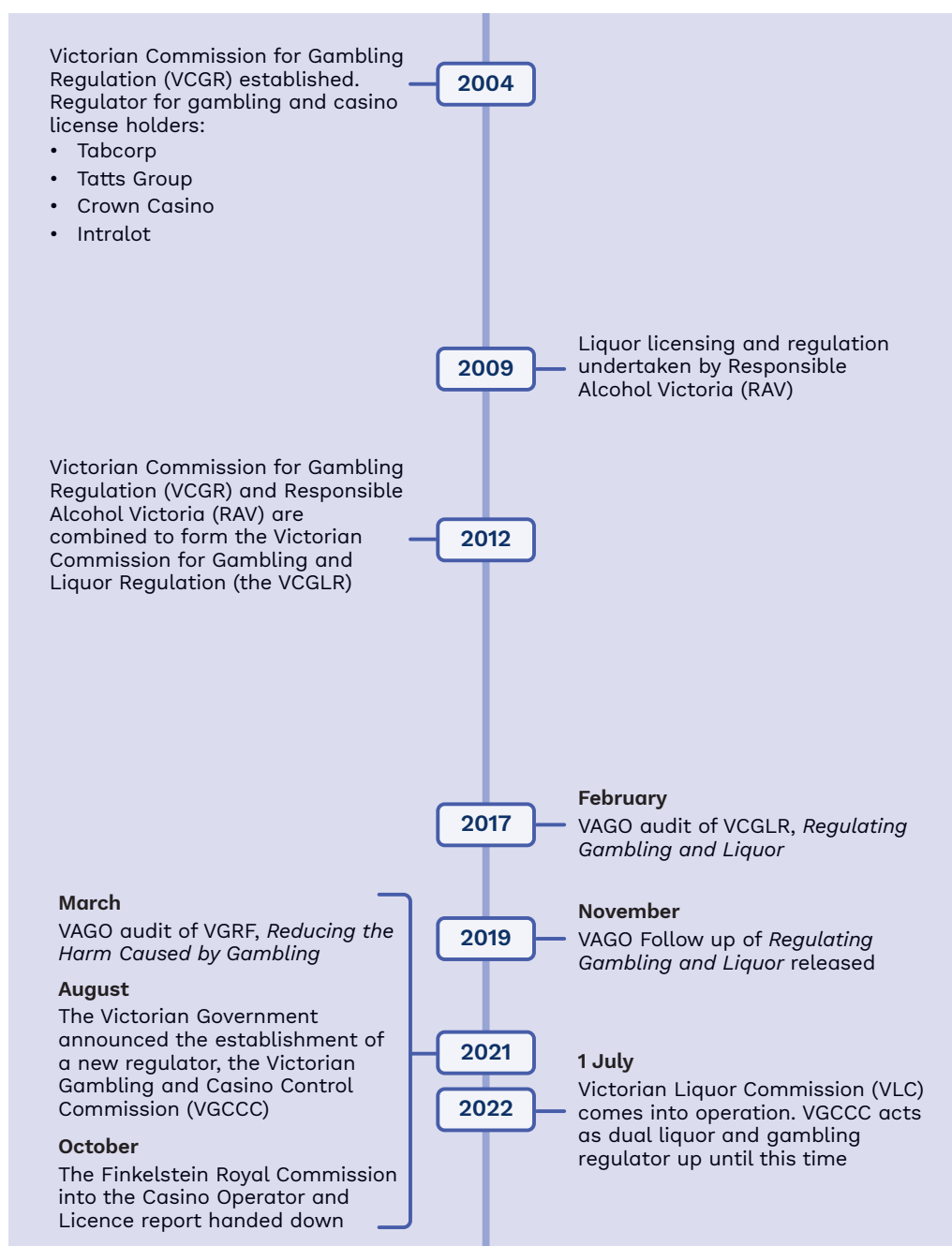
10 Victorian Auditor-General’s Office, *Regulating Gambling and Liquor*, Melbourne, February 2017, p. vii; Mr Andrew Greaves, *Transcript of evidence*, p. 2.

11 The Hon Ray Finkelstein, AO, QC, *Royal Commission into the Casino Operator and Licence, Royal Commission into the casino operator and licence: The Report - Volume 1*, October 2021, p. 41.

12 Victorian Gambling and Casino Control Commission, *Annual Report 2021-22: Victorian Gambling and Casino Control Commission*, 2022, pp. 5, 8.

The timeline set out in Figure 3.1 gives the key dates of the establishment of the liquor and gambling regulators and VAGO audits.

Figure 3.1 Timeline of gambling and liquor regulators, audits and legislation 2004 to present



Source: Hon Ray Finkelstein AO QC, *Royal Commission into the Casino Operator and Licence, Volume 1, Royal Commission into the Casino Operator and Licence*, Melbourne, October 2021, p. 39; Department of Justice, *Justice Annual Report 2008–2009: Fair, safe and just*, Melbourne, 2009, p. 17; Victorian Commission for Gambling and Liquor Regulation, *Annual Report 2011–12*, Melbourne, 2012, p. 53; Victorian Auditor-General's Office, *Regulating gambling and liquor*, Melbourne, February 2017; Victorian Auditor-General's Office, *Follow up of regulating gambling and liquor*, Melbourne, November 2019; Victorian Auditor-General's Office, *Reducing the harm caused by gambling*, Melbourne, March 2021; Hon Daniel Andrews MP, *New regulator to strengthen casino oversight*, media release, Victorian Government, Melbourne, 3 August 2021; Hon Daniel Andrews MP, *Royal Commission into Crown Melbourne*, media release, Victorian Government, Melbourne, 22 February 2021; Hon Daniel Andrews MP, *Tighter regulation of the liquor and gaming industry*, media release, Victorian Government, 1 July 2022.

At the hearings the Auditor-General noted that the return to two single purpose regulators for liquor and gambling does not necessarily mean the previous shortcomings identified by the VAGO audits will be corrected:

Now that it has been separated back out into a single gambling and casino regulator ... hopefully that will address some of the problems we found in the 2017 audit. But I am not satisfied that just being a single-purpose regulator would necessarily do that, and in fact you could have still been effective even if you were looking at both liquor and gambling.¹³

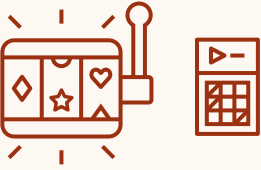
3.2.2 The current liquor and gambling regulators in Victoria

The licensing, compliance, enforce responsibilities as well as the information and education activities the current gambling (VGCCC) and liquor regulators (VLC) now undertake are illustrated on the following pages.

¹³ Mr Andrew Greaves, *Transcript of evidence*, p. 5.

Victorian Gambling and Casino Control Commission (VGCCC)

Licensing responsibilities



Electronic gaming machines operators (500)
Keno outlets (600)
Wagering and betting agents (730)



Licensing gambling industry employees (about 28,000)

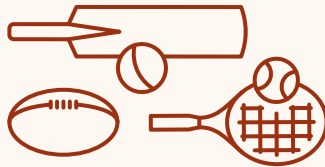


Major licensee monitoring:

- gaming machines (Intralot)
- casino (Crown)
- wagering and betting (Tabcorp)
- public lottery licence (The Lottery Corporation)
- Keno licence (Tabcorp and Lottoland)

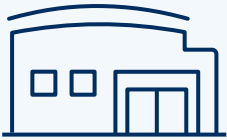


Community and charitable gaming events e.g raffles and bingo



Sports Controlling Bodies (SCBs) e.g. AFL, Tennis Australia, Cricket Australia)

Monitoring, enforcement and compliance



Inspections of:

- gaming venues for possible breaches
- Crown Casino (VGCCC Inspectors have a 24/7/365 presence at the casino)



Investigating complaints of breaches



Enforcement actions include:

- warning notices and letters
- infringement notices, fines
- disciplinary action (including public hearings)
- prosecutions

Information, education and 'stakeholder outreach'



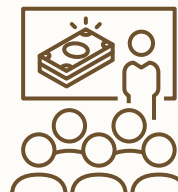
Information sessions for stakeholders, including gaming venue operators, managers and staff, community and charitable organisations



Promotion of Responsible Gambling Codes of Conduct

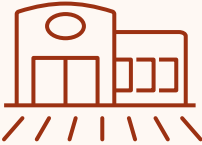


Promotion and explanation of YourPlay to venue operators



Partnering with Austrac on anti-money laundering obligations through training and education sessions with venue operators

Licensing responsibilities



Issues 13 types of liquor licences, including licences for:

- major events
- restaurants and cafes
- sporting or community clubs
- live music venues
- bottle shops and supermarkets selling packaged liquor
- pubs, hotels and taverns
- BYO liquor permits for restaurants, clubs or party bus operators

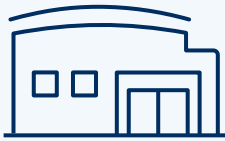


Issues renewals, variations, transfers and cancellations of existing liquor licences



Issues proof of age cards

Monitoring, enforcement and compliance



Inspections of licenced premises for possible breaches



Investigating complaints of breaches



Enforcement actions include:

- warning notices and letters
- infringement notices, fines
- disciplinary action (including public hearings)
- prosecutions



Issuing demerit points for non-compliance incidents



5-star rating and annual liquor licence discount for licence holders without non-compliance incidents in a 2-year period

Information, education and 'stakeholder outreach'



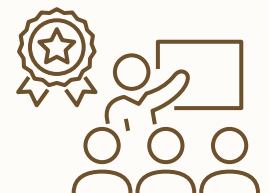
Development of 'liquor accords', agreements between LCV and Victoria Police addressing local alcohol related problems

Bans on patrons at certain venues can be issued and enforced through these



Awareness campaigns for licence holders including:

- resources such as videos and checklists for 'Minors and alcohol don't mix' and 'Zero in on intoxication'
- 'StreetTalk' face to face campaign with licencees



Approval of registered training organisations (RTOs) for the Responsible Serving of Alcohol (RSA) qualification

3.3 The role of harm minimisation in liquor and gambling regulation

The complex nature of harm caused by gambling and liquor consumption was a clear and repeated theme throughout the Inquiry. Gambling and liquor consumption are harmful products, not only for individuals and their families, but for the wider community including workplaces, sports and recreation clubs and councils.

As outlined in Chapter 2, while taxes, excise and levies on gambling activity and alcohol consumption raise valuable revenue at both the state and federal level, the impact of harmful levels of gambling and alcohol consumption are seen and felt across the health, policing and justice systems.

The capacity for both liquor consumption and gambling activity to create harm is now embedded in the governing legislation for the two regulators in Victoria. One of the objectives in the amended *Liquor Control Reform Act 1998* is to 'contribute to minimising harm', while one of the legislated functions of the VGCCC under the amended *Victorian Gambling and Casino Control Commission Act 2011 (Vic)* is 'to minimise gambling harm and problem gambling'.¹⁴

However, harm minimisation is not necessarily a new concept in liquor and gambling regulation, having been recognised in previous legislation dating back to the 1990s and early 2000s. For example, the objective of 'contribut[ing] to minimising harm arising from the misuse and abuse of alcohol' in the *Liquor Control Reform Act 1998* has been a longstanding aim of the legislation since its initial introduction.¹⁵ Likewise, the first iteration of the *Gambling Regulation Act 2003*, first passed in 2003 and establishing the Victorian Commission for Gambling Regulation, outlines one of its objectives is:

- (a) to foster responsible gambling in order to—
 - (i) minimise harm caused by problem gambling;
 - (ii) accommodate those who gamble without harming themselves or others.¹⁶

FINDING 22: The concept of harm minimisation is not a new one. Legislation to minimise the harm caused by liquor consumption and gambling has been in place since the 1990s and early 2000s in Victoria.

The Committee notes that it is now more than five years since the recommendations relating to liquor and gambling regulation in Victoria were made by VAGO in 2017, and yet legislation that is responsive to the concerns raised by the audits has only recently been passed and introduced. The Committee considers that failures in the regulatory arrangements for both liquor and gambling have persisted following the original 2017 audit and the 2019 follow up. Such failures are apparent from and attested to by the lived experience evidence outlined in Chapter 2 of this report.

¹⁴ *Liquor Control Reform Act 1998 (Vic)* s 4A; *Victorian Gambling and Casino Control Commission Act 2011 (Vic)* s 8A(b).

¹⁵ *Liquor Control Reform Act 1998 (Vic)*, s 4 (Version No. 001).

¹⁶ *Gambling Regulation Act 2003 (Vic)*, s 1.1(2) (Version No. 001).

3.3.1 Liquor

In terms of the liquor regulator, harm minimisation is incorporated in the VLC's *Strategic Plan 2023–2026*, where the organisation's vision is of 'A safe, diverse, and responsible liquor industry focussing on harm minimisation and community safety.'¹⁷ Its mission is 'best practice regulation that minimises liquor related harm.'¹⁸ As the legislative definition of harm now identifies children, vulnerable people and communities who may be impacted by family violence, this now 'requires us [VLC] to sharpen our focus to ensure we are considering a broader set of risks and perspectives.'¹⁹ This includes:

- Allowing groups who may be potentially impacted by alcohol-related harm to object to certain liquor licence applications²⁰
- Expanding their range of risk profiles to include people and communities at risk of alcohol-related harm. To this end the VLC has begun engaging with various community groups regarding the impact and prevalence of alcohol related harm, with a view to incorporating research, data and information into their internal risk templates.²¹

FINDING 23: The definition of harm in the legislation administered by the Victorian Liquor Commission now identifies children, vulnerable people and communities who may be impacted by family violence. The Victorian Liquor Commission is now consulting with stakeholders to inform and revise their internal risk templates.

3.3.2 Gambling

Although VAGO's recommendations in the 2021 *Reducing the Harm Caused by Gambling* audit were directed to the Victorian Responsible Gambling Foundation (VRGF), the VGCCC's submission outlined its 'refreshed regulatory posture', including the organisation's new, legislated, harm minimisation mandate.²² The VGCCC stated this mandate is a complement to the VRGF's work, and allows it to embed a focus on harm minimisation across all elements of the VGCCC's approach to regulation—comprising licensing and other approvals, monitoring and analysis, education and enforcement—and to advocating for regulatory and policy reform.²³

17 Victorian Liquor Commission, *Liquor Control Victoria Strategic Plan 2023–2026*, August 2023, <<https://www.vic.gov.au/liquor-control-victoria-strategic-plan-2023-2026>> accessed 21 September 2023.

18 Victorian Liquor Commission, *Liquor Control Victoria Strategic Plan 2023–2026*.

19 Mr James O'Halloran, Deputy Chair, Victorian Liquor Commission, public hearing, 24 July 2023, *Transcript of evidence*, p. 1.

20 *Ibid.*, p. 4.

21 *Ibid.*

22 Victorian Gambling and Casino Control Commission, *Submission 28*, pp. 2, 9.

23 *Ibid.*, p. 9.

In June 2023, the VGCCC released *Our position on harm minimisation* which states:

- our harm minimisation objective guides all our regulatory decisions, actions and expectations
- gambling causes harm
- recovery from harm does not alter the causal role played by gambling
- harm is preventable
- gambling markets gravitate toward harmful offerings
- gambling regulation seeks to prevent harm
- gambling providers have a duty to care for the wellbeing of their customers and their communities.²⁴

The VGCCC's position makes it clear that gambling causes harm to participants and their family, friends, colleagues and community and operators must minimise that harm or be held accountable for failing to fulfil their duty of care to their customers.²⁵

The VGCCC advised the statement is:

deliberately breaking away from the traditional narrative of the past 30 years, which has marginalised harm by only referring to it in the context of something conveniently labelled 'problem gambling', or linking it to a failure to gamble 'responsibly'.²⁶

Professor Samantha Thomas of Deakin University stated that 'one of the strongest statements we have seen on the harm prevention or minimisation', but that the 'language of prevention' should be used to further ingrain a public health approach to gambling harm.²⁷ Associate Professor Charles Livingstone of Monash University also asserted that considerations of harm minimisation, reduction and treatment are valuable but a focus on harm prevention is the most important.²⁸ Professor Thomas added in her submission that this statement was evidence 'transformational policy changes are needed to mitigate and prevent the harms associated with gambling, and to protect the community from a cynical and predatory industry'.²⁹

FINDING 24: The Victorian Gambling and Casino Control Commission has a legislated mandate to minimise gambling harm. Expert witnesses informed the Committee that it is more important to retain a focus on harm prevention rather than minimisation, treatment, and reduction.

²⁴ Victorian Gambling and Casino Control Commission, *Our position on harm minimisation*, June 2023, pp. 2–3.

²⁵ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 9.

²⁶ Ibid.

²⁷ Prof Samantha Thomas, School of Health and Social Development, Deakin University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 6.

²⁸ Associate Prof Charles Livingstone, School of Public Health and Preventive Medicine, Monash University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2.

²⁹ Prof Samantha Thomas, Dr Hannah Pitt, and Dr Simone McCarthy, *Submission 43*, p. 2.

The emphasis on harm minimisation within the legislation governing the regulation of liquor and gambling, together with a focus on harm within the strategic, corporate and operational statements made by the separated entities, reflects a new public health approach to liquor and gambling regulation. Throughout the Inquiry the Committee heard repeatedly that the proven detrimental effects of alcohol and gambling, together with regulatory failure as laid bare in the Royal Commission findings, now warrant regulatory systems that embed a public health approach, compared to the previous system where liquor and gambling regulation fell within the justice system.³⁰ The public health approach is predicated on understanding that harmful products such as gambling and liquor are a significant threat to public health, rather than an individual problem.³¹

In explaining the benefits and features of a public health centred approach, gambling harm researchers and advocates who appeared before the Committee rejected the well-established and entrenched narrative of ‘responsible gambling’ which places the blame of gambling harm on the individual.³²

The Committee was told ‘It’s easier to admit you’ve got a mental health problem or a drug problem than a gambling problem because of the individualised ‘gamble responsibly’ message.’³³ These stakeholders pointed to the substantial and established medical research into addiction that indicates gambling is a harmful product.³⁴ In recognising gambling harm occurs as a result of a experiencing a harmful product, stakeholders advocate for a renewed regulatory approach in Victoria that reflects a public health response.

FINDING 25: The renewed emphasis on harm minimisation in Victoria’s renewed gambling regulation regime is recognition that a public health approach is necessary to protect individuals and the community against the harmful impact of this activity. It also demonstrates that the previous system did not incorporate the best practice regulatory principles of ‘address[ing] the underlying causes of harm’ and being ‘proportionate to the harm or risk to the community’.

³⁰ City of Monash, *Submission 12*, p. 1; Mornington Peninsula Shire, *Submission 17*, p. 1; Municipal Association of Victoria, *Submission 23*, p. 8; Community and Health Services Union, *Submission 24*, p. 2; South Gippsland Shire Council, *Submission 25*, p. 6; Alliance for Gambling Reform, *Submission 39*, p. 2; Ms Kathryn Arndt, Chief Executive Officer, Victorian Local Governance Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 1.

³¹ Prof Samantha Thomas, Dr Hannah Pitt, and Dr Simone McCarthy, *Submission 43*, p. 2.

³² Associate Prof Charles Livingstone, School of Public Health and Preventive Medicine, Monash University, public hearing, Melbourne, 24 July 2023, *Tabled document*, p. 1; Prof Samantha Thomas, *Transcript of evidence*, pp. 2–3; Rev Tim Costello AO, Chief Advocate, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 4.

³³ Rev Tim Costello AO, *Transcript of evidence*, p. 4.

³⁴ Associate Prof Charles Livingstone, *Transcript of evidence*, pp. 5–6; Prof Samantha Thomas, *Transcript of evidence*, p. 1; Ms Carol Bennett, Chief Executive Officer, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 5.

3.3.3 'Risk-based' approach to regulation

What the Victorian Auditor-General's Office found and the regulators reported

The concept and application of 'risk-based' regulation is a feature of many audits undertaken of government regulators. As the Australian National Audit Office (ANAO) notes, 'audit findings often highlight issues with respect to the appropriate implementation of risk-based approaches to regulation [as] risk-based regulation is important in ensuring that the burden of regulation is appropriate.'³⁵

In the 2017 audit, VAGO defined a risk-based approach to regulation in the following terms:

A risk-based regulator makes informed choices on how it allocates the resources dedicated to its core activities and functions by assessing the risk level. For example, a risk-based approach would apply more effort and resources to assessing a liquor licence application for a late-night pub than for a cafe that closes at 5pm.³⁶

Applying risk frameworks to gaming and liquor applications should ensure that low risk applications can be assessed and finalised promptly.³⁷ It also means regulators can put greater resources into assessing medium to high risk applications for licences, and concentrate their compliance and enforcement activity in locations and at times where breaches are most likely to occur.

There were two recommendations made in the 2017 audit that directly addressed the issue of a risk-based model for the then-regulator. They were that the VCGLR:

complete the implementation of the licensing risk-based model by developing and implementing:

- a set of risk indicators
- checklists containing triggers for the escalation of applications within or between teams
- a risk matrix to be considered through the determination phase. (Recommendation 4)³⁸

and

continue to revise the risk-based approach to compliance to ensure better targeting of compliance activities. (Recommendation 8).³⁹

³⁵ Australian National Audit Office, *Audit Insights – Administering Regulation*, 14 January 2021, <<https://www.anao.gov.au/work/audit-insights/administering-regulation>> accessed 10 October 2023.

³⁶ Victorian Auditor-General's Office, *Regulating Gambling and Liquor*, p. 6.

³⁷ Victorian Gambling and Casino Control Commission, *Annual Report 2021–22: Victorian Gambling and Casino Control Commission*, p. 16.

³⁸ Victorian Auditor-General's Office, *Regulating Gambling and Liquor*, p. xiii.

³⁹ Ibid.

What the Committee found

Victorian Auditor-General's Office Recommendation 4

In terms of Recommendation 4, the VLC informed the Committee that it has implemented:

- ... a risk-based model for assessing and determining liquor applications against five risk factors that:
 - link to identified harms such as risky drinking, minors consuming alcohol, antisocial behaviour and detriments to community life; and
 - align with the objects of the Act.
- enhancement to licence assessment processes, licence application forms, assessment templates (including for high-volume licence types) and decision sheets to ensure assessments are mapped against statutory requirements and involve detailed consideration of suitability, amenity, harm and knowledge of the Act.⁴⁰

This recommendation was noted as being completed in the 2019 follow up, together with the 2022 update on the VAGO website. The VLC informed the Committee that as a result of Recommendation 4's implementation, they now have 'a more robust, consistent and risk-based approach to liquor licensing assessment and determination centred on the concept of harm minimisation.'⁴¹ The Committee notes that it did not access risk assessment materials used by the VLC as part of this Inquiry, so could not assess this position.

In an update to VAGO, the former VCGLR noted that in relation to gambling,

... the VCGLR developed a risk-based model for assessing and determining applications relating to gambling licences in two components. The first component—assessing suitability of gambling applicants—was implemented in July 2019, with a second component relating to gaming machine types/games implemented in April 2020. Since implementation of the risk-based gambling framework and electronic gaming machine framework, the VCGLR has undertaken analysis to continually review and ensure the framework is being applied appropriately.⁴²

FINDING 26: Both the Victorian Liquor Commission and the Victorian Gambling and Casino Control Commission reported they have implemented risk-based licencing models as per Recommendation 4 of the Victorian Auditor-General's Office 2017 *Regulating Gambling and Liquor* audit.

⁴⁰ Victorian Liquor Commission, response to questions on notice received 11 August 2023, p. 4.

⁴¹ Ibid.

⁴² Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023, 2023*, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 25 October 2023.

Victorian Auditor-General's Office Recommendation 8

By the 2019 follow up audit of the VCGLR, VAGO found the implementation of Recommendation 4 and Recommendation 8 were in place for the liquor regulation-related activity. However, VAGO noted VCGLR was still finalising the implementation of its risk-based model for gambling licencing, and the systems and processes for a risk-based compliance approach to gambling were only in the early implementation stages.⁴³

Both the VGCCC and VLC informed the Committee of the work they have been undertaking since they commenced operations to adapt any existing effective practices, as well as developing new ones reflecting the enhanced harm minimisation mandate, in their risk-based approaches to licensing and compliance.⁴⁴

To this end, the VGCCC noted efforts to fully implement Recommendation 8 have been somewhat hampered by the COVID-19 pandemic-related closures of gaming venues in recent years, resulting in a lack of data for risk-based modelling activity.⁴⁵ The VLC also recognised challenges in establishing the 'new management structure, new systems, and ... new processes to meet the changed expectations' since its inception on 1 July 2022, while also continuing to provide 'business as usual' licencing and compliance, education and tribunal functions.⁴⁶

VGCCC informed the Committee that a three-phase process is currently underway to overhaul their regulatory methodology:

- Phase 1 is focussed on developing a register of all Commission and industry functions and obligations under the various statues, acts and ministerial directions related to the casino, gambling and racing industries.⁴⁷
- Phase 2 involves mapping the current regulatory approach for each segment of the industry that VGCCC regulates across the four activities of licensing and approvals, informing and education, monitoring and analysing and enforcement.⁴⁸
- Phase 3 will see a redesigned regulatory approach that resolves gaps or overlaps identified in Phase 2, and change management and implementation plans prepared.⁴⁹ Phase 3 is expected to be completed by early 2024 and full implementation is expected to occur over the following 12 months.⁵⁰

⁴³ Victorian Auditor-General's Office, *Follow Up of Regulating Gambling and Liquor*, Melbourne, November 2019, p. 8.

⁴⁴ Mr James O'Halloran, *Transcript of evidence*, pp. 1-2.

⁴⁵ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 4.

⁴⁶ Mr James O'Halloran, *Transcript of evidence*, p. 1.

⁴⁷ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 5.

⁴⁸ *Ibid.*, p. 6.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

In the meantime, the VGCCC points to the introduction of a risk-based Annual Assurance Plan that assesses regulatory operational risks and suitability of existing assurance processes.⁵¹ Some early results through this plan include:

- an enhanced focus on money laundering risks, YourPlay non-compliance and gaming venues trading outside of permitted hours
- a data insights program that captures player and ‘near real-time’ data that assists in developing indicators and uses predictive analysis
- community and welfare sector engagement program, aimed at data gathering and intelligence gathering from the community sector for input into VGCCC’s future regulatory priorities
- the use of data analysis to target inspection activity.⁵²

FINDING 27: Since coming into operation on 1 July 2022, the Victorian Gambling and Casino Control Commission and the Victorian Liquor Commission are implementing new structures relating to how they apply risk-based licensing and compliance regulation to incorporate harm minimisation.

FINDING 28: The Victorian Gambling and Casino Control Commission is currently undertaking a three-phase process to overhaul its regulatory methodology which is expected to be fully implemented by early 2025. As a result, the risk-based licensing and compliance approach to gambling that the Victorian Auditor-General’s Office (VAGO) recommended in its 2017 *Regulating Gambling and Liquor* audit will not be operational until 2025, eight years after it was originally flagged by VAGO.

Overall, the VGCCC asserted that due to its newly legislated powers and ‘risk-based and intelligence-led’ regulatory approach will ultimately lead to a ‘quantum change’ for the organisation and as such, Recommendation 8 has been superseded and ought to be discontinued.⁵³

The Committee recognises the considerable amount of work the VGCCC has already undertaken reviewing its risk-based frameworks and practices to gain optimal outcomes in terms of harm minimisation, and their efforts to be ‘very clear to the industry that we have zero tolerance for bad behaviour.’⁵⁴ However, it is still early days in the new regulator’s operation and they are currently working through very high level and strategic approaches the organisation plans to take. How the VGCCC fully incorporates harm minimisation into its licensing and compliance frameworks

⁵¹ Ibid, p. 7.

⁵² Ibid, p. 7.

⁵³ Ibid, p. 4.

⁵⁴ Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission, public hearing, 24 July 2023, *Transcript of evidence*, p. 2.

and operational activity have yet to be seen. Similarly, the positive outcomes for the community that are anticipated from the harm minimisation regulatory approach have yet to be measured.

Therefore, the Committee is of the view that the recommendations have not been superseded but in fact have never been more important.

When the Auditor-General appeared before the Committee, he noted that when auditing regulators, and specifically the VCGLR in the past:

we have had a known problem and everyone has come up with very good will and said, 'Right, let's fix this problem.' And then we come back five years later or hence and the problem has not been fixed and to some extent has been exacerbated.⁵⁵

To that end, the Committee believes it would be worthwhile for the VGCCC to continue reporting to VAGO on the development and incorporation of harm minimisation measures into the risk-based licencing and compliance frameworks. This would assure the Parliament and the wider community that action is being taken by the regulator in minimising gambling harm, in line with the updated legislation.

RECOMMENDATION 6: The Victorian Gambling and Casino Control Commission continue to report to the Victorian Auditor General's Office on the implementation of Recommendation 8 of the 2017 *Regulating Gambling and Liquor* audit.

3.4 Shortcomings of existing liquor and gambling regulation: what the Committee was told

A number of gambling and liquor reform advocates who appeared before the Committee welcomed the separation of the two regulators, and the emphasis on harm minimisation in the governing legislation and their operations.⁵⁶

However, many participants in the Inquiry alerted the Committee to a number of gaps in the current policy and regulatory systems. In the gambling space, the Committee heard of ongoing concerns about regulating the number, location and use of electronic game machines (EGMs) in the community. These concerns are not addressed in the new legislation regarding EGM reform. In terms of liquor regulation, concerns were raised about the detrimental public health impacts of two rapidly growing forms of liquor supply, namely:

- the growing number of packaged liquor 'big box' retailers
- the increase in purchasing alcohol online and delivered to the home that developed during the COVID-19 pandemic.

⁵⁵ Mr Andrew Greaves, *Transcript of evidence*, p. 4.

⁵⁶ Ms Carol Bennett, *Transcript of evidence*, p. 2; Rev Tim Costello AO, *Transcript of evidence*, p. 2.; Municipal Association of Victoria, *Submission 23*, p. 8.

These issues are discussed in further detail in the following sections.

3.4.1 Recent Victorian electronic gaming machine regulation reforms

In 2022–23 Victorians spent \$3 billion on EGMs, equating to 40% of total gambling losses for the State.⁵⁷ As noted by the Chief Executive Officer (CEO) of the VGCCC, losses via the ‘pokies’ are ‘still far and away the largest losses in Victoria’.⁵⁸ EGMs are particularly harmful, with gambling harm advocate Rev Tim Costello telling the Committee that ‘the machines are built for addiction’.⁵⁹ The Victorian Government recently passed legislation in the Parliament making changes to the regulation of EGM use, including the introduction of a load up limit of \$100, carded play in EGM rooms based at the casino by the end of 2023 and the mandatory closure of EGM rooms in venues (apart from the casino) between 4.00am and 10.00am by mid-2024.⁶⁰

Calls for EGM reform in recent years have not been confined to Victoria, with the issue featuring heavily in the recent New South Wales state election.⁶¹ The presence of EGMs in the casino and suburban and regional clubs, bars and pubs places the Victorian public’s exposure to EGMs at the higher end, along with New South Wales and Queensland. Table 3.1 demonstrates the varying availability of EGM gambling across casinos and non-casino venues across the Australian jurisdictions.

⁵⁷ Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, Attachment D, p. 1.

⁵⁸ Ms Annette Kimmitt, Chief Executive Officer, Victorian Gambling and Casino Control Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 12.

⁵⁹ Rev Tim Costello AO, *Transcript of evidence*, p. 4.

⁶⁰ Hon Daniel Andrews MP, *Landmark reforms to reduce gambling related harm*, media release, Victorian Government, Melbourne, 16 July 2023.

⁶¹ Tim Colebatch, ‘The Liberals’ best government loses office’, *Inside Story*, 27 March 2023, <<https://insidestory.org.au/the-liberals-best-government-loses-office>> accessed 16 October 2023.

Table 3.1 Electronic Gaming Machine availability and current status of bet limits and carded play by jurisdiction

Jurisdiction	Casinos with EGMs	EGMs across other venues	Status of bet limits	Status carded mandatory carded play
Victoria	<ul style="list-style-type: none"> Crown Casino – 2,628 EGMs 	27,372 EGMS across 487 venues	Victoria currently has a load-up limit of \$1,000; new legislation will bring this down to \$100	Mandatory carded play by end of 2023 across all EGM venues
New South Wales	<ul style="list-style-type: none"> Star Casino – 1,500 EGMs Crown Sydney – no EGMs 	87,298 EGMs across 2,195 venues Limit of 30 EGMs per hotel	As of Sept 2022 - \$500 cash limit introduced on 1 July 2023 from previous \$5,000 limit	Currently trialling cashless gaming at a selection of venues
Queensland	<ul style="list-style-type: none"> The Star Gold Coast – 1,600 EGMs Brisbane Treasury Casino – 1,600 EGMs The Ville Resort-Casino, Townsville – 370 EGMs Pullman Reef Casino, Cairns – 500 EGMs 	45,418 EGMs across 1,036 locations	\$100 limit	Plans to make all EGMs cashless by 2028
South Australia	<ul style="list-style-type: none"> SkyCity Adelaide – 1,080 EGMs 	12,580 EGMs across 473 venues	\$250-a-day cash withdrawal limit at premises with gaming machines and facial recognition technology in venues with 30 or more machines – introduced in 2020	
Tasmania	<ul style="list-style-type: none"> Wrest Point Tasmania – 739 EGMs 	2,534 across 92 venues	Daily loss limits of up to \$100, monthly limits of up to \$500 and annual limits of up to \$5,000, only set higher should the person have a proven capacity to afford it	Cashless play to be introduced by December 2024
ACT	<ul style="list-style-type: none"> Canberra Casino – no EGMs 	3,587 across 59 venues	Government commitment as of April 2022 set maximum bet limits from \$10 to \$5 and to introduce a \$100 load-up limit	Undertaken to follow NSW development regarding cards
WA	Crown Perth – 2,500 EGMs	No EGMs in WA outside the casino		

Jurisdiction	Casinos with EGMs	EGMs across other venues	Status of bet limits	Status carded mandatory carded play
NT	Sky City Darwin – 750 EGMs Lasseters Hotel and Casino Alice Springs – 330 EGMs	1,659 EGMs		

Source: compiled by the Committee from multiple sources.

The table demonstrates that not all casinos have EGMs (such as Barangaroo Sydney and the Canberra Casino), while Western Australia has confined EGMs to the State's sole casino complex. Gambling reform advocate Rose O'Leary of the Alliance for Gambling reform told the Committee that '... Western Australia definitely has a very good model in terms of there just being pokie machines available at the casino.'⁶² Bet limits and cashless cards are in various stages of development across Australia, but the table demonstrates how piecemeal gambling reform can be, and perhaps the need for a national approach to regulation.

FINDING 29: The presence and number of electronic gaming machines (EGMs) in casinos as well the presence of EGMs in club, bar and pub venues varies across Australia's states and territories. The presence of EGMs in the casino and suburban and regional venues in Victoria is at the higher end with New South Wales having the most followed by Queensland then Victoria.

FINDING 30: In Victoria, recent electronic gaming machine (EGM) use changes include the introduction of a load up limit of \$100, carded play in EGM rooms based at the casino by the end of 2023 and the mandatory closure of EGM rooms in venues (apart from the casino) between 4.00am and 10.00am by mid-2024. Other states and territories are also in the process of introducing further reforms to EGM use.

⁶² Ms Rose O'Leary, Policy and Advocacy Lead, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 5.

Case Study 3.1 Nordic countries' successful precommitment measures across all forms of gambling

In 2003, Norway announced it would introduce sweeping gambling reforms in response to reported increases in 'considerable gambling harm' across a significant proportion of its population.

Between 2006 and 2009, the Nordic Government first moved to monopolise the gambling sector, removing gambling companies from operating in the Norwegian market and essentially nationalising the industry. It then introduced multiple measures designed to prevent or minimise gambling harm. Most notable were the centralised registration of users across all forms of gambling (i.e. Electronic Gaming Machines, wagering, lotto) and legislated mandatory pre-committed maximum loss on betting. These maximum loss amounts average at NOK 20,000 (\$2,880 AUD) per month but are significantly lower for registered users under 20, at NOK 2,000 (\$288 AUD) per month. They can also be varied to amounts by day or year.

The introduction of a centralised registration system provided a platform to deliver multiple harm prevention tools, like the precommitment measures, and to support people at risk from gambling. The Norwegian reforms have demonstrated a significant reduction in annual losses for users and subsequent studies also indicate very little migration to other gambling types, such as illegal or offshore betting, in response to the new restrictions.

On the success of Norwegian reforms, neighbours Sweden and Finland also introduced mandatory precommitment measures at similar amounts. Unlike Norway, Sweden does not hold a monopoly on the gambling industry and allows commercial operators to obtain online licences, however this has not impacted the success of the reforms. A 2019 study of Swedish active online gamblers found that almost 96% of responders viewed limit-setting positively and those who were not experiencing problems with their gambling were not inconvenienced by them. Surveys from Finland have also reported that precommitment limits are widely accepted as positive and useful in controlling losses for at-risk users.

Sources: Angela Rintoul, 'Modernising harm prevention for gambling in Australia: International lessons for public health policy and improved regulation of gambling', *Winston Churchill Memorial Trust of Australia*, 2019, <<https://apo.org.au/node/258961>> accessed 16 October 2023; Focus Gaming News, *Norwegian gambling regulator proposes mandatory break for high-risk games*, 6 August 2022, <<https://focusgn.com/norwegian-gambling-regulator-proposes-mandatory-break-for-high-risk-games>> accessed 16 October 2023; Virve Marionneau et al., 'Gambling harm prevention and harm reduction in online environments: a call for action', *Harm Reduction Journal*, vol. 20, article. 92, 2023.

The Committee heard that further effective regulatory reform of EGM use would include:

- An earlier mandatory closure time for EGM rooms, as reform advocates note that studies have shown most ‘damage’ by EGM addicts occurs between midnight and 3.00–4.00 am.⁶³
- Greater regulation around pre-commitment schemes and more effective regulation of the gambling technologies such as monitoring of real-time play on EGMs, and one-dollar maximum bets.⁶⁴ Advocates pointed to the system currently in place in Tasmania, whereby EGM users only access a cashless card linked to all EGM machines across the state with the binding and pre-set default limits as the ‘gold standard’.⁶⁵
- Addressing the absence—under the current regulatory system—of removing or buying back EGM licences. The Committee was informed that in the event a venue wishes to reduce or remove EGMs from a site, the licence for the EGM remains and can be moved to another site or onto another operator.⁶⁶
- Curtailing advertising. The Committee was told 70% of Australians would support such a prohibition if it was introduced. Professor Livingstone advised that bans are already in place in Italy, Netherlands, Finland and Belgium.⁶⁷

Gambling reforms advocates have suggested the introduction of these reforms would reduce the incidence and impact of gambling harm. On the basis of the evidence uncovered in this Inquiry, the Committee is similarly convinced that further EGM reform is necessary for Victoria.

Further information on measures taken to reduce EGMs in other countries is outlined in Case Study 3.2.

⁶³ Ms Carol Bennett, *Transcript of evidence*, p. 5.

⁶⁴ Prof Linda Hancock, *Submission 32*, p. 1.

⁶⁵ Rev Tim Costello AO, *Transcript of evidence*, p. 7; Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 19; Hon Michael Ferguson, *Nation-leading card-based gaming with pre-commitment a first in Tasmania*, media release, Tasmanian Government, Hobart, 15 September 2022.

⁶⁶ Ms Carol Bennett, *Transcript of evidence*, p. 7; Associate Prof Charles Livingstone, *Transcript of evidence*, p. 7.

⁶⁷ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 8.

Case Study 3.2 Italy and Finland's successful approach to reducing electronic gaming machines

In response to the increasing evidence of harm and burden on public health resources caused by electronic gaming machines (EGMs), Italy and Finland introduced policies to significantly decrease their numbers in 2016. Italy and Finland historically had some of the highest gambling spend and widespread availability of EGMs per capita in Europe. Impact studies on the removal reforms show that reduced availability is connected to declining total consumption and gambling harm, but only if the number of EGMs removed is of a substantial volume.

Finland initially proposed to remove only 18% of their EGMs, but that number was shortly increased to 43% after identifying that only 30% of the machines available were in frequent enough usage to be highly profitable, therefore any number lower than that would not have the desired impact. Finland also proposed to remove 40% of all non-casino based EGMs from locations such as supermarkets and bars, which had come to be perceived as increasingly harmful by Finnish citizens. In Italy, the aim was to reduce machines by 35% from the outset, as well as reduce gambling venues in general by up to 50% by 2019.

Considering the impacts of the COVID-19 pandemic on recent gambling trends, initial studies on Italy and Finland have still demonstrated a measurable decrease in EGM spending and associated harms by decreasing availability and visibility. They suggest that removal percentages go even further, particularly targeting high volume machines. There is also little evidence that users have substituted with alternative forms of gambling, like online casinos or accessing illegal EGMs, since the reductions. Instead, consumption has simply dropped.

Sources: Virve Marionneau et al., 'Gambling harm prevention and harm reduction in online environments: a call for action', *Harm Reduction Journal*, vol. 20, article. 92, 2023; Johanna Järvinen-Tassopoulos et al., 'Gambling harms caused by electronic gambling machines should be prevented with state control', *Nordic Studies on Alcohol and Drugs*, vol. 38, issue. 6, 2021.

RECOMMENDATION 7: Twelve months after the commencement of the new closure time (4.00am to 10.00am) for electronic gaming machine rooms operating in Victorian venues, the Government review:

- a. the level of harm minimisation arising from the new operating hours
- b. the benefits of expanded closure hours.

RECOMMENDATION 8: The Victorian Government examine daily, weekly and annual gambling loss limits including lessons from regulatory frameworks in Norway, Sweden and Finland and loss limits to be implemented in Tasmania next year e.g. \$100 per day, \$500 per month and \$5,000 per year.

RECOMMENDATION 9: The Victorian Government consider the impact of reducing the total number of electronic gaming machines.

RECOMMENDATION 10: The Victorian Government urge the Commonwealth Government to implement advertising bans in relation to gambling activities in line with international best practice.

RECOMMENDATION 11: The Victorian Government consider banning gambling advertising in areas that come under state jurisdiction, such as public places. The Victorian Government also consider introducing stricter rules on primetime gambling advertising similar to the rules recently adopted in the South Australian Government’s gambling advertising Codes of Practice.

3.4.2 Impact of gambling venues on local councils

Councils in metropolitan Melbourne and regional Victoria which experience the greatest levels of social and economic disadvantage also experience the highest rates of player losses per EGM as outlined in Chapter 2. The Committee received submissions from these councils, as well as municipal associations, in relation to the impact of EGM venues in their communities.⁶⁸

Councils that are heavily impacted by EGM use noted that currently the evidentiary burden is placed on them to prove the community would be negatively impacted by a new ‘pokies’ venue and/or expansion of the number of EGMs at an existing venue.⁶⁹ This is a drain on councils’ already limited resources. They called for regulation change so the onus is on the gambling venue licences applicants to prove the presence of gaming venues in a location will provide a ‘net economic and social benefit’ to the surrounding community, rather than the current test of ‘no net detriment’ to community wellbeing.⁷⁰

Other regulatory changes suggested by the local government sector include changing the planning regulations to include specific provisions for precinct structure plans (PSPs) to ensure gaming venues are not the first and or only recreational and/or entertainment facility in newly established greenfield estates.⁷¹

⁶⁸ Municipal Association of Victoria, *Submission 23*; Victorian Local Governance Association, *Submission 22*; City of Greater Dandenong, *Submission 30*; Hume City Council, *Submission 11*; Brimbank City Council, *Submission 18*, Yarra City Council, *Submission 19*; Mornington Peninsula Shire, *Submission 17*, South Gippsland Shire Council, *Submission 25*; Monash City Council, *Submission 12*.

⁶⁹ City of Greater Dandenong, *Submission 30*, p. 11; Municipal Association of Victoria, *Submission 23*, p. 9.

⁷⁰ Municipal Association of Victoria, *Submission 23*, p. 9.

⁷¹ *Ibid*, p. 8.

FINDING 31: It is difficult for local councils to object to new electronic gaming venues or the expansion of existing venues in their areas as:

- the evidentiary burden is currently placed on them to prove a new venue or expansion of an existing venue would create a ‘net detriment’ to the community
- current precinct structure plans allow gaming venues to be classified as recreational and/or entertainment facilities in newly established greenfield estates.

In its submission, the VGCCC noted that it has begun to focus ‘on ensuring our decision-making processes appropriately consider and evaluate the risks of gambling harm in all applications’ and have begun using ‘a range of mechanisms, like licence and approval conditions to ensure industry participants are more accountable for actively protecting their customers and the broader community from the harmful impacts of gambling.’⁷²

The VGCCC gave an example of a recent decision regarding the Mackinnon and Grosvenor Hotels in their application to increase the number of EGMs at these venues. The VGCCC approved the application for more EGMs, but ‘imposed conditions...to improve harm minimisation measures at the venues.’⁷³ In this instance, the licence holders were required to develop and apply a harm minimisation policy that would ‘exceed’ the current minimum requirements.⁷⁴ The Committee believes the VGCCC could take a much more rigorous approach in examining the community impact of EGM expansion.

RECOMMENDATION 12: Gambling venue licence applicants that wish to introduce or increase the number of electronic gaming machines, and/or gaming venues in a location must prove to the Victorian Gambling and Casino Control Commission that this will provide a ‘net economic and social benefit’ to the surrounding community.

RECOMMENDATION 13: The Victorian Government explore the guidance on precinct structure plans in the existing planning laws to consider whether gaming venues should continue to be classified as recreational and/or entertainment facilities in newly established greenfield estates.

The VGCCC further informed the Committee it is now engaging with the community to gather evidence regarding gambling harm to guide its approach to regulating for harm minimisation. The first community forum was held on 21 June 2023.⁷⁵

⁷² Victorian Gambling and Casino Control Commission, *Submission 28*, p. 10.

⁷³ *Ibid.*

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*, p. 12.

FINDING 32: The Victorian Gambling and Casino Control Commission have begun a community engagement process to guide its approach to regulating for harm minimisation, including gathering intelligence from the community sector and holding community forums.

Councils and peak local government representatives have a wealth of experience, evidence and ideas on the effects of gambling harm on the community and possible regulatory measures that could be taken to embed harm minimisation in regulations, policies and practices. The Committee believes it will be important for the VGCCC to engage directly with the local government sector while the three-stage process overhauling its regulatory methodology is underway. This would ensure the new authority gets practical and helpful advice about harm minimisation measures from stakeholders with direct experience of the regulatory system.

RECOMMENDATION 14: The Victorian Gambling and Casino Control Commission (VGCCC) establish a regular program of consultation with local government to inform and advise of current gambling regulation licensing, information and compliance shortfalls, and of any risk-based regulatory measures that the VGCCC could readily incorporate to reduce gambling harm in the community.

3.4.3 Issues raised regarding liquor regulation

Accessibility: liquor licensing decisions

The Committee heard that access and availability are crucial factors exacerbating alcohol abuse. Dr Claire Wilkinson of the University of New South Wales stated that ‘the best available evidence suggests that limiting the availability of alcohol outlets is an effective measure to reduce alcohol-related harms.’⁷⁶ At the hearings, Dr Wilkinson noted the ‘convenience cost’ associated with density of alcohol outlets, reiterating:

If you are exerting less effort to access alcohol, you are more likely to consume it.⁷⁷

The Committee heard from local councils about the impact of the increasing number of large ‘big box’ packaged liquor retailers on their communities. Alcohol Change Victoria (ACV) told the Committee that alcohol retailers ‘concentrate alcohol stores in disadvantaged areas of the state’, and that the more alcohol or venues in an area, ‘the higher the incidence of alcohol-fuelled violence, family violence, injuries and diseases in the local communities.’⁷⁸

⁷⁶ The University of New South Wales, *Submission 21*, p. 2.

⁷⁷ Dr Claire Wilkinson, Senior Research Fellow, Drug Policy Modelling Program, University of New South Wales, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 4.

⁷⁸ Alcohol Change Victoria, *Submission 27*, p. 8.

Under amendments made to the *Liquor Control Reform Act 1998* (Vic) in 2021, liquor licence applications for new alcohol (packaged liquor) stores larger than 750 square metres are now required to establish that the net economic and social impacts of granting the application would not be detrimental to the well-being of the local community.⁷⁹ This legislative change was welcomed by ACV.

3.4.4 Lifting of inner city late night liquor ‘freeze’

In 2008, the Victorian Government suspended issuing additional late night liquor licenses for venues in the inner city municipalities of Melbourne, Port Phillip, Yarra and Stonnington.⁸⁰ This action became commonly known as the ‘freeze’.⁸¹ In July 2019, the Government revised some of the guidelines for the freeze, giving the Minister and the regulator extra powers to provide exemptions for liquor supply after 1.00 am for certain venues, events or dates.⁸² The Government indicated that a review of these revised guidelines would be held after a year of their operation.⁸³

A review of the 2019 guidelines of revisions did not take place during the COVID-19 pandemic. Upon re-election the Government commenced consultation on ‘ending the freeze’ in May 2023 via Engage Victoria.⁸⁴ On 30 June 2023 the Government announced the freeze would be lifted, partly as a measure to assist in the recovery of inner Melbourne’s night time economy and live music scene.⁸⁵ The Government has undertaken to hold an initial review of the new guidelines at the end of 2024, followed by a more comprehensive review in mid-2025, two years into the new inner city liquor licensing regulatory environment.⁸⁶

The VLC advised the Committee that:

the freeze guidelines have some quite important changes from our perspective... it raises issues that now need to be addressed by applicants around noise mitigation strategies, venue management plans and gender violence prevention and compliance plans.⁸⁷

⁷⁹ Ibid.

⁸⁰ Michael Harden, ‘Unique and Deplorable: Regulating Drinking in Victoria’, *Meanjin*, vol. 69, no. 3, 2010, <<https://meanjin.com.au/essays/unique-and-deplorable-regulating-drinking-in-victoria>> accessed 31 October 2023.

⁸¹ Danielle Siers, ‘Victorian State Government to relax Liquor Licence Freeze Guidelines’, *Music Victoria*, July 2019, <<https://www.musicvictoria.com.au/victorian-state-government-to-relax-liquor-licence-freeze-guidelines>> accessed 31 October 2023.

⁸² Hon Marlene Kairouz MP, *Freeze on Late-Night Liquor Licences Extended*, media release, Victorian Government, Melbourne, 29 June 2019.

⁸³ Ibid.

⁸⁴ Engage Victoria, *Late-night liquor licensing and the late night liquor freeze*, 25 May 2023, <<https://engage.vic.gov.au/late-night-liquor-licensing-and-the-late-night-liquor-freeze>> accessed 31 October 2023.

⁸⁵ Hon Anthony Carbines MP, *New Guidelines to boost our night-time economy*, media release, Victorian Government, Melbourne, 30 June 2023.

⁸⁶ Ibid.

⁸⁷ Mr James O’Halloran, *Transcript of evidence*, p. 7.

The Committee was also told that the VLC plans to capture data on breaches concerning noise and violence.⁸⁸ The VLC Deputy Chair noted that there had not been any significant increase, or ‘rush’, in liquor licence applications for venues in locations previously impacted by the freeze, although the new regulations had only been in place for a matter of weeks.⁸⁹

FINDING 33: The Victorian Government lifted the freeze on issuing late night liquor licences for venues in the inner-city municipalities of Melbourne, Port Phillip, Yarra and Stonnington on 30 June 2023. An initial review of the new arrangements is expected to be held at the end of 2024, followed by a more comprehensive review in mid-2025, two years into the new licensing environment.

RECOMMENDATION 15: The Victorian Liquor Commission publicly release data it captures over the next two years relating to liquor licence breaches in the municipalities of Melbourne, Port Phillip, Yarra and Stonnington. This information should inform the Government’s reviews of the new inner city liquor licensing arrangements that are planned to take place in 2024 and 2025.

RECOMMENDATION 16: The Victorian Government outline its plan for further community consultation about the lifting of the late night liquor licence ban. The Government’s review determine whether there are any changes to harms from alcohol associated with the lifting of the ban.

88 Ibid.

89 Ibid.

Case Study 3.3 A liquor license application in the City of Casey

The City of Casey and Victoria Police objected to a liquor licence application, and sought to restrict the trading conditions and prohibit the opening of a large chain packaged liquor outlet in Cranbourne East during 2011 and 2016. At the hearings this was given as an example demonstrating the difficulties councils experience in objecting to the development of 'big box' liquor retailers, and how the planning and liquor licensing regulations make it difficult for parties such as councils to object. While liquor licensing has undergone recent changes under the amendments to the *Liquor Control Reform Act 1998* (Vic), the case is still illustrative.

The City of Casey is one of the fastest growing municipalities in Australia and the suburb of Cranbourne East experienced high population growth over the 2010s. In 2010, a liquor licence was granted to the Hunt Club company for the use and development of land to develop a 'mini-major' retail premises. The following year the City of Casey council sought to restrict the sale of packaged liquor that had been licensed to the Hunt Club by amending the Cranbourne East Development Plan. The Hunt Club in turn opposed this, leading to an appeal of the planning amendment at the Victorian Civil and Administrative Tribunal (VCAT) from February to May 2013. The Hunt Club won this appeal and the planning permit for a packaged liquor licence outlet was granted in May 2014.

Following this, Woolworths lodged a packaged liquor licence application with the Victorian Commission for Gambling and Liquor Regulation (VCGLR) to open a Dan Murphy's liquor outlet in Cranbourne East. The City of Casey objected to the application on both the amenity and alcohol misuse grounds set out in the *Liquor Control Reform Act 1998* (Vic). Victoria Police also objected to the issuing of the licence. An internal review process of the licence by the VCGLR took place, including a six day VCGLR Internal Review hearing, conducted by a panel of three Commissioners.

At the time Casey objected on the grounds that the outlet would:

- **detract from the amenity of the surrounding area 'due to the anticipated increase in the incidence of alcohol-related harm that is likely to occur if a large-scale liquor outlet providing discounted liquor is introduced into the area'**
- **contribute to the misuse or abuse of alcohol 'due to the increased availability of discounted liquor that is likely to occur if a large scale packaged liquor outlet is introduced into the area'**

(Wilkinson et al., pp. 17-18)

(Continued)

Case Study 3.3 Continued

Ultimately, a licence was granted, resulting in:

... another big box liquor outlet ... put into a community that already had 10.

(Ms Jan Black, Municipal Association of Victoria, *Transcript of evidence*, p. 7)

A review of this case undertaken by Wilkinson et al., found that the planning system, and the associated VCAT hearing, was largely concerned with (a) land use issues and (b) the broad use of the term ‘amenity,’ and how this may be applied to planning applications, decisions and objections, as opposed to public health, and harm minimisation measures that may be taken to protect the community. The review found locational factors, such as the high prevalence of residents experiencing social disadvantage around Cranbourne East and the City of Casey was not of primary importance in the VCAT decision, with the tribunal having little in the way of precedents to guide them regarding liquor licence objections. At the time, research and public advocacy of the connection between EGMs and socially disadvantaged communities was more widely discussed than liquor availability and social disadvantage. Wilkinson et al also found objecting to liquor licensing decisions is costly for local government. Overall, the study found ‘the liquor licensing process does not provide a forum for social harms to be considered’.

Source: Claire Wilkinson et al., *Public health arguments in planning and licensing appeal processes: A case study of the City of Casey’s attempt to regulate a new chain packaged liquor outlet*, Foundation for Alcohol Research and Education Canberra, 2018.

3.4.5 Current delays in issuing liquor licences

Another COVID-19 pandemic-related development in Victorian liquor regulation is the delay in assessing and issuing liquor licenses. At the hearing the Committee discussed the current delays in issuing liquor licences with VLC representatives. In 2022–23, 14,897 licences were finalised, across the 13 different licence types.⁹⁰ The Committee was told the VLC has had to process an extra 1,000 liquor licences over the last twelve months, contributing to delays in processing applications.⁹¹

This is a concern as resources within the organisation that would normally be allocated to compliance activity have been diverted to deal with the backlog in licence applications.⁹² For example, in the original 2017 audit, VAGO identified the lack of appropriate ongoing checks of liquor licensees to ensure company changes have been disclosed, and recommended the VCGLR undertake these in line with the *Liquor Control Reform Act 1998* (Recommendation 2).⁹³ In the 2019 follow up audit, VAGO found that

⁹⁰ Ibid, p. 2.

⁹¹ Ibid, p. 8.

⁹² Ibid.

⁹³ Victorian Auditor-General’s Office, *Regulating Gambling and Liquor*, p. xiii.

while the 'VCGLR has implemented a system to undertake checks of liquor licensees, the very small sample of checks it has made means it does not provide sufficient assurance of licensee compliance.'⁹⁴ While the VLC reported that it has developed '... an annual monitoring program of licensees' corporate office holders, involving a targeted sampling methodology, with breaches being referred for further investigation and action,'⁹⁵ this compliance-related activity is unlikely to be undertaken while staffing resources are switched to dealing with the backlog in licensing applications.

The Committee was informed that in order to meet the extra workload the VLC is in the process of recruiting extra staff, increasing full time team members working in licencing from 34 staff to 41, while the compliance team should increase from 31 to 35 full time staff.⁹⁶ The Committee was informed that the recruitment phase was estimated to be completed by 'at least early October'.⁹⁷

FINDING 34: The Victorian Liquor Commission (VLC) is currently experiencing delays in assessing and issuing liquor licences and has had to divert staff from the compliance area to assist in processing licence applications to reduce the backlog. Additional staff are in the process of being recruited for the VLC to fully meet its regulatory functions in licencing and compliance.

RECOMMENDATION 17: The Victorian Government review the resources available to the Victorian Liquor Commission, to ensure that it can fully meet its regulatory obligations in liquor licencing, compliance and enforcement in a timely and effective manner.

3.5 Compliance

3.5.1 Victorian Auditor-General's Office Recommendation 9

Recommendation 9 of VAGO's *Regulating Gambling and Liquor* audit also related to compliance, asking that the VCGLR 'complete its quality assurance framework for compliance, and ensure it focuses on key divisional processes that contribute to the targeting and quality of inspections.'⁹⁸ The lack of clarity provided by the VLC and the VGCCC to the Committee regarding the status of this recommendation's implementation was discussed in Chapter 1.

In line with its response on Recommendation 8, the VGCCC has suggested reporting on Recommendation 9 be discontinued due to the work it has undertaken to date, including the interim measures the organisation has undertaken such as the

⁹⁴ Victorian Auditor-General's Office, *Follow Up of Regulating Gambling and Liquor*, p. 15.

⁹⁵ Victorian Liquor Commission, response to questions on notice received 11 August 2023, p. 4.

⁹⁶ Mr Chris Carter, Chief Operating Officer, Liquor Control Victoria, public hearing, 24 July 2023, *Transcript of evidence*, p. 9.

⁹⁷ Ibid.

⁹⁸ Victorian Auditor-General's Office, *Regulating Gambling and Liquor*, p. xiii.

development of the risk-based annual assurance plan, data insights program, community and welfare sector engagement program, Memorandums of Understanding (MOUs) with other parties and targeted inspection activity.⁹⁹

However, as discussed earlier in the Chapter, how the VGCCC fully incorporates harm minimisation into its compliance frameworks and operational activity has yet to be seen. In line with the deliberations made in relation to Recommendation 8, the Committee finds that Recommendation 9 has not been superseded but in fact has never been more important. Therefore the Committee recommends the VGCCC continue to report on the progress of Recommendation 9 to VAGO.

RECOMMENDATION 18: The Victorian Gambling and Casino Control Commission continue to report to the Victorian Auditor General’s Office on the implementation of Recommendation 9 of the 2017 *Regulating Gambling and Liquor* audit.

In terms of the VLC’s response to the implementation of Recommendation 9, the organisation told the Committee that it has finalised:

- Developing an enabling framework, such as:
 - an annual compliance operational strategy to outline details of the strategic and operational focus for enforcement activities in that year
 - coordination of joint and complex operations which applies a dynamic, risk-based approach to the selection, execution and reporting of high-risk compliance activities.
- Completion of a quality assurance framework for compliance, including the review and update to all relevant Standard Operating Procedures.
- Introduction of detailed training, guidance, tools and templates to support staff in a compliance and enforcement environment, including the design and implementation of inspector training and investigator training programs.
- Implementation of a new reporting system incorporating data validation tests undertaken by a strategic intelligence unit, which provides management with real-time access to data.¹⁰⁰

VLC’s ‘introduction of detailed training, guidance, tools and templates to support staff in a compliance and enforcement environment’ is a response to Recommendation 10, whereby VAGO recommended the then-regulator ‘continue to roll out its training and ensure there is regular, ongoing training for compliance inspectors.’

In implementing this compliance-based framework, the VLC states it has resulted in ‘a structured and risk-based approach to compliance, enforcement and education

⁹⁹ Victorian Auditor-General’s Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023: Data dashboard*, 30 August 2023, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 11 September 2023.

¹⁰⁰ Victorian Liquor Commission, response to questions on notice, pp. 4–5.

activities which is supported by data-driven intelligence,' as well as developing 'competent and confident liquor inspectors.'¹⁰¹

At the hearings the Chair of the VGCCC informed the Committee of the training underway in the organisation to meet its compliance objectives, including:

... embarking on a major skilling program for the organisation so that we have both base skills that are required for good regulatory process in place as well as a high level of analytics and the capacity to use data to make observations about how the industry is behaving, how we should target particular areas and what the emerging risks are for us.¹⁰²

FINDING 35: The Victorian Liquor Commission and the Victorian Gambling and Casino Control Commission are engaging in ongoing training of its staff to achieve effective compliance outcomes. Therefore both regulators are continuing to implement Recommendation 10 of the Victorian Auditor-General's Office 2017 *Regulating Gambling and Liquor* audit.

Through the course of this Inquiry, additional issues relating to liquor and gambling compliance in Victoria were drawn to the Committee's attention and these are discussed in further detail below.

3.5.2 Compliance and enforcement in regional Victoria

The Committee was informed that over 2022–23 the VGCCC conducted 2,063 inspections in metropolitan Melbourne, with almost all (300 of the 301) metropolitan venues inspected, and 78 of regional Victoria's 183 venues (or 42%), where 489 inspections took place.¹⁰³ There were also three major compliance and enforcement operations undertaken taken over 2022–23. They were:

- a metropolitan blitz that targeted recidivist venues and initiated regulatory and enforcement action
- a Spring Racing Carnival Operation targeting high harm breaches involving minors gambling and intoxicated gambling
- a regional blitz targeting 19 high risk regional local government areas.¹⁰⁴

The VGCCC provided further information on the outcomes of the regional blitz in terms of inspections and breaches; outlined in Table 3.2.

¹⁰¹ Victorian Liquor Commission, response to questions on notice, p. 5.

¹⁰² Ms Fran Thorn, *Transcript of evidence*, p. 7.

¹⁰³ Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, p. 1.

¹⁰⁴ *Ibid.*

Table 3.2 Inspections and breaches in electronic gaming machine venues from the Victorian Gambling and Casino Control Commission's 2022–23 Regional Blitz by Local Government Area

Local Government Area	Number of venues	Inspections	Breaches
Alpine	2	9	2
Ballarat	14	35	5
Bass Coast	5	6	3
Baw Baw	4	1	0
Benalla	3	16	4
Campaspe	4	21	4
Central Goldfields	2	11	2
Colac Otway	5	23	2
East Gippsland	10	48	2
Gannawarra	1	6	0
Greater Bendigo	11	20	2
Greater Shepparton	8	45	9
Hepburn	2	11	0
Latrobe	13	85	9
Macedon Ranges	3	3	0
Mildura	8	42	3
Mitchell	4	4	2
Moira	2	12	2
Moorabool	3	19	1
Murrindindi	1	6	0
Queenscliffe	1	1	0
Strathbogie	1	7	2
Swan Hill	4	11	2
Towong	1	4	1
Wangaratta	4	24	5
Wellington	7	1	0
Wodonga	3	18	4

Source: Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, pp. 4–5.

Compliance-related themes that the VGCCC identified through these enforcement operations undertaken in 2022–23 include:

- YourPlay breaches – interactive screen not available, failure to encode card, kiosk availability
- failure to have player account equipment installed as required by regulation, for example on EGMs

- failure to retain CCTV footage for 28 days
- Code of Conduct noncompliance such as:
 - Responsible Gambling Officer not in the green line area
 - Responsible Gambling signage not on display
 - staff not trained in the required Responsible Gambling training modules
 - inadequate records relating to responsible gambling interactions
 - delivery of food and beverages to machines
 - failure to produce cheque and complaints register
- failure to display entrance signs required by regulations.¹⁰⁵

Notwithstanding the merits of the regional blitz in terms of identifying breaches and demonstrating to venue operators and staff that the VGCCC, as a new regulator, is taking an active approach to enforcement and compliance, the data provided by the VGCCC demonstrates the difficulty in conducting inspections across regional Victoria. Only 42% of possible regional Victorian venues were inspected in 2022–23, whereas almost 100% of venues located in Melbourne were inspected last financial year. There is further discussion regarding regional and metropolitan inspections in Section 3.7.2 relating to performance measures, but this appears to be an ongoing issue for the VGCCC.

At the hearings the Committee was told that there are currently 40 investigators and inspectors working at the VGCCC.¹⁰⁶ Further staffing information provided to the Committee shows there were 12 inspection and six investigation staff within the gambling teams.¹⁰⁷ This compares to 16 inspection staff and two investigations and intelligence staff in the casino branch.¹⁰⁸ Given the large geographical distance the VGCCC inspectors have to cover to monitor the 183 gambling venues located in regional Victoria, the Committee is concerned that there is potentially a lack of resourcing for this function.

FINDING 36: There are 12 inspection and six investigation staff within the gambling teams of the Victorian Gambling and Casino Control Commission. This compares to 16 inspection staff and two investigations and intelligence staff in the casino branch.

RECOMMENDATION 19: The Victorian Gambling and Casino Control Commission further develop its compliance and enforcement strategy to ensure balanced coverage of inspections across metropolitan Melbourne and regional Victoria.

¹⁰⁵ Victorian Gambling and Casino Control Commission, response to questions on notice, pp. 1–2.

¹⁰⁶ Ms Fran Thorn, *Transcript of evidence*, p. 1.

¹⁰⁷ Victorian Gambling and Casino Control Commission, response to questions taken on notice, Attachment B.

¹⁰⁸ *Ibid.*

3.5.3 Compliance issues with online sales of alcohol and remote delivery

Notwithstanding the VLC's implementation of a quality assurance framework, and the benefits it has detailed, the Committee was made aware of a number of compliance related deficiencies in the existing liquor regulation system as part of this Inquiry. These are outlined below.

The COVID-19 emergency and the associated lockdowns saw a marked increase in both online gambling and the purchase of alcohol for off-site consumption. The increase in online liquor purchasing has resulted in the recent introduction of a remote seller's licence, whereby alcohol can be bought off site via the phone, online or by an app, and delivered for consumption off premises. The growing online retail environment flourished during the COVID-19 emergency.¹⁰⁹

The increase in online alcohol purchasing, and delivery to consumers through food delivery services like Uber Eats, together with the growth of buy now pay later payment methods such as AfterPay, is alarming to alcohol harm researchers and public health advocates.¹¹⁰ The lack of restrictions in terms of online advertising for alcohol was also raised.¹¹¹ The Committee heard there is almost no data on how compliance-related regulations are being applied to these purchases (such as intoxicated receivers, underage supply or not safe to leave alcohol unattended).¹¹²

FINDING 37: Online purchasing and home delivery of alcohol increased rapidly during the COVID-19 pandemic, and there is limited data on the level of compliance and enforcement action taking place for alcohol purchased this way.

One key issue raised by alcohol harm advocates is the delivery of alcohol purchased online. The Committee was informed that 'most of the current content of Responsible Service of Alcohol training is irrelevant to people delivering alcohol to people's homes.'¹¹³ At the hearings, ACV told the Committee that:

One of the big issues is the requirement to not deliver to intoxicated people. The big issue for a delivery driver is they turn up and they have got an intoxicated person: 'What risk do I face in refusing the delivery?' We do not have responsible service of alcohol training targeted to delivery drivers. The assumption that they have got the skills to know how to de-escalate those situations and get out of that situation without having to deliver the alcohol is pretty brave.¹¹⁴

¹⁰⁹ Mr James O'Halloran, *Transcript of evidence*, p. 1.

¹¹⁰ The University of New South Wales, *Submission 21*, p. 1; Dr Claire Wilkinson, *Transcript of evidence*, p. 1.

¹¹¹ Victorian Alcohol and Drug Association, *Submission 26*, p. 4.

¹¹² The University of New South Wales, *Submission 21*, p. 1; Victorian Alcohol and Drug Association, *Submission 26*, p. 5.

¹¹³ Alcohol Change Victoria, *Submission 27*, p. 11.

¹¹⁴ Mr Mark Zirnsak, Senior Social Justice Advocate, Uniting Church and Alcohol Change Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 5.

The Committee was advised of recommendations the VLC could introduce to enforce compliance of alcohol supply regulations such as the use of covert ‘mystery shopper’ style exercises, called ‘controlled operations’ whereby buyers who look under the age of 25 are used to see if delivery drivers are checking identification.¹¹⁵ The use of ‘mystery shopper’ compliance exercises was also raised by gambling harm advocates as an effective compliance regulation method to check for breaches.¹¹⁶

RECOMMENDATION 20: The Victorian Gambling and Casino Control Commission and the Victorian Liquor Commission consider increasing ‘mystery-shopper’ style compliance exercises to assist with licensee enforcement.

3.6 Information and education activity by the liquor and gambling regulators

As regulators, both the VGCCC and VLC undertake information and educational roles, informing licensees, stakeholders, venue operators, retailers and workers about its licensing and compliance obligations and responsibilities.¹¹⁷

In the Minister’s Statement of Expectations for 2023–24 sent to the Chair of the Victorian Liquor Commission it states the VLC is expected to develop:

Strong working relationships with stakeholders to raise industry standards, compliance with regulatory requirements, and fulfillment of industry’s obligations as licensees. This expectation is to be fulfilled by:

- Delivery of fit for purpose education and training; and
- Successful implementation of government policy and regulatory reform.¹¹⁸

The community views on the adequacy and relevance of the current Responsible Service of Alcohol (RSA) training module, which must be completed by liquor licence holders and workers involved in the supply of alcohol is discussed further below.

In the gambling space, the regulatory division of the VGCCC has developed an Education Strategy for 2022–2025.¹¹⁹ The strategy identifies the audience it intends to target through various educational activities, including a list of stakeholders, the messages they wish to send and the relevant communication channels.¹²⁰ They have also developed an implementation plan for this.¹²¹

¹¹⁵ Dr Claire Wilkinson, *Transcript of evidence*, p. 1; Alcohol Change Victoria, *Submission 27*, p. 2.

¹¹⁶ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 8.

¹¹⁷ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 11.

¹¹⁸ Hon Melissa Horne MP, Minister for Casino, Gaming and Liquor regulation, *Statement of Expectations Victorian Liquor Commission*, 16 August 2023, <<https://content.vic.gov.au/sites/default/files/2023-08/Ministerial-statement-of-expectations-victorian-liquor-commission.pdf>> accessed 9 October 2023

¹¹⁹ Victorian Gambling and Casino Control Commission, supplementary evidence received 5 October 2023, *Education Strategy*, p. 3.

¹²⁰ *Ibid*, pp. 5–6.

¹²¹ *Ibid*, p. 7.

3.6.1 Limitations of the Responsible Service of Alcohol training

The key element of liquor regulation related education is the mandatory completion of the Responsible Service of Alcohol (RSA) training module for anyone selling, offering or serving alcohol under general, on-premises, late night and packaged liquor licences. It is also compulsory in other situations where a special condition on the liquor licence exists.¹²² Under the current regulations people are required to complete the RSA within one month of their first supply of liquor, and while the RSA does not expire, refresher training must be undertaken every three years.¹²³ An Advanced RSA training course is required to be completed by licensees of a new late night (general) or a late night (on-premises) licence within six months of their license being granted. Holders of the general, on-premises or late night (general) or late night (on-premises) licence that incur a demerit point (due to a compliance infraction), must also complete the Advanced RSA training course within six months.¹²⁴

At the Youth Roundtable, participants advised the Committee about the lived experience of young people who work in hospitality, where they felt workers are particularly vulnerable to violence and aggressive behaviour due to intoxicated patrons.¹²⁵

Clearly, identifying where the sale and supply of liquor to patrons or customers may lead to harm or violence is central to the harm minimisation approach, so effective RSA training is integral. The Committee was advised about the current limitations of RSA training. Alcohol Change Victoria identified a number of further regulatory actions the Government could take in terms of the advanced RSA training program that would reduce harm including removing the six-month window to complete the training and requiring refresher advanced training to be undertaken every two years. The Committee was advised a comprehensive advanced RSA training program should include modules on:

- assessing whether a person is intoxicated
- refusing alcohol service to a person who is intoxicated
- de-escalating high-risk situations
- obligations and duty of care in respect of people on the premises who are drunk or otherwise at risk of harm
- safety assessments of people on the premises who are drunk or otherwise at risk of harm
- steps that should be taken to ensure the safety of people who are drunk or otherwise at risk of harm

¹²² Victorian Government, *Responsible Serving of Alcohol*, 29 August 2023, <<https://www.vic.gov.au/responsible-service-alcohol-training>> accessed 9 October 2023.

¹²³ Ibid.

¹²⁴ Victorian Government, *Licensee Training*, 2023, <<https://www.vic.gov.au/licensee-training>> accessed 9 October 2023.

¹²⁵ PAEC Youth Roundtable – Liquor regulation, *Submission 49*, p. 1.

- Whether people who are drunk should be allowed to remain on premises, and whether it is safe for them to leave
- How to appropriately respond to reports of sexual assault or sexual harassment.

Alcohol Change Victoria point to the success of *Safe Bars*,¹²⁶ a staff training strategy developed in the United States, as a proven effective resource in ‘dealing with and reacting to problem behaviour and aggression by patrons’ and that was also ‘effective in changing staff attitudes and reducing aggression in alcohol venues.’

It was also noted that ‘most of the current content of RSA training is irrelevant to people delivering alcohol to people’s homes’ and training should be available for delivery people.¹²⁷

RECOMMENDATION 21: The Victorian Liquor Commission develop an appropriate training module for the responsible service of alcohol for delivery drivers.

Finally in relation to education, participants in the Youth Roundtable noted the lack of effective and helpful education and information on alcohol, its impact and harms they received when they were in school.¹²⁸ The VLC could look to partner with alcohol awareness organisations or fund the development of an education program together with the Department of Education and/or the Office for Youth in the Department of Families, Fairness and Housing targeting school students about alcohol harm.

RECOMMENDATION 22: The Victorian Liquor Commission, in conjunction with the Department of Education, Victorian Curriculum and Assessment Authority and the Office for Youth, review and update where necessary education programs and resources for school students about alcohol harm.

3.7 Measuring the outcomes of harm minimisation strategies

3.7.1 What the Victorian Auditor-General’s Office found

Recommendation 12 of VAGO’s 2017 *Regulation of Gambling and Liquor* audit called for improved publicly reported performance measures outlining the effectiveness of measures to reduce harm. VAGO recommended that the gambling regulator work with the then Department of Justice and Regulation to improve the quality of its publicly reported performance measures to focus on the outcomes and impact of its work.¹²⁹

¹²⁶ Safe Bars, 2023, <<https://safebars.org>> accessed 9 October 2023.

¹²⁷ Alcohol Change Victoria, *Submission 27*, p. 11.

¹²⁸ PAEC Youth Roundtable – liquor regulation, *Submission 49*, p. 3.

¹²⁹ Department of Justice and Community Safety and Department of Families, Fairness and Housing, *Submission 44*, p. 3.

VAGO's 2019 follow up audit found that this recommendation had been completed, with the gambling regulator and the Department of Justice and Community Safety having revised Budget Paper performance measures alongside the implementation of a new reporting system with mechanisms to track progress.

3.7.2 Subsequent developments

At the hearings, the Auditor-General noted that 'sitting here today having a look at the latest budget papers, BP3 in this space, there is still work to be done in getting the output indicators right and then to actually look at outcomes.'¹³⁰ At the hearings, the VGCCC also noted the inadequacy of the current performance measures:

The BP3 measures, we feel, are by and large inadequate in really measuring and giving any sense of the impact and the outcomes the organisation is achieving. So we have redesigned a balanced scorecard, and we are in the process – we spent about six months consulting on this, the first six months of last financial year – of building the evidence base. Once this is built and we have got a couple of years of measurement under our belt and we have proved this up, we have agreed with DJCS that we will look to redefine our BP3 measures.¹³¹

The Committee also found the existing Victorian 2023–24 Budget Papers performance measures relating to gambling regulation to focus on outputs rather than outcomes and therefore are insufficient to capture the extent of gambling harm reduction and the impacts of VGCCC's harm minimisation approach to its regulatory function.¹³² There is further important work to be done in this area to fully implement VAGO's recommendations.

FINDING 38: The Victorian Gambling and Casino Control Commission's Budget Paper no. 3 performance measures are inadequate and currently focus on outputs instead of outcomes that demonstrate the effectiveness of measures to reduce harm.

The Committee also notes that the VGCCC's *Corporate Plan 2020–23* outlines a number of objectives and indicators which have not been publicly reported against.¹³³ The VGCCC's *Annual Report 2021–22* notes they are working on 'a new corporate plan to better reflect our revised functions, powers and operating environment from 1 July 2022, given our role no longer includes liquor regulation.'¹³⁴

¹³⁰ Mr Andrew Greaves, *Transcript of evidence*, p. 6.

¹³¹ Ms Annette Kimmitt, *Transcript of evidence*, p. 5.

¹³² Department of Treasury and Finance, *Victorian State Budget 2022–23 Paper 3: Service Delivery*, 2023, pp. 290–292, 394.

¹³³ Victorian Commission for Gambling and Liquor Regulation, *Corporate Plan 2020–23*, 2020, <https://www.vgccc.vic.gov.au/sites/default/files/corporate_plan_2020-23.pdf> accessed 10 October 2023.

¹³⁴ Victorian Gambling and Casino Control Commission *Annual Report 2021–22*, p. 11.

FINDING 39: The Victorian Gambling and Casino Control Commission (VGCCC) is finalising a new corporate plan to reflect the revised functions, powers and operating environment of the organisation. The VGCCC is also developing an outcomes framework that is intended to gauge the impact of harm minimisation measures in at-risk groups, community awareness and the accessibility of tools and information.

RECOMMENDATION 23: The Victorian Gambling and Casino Control Commission review its Budget Paper no. 3 performance measures with a view to developing performance measures that demonstrate the impact of its harm minimisation legislative responsibilities. The new measures should be informed by the objectives and indicators in the upcoming *Strategic Plan* and outcomes framework that is in development.

Public health advocates appearing before the Committee also noted the need for the VLC to begin reporting publicly on the harm minimisation measures incorporated in its regulatory framework.¹³⁵ The VLC will publish its first Annual Report by the end of October 2023. Performance measures were published in the 2023–24 Budget Papers. It would be useful for the VLC to develop a set of performance measures relating to harm minimisation, so the Parliament and community can see how its new remit is being implemented. Further transparency on the VLC’s website in relation to Commission hearing decisions, the compliance record of licence holders and applicant history would also demonstrate how harm minimisation is being embedded in the organisation’s regulatory activities.

RECOMMENDATION 24: The Victoria Liquor Commission publish information that demonstrates how harm minimisation is being incorporated into its regulatory framework, including:

- Developing performance measures for inclusion in the Budget Papers and its Annual Report
- Posting timely information including Commission tribunal hearing decisions, the compliance record of licence holders and licence applicant history on its website.

Issues with current performance measures for the Victorian Gambling and Casino Control Commission and the Victorian Liquor Commission

The Committee notes the following developments regarding the 2023–24 Budget Paper performance measures for the VGCCC and the VLC.

The VGCCC has proposed the two quantity performance measures (Gambling inspections completed–metropolitan and gambling inspections completed–regional) be discontinued and replaced by one combined performance measure (Gambling

¹³⁵ Dr Claire Wilkinson, *Transcript of evidence*, p. 2.

inspection completed). The reason provided for this proposed change was due to the VGCCC's 'risk-based, intelligence led approach rather than a location-based approach', leading to an increasing focus on metropolitan inspections. The Committee noted in the *Report on the 2023–24 Budget Estimates* that DJCS has not reached its target for the number of 'Gambling inspections – regional' since the performance measure was first reported on in 2019–20, and the expected 2022–23 lower outcome was due to 'limited regional operations being conducted' that financial year.¹³⁶ The Committee considered reporting on the number of inspections by location to be an important measure of the VGCCC's actions and performance, especially given the prevalence of gambling losses across both regional and metropolitan areas and has recommended they be retained.¹³⁷

The VGCCC also proposed that the 'Gambling licensing client satisfaction' quality performance measure be discontinued due to 'a poor response rate for stakeholder satisfaction surveys from gambling license holders' and that, as the responses were comprised almost entirely of liquor licence holders, a statistically relevant sample for gambling licence holders could not be achieved.¹³⁸ The Committee has recommended that the DJCS, and the VGCCC, either consider strategies to achieve a valid survey sample, or explore other ways to report on gambling licence holders satisfaction.¹³⁹

The outcome of the VLC's performance measure 'Liquor approvals, licence permit applications and variations completed within set time' is expected to be 85% for 2022–23 and this has not changed since the measure was introduced in 2021–22.¹⁴⁰ The VGCCC's *Annual Report 2021–22* explains the 'set time' for an application for liquor licence is 77 days, while an application for a BYO permit is 46 days.¹⁴¹ At the hearing, the Committee was advised that timelines for liquor licenses have extended to 85 calendar days, and the VLC is trying to reduce this to 60 days, although it was not clear which type of licence this referred to.¹⁴² At the time of the 2017 *Regulating Gambling and Liquor* audit, VAGO reported the VCGLR had a 60 day processing benchmark.¹⁴³ Given there are 13 types of liquor licences, and the delays the VLC has experienced in issuing these, the Budget Paper performance measure that includes permit applications and variations to be too broad. Further, it is not clear what 'set time' refers to in the Budget Papers. Given the delays, it would also appear the target of 85%, together with the expectation that it will be reached in 2022–23, is not sufficiently ambitious and should be changed to reflect a stretch target.

¹³⁶ Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, Melbourne, October 2023, p. 86.

¹³⁷ Ibid.

¹³⁸ Ibid.

¹³⁹ Ibid.

¹⁴⁰ Department of Treasury and Finance, *Victorian State Budget 2022–23 Paper 3: Service Delivery*, p. 292.

¹⁴¹ Victorian Gambling and Casino Control Commission, *Annual Report 2021–22*, p. 16.

¹⁴² Mr James O'Halloran, *Transcript of evidence*, p. 9.

¹⁴³ Victorian Auditor-General's Office, *Regulating Gambling and Liquor*, p. 15.

3.8 Regulation and political capture in gambling and liquor regulation

The influence of political lobbyists and political donations made by the gambling and liquor industry on regulation and policy has been a longstanding issue highlighted by alcohol and gambling harm minimisation reform advocates.¹⁴⁴ Prior to the introduction of legislation restricting the levels of political donations and enhanced disclosure laws in Victoria a record \$1.8 million was donated to political parties and associated entities during the state election year of 2018–19.¹⁴⁵ The significant donation laws enacted after the 2018 election mean that entities cannot make donations greater than \$4,000 to political parties, and anonymous donations greater than \$1,080 are banned.¹⁴⁶ Donations made by gambling industry representatives to Victorian political parties in 2019–20 totalled \$166,900.¹⁴⁷

In 2021–22, Australia’s major political parties received \$2.2 million from alcohol and gambling companies, which was a 40% increase on the previous year.¹⁴⁸ Associate Professor Charles Livingstone told the Committee:

The gambling industry, along with the alcohol industry, which are often the same industries, are world-class at influencing government policy to their advantage, and until we get on top of that, then the perception is always going to be that governments go soft on regulation of gambling because they are too close to them. Those are really important changes that need to be done.¹⁴⁹

The ‘revolving door’ is another issue that has been highlighted in Australia, whereby employees move between positions in government and industry. Employees are typically senior, and movements are typically from government to industry, which tends to favour industry interests.¹⁵⁰ Although Australia has ‘cooling-off periods’ whereby employees need to wait either 12 or 18 months (depending on their previous roles) before working in industry, these rules have been argued as not strict enough, and not enforced enough. Other jurisdictions, such as Canada and the United States, have stricter ‘cooling-off periods’, and public opinion in Australia supports stricter limitations on public officials moving to industry.¹⁵¹

¹⁴⁴ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 8; Prof Samantha Thomas, *Transcript of evidence*, pp. 2, 8.

¹⁴⁵ Inga Ting et al., ‘Betting on a winner’, *ABC News*, 10 May 2022, <<https://www.abc.net.au/news/2022-05-10/gambling-industry-political-donations-to-states-and-territories/100988954#VIC>> accessed 10 October 2023.

¹⁴⁶ Victorian Government, *Background and context to the 2018 amendments to the Electoral Act 2002*, 27 October 2023, <<https://www.vic.gov.au/electoral-review-expert-panel-discussion-paper/background-and-context-2018-amendments-electoral-act>> accessed 1 November 2023.

¹⁴⁷ Inga Ting et al., ‘Betting on a winner’.

¹⁴⁸ Foundation for Alcohol Research and Education, *Gambling and alcohol lobby plough \$2.165 million into political parties, up 40% from previous year*, media release, Canberra, 1 February 2023.

¹⁴⁹ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 8.

¹⁵⁰ Narelle Robertson, Gary Sacks, and Peter Miller, ‘The revolving door between government and the alcohol, food and gambling industries in Australia’, *Public Health Research & Practice*, vol. 29, no.3, 2019, doi: 10.17061/phrp2931921.

¹⁵¹ Peter Miller et al., ‘Public opinion of alcohol industry corporate political activities’, *Australian and New Zealand Journal of Public Health*, vol. 45, no. 3, 2021, pp. 283–289.

While there have been recent reforms made in Victoria regarding the registration and declaration of interests of political lobbyists,¹⁵² further action could be taken regarding the regulation of alcohol and liquor to guard against ‘regulation capture’. ‘Regulatory capture’ occurs when an industry controls—or is seen to control—the authority tasked with regulating and/or policing it.

The Committee was informed of evidence regarding the focus on ‘responsible gambling’ in the public discourse, whereby the burden of responsibility for experiencing and preventing gambling harm is shifted to individuals and consumers, rather than recognising that gambling is a harmful product.¹⁵³ Rev Tim Costello, Chief Advocate of the Alliance for Gambling Reform, traced the mantra’s ‘direct provenance with the NRA [National Rifle Association].’¹⁵⁴ Associate Professor Livingstone emphasised the effects of the ‘responsible gambling’ message, saying:

I cannot emphasise enough how significant it is to see this particular discourse, this framework, this paradigm ... how influential that has been. If you look at the legislation, it talks about responsible gambling. If you look at what the regulator is doing, it talks about responsible gambling. If you go down to Crown, they will talk about their responsible gambling practices. If you go to a venue, they will talk about their responsible gambling code of conduct.

Associate Professor Livingstone went on to discuss the deficiencies of the ‘responsible gambling’ paradigm:

The reality is that it simply does not work, and the reason it does not work is because it is focused on individuals. It blames individuals for the problem, and it emphasises treatment rather than prevention. I know it is a hackneyed cliché perhaps, but it is like having people falling off a cliff and providing ambulances for them but not building a fence. The public health approach is focused on building that fence, and it is not focused on individuals as the source of the problem. ... So what we must do is reorient the research paradigm away from responsible gambling and towards the public health approach.¹⁵⁵

In addition to political donations, the Committee was alerted to a history of the gambling industry using internationally influential peer-researched academic journal articles to promote the core ideological beliefs and promotion of ‘the Reno model’ of gambling regulation.¹⁵⁶ Professor Samantha Thomas told the Committee that ‘Deakin University is one of the few universities that does not permit its researchers to receive funding from the commercial gambling industry for research or related activities.’¹⁵⁷

152 Victorian Government, *The Victorian Government Professional Lobbyist Code of Conduct*, 17 April 2023, <<https://www.lobbyists.vic.gov.au/code-of-conduct>> accessed 27 September 2023.

153 Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 17; Alliance for Gambling Reform, *Submission 39*, p. 7.

154 Rev Tim Costello AO, *Transcript of evidence*, p. 4.

155 Associate Prof Charles Livingstone, *Transcript of evidence*, p. 5.

156 The ‘Reno model’ philosophical framework is based on ‘individual responsibility, framed as personal control and autonomy for informed choice and a focus on problem gamblers who manifest clinical symptoms of impaired control. Source: Prof Linda Hancock, *Submission 32*, p. 3.

157 Prof Samantha Thomas, *Transcript of evidence*, p. 1

Another example of regulatory capture is the involvement of industry organisations in funding public health responses to gambling harm. In South Australia, for example, the Gamblers Rehabilitation Fund that is administered by the Department of Human Services' Office for Problem Gambling is actually a joint initiative of industry players the Australian Hotels Association (SA), Clubs SA, Adelaide Casino and the Government of South Australia.¹⁵⁸

Further action that could be taken to inhibit regulation capture of the gambling and liquor industries includes the removal of industry and vested interests in influencing policy, in line with the restrictions currently in place for the harmful product of tobacco. The World Health Organization Framework Convention on Tobacco Control, ratified by Australia, prohibits industry influence over tobacco policies.¹⁵⁹ The de-normalisation of tobacco, through prohibitions on advertising and political influence, is also attributed to the success of the public health approach.¹⁶⁰ The public health approach taken to combat tobacco use could act as a template in responding to gambling harm.¹⁶¹

RECOMMENDATION 25: In light of the potential for harm caused by products promoted by the gambling and alcohol industry, the government consider reforming donations from the gambling and alcohol industry and associated entities to state political parties.

¹⁵⁸ Office for Problem Gambling, *About us*, (n.d.), <<https://www.problemgambling.sa.gov.au/about>> accessed 6 October 2023.

¹⁵⁹ Prof Samantha Thomas, *Transcript of evidence*, p. 2.

¹⁶⁰ *Ibid*, pp. 2, 8.

¹⁶¹ *Ibid*, p. 8.

Chapter 4

Reducing the harm of gambling

4.1 Overview

In *Report No. 213: Reducing the Harm Caused by Gambling*, the Victorian Auditor-General's Office (VAGO) examined whether the Victorian Responsible Gambling Foundation (VRGF) was achieving its intended outcomes and impacts.¹ VAGO concluded the VRGF did not know whether its prevention and treatment programs were effectively reducing the severity of gambling harm. The audit found the VRGF did not understand the broader impact of its prevention programs because it lacked an outcome-based framework to develop and measure the results of its programs. VAGO also concluded that while the VRGF funds research and program evaluation, it did not utilise this evidence to improve its program design and service delivery.² To address this, VAGO made several recommendations about the VRGF's understanding of gambling harm and its programs to prevent and treat gambling harm.

The Committee has examined a range of evidence to determine the progress made by the VRGF in implementing the audit's eight recommendations and the further steps necessary for the VRGF or its successor to achieve its intended outcomes and impacts. This Chapter is split into five sections. The first examines the role and functions of the VRGF and recent machinery of government changes impacting the organisation. The second, third and fourth sections look at the VRGF's understanding of gambling harm, programs to prevent gambling harm and programs to treat gambling harm. Each section contextualises relevant VRGF functions, programs and services, outlines VAGO's recommendations and the status of the VRGF's implementation of these recommendations, and details further actions recommended by stakeholders and witnesses during the Inquiry.

1 Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, Melbourne, 2021, p. 3.

2 Ibid.

4.2 The Victorian Responsible Gambling Foundation

4.2.1 The role of the Victorian Responsible Gambling Foundation

The VRGF is a statutory authority established eleven years ago under the *Victorian Responsible Gambling Foundation Act 2011* (Vic) (the Act) to address the challenge of gambling harm in the Victorian community.³ The VRGF's objectives are set out in the legislation and are to:

- reduce the prevalence of problem gambling and the severity of harm related to gambling, and
- foster responsible gambling.⁴

The VRGF carries out several functions to achieve these objectives which are also stipulated in the Act. In summary, the VRGF's legislated functions are to:

- undertake activities to address the causes of gambling harm
- deliver education and information programs to promote responsible gambling behaviour
- raise awareness of the risks of gambling
- support public understanding of, and participation in, gambling policy issues
- provide treatment, counselling services and intervention services for problem gambling
- advocate within government through the provision of evidence-based advice and information.⁵

It is also responsible for providing information and advice in relation to the issue or granting of licences, permits, approvals, authorisations, registration or allocations under gambling legislation, and regulation of gambling under gambling legislation.⁶

The VRGF's functions are reflected in its strategic plan (2021–24),⁷ programs, and activities.⁸

VAGO's audit grouped the VRGF's program delivery, marketing, and professional development programs into two streams—prevention and treatment—which accounted for \$30.8 million of the VRGF's \$38.3 million budget allocation in 2020–21.⁹ The VRGF's key prevention programs and treatment and support services are detailed in Table 4.1 below.

³ Victorian Responsible Gambling Foundation, *Submission 45*, p. 3.

⁴ *Victorian Responsible Gambling Foundation Act 2011* (Vic) s 5.

⁵ Victorian Responsible Gambling Foundation, *Submission 45*, p. 3; *Victorian Responsible Gambling Foundation Act 2011* (Vic) s 6.

⁶ *Victorian Responsible Gambling Foundation Act 2011* (Vic) s 6(1)(d).

⁷ Victorian Responsible Gambling Foundation, *Our strategic priorities 2021–24*, Melbourne, 2021, p. 10.

⁸ Victorian Responsible Gambling Foundation, *Submission 45*, p. 3.

⁹ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 18.

Table 4.1 Prevention programs and treatment and support services run by the Victorian Responsible Gambling Foundation

Prevention program	Delivered by	Providing
School education program	Gambler's Help Local	<ul style="list-style-type: none"> Face-to-face workshops aimed at raising awareness of gambling harm against the normalisation of gambling among adolescents Resources for teachers designed to link with the year 10–12 curriculum
Venue support program	Gambler's Help Local	<ul style="list-style-type: none"> Training modules to staff at gambling venues to better identify and support clients who experience gambling harm
<ul style="list-style-type: none"> Prevention partnerships program Strategic partnership initiatives 	Community organisations	<ul style="list-style-type: none"> Pilot prevention activities Primarily educational and awareness-raising activities Targeting at-risk community groups, such as migrants and refugees
Community engagement program	Gambler's Help Local	<ul style="list-style-type: none"> Locally identified prevention activities, primarily awareness-raising, for at-risk groups such as migrant youth and CALD groups
<ul style="list-style-type: none"> Local sporting clubs program Elite sporting clubs partnerships 	VRGF's contracted provider	<ul style="list-style-type: none"> Awareness-raising activities and community engagement to promote the key message of 'Love the Game, Not the Odds' to counter the normalisation of sports gambling in young people, targeting both young players and the wider community, including fans and their families
Media campaigns, such as: <ul style="list-style-type: none"> Gambling harm campaign 100 Day Challenge 'Love the Game' during live sport events 	VRGF	<ul style="list-style-type: none"> Awareness-raising of gambling harm and messages to promote possible behavioural changes
Treatment and support service	Delivered by	Providing
Gambler's Help Local	11 contracted service providers	Face-to-face therapeutic and financial counselling across 100 locations in 15 catchment areas
Gambling Help Online and Gambler's Helpline	Turning Point (contracted provider)	Telephone hotlines, online self-help tools, online chats, email and online peer-to-peer support 24-hours, seven days a week
Peer-to-peer support service	People with lived experience of gambling harm	Non-crisis, confidential support across the broader Victorian community and in language to the Chinese community
Targeted services for Aboriginal and Torres Strait Islander peoples and for CALD communities	<ul style="list-style-type: none"> Four Aboriginal communities' Community Controlled Health Organisations in Melbourne, Bairnsdale, Shepparton and Mildura Five established ethnic community organisations 	<ul style="list-style-type: none"> The Aboriginal Communities' Gambling Awareness Program A mix of prevention and treatment services to Chinese, Vietnamese and Arabic-speaking communities
Specialist mental health program	Alfred Health	<ul style="list-style-type: none"> A combination of brief case assessment and review to Gambler's Help clients provided by qualified mental health specialists

Source: Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, Melbourne, 2021, pp. 19–20.

4.2.2 Recent machinery of government changes

In the past the VRGF has been funded through four-year budget allocations, with total annual operating expenses of approximately \$40 million since the organisation began its operations.¹⁰ However, the 2023–24 Victorian State Budget only allocated funding to the VRGF for one year.¹¹ On 16 July 2023, the Government announced the Victorian Gambling and Casino Control Commission (VGCCC) would assume greater responsibilities for gambling harm minimisation, including taking over most of the functions of the VRGF from 1 July 2024.¹² The Chief Executive Officer (CEO) of the VRGF advised the Committee that the capacity for integration between the VRGF and VGCCC was substantial with a close relationship between both organisations.¹³ He noted the VGCCC may assume responsibility for the VRGF’s research and education programs given the ‘consistency between their remit around gambling harm and the work they also already do in awareness raising and education.’¹⁴ However, the CEO advised Gambler’s Help treatment and support services may be better positioned to sit within the health department having historically (pre-VRGF) been delivered through the Department of Health (DH).¹⁵

The Committee asked witnesses about the recent machinery of government changes. Professor Samantha Thomas of Deakin University stated the public health approach adopted by the VRGF needed to be protected wherever the organisation’s responsibilities, programs and services were transferred.¹⁶ The Committee notes that VRGF’s 2018–21 strategic plan identifies the need for a public health approach to prevent gambling harm.¹⁷ Professor Thomas added she did not think the VGCCC was suitable as a regulator to run public health campaigns about the dangers associated with gambling. She noted that the machinery of government changes provided an opportunity to further integrate a public health approach within programs and services aimed at preventing and reducing gambling harm.¹⁸ When asked about the conflict between gambling regulation, prevention and research and whether these functions should be kept separate, Associate Professor Charles Livingstone of Monash University asserted that, in an ideal world, there would be ‘a regulator that regulated

¹⁰ Victorian Responsible Gambling Foundation, *Annual Report 2021–22*, Melbourne, 2022, p. 88; Parliamentary Budget Office, *Submission 29*, p. 22.

¹¹ Department of Treasury and Finance, *Victorian State Budget 2022–23 Paper No. 3: Service Delivery*, pp. 82, 85; Mr Toby Hemming, Deputy Secretary, Integrity, Regulation and Legal Services, Department of Justice and Community Safety, 2023–24 Budget Estimates (Casino, Gaming and Liquor Regulation) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 2.

¹² Hon Daniel Andrews MP, *Landmark reforms to reduce gambling related harm*, media release, Victorian Government, Melbourne, 16 July 2023.

¹³ Mr Shane Lucas, Chief Executive Officer, Victorian Responsible Gambling Foundation, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 6.

¹⁴ Mr Shane Lucas, *Transcript of evidence*, p. 7.

¹⁵ *Ibid.*, p. 6.

¹⁶ Prof Samantha Thomas, School of Health and Social Development, Deakin University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 6.

¹⁷ Victorian Responsible Gambling Foundation, *Our strategic priorities 2021–24*, Melbourne, 2021, p. 7.

¹⁸ Prof Samantha Thomas, *Transcript of evidence*, p. 8.

... and a public health agency that undertook research and acted to implement regulatory reform.¹⁹

The Alliance for Gambling Reform (AGR) expressed the view that the VRGF's research, prevention and Gambler's Help services should sit within VicHealth, the DH or another health-based area of government.²⁰ The CEO of the Better Health Network (BHN)—a community health provider responsible for the delivery of Gambler's Help services—expressed concern about the lack of funding certainty over the forward estimates.²¹ However, the BHN's preference was for harm reduction, prevention and therapeutic services to sit together in an area of government that would support a broad public health approach.²²

FINDING 40: The Victorian Responsible Gambling Foundation is not funded beyond 30 June 2024 and the Government is yet to announce which agencies or departments will assume responsibility for its various programs and services.

FINDING 41: Experts advised that there may be conflicts between the functions of gambling regulation, prevention, research and treatment and consequently this should be reflected in future machinery of government changes.

RECOMMENDATION 26: Gambling prevention and treatment programs be delivered by a health-rather than justice-based agency to embed the public health approach to gambling.

4.3 Understanding gambling harm

The VRGF's research program aims to build and strengthen our knowledge and understanding of gambling harm. The VRGF identifies areas of research, awards research grants and commissions major research projects.²³ The VRGF's four-year research agenda from 2018 to 2022 focused on the changing landscape of available gambling products and technological advancements. The organisation also commissioned and released studies on topics such as gambling advertising, the impact of gambling on young people and children and the effects of direct marketing and wagering inducements.²⁴ The upcoming *Gambling harm prevention research directions*

¹⁹ Associate Prof Charles Livingstone, School of Public Health and Preventive Medicine, Monash University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 2.

²⁰ Ms Carol Bennett, Chief Executive Officer, Alliance for Gambling Reform, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 3.

²¹ Mr Damian Ferrie, Chief Executive Officer, Better Health Network, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 2.

²² Ibid, pp. 2-3.

²³ Victorian Responsible Gambling Foundation, *Foundation research program*, 25 March 2021, <<https://responsiblegambling.vic.gov.au/research>> accessed 19 September 2023.

²⁴ Victorian Responsible Gambling Foundation, *Submission 45*, p. 6.

2023–27 will support further research across five themes: gambling products and environments, effects on community, gambling harm prevention, industry marketing, and recovery and support.²⁵

VAGO's audit noted the VRGF utilised its research evidence in general prevention programs targeting the whole community as well as its prevention and early intervention programs for people at low or moderate risk of experiencing gambling harm. However, VAGO found the VRGF had not funded research into gambling treatment and support services and had missed opportunities to utilise its research in improving and designing its treatment and prevention programs. VAGO concluded the VRGF's failure to apply research to improve its programs was inconsistent with the organisation's legislated mandate to reduce harm.²⁶

4.3.1 Defining and measuring gambling harm in Victoria

Although the existence of gambling-related harm is widely accepted and acknowledged,²⁷ there is no agreed international definition of 'gambling harm'.²⁸ There are common negative impacts associated with participation in gambling and degrees of harm can be heightened by the frequency and volume of an individual's gambling activity.²⁹ One issue with defining and measuring gambling harm, however, has been the difficulty of isolating gambling-related harm from those associated with other 'co-occurring' conditions.³⁰ Research commissioned by the VRGF shows that people who experience gambling harm also often experience a range of health conditions—such as mental illnesses and substance use disorders—family issues and social problems—including socioeconomic disadvantage, homelessness and crime.³¹

In its audit, VAGO referred to gambling harm as any negative consequence caused, or made worse, by gambling.³² This is based on an expanded definition used by the VRGF which defines gambling harm as:

any initial or exacerbated adverse consequence due to an engagement with gambling that leads to a decrement to the health or wellbeing of an individual, family unit, community or population.³³

²⁵ Ibid.

²⁶ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, pp. 21–27.

²⁷ See discussion in Chapter 2 regarding evidence received as to gambling-related harms.

²⁸ Erika Langham et al., 'Understanding gambling related harm: a proposed definition, conceptual framework, and taxonomy of harms', *BMC Public Health*, vol. 16, no. 80, 2016, p. 1; Matthew Browne et al., *Assessing gambling-related harm in Victoria: a public health perspective*, Melbourne, 2016, p. 4.

²⁹ Langham et al., 'Understanding gambling related harm: a proposed definition, conceptual framework, and taxonomy of harms', pp. 1, 4.

³⁰ Victorian Responsible Gambling Foundation, *Assessing gambling-related harm in Victoria: A conceptual framework for gambling harm*, (n.d.), <<https://responsiblegambling.vic.gov.au/documents/165/Harm-study-Fact-sheet-1-Conceptual-framework-of-harm.pdf>> accessed 7 September 2023.

³¹ Helen Miller, *Complex Lives: Co-Occurring Conditions of Problem Gambling*, Melbourne, April 2014, p. 5.

³² Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 13.

³³ Langham et al., 'Understanding gambling related harm: a proposed definition, conceptual framework, and taxonomy of harms', p. 4.

This definition is grounded in a public health approach to measuring health outcomes, focuses on harm as an outcome rather than a cause or symptom of harmful gambling, and considers harm that may occur from interactions with gambling outside of participation in gambling.³⁴ This definition has also been used in VRGF research to develop a framework that classifies gambling harm into seven categories:

- financial harm
- relationship disruption, conflict or breakdown
- emotional or psychological distress
- decrements to health
- cultural harm
- reduced performance at work or study
- criminal activity.³⁵

The audit discussed the link between gambling harm and ‘problem gambling’, which VAGO noted is ‘characterised by difficulties in limiting money or time spent on gambling.’³⁶ The Problem Gambling Severity Index (PGSI) is used as a standardised measure to assess the risk and prevalence of gambling harm and at-risk behaviour.³⁷ Participants are asked to assess their gambling habits over the past 12 months in response to nine questions and different responses (ranging from ‘never’ to ‘always’) attract different numerical scores.³⁸ The scores are then calculated and correspond to categories of gambling behaviour (detailed in Table 4.2 below).

Table 4.2 Problem Gambling Severity Index (PGSI)

The person is categorised as...	If the PGSI score is...	For example...
Non-problem gambler	0	A person's gambling has no negative consequences.
Low-risk gambler	1-2	They may very occasionally spend over their limit or feel guilty about their gambling.
Moderate-risk gambler	3-7	They may sometimes spend more than they can afford, lose track of time, or feel guilty about their gambling.
Problem gambler	8 or above	They may often spend over their limit, gamble to win back money and feel stressed about their gambling.

Source: Victorian Responsible Gambling Foundation, *Problem Gambling Severity Index (PGSI)*, 12 April 2019, <<https://responsiblegambling.vic.gov.au/for-professionals/health-and-community-professionals/problem-gambling-severity-index-pgsi>> accessed 8 September 2023.

³⁴ Ibid.

³⁵ Ibid, pp. 6–13.

³⁶ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 13.

³⁷ Victorian Responsible Gambling Foundation, *Problem Gambling Severity Index (PGSI)*, 12 April 2019, <<https://responsiblegambling.vic.gov.au/for-professionals/health-and-community-professionals/problem-gambling-severity-index-pgsi>> accessed 8 September 2023.

³⁸ Ibid.

The Committee recognises the accuracy of the PGSI is disputed in academic literature. There is an inherent risk associated with self-reporting tools because an individual's results are only as accurate as their interpretation or truthful answering of subjective questions.³⁹ The PGSI also may not identify all gambling harms, particularly for individuals with less risky gambling behaviour.⁴⁰ The Committee also notes that experts and witnesses have noted that such language like 'problem gambler' and 'responsible gambling' is outdated and stigmatising.⁴¹ Despite issues with the PGSI and its classification of 'problem gambling' the index is used widely to measure gambling behaviour and gambling harm in Victoria.

Prevalence of 'problem gambling'

Under the *Victorian Responsible Gambling Foundation Act 2011* (Vic), one of the VRGF's legislative objectives includes 'reduc[ing] the prevalence of problem gambling'.⁴²

Since its inception, the VRGF has commissioned a large-scale research project every four years to undertake a general population survey on gambling participation, gambling behaviour and gambling-related harm in Victoria.⁴³ As well as utilising the PGSI to determine the prevalence of gambling harm, the *Victorian population gambling and health study 2018–2019* also incorporated the Short Gambling Harm Scale (SGHS).⁴⁴

The study found roughly 330,000 Victorian adults who gambled (9.6% of the adult population) experienced at least one form of gambling harm and roughly 300,000 Victorian adults (6.1% of the adult population) were harmed by someone else's gambling.⁴⁵ The study concluded the prevalence of 'problem gambling' in Victoria was relatively low, with roughly 0.7% of the adult Victorian population suffering from a gambling disorder compared to 69% of all Victorian adults partaking in gambling.⁴⁶ However, the study also concluded that 70% of gambling harm was experienced by people whose behaviour was not classified as problem gambling according to the PGSI.⁴⁷ The CEO of the VRGF advised the Committee he hoped updated figures

39 Eva Samuelsson, Peter Wennberg and Kristina Sundqvist, 'Gamblers' (mis-)interpretations of Problem Gambling Severity Index items: Ambiguities in qualitative accounts from the Swedish Longitudinal Gambling Study', *Nordic Studies on Alcohol and Drugs*, vol. 36, no. 2, 2019, p. 140.

40 Cailem Murray Boyle, Anagha Joshi, and Rebecca Jenkinson, 'Understanding gambling harm and ways to identify those at risk', *Australian Institute of Family Studies*, December 2021, <<https://aifs.gov.au/resources/short-articles/understanding-gambling-harm-and-ways-identify-those-risk>> accessed 15 September 2023.

41 Alliance for Gambling Reform, *Submission 39*, p. 7; PAEC Youth Roundtable – gambling regulation, *Submission 48*, p. 3.

42 *Victorian Responsible Gambling Foundation Act 2011*, s 5.

43 Victorian Responsible Gambling Foundation, *Victorian population gambling and health study 2018–2019*, 12 March 2020, <<https://responsiblegambling.vic.gov.au/resources/publications/victorian-population-gambling-and-health-study-20182019-759>> accessed 8 September 2023.

44 The SGHS asks an individual to indicate if they have experienced any of the following as a result of their own or someone else's gambling: a reduction of available spending money, a reduction in savings, regrets about gambling, less spending on recreational expenses, feeling ashamed, feeling like a failure, feeling distressed, spending less time with loved ones, increased credit card debt, or the selling of personal items. Source: Matthew Rockloff et al., *Victorian population gambling and health study 2018–2019*, Melbourne, March 2020, p. 105–106.

45 Victorian Responsible Gambling Foundation, *Victorian population gambling and health study 2018–2019*.

46 Rockloff et al., *Victorian population gambling and health study 2018–2019*, pp. 1–2.

47 *Ibid.*, p. 4.

would be published in a new report based on surveys conducted in 2022–23 by the Centre for Gambling Research.⁴⁸ Fieldwork for the updated study has been completed with the new report to be ready for release in 2024.⁴⁹

In response to further questions from the Committee, the VRGF stated ‘the studies demonstrate that population levels of PGSI problem gambling have remained relatively consistent over time.’⁵⁰

FINDING 42: The level of problem gambling has remained relatively consistent over time in Victoria. This is despite the establishment of the Victorian Responsible Gambling Foundation over a decade ago in 2012.

At the hearings, the Committee discussed the prevalence of gambling harm with Responsible Wagering Australia (RWA), an independent peak body representing several Australian-licensed wagering service providers. As to whether anyone is subject to gambling harm or whether only a small proportion of the population is at risk from gambling harm, the CEO of RWA said:

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.⁵¹

The Committee also asked Entain about ‘the number of customers that have gambling addiction problems.’⁵² The Director, Regulatory Strategy and Safer Gambling for Entain did not provide a definitive quantity, saying:

It is a difficult one to measure. We know that there is quite a lot of literature [...] around the problem gambling rates that exist, and while those rates are quite low, we recognise that we do have a role to play in identifying customers that are at risk of harm and intervening with those customers.⁵³

Subsequently, Entain confirmed that in the period from January to August 2023, the total number of interventions, being safer gambling calls or emails to customers, represented approximately 6.3% of active year-to-date customers, while 20.8% of active accounts have at least one Punter Assist tool in place.⁵⁴ Punter Assist is described by Entain as a one-stop shop for a customer to manage their betting

⁴⁸ Mr Shane Lucas, *Transcript of evidence*, p. 3; Centre for Social Research and Methods, Australian National University, *Current projects*, 6 March 2023, <<https://csmr.cass.anu.edu.au/centres/cgr/projects>> accessed 8 September 2023.

⁴⁹ Victorian Responsible Gambling Foundation, response to questions on notice received 11 August 2023, p. 3.

⁵⁰ *Ibid.*

⁵¹ Mr Kai Cantwell, Chief Executive Officer, Responsible Wagering Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 11.

⁵² Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 3.

⁵³ *Ibid.*

⁵⁴ Entain, response to questions on notice received 21 September 2023, p. 2.

account, with the intention of having “being in control” become part of the every-day gambling experience, just like any other Entain product or promotion that is always available.⁵⁵

FINDING 43: The definition of gambling harm is contested in academic literature but has been classified by the Victorian Responsible Gambling Foundation into seven categories: financial harm, relationship disruption, conflict or breakdown, emotional or psychological distress, decrements to health, cultural harm, reduced performance at work or study, and criminal activity.

FINDING 44: The Victorian population gambling and health study is a report conducted by the Victorian Responsible Gambling Foundation every four years, which analyses a general population survey on gambling participation, gambling behaviour and gambling-related harm in Victoria. Approximately 630,000 Victorians experienced at least one form of gambling harm in 2018–2019. The prevalence of ‘problem gambling’, as classified by the Problem Gambling Severity Index, is around 0.7% of the Victorian adult population. The majority of gambling harm (70%) is experienced by people whose behaviour is classified as non-problem, low-risk and moderate-risk gambling.

RECOMMENDATION 27: The Victorian Government ensure an updated *Victorian population gambling and health study* is published based on surveys conducted in 2022–2023 and continues to be published in future years.

4.3.2 A public health approach to gambling harm

The CEO of the VRGF informed the Committee the organisation’s initial focus on treating ‘problem gambling’ has developed over time into a public health approach.⁵⁶ The CEO stated this involved contributing to academic research and community debate and moving away from concepts of ‘problem gambling’ and ‘responsible gambling’ towards acknowledging that gambling products and the environments in which they are delivered are the root causes of harm.⁵⁷ The VRGF’s submission elaborated the organisation’s approach to gambling harm, which recognises that:

- a combination of factors contribute to gambling harm, including social, cultural, policy, legislative, economic and environmental factors
- harm is experienced by individuals who gamble, their family members, friends, communities and the broader population
- gambling products are designed to keep people gambling, and the way industry promotes and offers them increases the risk of harm

55 Entain, *Our Commitment – Punter Assist*, (n.d.), <<https://responsiblegambling.entaingroup.com.au/punter-assist>> accessed 26 October 2023.

56 Victorian Responsible Gambling Foundation, *Submission 45*, p. 1.

57 Mr Shane Lucas, *Transcript of evidence*, p. 1.

- there is a collective responsibility for minimising harm that sits across governments, regulators, product developers, gambling providers, the advertising industry and those who partner with gambling companies, such as sporting bodies.⁵⁸

The Committee was advised by several witnesses about the ways in which gambling harm is viewed. Professor Thomas advised that gambling was not viewed consistently in public policy as a health issue, unlike other products known to harm the health of the community such as tobacco or alcohol.⁵⁹ Associate Professor Livingstone asserted the concept of ‘problem gambling’ involved a focus on the individual, who is viewed as being responsible for their degree and experience of gambling harm, rather than the system which exposes people to the risks of gambling harm.⁶⁰ Associate Professor Livingstone also asserted that regulators, legislation and gambling venues refer to and rely heavily on the ‘dangerous consumption’ approach—positioning responsible gambling and the treatment of individual problem gamblers as the best way of minimising gambling harm.⁶¹

The Alliance for Gambling Reform (AGR) compared gambling harm to tobacco use and asserted the gambling industry ‘seeks to normalise and downplay the significant health, mental health, economic and social problems that go hand in hand with a culture of gambling that is omnipresent.’⁶² The AGR also asserted the public health approach is critical to reducing gambling harm and that regulation should be administered by state and federal health departments to be consistent with other products harmful to an individual’s and the community’s health.⁶³ Several other community organisations, service providers and local government councils expressed their support for the public health approach to gambling harm.⁶⁴

The Committee was also advised by gambling industry representatives of their views on the public health approach. The CEO of RWA asserted the organisation’s ‘fundamental concern’ with the public health approach.⁶⁵ The CEO stated the approach:

may suggest that, like cigarettes, every \$5 bet is doing you damage. Every cigarette is doing you damage; every \$5 bet is not.⁶⁶

The CEO stated most Australians who gamble ‘do so in a safe environment and do so in a safe way.’⁶⁷ A representative from Sportsbet, an Australian online gambling provider, expressed the view that ‘public health considerations are really important in any industry or product that has the potential to be misused’ and informed the

⁵⁸ Victorian Responsible Gambling Foundation, *Submission 45*, p. 4.

⁵⁹ Prof Samantha Thomas, *Transcript of evidence*, p. 1.

⁶⁰ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 3.

⁶¹ *Ibid.*, p. 5.

⁶² Ms Carol Bennett, *Transcript of evidence*, p. 1.

⁶³ *Ibid.*, p. 2.

⁶⁴ Mornington Peninsula Shire, *Submission 17*, p. 2; Brimbank City Council, *Submission 18*, p. 2; Municipal Association of Victoria, *Submission 23*, pp. 9, 15; Meli, *Submission 51*, p. 5; Health and Community Services Union, *Submission 24*, p. 1.

⁶⁵ Mr Kai Cantwell, *Transcript of evidence*, p. 9.

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

Committee that Sportsbet had implemented several programs to promote ‘a positive approach to safer gambling.’⁶⁸ The representative from Sportsbet elaborated the organisation supported a ‘public health balance’ and the principle, but that this was dependent on the ways in which a public health strategy is executed.⁶⁹

FINDING 45: The public health approach views gambling harm as the result of a combination of factors, including social, cultural, policy, legislative, economic and environmental. This approach situates gambling products and the environments in which they are delivered as the root causes of gambling harm, and that gambling products are designed to keep people gambling and promoted in a way that increases the risks of harm. This contrasts with the ‘dangerous consumption’ or ‘responsible gambling’ model, which views the individual and the ‘problem gambler’ as responsible for their degree and experience of gambling harm.

FINDING 46: The Committee recognises there is a tension between how the gambling industry views and responds to gambling harm and the public health approach. While the gambling industry broadly recognises gambling harm as an issue, it promotes ‘safer’ or ‘responsible gambling’ rather than viewing gambling products and the gambling environment as inherently harmful.

4.4 Research informing prevention and treatment

4.4.1 The Victorian Auditor-General’s Office recommendations

VAGO made two recommendations to the VRGF regarding its research into program and service design, namely that the VRGF:

- Ensure that evidence from its research informs the design and improvement of prevention programs and treatment services, through:
 - requiring funded research to identify recommended actions for the VRGF to improve program and service practice, where appropriate
 - tracking progress in implementing the recommendations
 - reporting the progress to the VRGF’s board and in its annual report
- Apply available research and evaluation and where appropriate, funds research and evaluation to improve the efficacy of treatment and support services, in areas identified through its service performance review, including:
 - integrating peer support as part of the VRGF’s treatment and support services
 - investigating the causes of client disengagement with Gambler’s Help services and using the findings to improve client engagement and retention in counselling

⁶⁸ Mr Jules Norton Selzer, General Manager, Corporate Affairs, Sportsbet, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, pp. 10–11.

⁶⁹ *Ibid.*, p. 11.

- evaluating the VRGF's various treatment approaches for gambling harm to assess their effectiveness.⁷⁰

4.4.2 Subsequent developments

According to the VAGO's most recent annual status update on the implementation of its performance engagement recommendations dated 30 August 2023, the VRGF is yet to complete both recommendations.⁷¹ However, the VRGF advised the Committee it acquitted Recommendation 1 in March 2023, with 'significant work undertaken and a clear intention to ensure that redesigned prevention and treatment services incorporate research evidence and best practice.'⁷²

4.4.3 What the Committee found

Victorian Auditor-General's Office Recommendation 1

The Committee notes that the VRGFs been commissioning research for over a decade. The earliest published research reports on the VRGF's website are dated 2012. The VRGF is also the sole provider of gambling treatment services.⁷³

The VRGF informed the Committee it has developed methods to collate and track the publication of VRGF-funded research findings and recommendations including the influence of this research on external programs. The VRGF noted that its Board is provided with regular updates on the implementation of all VAGO's recommendations.⁷⁴ Progress was also to be reported in the VRGF's annual report. In its 2021-22 annual report, published in December 2022, the VRGF stated:

While new procedures and protocols are now in place, no new research or evaluations have been received by the Foundation since they were established. Accordingly, there is no update to include in the report.⁷⁵

The VRGF also advised it will implement a new sector development strategy focused on using research findings in the design of prevention and treatment services and on upskilling people who work in the sector to implement evidence-based best practice.⁷⁶ According to the VRGF, the sector development strategy outlines the organisation's new approach to enhancing professional capability and community capacity:

By making academic research, evidence and experience – including lived experience – accessible and readily understandable, the Foundation supports our partners and

⁷⁰ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 5.

⁷¹ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023: Data dashboard*, 30 August 2023, <<https://www.audit.vic.gov.au/report/responses-performance-engagement-recommendations-annual-status-update-2023>> accessed 13 September 2023.

⁷² Victorian Responsible Gambling Foundation, *Submission 45*, p. 13.

⁷³ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 5.

⁷⁴ Victorian Responsible Gambling Foundation, *Submission 45*, p. 13.

⁷⁵ Victorian Responsible Gambling Foundation, 2022, *Annual report 2021-22*, p. 34.

⁷⁶ Victorian Responsible Gambling Foundation, *Submission 45*, pp. 13-14.

other stakeholders to develop, implement and evaluate best practice approaches to gambling harm prevention, early intervention, and treatment and support.⁷⁷

The Committee could not evaluate the sector development strategy because it was not made available to the Committee by the requested deadline. A copy of the strategy has subsequently been published on the Committee's website.⁷⁸

Associate Professor Charles Livingstone, an expert witness to the Inquiry highlighted problems regarding the focus of research on 'responsible gambling'. His recent study found around two-thirds of alcohol and gambling research adopted a responsible gambling or responsible drinking model and he recommended the VRGF ensure future research follows a public health approach.⁷⁹ Associate Professor Livingstone noted that the VRGF has 'signalled its inclination' towards adopting this public health lens and some of the research the VRGF has commissioned in the last several years has taken a very strong view on that 'but we have to move beyond that now.'⁸⁰

The impact of VRGF research and its gaps were also identified as issues:

- The Alliance for Gambling Reform advised VRGF's research had not translated into material improvements in the prevention of gambling harm, stating:

It is not just about commissioning and being a postbox, it is about actually ensuring that the [recommended] measures that are put in place, particularly when there are significant public funds invested, translate into outcomes.⁸¹

- A joint submission from Turning Point—an addiction treatment, research, and education centre—and the Monash Addiction Research Centre (MARC) also highlighted the need for an outcomes focus for the research program to guide future research investments. The submission stated that:

This should be supported by greater investment in high value, impactful research conducted in and led by Victorians with an emphasis on public health initiatives, filling service gaps, and the development of preventive strategies and interventions that reduce and treat gambling harms and addiction.⁸²

- Associate Professor Livingstone spoke about the inaccessibility of VRGF research and the importance of communicating research, and of translating it into knowledge to inform practice and the legislative framework:

VRGF research is ... great for wonks like me, but it often is a bit inaccessible to people who do not have a primary interest in that area. I think translating the knowledge is the hard part, and I do not think the foundation was particularly good at translating that knowledge. Certainly they were not shouting a lot of it from the rooftops ... I think

⁷⁷ Ibid, p. 10.

⁷⁸ Victorian Responsible Gambling Foundation, *Sector Development Strategy 2022-23 to 2023-24*, supplementary evidence received 10 November 2023.

⁷⁹ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 5.

⁸⁰ Ibid.

⁸¹ Ms Carol Bennett, *Transcript of evidence*, p. 3.

⁸² Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 4.

they had constraints on what they felt they could advocate for ... Any agency which is commissioning research has to have ... the ability to disseminate that research clearly and loudly in order to prevent harm.⁸³

The Committee was advised there were also gaps in the research. Turning Point and MARC called for greater investment in research into gambling amongst Aboriginal and Torres Strait Islander peoples and culturally and linguistically diverse (CALD) communities, citing the limited nature and outdatedness of existing research.⁸⁴

FINDING 47: The Victorian Responsible Gambling Foundation has developed a sector development strategy to support the application of research findings in the design and improvement of prevention programs and treatment services. The Committee could not evaluate the sector development strategy because it was not made available to the Committee by the requested deadline.

RECOMMENDATION 28: The Victorian Responsible Gambling Foundation or its successor publicly report on actions recommended by funded research that have been integrated into the design of its prevention programs and treatment services design.

RECOMMENDATION 29: A gambling research plan be developed to guide future publicly funded research investment and address evidence gaps.

Victorian Auditor-General's Office Recommendation 2

In response to VAGO's second recommendation the VRGF has made changes to its clinical guidelines to incorporate peer support as a treatment option, commissioned a service review including prevention, early intervention and treatment activities and amended Gambler's Help funding agreements (from 1 July 2024).⁸⁵

Eighteen months after the VAGO audit, the VRGF commissioned a service system review including assessment of the efficacy of various treatment options. In September 2022 the VRGF engaged the management consultancy firm, Impact Co, to review its gambling harm service system and develop recommendations to strengthen support for Victorians at risk of, or affected by, gambling harm through a new service delivery model.⁸⁶ This involved research and consultation with treatment and prevention experts and individuals with lived experience of gambling harm, including Aboriginal and Torres Strait Islander peoples and CALD communities.⁸⁷ The VRGF informed the Committee that redesigning and documenting the

⁸³ Associate Prof Charles Livingstone, *Transcript of evidence*, p. 6.

⁸⁴ Turning Point and the Monash Addiction Research Centre, *Submission 15*, pp. 13–14.

⁸⁵ Victorian Responsible Gambling Foundation, *Submission 45*, p. 27.

⁸⁶ *Ibid.*, p. 9.

⁸⁷ *Ibid.*

evidence-base informing this new service delivery model would support periodic reviews and future program improvements in line with new emerging evidence and research.⁸⁸

According to the VRGF, the review has been completed and recommendations for a new service delivery model are currently in development.⁸⁹ The VRGF advised it expected Impact Co to deliver its final report in late July 2023 and for the new service delivery model to be rolled out from mid-2024, pending necessary funding.⁹⁰ The Committee did not receive a copy of the review by the requested deadline so it was unable to assess the efficacy of gambling treatment funded by the VRGF and improvements in client engagement and retention in counselling.

FINDING 48: The Victorian Responsible Gambling Foundation commissioned a consultant to undertake a service system review. The final report was delivered in July 2023, but is yet to be publicly released. This review may inform a new service delivery model, expected to be rolled out from mid-2024. The timeline for full implementation across the State is unknown.

RECOMMENDATION 30: The Victorian Responsible Gambling Foundation or its successor publish the service system review on its website.

According to the VRGF, the review has led to the conclusion that gambling harm treatment and support services should follow a universal stepped model of care.⁹¹ The VRGF did not provide details of what this model is and how it is different from the current model and practice. Staff from Turning Point informed the Committee the stepped model of care was introduced to the health and alcohol and other drugs (AOD) sectors 10 years ago and expressed their support for its implementation in gambling treatment and support services.⁹² However, they noted this model needed to be part of an integrated care system.⁹³ Turning Point explained how the model differs from the current gambling treatment offered:

... we have unfortunately a very flat structure in the gambling treatment system at the moment. We have a response that is sort of a one-step response. In other areas of health if you have not responded to a particular level of care, there is an ability to be referred to a further level of support with more specialisation and more support. We do that for diabetes, we do that for heart disease, we do that for depression. We do not do that in gambling; we have a very flat structure and not the sophistication of that stepped care model ...

⁸⁸ Ibid, p. 15.

⁸⁹ Ibid, p. 9.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Prof Dan Lubman, Executive Clinical Director, Turning Point, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, pp. 7–8; Mr Rick Loos, Manager, Telephone and Online Services, Turning Point, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 8.

⁹³ Ibid.

There is not a clear model of care in terms of what happens ... when we have people who present with a range of complexities who are not responding to what we are currently offering. What is the ability to step up the level of care to be more intensive and more sophisticated, to actually provide a greater quality of service delivery for that group who do not respond? In other areas of health, when people do not respond to treatment, we do not blame the individual. If you have chemotherapy for cancer and it does not work, we do not say, 'Sorry. You're not motivated enough. Please come back again, and we'll try the chemotherapy again next time. Hopefully, if you're motivated enough, it will work.' We do not blame people; we look at other treatment options because we recognise that people are different and often require different treatment approaches. Unfortunately in the gambling space we do not have much more to offer.⁹⁴

RECOMMENDATION 31: Publicly funded gambling research adopts a public health approach, improves understanding of gambling harm, directly informs prevention and treatment services, is outcomes focussed and readily accessible.

RECOMMENDATION 32: The Victorian Government support further research into gambling harm, specifically into the impacts of co-occurring conditions, gambling amongst culturally and linguistically diverse communities and Aboriginal and Torres Strait Islander peoples, and the relationship between family violence and gambling. Such research inform programs aimed at preventing gambling harm in these communities.

Finally, VAGO recommended that research and evaluation investigate the causes of client disengagement with Gambler's Help services with the findings used to improve client engagement and retention in counselling (Recommendation 2b). The Committee was not updated by the VRGF on this recommendation other than funding research grants for 2023 were for the theme 'Journeys towards and away from gambling harm' and the service review undertaken has included client mapping.⁹⁵

Client disengagement continues to be a significant problem according to the Manager of Telephone and Online Services at Turning Point:

Treatment retention is a real problem in this space, particularly around alcohol and drugs and gambling harm, because for a lot of people it is the coping mechanism they use to deal with other issues in their lives. So it might be those mental health conditions, such as anxiety, depression, trauma, grief and other mental health conditions; it is the coping mechanism. So it is difficult for someone to approach a service to disclose what is seen by the general public as a weakness or a level of irresponsibility. With the messages around responsible gambling, what you are really telling people is that they are being irresponsible. For that person to summon the courage to actually pick up a phone and ring and speak to somebody and then do it again and again and again and to re-expose themselves and lay bare what is perceived as their weakness or their

⁹⁴ Prof Dan Lubman, *Transcript of evidence*, p. 8.

⁹⁵ Victorian Responsible Gambling Foundation, *Submission 45*, p. 15.

irresponsibility is a difficult thing. I think what we do not do well enough is that work on retention and that integration between systems to allow people to safely navigate and to be supported through that navigation.⁹⁶

FINDING 49: The Victorian Responsible Gambling Foundation has partially addressed the Victorian Auditor-General's Office's two recommendations relating to its research to inform prevention and treatment. There remain significant gaps that require further attention including whether the substantial research programs funded over the last 10 years have effectively informed the design of prevention and treatment services and programs and translated into positive outcomes for individuals and the wider Victorian community.

RECOMMENDATION 33: Victorian Responsible Gambling Foundation data and research be interrogated to extract findings to improve gambling treatment client retention. These findings be shared widely with prevention and treatment services and other health practitioners.

4.5 Preventing gambling harm

4.5.1 The Victorian Auditor-General's Office recommendations

VAGO's audit found most of the VRGF's prevention programs lacked clear objectives or outcome-based measures. VAGO attributed this to insufficient support and guidance to funded partners and a focus on outputs in program evaluations. VAGO concluded this resulted in an inability to assess if the VRGF's programs were effective at preventing gambling harm. The Auditor-General also found the VRGF does not evaluate whether its prevention programs reduce risk factors or enhance protective factors that influence gambling harm, nor does it take a structured approach to applying learnings from pilot initiatives to ongoing programs.⁹⁷

VAGO made three recommendations to the VRGF regarding its programs to prevent gambling harm, namely that the VRGF:

3. Develop an evaluation and outcomes framework to guide prevention and treatment programs, supported by:
 - a. a prevention program design that clearly seeks to address the identified risk factors/protective factors contributing to gambling harm
 - b. a common set of outcome or proxy outcome measures that can enable the tracking of performance of both individual programs and the collective performance of programs

⁹⁶ Mr Rick Loos, *Transcript of evidence*, p. 5.

⁹⁷ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, pp. 6-7.

4. Include assessment of the cost-effectiveness of prevention approaches in future evaluations and for the media campaigns aimed at reducing the risk from sports betting among young people
5. Identify, share and promote better practices within the funded organisations, with particular focus on building community capacity for preventing gambling harm by providing:
 - a. tailored guidance and resources to support program design and delivery
 - b. opportunities for sharing learnings with and between funded organisations.⁹⁸

4.5.2 Subsequent developments

According to VAGO's most recent update, the VRGF completed Recommendation 3 in July 2021 but is yet to complete Recommendations 4 and 5.⁹⁹ However, the VRGF advised the Committee it acquitted Recommendation 4 in March 2023¹⁰⁰ and Recommendation 5 was in progress.¹⁰¹

4.5.3 What the Committee found

Victorian Auditor-General's Office Recommendation 3

In March 2022 the VRGF published *Reducing gambling harm in Victoria: Outcomes framework* (the outcomes framework).¹⁰² According to the VRGF, the outcomes framework will enable it to better measure and evaluate the design, delivery and outcomes of treatment and support services, prevention programs and professional development for the gambling sector.¹⁰³ The VRGF also stated that regular analysis of the organisation's performance against the outcomes framework would guide the development and implementation of future strategies, programs and activities.¹⁰⁴

The VRGF stated a range of factors can affect gambling harm, some of which it 'has limited or no ability to influence', and as a result the outcomes framework reflects the VRGF's view that minimising gambling harm 'is a collective responsibility that sits across multiple sectors and organisations.'¹⁰⁵ Accordingly, the framework incorporates measures directly under the VRGF's control, measures influenced by the VRGF, the VGCCC, other areas of government, the health and community sectors and industry, and contextual measures that assess the community's experience of gambling harm at certain points in time.¹⁰⁶

⁹⁸ Ibid, p. 8.

⁹⁹ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations 2023*.

¹⁰⁰ Victorian Responsible Gambling Foundation, *Submission 45*, p. 16.

¹⁰¹ Ibid, p. 30.

¹⁰² Ibid, p. 15.

¹⁰³ Ibid, p. 8.

¹⁰⁴ Ibid, p. 16.

¹⁰⁵ Victorian Responsible Gambling Foundation, response to questions on notice, p. 3.

¹⁰⁶ Mr Shane Lucas, *Transcript of evidence*, pp. 2, 10; Victorian Responsible Gambling Foundation, *Reducing gambling harm in Victoria: Outcomes framework*, Melbourne, March 2022, p. 12.

The framework comprises seven outcomes, associated indicators and measures by which to monitor the VRGF's activities and gambling harm in Victoria.¹⁰⁷ The outcomes are:

- decrease access to potentially harmful gambling environments, products and characteristics
- decrease exposure to potentially harmful marketing of gambling products
- increase community understanding of gambling harm
- decrease stigma of people who experience gambling harm
- prevent uptake of underage gambling
- increase capability of people to prevent gambling harm
- decrease gambling harm experienced by people who access Foundation-funded services.¹⁰⁸

The CEO of the VRGF informed the Committee the organisation had completed a report assessing the VRGF's programs against the framework's measures and indicators.¹⁰⁹ The CEO added this report will establish a baseline, which over time can be used to make assessments of improvements in and the success of VRGF programs.¹¹⁰ The CEO advised a baseline report would be produced annually, but each iteration would differ in some respects due to data for some measures being published on two- or three-yearly-bases.¹¹¹ The 2023 outcomes report has been published on the Committee's website.¹¹² The findings of the outcomes report that go to the VRGF's key legislative responsibilities are set out in Table 4.3.

¹⁰⁷ Victorian Responsible Gambling Foundation, *Reducing gambling harm in Victoria: Outcomes framework*, p. 7.

¹⁰⁸ *Ibid.*, pp. 14-17.

¹⁰⁹ Mr Shane Lucas, *Transcript of evidence*, p. 7.

¹¹⁰ *Ibid.*, pp. 7, 10.

¹¹¹ *Ibid.*, p. 10.

¹¹² Victorian Responsible Gambling Foundation, *Outcomes Framework Baseline Report 2022*, supplementary evidence received 4 October 2023.

Table 4.3 Status of the Victorian Responsible Gambling Foundation's legislative responsibilities

Legislative responsibility	Outcome	Measure	Current state
Reduce the prevalence of problem gambling	Access	Decrease access to potentially harmful gambling environments, products and characteristics	Accessibility is high, especially in lower socio-economic areas of metropolitan Melbourne. Spending across land-based and online gambling is increasing
	Exposure	Decrease exposure to potentially harmful marketing of gambling products	Exposure to advertising is increasing. Advertising spending is high, children are recalling gambling advertising, but there are positive trends in the proportion of elite sporting clubs with no gambling industry associations
Reduce the severity of harm related to gambling	Stigma	Decrease stigma of people experiencing gambling harm	Those who gamble are relatively comfortable talking about their gambling. However, research shows that for people experiencing harm, an expectation or fear of stigma is a strong deterrent to disclosure and seeking help for gambling harm
	Capability	Increase capability of people to prevent gambling harm	One in five (approx.) people who gambles would like to reduce their gambling, yet actual formal help seeking is relatively low
	Gambling harm	Decrease gambling harm experience by people who access Foundation-funded services	The majority of people who access Gambler's Help show improved outcomes at three months following access to services
Foster responsible gambling	Understanding	Increase community understanding of gambling harm	There is a reasonable level of general community and parental awareness of gambling harm and risk. Understanding of non-financial harms is relatively low among those who gamble

Source: Victorian Responsible Gambling Foundation, *Reducing gambling harm in Victoria: Outcomes framework*, Melbourne, March 2022, p. 6.

With regards to Recommendation 3a, the VRGF has also developed a 'prevention programming framework' in collaboration with La Trobe University.¹¹³ This is expected to be released in late-2023, two and a half years after the audit, and focuses on five action areas to provide further opportunities to prevent and reduce gambling harm:

- tackling normalisation of gambling
- building capacity in the community
- developing prevention partnerships

¹¹³ Victorian Responsible Gambling Foundation, *Submission 45*, p. 1.

- upskilling for early detection and treatment efficacy
- building evidence to reduce gambling harm.¹¹⁴

The CEO of the VRGF stated this framework would be ‘critical in refreshing and developing new approaches within the service system’ and was designed to ensure prevention programs followed evidence-based approaches to address risk and protective factors that contribute to gambling harm.¹¹⁵

FINDING 50: The Victorian Responsible Gambling Foundation has developed an outcomes framework to better measure and evaluate its treatment and support services and prevention programs. The outcomes framework will be reported against annually. The 2024 report has not yet been released.

FINDING 51: The Victorian Responsible Gambling Foundation’s legislative responsibilities do not readily align with its outcomes framework.

FINDING 52: The Victorian Responsible Gambling Foundation has developed a prevention programming framework to support evidence-based approaches to addressing risk and protective factors that contribute to gambling harm. This framework is set to be released in late-2023. The Committee could not evaluate the framework as a requested copy was not provided by the requested deadline. A copy of the report has subsequently been published on the Committee’s website.

VAGO advised that the VGRF had completed Recommendation 3. However, evidence received by the Committee highlights some limitations indicating the need for further refinement of the outcomes framework.

No to Violence (NTV)—a national peak body for organisations and individuals working with men to end family violence—noted that while the VRGF’s outcomes framework includes indicators and measures to assess improvements in community understanding of gambling harm, it does not include ways of measuring or monitoring for risk factors that impact gambling harm.¹¹⁶ NTV advised the framework’s focus on raising general awareness of gambling harm only partially addresses VAGO’s recommendation, increasing the potential that risk factors such as family violence are not defined or addressed in VRGF’s prevention programs.¹¹⁷ NTV’s submission recommended the VRGF ensure its prevention campaigns have clear aims and measures of success for addressing specific risk factors, and in particular the relationship between family violence and gambling.¹¹⁸ NTV also called for the VRGF to partner with family violence

¹¹⁴ Ibid, p. 9.

¹¹⁵ Ibid, p. 10; Mr Shane Lucas, *Transcript of evidence*, p. 2.

¹¹⁶ No to Violence, *Submission 14*, p. 8.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

services to develop and deliver training on the intersection of gambling and family violence, translating its academic evidence-base into practical improvements in both family violence and Gambler's Help services.

RECOMMENDATION 34: The Victorian Responsible Gambling Foundation's reducing gambling harm outcomes framework be amended to address and monitor:

- the relationship between gambling and coercive control
- how contextual gambling factors impact the nature and extent of family violence
- how economic abuse is linked to gambling
- the relationship between online gambling and family violence.

Representatives from Meli, a non-profit Gambler's Help service provider, also expressed their concerns about the VRGF's outcomes framework. Meli stated that client indicators under the outcomes framework—which are captured three months after treatment has commenced—are insufficient and fail to assess a client's confidence or sustained changes in their behaviour. Meli's staff cautioned the outcomes framework's reports may become snapshots rather than long-term measurements of clients' progress or an accurate assessment of success or failure of the VRGF's services. Meli also expressed concern that the framework did not adequately capture the financial wellness of the VRGF's clients, with the focus being primarily on the therapeutic outcomes of its services and programs.¹¹⁹

RECOMMENDATION 35: The Victorian Responsible Gambling Foundation's reducing gambling harm outcomes framework be amended to capture:

- client confidence or sustained changes in behaviour
- long-term measurements of client progress
- the financial wellness of clients.

Victorian Auditor-General's Office Recommendation 4

The VRGF advised the Committee it had developed a framework setting out the principles and general approaches that will be used when designing future evaluations.¹²⁰ The evaluation framework will incorporate cost-effectiveness principles, methodologies and measures yet to be developed with support by a health economics or public health expert currently under procurement.¹²¹ These cost-effectiveness measures will be incorporated into the evaluation of relevant programs and activities

¹¹⁹ Meli, *Submission 51*, p. 2.

¹²⁰ Victorian Responsible Gambling Foundation, *Submission 45*, p. 16.

¹²¹ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*.

and embedded in future decision-making processes.¹²² The VRGF has also updated its procurement documentation to enhance cost-effectiveness and evaluation processes as well as its contracts and grants management system.¹²³ A copy of the evaluation framework was provided to the Committee after its requested deadline and has subsequently been published on the Committee's website.¹²⁴

FINDING 53: The Victorian Responsible Gambling Foundation (VRGF) has developed a new evaluation framework but is yet to incorporate methods of measuring the cost-effectiveness of its programs and activities. The evaluation framework is scheduled for completion in 2023–24, contrary to the 31 March 2023 completion date the VRGF advised the Victorian Auditor-General's Office.

Victorian Auditor-General's Office Recommendation 5

The VRGF informed the Committee that its response to this recommendation is dependent on the outcomes of the service system review. Other actions to acquit this recommendation involve establishing and re-establishing communities of practice across treatment and prevention workforce groups for funded partners to share knowledge, information, and best practice.¹²⁵ It is unclear to the Committee why implementation of this recommendation is dependent on the service review. VAGO identified the recommendation as a priority in March 2021.

FINDING 54: The Victorian Responsible Gambling Foundation advised that implementation of Recommendation 5 of the Victorian Auditor-General's Office 2021 *Reducing the Harm Caused by Gambling* audit, is dependent on the outcomes of the services system review, which the Committee notes has now been completed.

FINDING 55: The Victorian Responsible Gambling Foundation is yet to fully implement two of the three Victorian Auditor-General's Office recommendations in the 2021 *Reducing the Harm Caused by Gambling* audit relating to gambling prevention programs.

The Committee was informed about VRGF-funded programs aimed at preventing gambling harm, two of which are presented in the case study below.

¹²² Victorian Responsible Gambling Foundation, *Submission 45*, p. 16.

¹²³ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*.

¹²⁴ Victorian Responsible Gambling Foundation, *Evaluation Framework*, supplementary evidence received 10 November 2023.

¹²⁵ Victorian Responsible Gambling Foundation, *Submission 45*, p. 16.

Case Study 4.1 Engagement programs with Culturally and Linguistically Diverse communities to reduce gambling harm

The Victorian Responsible Gambling Foundation has funded several targeted gambling harm initiatives for higher-risk culturally and linguistically diverse (CALD) communities through partner organisations such as the Australian Vietnamese Women's Association (AVWA) and the Ethnic Communities' Council of Victoria (ECCV).

In 2017, the ECCV was funded to deliver *BREAK IT!* a proactive community program designed to raise awareness of gambling harm amongst CALD communities. Through the establishment of a community-led advisory group, ECCV were able to facilitate information and awareness forums for over 480 participants that promoted open discussion on gambling harms experienced by the community. Participants noted that the forums helped build a sense of community, a sense of working together for a common purpose, while 82% agreed their understanding of gambling harm had increased.

The *Activators of Change* and *Invest In You Too* programs were designed to empower socially isolated and disengaged Vietnamese women who were facing an intersection of harms including reluctance to engage external support services due to cultural expectations and limited English to access services in general. The programs were presented in-language and targeted at women with pre-school and primary school aged children to both increase understanding of how gambling risks may present in their male partners, as well as build social connection and access to services for this at-risk group. The programs had a significant degree of success across all key impact areas, with almost all 219 participants agreeing they had increased their understanding of gambling harm and confidence in contacting support services. Between 2021–23, VRGF funded the two programs delivered by the AVWA.

Source: Victorian Responsible Gambling Foundation, *Ongoing partnerships*, 30 August 2023, <<https://responsiblegambling.vic.gov.au/reducing-harm/community-led-prevention-projects/ongoing-partnerships>> accessed 6 September 2023; Victorian Responsible Gambling Foundation, *Annual Report 2021–22*, Melbourne, 2022, p. 19; Ms Anh Bui, Counselling Team Leader, Australian Vietnamese Women's Association, Public hearing, Melbourne, 25 July 2023, pp. 3–4; Australian Vietnamese Women's Association, *Submission 31a*, p. 4.; Ethnic Communities' Council of Victoria, *BREAK IT! the silence of stigma and shame: Gambling Harm Prevention Project with culturally and linguistically diverse communities: Final Evaluation Report*, June 2019, pp. 5–9, 11–13; Ethnic Communities' Council of Victoria, *Submission 50*, pp. 2–3, 8.

Evidence the Committee received indicated support for the VRGF's work to date with local government, opportunities for a greater focus on CALD communities and the incorporation of industry knowledge and data into gambling prevention work:

- The Victorian Local Governance Association (VLGA) noted that expertise and evidence-based resources from the VRGF were vital in guiding conversations around gambling harm for local government. The VLGA added that VRGF datasets were useful in driving the local government sector's response to online gambling

and providing training and education around gambling harm for councillors.¹²⁶ However, the VLGA called for further collaboration between state and local governments to run programs and services aimed at preventing gambling harm in the community.¹²⁷ The Municipal Association of Victoria (MAV) also welcomed the opportunity to explore such programs in the future.¹²⁸

- The Ethnic Communities' Council of Victoria (ECCV)—the peak body for people from migrant and refugee backgrounds in Victoria—called for the VRGF to support mainstream organisations to recruit, train and support bicultural employees to work alongside CALD youth on gambling prevention.¹²⁹ The ECCV recommended the VRGF ensure smaller and emerging CALD communities are supported to participate in gambling harm prevention projects, including by promoting co-design projects for community ambassadors.¹³⁰ The ECCV also recommended additional funding be provided for targeted research about CALD communities and groups at high risk of gambling harm.¹³¹ The ECCV elaborated that there are major differences in the acceptability of gambling for different CALD groups, ranging from different beliefs regarding the role of luck and chance in life, to different cultural views towards gambling or 'gaming' as either social activities or heavily stigmatised.¹³² The ECCV asserted that CALD communities must be:

equipped with knowledge about gambling harm as a public health issue, and with the tools to assist members in discussing gambling harm within their communities, promote available support services, and inspire lifestyle changes to help mitigate gambling harm.¹³³

- The AGR made several recommendations in its submission including improving the availability of data held by gambling venues and industry to support the development of policy and programs to reduce and prevent gambling harm. The AGR also recommended increased funding and long-term certainty for programs and services focused on preventing gambling harm through a public health approach.¹³⁴

¹²⁶ Victorian Local Governance Association, *Submission 22*, pp. 2–3.

¹²⁷ Ms Kathryn Arndt, Chief Executive Officer, Victorian Local Governance Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 6.

¹²⁸ Ms Jan Black, Policy Adviser, Municipal Association of Victoria, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 5.

¹²⁹ Ethnic Communities' Council of Victoria, *Submission 50*, p. 8.

¹³⁰ *Ibid.*

¹³¹ *Ibid.*, pp. 1, 8.

¹³² *Ibid.*, p. 4.

¹³³ *Ibid.*, p. 6.

¹³⁴ Alliance for Gambling Reform, *Submission 30*, pp. 2, 9–10.

4.6 Treating gambling harm

4.6.1 The Victorian Auditor-General's Office recommendations

VAGO's audit found that the VRGF could not assess whether treatment and support services delivered by Gambler's Help providers met their clients' needs because the organisation lacked an outcomes-based framework to monitor service performance.¹³⁵ Despite having developed tailored prevention and treatment programs for Aboriginal and Torres Strait Islander peoples and CALD communities, VAGO identified there were no formal referral pathways between these programs and Gambler's Help services.¹³⁶

Community organisations funded to deliver Gambler's Help services also deliver other services supporting individuals with co-occurring conditions. However, VAGO found the VRGF lacked a system-level process to link Gambler's Help clients with these services.¹³⁷ VAGO identified the VRGF did not have agreed referral pathways between Gambler's Help services and State mental health, family violence and AOD services.¹³⁸ Finally, VAGO concluded the VRGF did not utilise its service data effectively or strategically to determine whether its services were meeting client needs or to better integrate its Gambler's Help services.¹³⁹

Case Study 4.2 provides an example of the treatment and support services run by the Gambler's Help service provider Meli in the Barwon and Greater South Coast regions.

VAGO made two recommendations to the VRGF regarding its programs to treat gambling harm, namely that the VRGF:

6. establish client information sharing and referral protocols between different treatment service options, including between:
 - a. Gambling Help Online and all other Gambler's Help services
 - b. the local Gambler's Help services and peer support options
 - c. the Gambler's Helpline and Gambling Help Online services and programs for Aboriginal and Torres Strait Islander peoples and culturally and linguistically diverse communities, where appropriate
7. as part of the evaluation and outcomes framework outlined in recommendation 3:
 - a. complete a strategic review of its core service datasets to identify deficiencies or quality issues that limit the usefulness of this data
 - b. develop client-level outcome measures with the Gambler's Help service sector so that they measure efficacy and are fit for purpose.¹⁴⁰

¹³⁵ Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 8.

¹³⁶ *Ibid.*, p. 9.

¹³⁷ *Ibid.*

¹³⁸ *Ibid.*

¹³⁹ *Ibid.*, p. 10.

¹⁴⁰ *Ibid.*

VAGO also made one recommendation to the VRGF, Department of Justice and Community Safety (DJCS), Department of Families, Fairness and Housing (DFFH) and DH, namely that they:

8. establish systems and protocols for gamblers with co-occurring conditions that enable the Foundation and its funded entities to undertake holistic screening assessments and refer cases to appropriate services across mental health, alcohol and other drugs, homelessness and family violence services.¹⁴¹

4.6.2 Subsequent developments

According to VAGO's update on the implementation of its performance engagement recommendations, all three recommendations were still in progress but due for completion by the start of July 2023.¹⁴² The VRGF advised the Committee it had acquitted Recommendation 8.¹⁴³

Case Study 4.2 Meli and Gambler's Help

Meli is a not-for-profit organisation located in Geelong which was recently formed as a result of a merger between Barwon Child, Youth and Family (BCYF) and Bethany Community Support. Meli offers a variety of services including family violence support, youth services, housing support, AOD services and early childhood support as well as being a VRGF-funded provider of Gambler's Help services.

Gambler's Help is a statewide VRGF-funded treatment service that offers a range of counselling services for people at risk of, or currently experiencing gambling harm. These services include therapeutic counselling, peer support and financial counselling. Therapeutic counselling can involve assessments, case planning, practical assistance, crisis management and further referrals. Peer support provides direct contact between clients and volunteers who have experience in dealing with gambling harm. Financial counselling can help clients understand and exercise their rights and responsibilities with regards to debt recovery, the payment of bills and government concessions. Gambler's Help services can also provide limited financial assistance to individuals and families for essential living needs.

(Continued)

¹⁴¹ Ibid.

¹⁴² Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*.

¹⁴³ Victorian Responsible Gambling Foundation, *Submission 45*, p. 18.

Case Study 4.2 Continued

Meli operates a self-referral service, but it sometimes receives referrals through Gambler’s Helpline or Gambler’s Help Online. While individuals may initially approach Meli for gambling treatment services they can, and often do, move on to other services it offers. Meli informed the Committee that access to sexual assault and family violence services, psychological assessments and clinical therapy involve substantial wait times. The Committee was also informed that clients often contact Meli at crisis points when they are experiencing family violence, depression, relationship conflict, or financial problems.

Meli’s staff informed the Committee its main treatment modality is talk-therapy and therapeutic counselling based on a health promotion and harm minimisation model. Treatment is dependent on a client’s goals and attitude and varies, given some clients may only seek financial counselling without the therapeutic component. Although Meli’s treatment services are free, referrals to other services may involve the payment of fees which may limit a client’s access to further necessary support and treatment.

Source: Meli, *Submission 51*, pp. 1–40; Meli, *About Us*, 2023, <<https://www.meli.org.au/about-us>> accessed 20 September 2023; Victorian Responsible Gambling Foundation, *Gambler’s Help*, 13 October 2022, <<https://responsiblegambling.vic.gov.au/for-professionals/health-and-community-professionals/gamblers-help>> accessed 21 September 2023.

4.6.3 What the Committee found

Victorian Auditor-General’s Office Recommendation 6

The VRGF informed the Committee that client information sharing and referral protocols between treatment services are being considered as part of the service system review.¹⁴⁴

The evidence the Committee received indicates that there is a significant amount of further work to be undertaken on this recommendation. Meli explained:

Different gambling treatment services are not well integrated, particularly in mental health services and other drug treatment services. One staff member cited the referral to The Alfred as an example, noting that the option of referral for psychiatric assessment is positive but its effectiveness is limited where the referral is ad hoc and not ongoing. Meli advised that in 2015 there were efforts to build relationships between agencies and providers, but in order for this to be truly successful, high-level agreement between and within the Victorian Government Departments (including the DH and the DFFH) and a concerted effort is necessary.¹⁴⁵

¹⁴⁴ Ibid, p. 17.

¹⁴⁵ Meli, *Submission 51*, pp. 3–4.

Similarly the Better Health Network noted that:

Where traditionally we have funding streams and, through no ill intent, traditionally we have set up a funding stream that has its own data collection that does not easily talk to other parts of the business, we can find ourselves in the situation where we have people presenting in some parts of the business receiving services and other parts of the business do not know, because the systems we have do not talk to one another. They are complex. We are clinicians and sit in the system and we find it complex; it is no wonder, as was pointed out in the royal commission, that people bounce around the system.¹⁴⁶

Several stakeholders and witnesses also outlined issues with the provision of treatment and support services for Aboriginal and Torres Strait Islander peoples and CALD communities. Turning Point noted that Aboriginal and Torres Strait Islander peoples are more likely to gamble and 19 times more likely to experience gambling harms than non-Indigenous Australians.¹⁴⁷ Turning Point recognised and welcomed the VRGF's targeted investment in Aboriginal community-controlled organisations, however, it asserted that mainstream Gambler's Help treatment services also need to be supported to ensure they can provide culturally responsive services.¹⁴⁸

The Federation of Chinese Associations (FCA) called for self-help resources issued by departments and agencies to be consistently published in different languages in order to support front-line-workers assisting CALD communities and individuals with low English proficiency.¹⁴⁹ Similarly, the ECCV called for gambling venues to be required to provide information relating to gambling harm and the 'addictive design' of electronic gaming machines in languages other than English for CALD community members attending local pokies venues.¹⁵⁰ The ECCV recommended the Victorian Government provide increased funding for in-language Gamblers' Help services in areas with a low socio-economic index, high gambling losses and significant CALD populations. The ECCV also called for increased funding for the accreditation of in-language financial counselling services, including through specific CALD community organisations.¹⁵¹

FINDING 56: The client information sharing and referral protocols between different gambling service options, recommended by the Victorian Auditor-General's Office in the 2021 *Reducing the Harm Caused by Gambling* audit, have not been established. Further work is also required to support Aboriginal and Torres Strait Islander and culturally and linguistically diverse communities.

¹⁴⁶ Mr Damian Ferrie, *Transcript of evidence*, p. 4.

¹⁴⁷ Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 13.

¹⁴⁸ *Ibid.*

¹⁴⁹ Federation of Chinese Associations, *Submission 33*, p. 1.

¹⁵⁰ Ethnic Communities' Council of Victoria, *Submission 50*, p. 8.

¹⁵¹ Ethnic Communities' Council of Victoria, *Submission 50*, p. 8.

RECOMMENDATION 36: The client information sharing and referral protocols recommended by the Victorian Auditor-General's Office in the 2021 *Reducing the Harm Caused by Gambling* audit be finalised as a matter of priority, with a high level agreement signed off between the relevant departments.

Victorian Auditor-General's Office Recommendation 7

According to the 2022 outcomes framework report, VRGF-funded Gambler's Help client outcome surveys showed after three months of treatment that:

- 71% of clients reported a reduction in psychological distress
- 67% reported a reduction in relationship, financial and productivity harms
- 65% reported a decrease in the amount of time they spent gambling.¹⁵²

However the Committee notes it is also important to understand the context of these results. Only 1–2% of adults in the Victorian community who experience gambling harm sought help from VRGF-funded Gambler's Help services.¹⁵³

The VRGF advised Recommendation 7 will also be enacted through the new service delivery model and service system review. The review is considering the data that will be available under the new service delivery model and will recommend the design of a set of client outcome measures and key performance indicators for service providers to assess whether gambling harm services are meeting clients' needs.¹⁵⁴ New data collection protocols and requirements will also be developed following the conclusion of the review.¹⁵⁵ No timeframes for the completion and implementation of these pieces of work were set out in the VRGF's submission. Finally, the VRGF advised that existing datasets have been assessed and, where appropriate, incorporated into the outcomes framework.¹⁵⁶

FINDING 57: While existing datasets may have been incorporated into the Victorian Responsible Gambling Foundation's outcomes framework, new client-level outcome measures are yet to be developed. This is being considered under the service system review and will be enacted as part of new service delivery model.

FINDING 58: A small fraction of gamblers experiencing harm receive treatment from the Victorian Responsible Gambling Foundation's funded services.

¹⁵² Victorian Responsible Gambling Foundation, response to questions on notice, p. 4.

¹⁵³ Victorian Responsible Gambling Foundation, *Reducing gambling harm in Victoria: Outcomes framework*, p. 27.

¹⁵⁴ Victorian Responsible Gambling Foundation, *Submission 45*, pp. 1, 18.

¹⁵⁵ *Ibid.*, p. 18.

¹⁵⁶ *Ibid.*, p. 17.

VAGO recommended the development of client outcome measures with the sector so the efficacy of treatment can be measured. Funded service providers advised the Committee that they do not know if the treatment they are delivering works:

- Turning Point stated that:

We need to know what it is that we are actually trying to achieve with an investment in prevention and treatment. What are the outcomes that we want to see? ... we have no idea, you know, how many people who put their hands up for help actually get help. It would be great to have a [Key Performance Indicator] where we are working towards ensuring that the majority of people who put their hands up for help get help and get help that actually works. At the moment we do not have a framework that does that or specifies that, and I suppose that is what we are really keen to do – have clear parameters of what we are trying to achieve and design a service system and service approaches that maximise and ensure we meet and deliver on those targets.¹⁵⁷

- Better Health Network stated that:

At the moment we have no idea who responds and does not respond, what the characteristics are of people who respond, what additional support they need and what greater level of treatment they need. It is completely absent at the moment – we are working in the dark'.¹⁵⁸

- Meli, through its predecessor Bethany, has been delivering gambling help services since 1995. Meli staff noted that they are unable to ascertain whether the current service interventions and service models are working effectively or appropriately and observed that:

Although [Meli] have been operating in the sector for many years, the staff have never been invited to participate in research nor asked to commend or review the impacts of service interventions.¹⁵⁹

FINDING 59: The Victorian Responsible Gambling Foundation and service providers do not know if the gambling treatment and support they deliver are effective.

There is a need for significant reform and service design. As Turning Point explained:

Models of care, quality standards, clear outcome frameworks and system intelligence – that is what we are used to working in the health system. We are used to being clear about what we are trying to achieve. We have an infrastructure around that that provides feedback to services around how they are performing compared to other services and compared to what is expected. There are mechanisms for consumer feedback that are readily integrated ... and that is really important for looking at the quality and experience of care. I think these are the tools that are core components of what health service delivery is. I think the challenge of having a gambling system that

¹⁵⁷ Prof Dan Lubman, *Transcript of evidence*, pp. 7–8.

¹⁵⁸ Mr Damian Ferrie, *Transcript of evidence*, p. 8.

¹⁵⁹ Meli, *Submission 51*, p. 4.

sits outside of that without the sort of intelligence that sits within the department and the usual models of delivery and service delivery and oversight in a very small sector is it creates this absence of this broader system thinking and intelligence.¹⁶⁰

RECOMMENDATION 37: The Victorian Government consider analysing its current gambling treatment services to consider whether they meet best practice, evidence-based models of care, quality standards, clear outcome frameworks and system intelligence, as is the case in the healthcare system.

RECOMMENDATION 38: Gambling treatment and support services transition from the Department of Justice and Community Safety to the Department of Health, given the high instances of co-occurring conditions for people experiencing gambling harm.

RECOMMENDATION 39: Gambling treatment and support services are integrated with mental health, alcohol and other drug, family violence and homelessness services.

Victorian Auditor-General's Office Recommendation 8

Initial consultations between the VRGF and Victorian Government departments found it would be best to implement Recommendation 8 through existing cross-government referral and screening arrangements. In March 2022, the VRGF convened an inter-departmental committee (IDC) with DH, DJCS and DFFH to explore ways to improve the integration of Gambler's Help services with the broader health sector.¹⁶¹ The IDC determined the Family Violence Multi-Agency Risk Assessment and Management (MARAM) framework was the most appropriate and effective way to integrate Gambler's Help services with the broader health sector.¹⁶²

MARAM was established in 2018 to ensure Victoria's service system—including services for people affected by family violence, mental ill-health, AOD issues and gambling harm—could identify, assess, and manage family violence risks.¹⁶³ The VRGF is currently working with DJCS to integrate Gambler's Help services within the MARAM framework. The VRGF's executive leadership team and DJCS endorsed a draft implementation plan in February 2023 to guide the alignment and integration of Gambler's Help services with MARAM policies, procedures, practice guidance and screening and assessment tools.¹⁶⁴

¹⁶⁰ Prof Dan Lubman, *Transcript of evidence*, p. 10.

¹⁶¹ Department of Justice and Community Safety and Department of Families, Fairness and Housing, *Submission 44*, p. 5.

¹⁶² Victorian Responsible Gambling Foundation, *Submission 45*, p. 18.

¹⁶³ *Ibid*, p. 19.

¹⁶⁴ Department of Justice and Community Safety and Department of Families, Fairness and Housing, *Submission 44*, p. 5; Victorian Responsible Gambling Foundation, *Submission 45*, pp. 18–19.

MARAM protocols will be implemented within the new service delivery model to ensure VRGF-funded counselling services can use specific assessment tools to refer clients to the most appropriate services within the MARAM network.¹⁶⁵ The VRGF explained that other services using the MARAM framework will be able to screen their clients for gambling-related harm and refer them to the Gambler's Help service system, and likewise, clients entering the treatment system through Gambler's Help will be screened for co-occurring conditions and linked to relevant services.¹⁶⁶ The VRGF advised Gambler's Help services are set to be 'authorised' under Phase 3 of the MARAM reforms and updated regulations by late 2025.¹⁶⁷

DFFH informed the Committee that Homes Victoria had provided Gambler's Help service providers with information on its homelessness services to assist with referrals and that, as of May 2023, homelessness program guidelines now contain information about Gambler's Help services.¹⁶⁸ DFFH noted the primary responsibility for this recommendation sits with DJCS and that Family Safety Victoria had worked with the VRGF to ensure Gambler's Help services are considered by the family violence service Orange Door and financial counselling services.¹⁶⁹

The Committee was informed by witnesses and stakeholders about ways to improve the integration of gambling treatment and support services within the service system better address the needs of clients experiencing co-occurring issues (within the health sector).

NTV informed the Committee the design and implementation of the new referral system lacked consultation and expressed concern the ensuing system would have a 'top-down approach that fails to make use of the knowledge and expertise developed through existing informal referral processes'.¹⁷⁰ NTV advised that integrated approaches reduce the administrative and emotional burdens for individuals accessing multiple services, thereby limiting the opportunity for re-traumatisation by reducing the number of times a client provides information and tells their story.¹⁷¹ NTV stated the VRGF could partner with family violence service providers to integrate gambling help components into men's behaviour-change programs and vice-versa.¹⁷² NTV also recommended the VRGF work closely with service providers to ensure the new system considers knowledge and experience developed through existing informal referral pathways.¹⁷³

¹⁶⁵ Victorian Responsible Gambling Foundation, *Submission 45*, p. 18.

¹⁶⁶ *Ibid.*

¹⁶⁷ *Ibid.*

¹⁶⁸ Department of Justice and Community Safety and Department of Families, Fairness and Housing, *Submission 44*, pp. 5–6.

¹⁶⁹ Victorian Auditor-General's Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2023*; Victorian Auditor-General's Office, *Reducing the Harm Caused by Gambling*, p. 55.

¹⁷⁰ No to Violence, *Submission 14*, p. 9.

¹⁷¹ *Ibid.*, p. 10.

¹⁷² *Ibid.*, p. 9.

¹⁷³ *Ibid.*

The Health and Community Services Union's (HACSU) submission emphasised the *Royal Commission in Victoria's Mental Health System's* (RCVMHS) 'no wrong door' philosophy. HACSU noted the RCVMHS recommended the integration of treatment, care and support for people living with mental ill-health and risky substance misuse, including gambling.¹⁷⁴ HACSU called for further support for clinicians and the introduction of defined screening tools and protocols to identify addiction and appropriate treatment pathways.¹⁷⁵

The Executive Clinical Director of Turning Point informed the Committee that a study conducted with the VRGF found 75% of people presenting to gambling services also have a mental health issue.¹⁷⁶ The Executive Clinical Director spoke of the importance of ensuring that people presenting to either gambling, mental health or AOD treatment services are met by an adequately trained and supported workforce and integrated care system.¹⁷⁷ Turning Point's submission recommended carriage of gambling treatment and support services transition from DJCS to DH, given the RCVMHS' recommendation to better integrate gambling support within mental health and wellbeing services.¹⁷⁸

Suicide Prevention Australia (SPA) similarly called for the Victorian Government to increase funding for treatment and support programs, including investing in integrated treatment facilities for people experiencing gambling harm and at-risk of suicide.¹⁷⁹ SPA also called for the Victorian Government to ensure all State-funded helpline operators are trained to have conversations about gambling and know how to refer callers to specialist gambling assistance services.¹⁸⁰

FINDING 60: The Victorian Responsible Gambling Foundation and the Department of Justice and Community Safety are working to integrate Gambler's Help services within the Family Violence Multi-Agency Risk Assessment and Management (MARAM) framework. However Gamblers Help services will not be 'authorised' until Phase 3 of MARAM reforms in late 2025, at least two years away and four years after the Victorian Auditor-General's Office recommendation in the 2021 *Reducing the Harm Caused by Gambling* audit was made.

FINDING 61: The Department of Families, Fairness and Housing has provided Gambler's Help services with information on homelessness, The Orange Door and financial counselling services.

¹⁷⁴ Health and Community Services Union, *Submission 24*, p. 5.

¹⁷⁵ *Ibid.*, p. 7.

¹⁷⁶ Professor Dan Lubman, *Transcript of evidence*, p. 4.

¹⁷⁷ *Ibid.*, pp. 3–4.

¹⁷⁸ Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 4.

¹⁷⁹ Suicide Prevention Australia, *Submission 13*, p. 3.

¹⁸⁰ *Ibid.*

FINDING 62: The Victorian Responsible Gambling Foundation is yet to complete all of the Victorian Auditor-General's Office (VAGO) recommendations in the 2021 *Reducing the Harm Caused by Gambling* audit relating to its treatment and support services. The Department of Families, Fairness and Housing has completed its role in acquitting VAGO's recommendation, however, the Department of Health and the Department of Justice and Community Safety have not.

4.6.4 Suggested reforms to gambling treatment and support services

Several witnesses and stakeholders offered recommendations to the Committee for further actions relating to the VRGF's treatment and support services and its implementation of the VAGO's associated recommendations.

Turning Point raised the potential of transforming Gambler's Helpline and Gambling Help Online from a referral to a counselling and outreach service.¹⁸¹ Turning Point's joint submission noted that while 'brick and mortar' treatment services like Gambler's Help Local are important, telehealth service models are highly effective and should form part of the system's service offerings in the future.¹⁸² Turning Point compared Gambler's Helpline, which can be used for Gambler's Help Local bookings, to Victoria's smoking Quitline service, which offers proactive, telephone-based counselling and support.¹⁸³ The joint submission recommended expanding these services to support assertive outreach and easily accessible, evidence-based telephone or online treatment interventions to boost treatment engagement.¹⁸⁴ The joint submission also recommended the VRGF widely promote Gambler's Helpline and Gambling Help Online to boost help-seeking by individuals experiencing gambling harm, noting that funding provided by the VRGF in 2021–22 for these services only supported staffing, not the promotion of these services.¹⁸⁵

Turning Point and the Monash Addiction Research Centre also recommended that, in addition to its datasets, the VRGF review its client outcome surveys to improve data collection, information sharing and survey design and completion rates.¹⁸⁶ The Municipal Association of Victoria's submission noted the importance of accurate and up-to-date data on gambling-related harms and prevalence rates, socioeconomic and demographic characteristics of affected communities, and long-term evaluation data on the impact of regulatory measures and harm minimisation strategies.¹⁸⁷

¹⁸¹ Professor Dan Lubman, *Transcript of evidence*, pp. 2, 7; Mr Rick Loos, *Transcript of evidence*, p. 6; Turning Point and the Monash Addiction Research Centre, *Submission 15*, pp. 12–13.

¹⁸² Turning Point and the Monash Addiction Research Centre, *Submission 15*, p. 12.

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid.*, p. 13.

¹⁸⁵ *Ibid.*, p. 12.

¹⁸⁶ *Ibid.*, p. 4.

¹⁸⁷ Municipal Association of Victoria, *Submission 23*, p. 10.

RECOMMENDATION 40: Government-funded gambling treatment and support services explore the possibility of:

- transforming Gambler’s Helpline and Gambling Help Online from referral to counselling and outreach services
- better promotion of these services
- supporting Gambler’s Help service providers with training to provide culturally responsive services to culturally and linguistically diverse communities and Aboriginal and Torres Strait Islander peoples.

RECOMMENDATION 41: The Victorian Government consider regulatory measures to improve the collection, accessibility and publication of data held by the gambling industry, online gambling providers and gambling venues, including municipal-level data and data related to socioeconomic and demographic characteristics of customers.

Chapter 5

Online gambling: prevalence and harm

5.1 Overview

This Chapter begins with an overview of previous inquiries undertaken at a Commonwealth level into the harm caused by online gambling. These inquiries reflect increasing community concern about the impacts of online gambling harm stemming from the significant growth of this sector of the gambling industry in recent years.

This Chapter investigates the prevalence of online gambling within each jurisdiction and growth trends within Australia as a whole, using measures such as participation rates within the adult population and total spend and losses per adult in Victoria. In particular, the impacts and trends of advertising and incentivising within sports betting, the fastest form of online gambling in Australia, are examined.

This Chapter provides an overview of the forms of online gambling most frequently used, both legal and illegal. It examines measures of the Australian Communications and Media Authority (ACMA) and Commonwealth Government to eradicate illegal gambling online, such as enforcement of the *Interactive Gambling Act 2001* (Cth). The significant harms associated with illegal online gambling are also investigated.

How online gambling is changing the landscape of the gambling industry more broadly is examined in this Chapter, and how the Victorian Government can respond to the need for increased data to measure impacts and to reduce harm. The uniquely harmful characteristics of online gambling are also investigated, compared to non-online forms.

This Chapter outlines how young people are particularly at risk from online gambling and if current measures to protect them from gambling harm have been effective. The significant risks posed by simulated gambling and gambling-like activities, often targeted at young people, are also examined as a growing area of concern and potential gateway to higher-risk gambling forms.

5.2 Previous inquiries into online gambling harm

Concern about the level of harm caused by online gambling in Australia is reflected in the number of recent parliamentary inquiries and government reviews examining aspects of online gambling at the Commonwealth level, including:

- Inquiry into gaming micro-transactions for chance-based items (2018)
- Inquiry into age verification for online wagering and online pornography (2020)

- Inquiry into the *Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020* (2021)
- Inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia (2021)
- Inquiry into online gambling and its impacts on those experiencing gambling harm (2023) (the Commonwealth Inquiry).

This Inquiry is the first time online gambling has been examined in the State of Victoria.

5.3 The prevalence of online gambling

Established in 1996, Centrebet was the first Australian-based wagering operator to offer online sports betting.¹ Today, Australians outspend the citizens of every other country on online gambling,² losing the most money per capita in the world.³

Online gambling in Australia is increasing both in participation and expenditure. In 2010–11, 13% of Australians who gambled did so online, but by 2019 this had increased to 30%.⁴ During the COVID-19 pandemic, the spread and scale of online gambling in Australia accelerated and these levels have been sustained. A 2020 Australian Gambling Research Centre (AGRC) survey of more than 2,000 adults who gamble found that on average, before COVID-19, around 62% of participants' gambling was conducted online; during COVID-19, this increased to 78%.⁵ The study also found that almost one in three survey participants signed up for a new online betting account during COVID-19, and one in 20 had started gambling online.⁶ During the COVID-19 lockdown period, the proportion of participants who gambled four times per week increased from 23% to 32%.⁷ In expenditure terms, the total amount spent on

¹ Australian Communications and Media Authority, *Online gambling in Australia*, Canberra, 2022, p. 1.

² Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. iii; Australian Gambling Research Centre, *Gambling activity in Australia*, Australian Institute of Family Studies, Canberra, 2017, p. 5.

³ Alliance for Gambling Reform, *Submission 48.2*, supplementary submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 1.

⁴ Department of Social Services, *Submission 87*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 5; Nerilee Hing et al., *The second national study of interactive gambling in Australia (2019–20)*, report for Gambling Research Australia, Sydney, 2021, p. 10.

⁵ Rebecca Jenkinson et al., *Gambling in Australia during COVID-19*, report for the Australian Gambling Research Centre, Melbourne, 2020, p. 6.

⁶ *Ibid.*, p. 1.

⁷ *Ibid.*, p. 4.

online gambling in Australia increased from \$5.6 billion in 2019 to \$9.6 billion in 2022; representing an expansion of 72%.⁸

The most recent research on the estimated prevalence of online gambling in each Australian jurisdiction was conducted in 2019 by Gambling Research Australia. This showed that within the adult population, the highest participation of online gambling occurs in the Australian Capital Territory (20%), followed by Western Australia (18%), New South Wales (18%), Queensland (18%) and Victoria (18%).⁹ Online gamblers were significantly more likely to reside in Victoria and Western Australia.¹⁰

Like other states and territories, the increase in the prevalence of online gambling is evident in Victoria. The most recent Victorian longitudinal study published in 2020 by the Victorian Responsible Gambling Foundation (VRGF)¹¹ found that in 2018–19, 72% of all Victorians who gambled on sports, placed bets online. This has risen from 52% in 2014 and 22% in 2008.¹² The shift was not as prominent however for race bettors, with 35% placing bets online in 2018–19.¹³ The study also found that moderate risk/problem gamblers were significantly more likely than non-problem gamblers to have gambled using the internet during the past 12 months.¹⁴

Victorian wagering and betting tax data also reveal a large, sudden increase in Victorian online gambling expenditure that aligns with COVID-19 lockdowns closing retail betting.¹⁵ In 2019, Victoria introduced a point of consumption tax (POCT) for sport and race betting expenditure which meant that all online gambling losses could be recorded for taxation purposes, regardless of whether a bet was made with a Victorian or interstate licensed bookmaker. Data published by the State Revenue Office estimates that wagering and betting losses rose from \$1.7 billion in 2019–20 to \$2.6 billion in 2021–22, representing an increase of 56%.¹⁶ The average losses per adult

8 Australian Gambling Research Centre, *Submission 76*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 2, 4; Financial Counselling Australia, *Submission 152*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 13; The Lottery Corporation, *Submission 74*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 8; Care Incorporated, *Submission 45*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 1; Australian Communications and Media Authority, *Submission 96*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 5.

9 Gambling Research Australia noted that figures for the Australian Capital Territory, Northern Territory and Tasmania are based on relatively small numbers, however, and should be treated with caution; Hing et al., *The second national study of interactive gambling in Australia (2019–20)*, p. 10.

10 Hing et al., *The second national study of interactive gambling in Australia (2019–20)*, p. 149.

11 Victorian Responsible Gambling Foundation, *Victorian population and gambling health study 2018–2019*, Melbourne, 2020, p. 100.

12 Ibid.

13 Ibid.

14 Brett Hetherington and Tony Phillips, *Discussion paper: Gambling harm and the online gambling environment*, report for Victorian Responsible Gambling Foundation, Melbourne, 2023, p. 3.

15 Jenkinson et al., *Gambling in Australia during COVID-19*, p. 6.

16 Committee calculation, Victorian Responsible Gambling Foundation, *Expenditure on gambling in Victoria*, 2023, <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/expenditure-on-gambling-victoria-and-australia>> accessed 26 October 2023.

in Victoria rose from \$330 in 2019–20 to \$471 in 2021–22, representing an increase of 35%.¹⁷ There is also evidence that consumers who continued to gamble during lockdowns increased their spending.¹⁸

At the hearings, the Chief Executive Officer of the VRGF advised that it is expected online gambling will exceed other forms of gambling in the future:

... a person who experienced, for example, an inability to go and gamble at a pokies venue in Melbourne in 2020 for several months – eight months in the end the venues were closed for – that person did not necessarily transfer their gambling behaviour to an online platform. The growth in online was effectively new growth and new volume amongst already existing online gamblers. I think the demographic challenge for pokies venues is also going to be something that over time sees a diminishing number of losses in the pokies space. By its very nature pokies players tend to be older persons – that is not a hard and fast rule, it should be said as well – but I would think that over time those combinations of factors will see online gambling potentially growing and exceeding the harm we currently see from [Electronic Gaming Machines] ...¹⁹

FINDING 63: The growth of online gambling has accelerated in Victoria and Australia since the COVID-19 pandemic lockdowns, both in participation and expenditure.

Sports betting is the fastest growing form of gambling in Victoria and the fastest growing form of online gambling in Australia.²⁰ Sports betting losses now exceed more than \$1.2 billion annually.²¹ By 2022, 44% of Australian adults reported gambling on sports and racing in the past year, and of those, most had placed a bet online via smart phone or computer.²²

Betting company reports for the periods before and during lockdowns also note a rapid increase in the number of account holders and a rise of market share by online gambling providers. Sportsbet stated in 2023 that online betting accounted for 83% of the total Australian sports betting market in 2022, up from 62% in 2017.²³ The company, which claims a 48%²⁴ share of the Australian online wagering and betting market, reported an increase in betting turnover of 20% in 2021, but a loss of 2% in 2022.²⁵ The average number of monthly players increased by 27% in 2021 and a further 8% in 2022.²⁶

17 Victorian Responsible Gambling Foundation, *Expenditure on gambling in Victoria*.

18 Jenkinson et al., *Gambling in Australia during COVID-19*, p. 5.

19 Mr Shane Lucas, Chief Executive Officer, Victorian Responsible Gambling Foundation, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 9.

20 Victorian Responsible Gambling Foundation, *Gambling products and harm, 2022*, <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/products-and-harm>> accessed 26 October 2023

21 Queensland Government Statistician's Office, *Australian gambling statistics 38th edition, 1995–96 to 2020–21*, Queensland Treasury, Brisbane, 2023.

22 Australian Gambling Research Centre, *Gambling participation and experience of harm in Australia*, Australian Institute of Family Studies, Canberra, 2023, pp. 2–3.

23 Flutter Entertainment, *Annual Report & Accounts 2022*, Dublin, 2023, p. 21.

24 Ibid, p. 16.

25 Flutter Entertainment, *Annual Report & Accounts 2021*, Dublin, 2022, pp. 72, 83.

26 Ibid.

Factors which have contributed to the sharp increase in the prevalence of sports betting include:

- Gambling advertising becoming increasingly pervasive. In Victoria in 2021, an average of 948 gambling ads were broadcast daily on free-to-air TV and an average of 148 gambling ads were broadcast between 6.00pm–8.30pm every weeknight, during the evening family viewing slot in Victoria.²⁷ Between May 2022 and April 2023, more than one million gambling ads aired on free-to-air television and radio across Australia, the ‘clear majority’ being from online wagering companies.²⁸
- During the COVID-19 lockdowns, betting companies spent more money on advertising and incentives to gamble.²⁹ The gambling industry spent \$287.2 million on advertising in Australia in 2021, excluding in-stadium advertising and sponsorships.³⁰ In the 12 months between May 2022 and April 2023, Australian gambling service providers spent \$238.6 million on advertising on free-to-air TV (in metro and regional TV markets), metro radio and online.³¹
- Inducements and incentives such as multi-bets, bonus bets, rewards programs, early cash-outs, and direct messages from online gambling providers are increasingly placing more people at risk of gambling harm. These are linked with increased betting expenditure and encourage riskier betting.³²
- Marketing tools targeting people aged between 18 and 24, particularly young men, which encourage social inclusion and acceptance around sports betting, including celebrity endorsements.³³ For example, Sportsbet’s Bet with Mates.³⁴
- The expansion of betting across a multitude of activities, such as community sports.³⁵

FINDING 64: Sports betting is the fastest growing form of online gambling in Australia. The increase in prevalence of sports betting may be attributed to the pervasive nature of advertising, and online gambling provider inducements, incentives and marketing tools.

27 Victorian Responsible Gambling Foundation, *Gambling advertising*, (n.d), <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-advertising>> accessed 26 October 2023.

28 Henry Belot, ‘More than a million gambling ads aired on Australian TV and radio in a year, research finds’, *The Guardian*, 18 October 2023, <<https://www.theguardian.com/australia-news/2023/oct/17/more-than-a-million-gambling-ads-aired-on-australian-tv-and-radio-in-a-year-research-finds>> accessed 26 October 2023.

29 Rick Brown and Amelia Hickman, ‘Changes in online gambling during the COVID-19 pandemic: April update’, *Statistical Bulletin no. 27: Australian Institute of Criminology*, 2021, p. 5, doi: 10.52922/sb04626.

30 Victorian Responsible Gambling Foundation, *Gambling advertising*.

31 Australian Communications and Media Authority, *Gambling advertising in Australia: placement and spending*, Canberra, 2023, <<https://www.acma.gov.au/publications/2023-10/report/gambling-advertising-australia-placement-and-spending>> accessed 26 October 2023.

32 Nerilee Hing et al., *Effects of wagering marketing on vulnerable adults*, report for Victorian Responsible Gambling Foundation, Melbourne, 2018, p. 54.

33 Meli, *Submission 51*, p. 30.

34 Mr Shane Lucas, *Transcript of evidence*, pp. 3.

35 Ibid, pp. 3–4.

5.3.1 Legal and illegal forms of online gambling

The *Interactive Gambling Act 2001* (Cth) (the Act) sets rules for companies that provide or advertise gambling services. It covers gambling that takes place online and prohibits gambling providers from offering a range of activities, such as:

- online casinos, slots and poker
- sports betting or wagering services offered by operators that do not hold an Australian licence
- in-play and credit betting
- betting on the outcome of a lottery.³⁶

While the Act enforces operating rules on a federal level, it does not enforce licencing. State and territory governments license providers to offer online gambling services within their jurisdictions.³⁷

The Australian Communications and Media Authority (ACMA) aims to reduce the harms associated with illegal online gambling activities by enforcing compliance with the Act.³⁸ ACMA can take a range of actions to disrupt illegal online gambling, including investigation and enforcement activities, engagement with industry and other regulators and consumer education including raising awareness of Australian gambling laws and the risks of using illegal gambling services.³⁹

In 2017, the ACMA commenced enforcement of new illegal offshore gambling rules under the Act, which prohibit online gambling services such as casinos from being provided or advertised to Australians. As of November 2022, the ACMA has facilitated the blocking of 619 illegal gambling and affiliate websites.⁴⁰ ACMA has observed ‘a notable disruption in the supply of illegal gambling services’ and an overall downward trend in illegal offshore gambling expenditure in Australia since 2016, in contrast to an increase in expenditure on legal online gambling.⁴¹

ACMA has noted that while it regularly blocks unlicensed operators, these providers continue to target Australians and offshore gambling services (those based outside Australia) do not offer consumers the same protections provided by licensed operators.⁴² According to Responsible Wagering Australia, there is concern that Australia could lose up to \$3 billion in taxes and racing and sport product fees between

³⁶ Australian Communications and Media Authority, *ACMA research reveals slight increase in Australians gambling online*, 17 February 2022, <<https://www.acma.gov.au/articles/2022-02/acma-research-reveals-slight-increase-australians-gambling-online>> accessed 26 October 2023; Australian Communications and Media Authority, *Investigations into online gambling providers*, 2023, <<https://www.acma.gov.au/investigations-online-gambling-providers>> accessed 26 October 2023.

³⁷ Australian Communications and Media Authority, *Online gambling in Australia*, p. 1.

³⁸ Australian Communications and Media Authority, *ACMA research reveals slight increase in Australians gambling online*.

³⁹ Australian Communications and Media Authority, *Submission 96*, p. 4; Australian Communications and Media Authority, *ACMA research reveals slight increase in Australians gambling online*.

⁴⁰ Australian Communications and Media Authority, *Submission 96*, p. 4.

⁴¹ *Ibid.*, p. 5.

⁴² Australian Communications and Media Authority, *ACMA research reveals slight increase in Australians gambling online*.

2022 and 2027 to offshore providers.⁴³ Unlike licensed online gambling providers, illegal gambling makes no contribution to the community through product fees and POCT, and they are not governed by consumer protections, such as the National Consumer Protection Framework.

FINDING 65: Australian state and territory governments license providers to offer online gambling services. The Australian Communications and Media Authority works to block unlicensed illegal online gambling services and reduce the harms associated with these gambling activities by enforcing compliance with the *Interactive Gambling Act 2001* (Cth).

At the hearings, the Federation of Chinese Associations (FCA) advised that its community members were accessing illegal online gambling services operating outside of Australia that have less access restrictions and provide the opportunity for users under the age of 18 years to create accounts using fake identification with their parent's credit cards. The FCA is aware of cases that have resulted in substantial losses, with parents needing to lease out their property to recover the debt.⁴⁴ The FCA highlighted the frequency with which money is lost through illegal online casinos is at least double than that lost on physical pokie machines.⁴⁵ The FCA noted that online gambling harm surged in the Chinese community during the COVID-19 lockdowns and are concerned that the development of online gambling and the digital gambling industry is progressing faster than the laws and consumer protections that Governments are putting in place to combat the harm these can cause.⁴⁶

The Commonwealth Inquiry recognised a need for more to be done to combat illegal gambling operators, noting the threat to sports and racing integrity, such as through match fixing, and the strong links between offshore online gambling operators and organised crime and money-laundering.⁴⁷ The Inquiry made recommendations aimed at:

- developing a set of minimum gambling harm prevention standards to be implemented by all Australian banks
- banning payment methods for online gambling that do not minimise the risk of criminal activity and gambling harm
- developing a protocol for blocking transactions to known illegal gambling operators, in cooperation with Australian banks and other payment system providers
- stronger sanctions for companies and known individuals who profit from illegal gambling

⁴³ H2 Gambling Capital, *Australia Offshore Wagering Market Analysis 2023*, report for Responsible Wagering Australia, Melbourne, 2023, p. 8.

⁴⁴ Ms Bear Lin, Counsellor and Project Manager, Federation of Chinese Associations, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 2.

⁴⁵ *Ibid*, pp. 6–7.

⁴⁶ *Ibid*, pp. 2, 6.

⁴⁷ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 39.

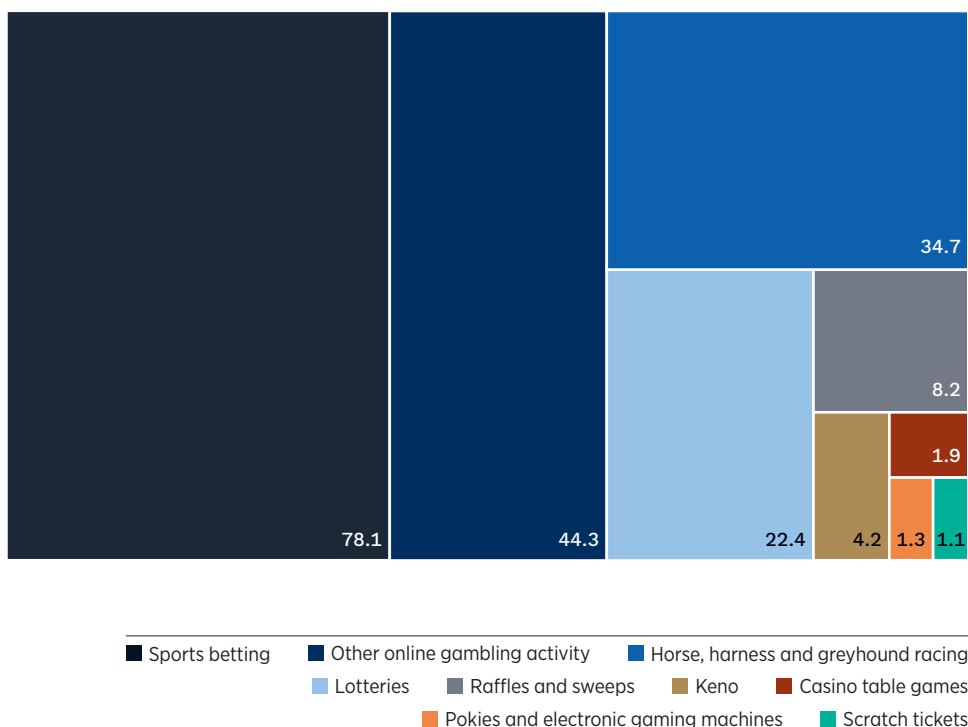
- improved international cooperation to combat illegal online gambling across borders.⁴⁸

5.3.2 Most used forms of online gambling

As shown in Figure 5.1, Victorian sports bettors had the highest level of online gambling activity in 2018–19, with 78% of sports bettors and 35% of racing bettors using the internet to place bets via online bookmakers or mobile apps.⁴⁹

Men were significantly more likely than women to place racing bets online (39% of male race bettors compared with 30% of female race bettors) and were also more likely to bet on sports online (79% of male sports bettors compared with 76% of female sports bettors).⁵⁰

Figure 5.1 Proportion of Victorian gamblers that placed bets online across each gambling form, 2018–19



Note: Percentages do not add to 100% due to participants using more than one form of online gambling.

Source: Victorian Responsible Gambling Foundation, *Victorian population and gambling health study 2018–2019*, Melbourne, 2019, p. 66.

Findings from the 2021 ACMA annual consumer survey show that, as in previous years, online sports betting and race betting are marginally more popular than online

⁴⁸ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. xxi.

⁴⁹ Victorian Responsible Gambling Foundation, *Victorian population and gambling health study 2018–2019*, p. 66.

⁵⁰ Ibid.

gaming activities like pokies, poker or casino-style table games.⁵¹ ACMA's research also demonstrates that a small proportion of survey participants are using illegal online wagering services and 5% of online gamblers are using an offshore betting platform.⁵² Like the VRGF, ACMA found men to be more than twice as likely as women to bet online (12% compared to 5%).⁵³

5.3.3 Improved data to measure the impact of online gambling and reduce harm

The Committee was advised by the VGCCC about the changing gambling landscape in the State. The Committee was advised that although most gambling losses in Victoria still primarily come from EGMs, the fastest growing losses are from online gambling, including sports and racing betting and other forms of interactive gambling.⁵⁴

The Committee requested a breakdown of losses in Victoria concerning online gambling in comparison to other gambling forms. Data provided by the VGCCC outlined an increase from 2021 to 2023 of 0.2% in Pari-mutuel Wagering (Tabcorp), of 7.6% in Fixed Odds Wagering (Tabcorp) and of 10% for Wagering (Other).⁵⁵ However, the data was not disaggregated to show which portion of these gambling activities were made online.

These data gaps point to a need to bolster Victorian Government data on the prevalence, drivers and impact of online gambling. Monash City Council advised the Committee that disaggregating data to the local government level would further assist councils to understand gambling behaviour, which will enable targeted harm prevention initiatives to be developed and inform the government response to regulatory reform.⁵⁶

Further, this data could be significantly enhanced by assistance from online gambling service providers who gather real-time data on inducements and loyalty programs, patterns of accrued losses, signs of harm, pre-commitment and self-exclusion rates, which could be harnessed to benefit harm reduction efforts. The Commonwealth Inquiry recommended that online gambling providers disclose anonymised customer data on gambling participation, risk indicators and interventions. It was also recommended that a feasibility study of Spain, France and other jurisdiction's data vault facilities be conducted, with the aim of implementing a system that provides real-time operator data to the regulator and approved researchers.⁵⁷

⁵¹ Australian Communications and Media Authority, *Online gambling in Australia*, p. 2.

⁵² Ibid.

⁵³ Ibid, p. 6.

⁵⁴ Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission and Ms Annette Kimmitt, Chief Executive Officer, Victorian Gambling and Casino Control Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, pp. 7, 11-12.

⁵⁵ Victorian Gambling and Casino Control Commission, response to questions on notice received 11 August 2023, p. 12.

⁵⁶ Monash City Council, *Submission 12*, pp. 4-5.

⁵⁷ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. xxi.

FINDING 66: While gambling losses from electronic gaming machines still account for the largest share of losses in Victoria, the fastest growing losses are from online gambling.

RECOMMENDATION 42: The Victorian Government advocate for the Commonwealth Government to compel online gambling providers to provide comprehensive anonymised data on customer use of their products. This includes data on demographics, indicators of gambling harm and the outcomes of intervention measures to increase understanding of the drivers and impact of online gambling harm.

RECOMMENDATION 43: The Victorian Government consider the benefits of introducing the provision of real-time, anonymised data of the use of online gambling products as a licensing condition for online gambling providers licensed in Victoria and where appropriate advocate for similar action by the Commonwealth Government.

5.4 Harmful characteristics of online gambling

With digital technology, people can gamble whenever and wherever they like. As stated by the Alliance for Gambling Reform:

At home people can gamble on sports, keno, lotteries and raffles. We are exposed to all forms of gambling constantly and technology is growing for gambling forms to compete with other gambling forms which increases that exposure and risk.⁵⁸

The ease of access to online gambling—which allows gamblers to act on urge and impulse—is compounded by the increased exposure to gambling marketing, including advertising and celebrity sponsorships, as well as new onshore and offshore gambling operators and products and limited consumer protections or monitoring of people who might be at risk of harm.⁵⁹ There are few limits on the size or quantity of bets.⁶⁰

Other features of online gambling products which can increase the likelihood of harm experienced by users include:

- the capacity for online gambling providers to directly target individual customers with promotions and inducements⁶¹

⁵⁸ Alliance for Gambling Reform, response to questions on notice received 14 August 2023, p. 2.

⁵⁹ Australian Gambling Research Centre, *Gambling in Australia – Emerging gambling trends*, Australian Institute of Family Studies, Canberra, 2023, <<https://www.aihw.gov.au/reports/australias-welfare/gambling>> accessed 26 October 2023.

⁶⁰ Victorian Responsible Gambling Foundation, *Sports and race betting in Victoria, 2022*, <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/sport-and-race-betting-in-victoria>> accessed 26 October 2023.

⁶¹ Relationships Australia, *Submission 93*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 7; Australian Gambling Research Centre, *Submission 76*, p. 7; Central Queensland University, *Submission 23*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 3.

- online gambling products being highly immersive by design⁶²
- enabling secretive and anonymous gambling, which limits the capacity for family and friends to identify gambling harm, addiction and risk of suicide⁶³
- the ability to use electronic funds which enable simple, high-speed spending⁶⁴
- aggressive marketing by online gambling service providers which may normalise gambling and encourage continued and intensified wagering.⁶⁵

Gambling Research Australia (GRA) found that in 2019–20 at least 34% of interactive or online gamblers were likely to experience harm, compared to 16% of people who did so offline.⁶⁶ GRA associated online gambling with a range of harms, from financial distress to relationship breakdown and mental health issues⁶⁷ and found race and sports betting to be the most harmful betting activities.⁶⁸

The VRGF has reported that young people aged 18–24 are among the first generation to grow up with the saturation marketing of sports and race betting products. As an age group they are overrepresented when it comes to sports betting, with 32% of men and 10% women in this age group who gamble participating in sports betting.⁶⁹

The Australian Gambling Research Centre argues that among people who report experiencing gambling harm, those who gamble online experience a greater number of harms compared to non-online gamblers.⁷⁰ Responsible Wagering Australia has disputed this claim, stating the assertion that ‘the rate of problem gambling for online gamblers is three times higher than other forms’ is highly misleading as it conflates ‘online gamblers’ with ‘online wagering or online gambling.’⁷¹

62 Australian Gambling Research Centre, *Submission 76*, p. 7; Government of South Australia, Liquor and Gambling Commissioner, *Submission 121*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 4; Turning Point and the Monash Addiction Research Centre, *Submission 68*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p.6.

63 Relationships Australia, *Submission 93*, pp. 2–3; Mr Gavin Fineff, *Submission 7*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 5; Mr Nick Tebbey, National Executive Officer, Relationships Australia, Standing Committee on Social Policy and Legal Affairs, public hearing, Canberra, 10 February 2023, *Transcript of evidence*, p. 2; Mr Matthew McLean, Deputy Chief Executive Officer, Suicide Prevention Australia, Standing Committee on Social Policy and Legal Affairs, public hearing, Canberra, 10 February 2023, *Transcript of evidence*, p. 16; Mx Caitlin Bambridge, Senior Policy Adviser, Suicide Prevention Australia, Standing Committee on Social Policy and Legal Affairs, public hearing, Canberra, 10 February 2023, *Transcript of evidence*, p. 17.

64 Australian Gambling Research Centre, *Submission 76*, p. 7; Central Queensland University, *Submission 23*, p. 3.

65 Relationships Australia, *Submission 93*, p. 3; Queensland Government, *Submission 140*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 1; Tabcorp, *Submission 101*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 5; Australian Gambling Research Centre, *Submission 76*, p. 10; Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy, *Submission 126*, p. 6.

66 Hing et al., *The second national study of interactive gambling in Australia (2019–20)*, p. 329.

67 Ibid, pp. 329–330.

68 Ibid.

69 Victorian Responsible Gambling Foundation, *Sports and race betting in Victoria*.

70 Australian Gambling Research Centre, *Submission 76*, p. 7; Responsible Wagering Australia (RWA) disputes these estimates, see RWA, *Submission 106*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 5.

71 Responsible Wagering Australia, *Submission 106*, p. 5.

Gambling harm is amplified for those who engage in ‘in-play’ or ‘live betting’ which allows bets to be placed on a sporting event once it has commenced. In-play bettors have been found to exhibit gambling harm at a significantly higher rate than non-in-play bettors.⁷² Young people are more likely to make in-play bets, with 37% of sports-related bettors aged 18 to 44 reporting in-play wagering, compared with 12% of those aged 45 and older.⁷³ The *Interactive Gambling Act 2001* (Cth) prevents online gambling providers from offering online in-play betting, however, telephone wagering services are able to accept in-play bets.⁷⁴

FINDING 67: Characteristics specific to online gambling have rendered this form of gambling particularly harmful to users, such as ease of access, the design of interactive gambling products, capacity for covert use and aggressive and targeted marketing methods of providers.

5.4.1 Young people

The Australian Gambling Research Centre reported that while all age groups are affected by online gambling, young people are the most negatively affected. Problem gambling is a growing issue amongst young people, who are four times more likely than adults to be problem gamblers⁷⁵. During the COVID-19 lockdowns, young men aged 18 to 34 were most likely to take up online gambling, increasing their average monthly spending from \$687 to \$1,075.⁷⁶

The Committee received evidence on the vulnerability of young people to experiencing harm caused by online gambling, including those from culturally and linguistically diverse communities.

Witnesses from Hume and Monash City Councils expressed concern about the increase in online gambling harm experienced by young people from access to smartphones and online games, and continued exposure to gambling ads on television and the normalisation of sports betting.⁷⁷ It was also noted that the changing gambling landscape has resulted in newer forms of gambling and simulated gambling emerging alongside traditional forms of gambling which continue to be available.⁷⁸ Hume stated that the trend is of particular concern given that those aged 18 to 24 years old are forecasted to increase by 27% in the council area over the next decade.⁷⁹ Monash advised that community consultations conducted in 2022 identified growing concern

⁷² Hing et al., *The second national study of interactive gambling in Australia (2019–20)*, p. 6.

⁷³ Australian Communications and Media Authority, *Online gambling in Australia*, p. 8.

⁷⁴ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 90.

⁷⁵ Helen Miller, *Gen Bet: Has gambling gatecrashed our teens?*, report for Victorian Responsible Gambling Foundation, Melbourne, 2017, p. 2.

⁷⁶ Jenkinson et al., *Gambling in Australia during COVID-19*, p. 5.

⁷⁷ Hume City Council, *Submission 11*, p. 3; Monash City Council, *Submission 12*, p. 3.

⁷⁸ Monash City Council, *Submission 12*, p. 3.

⁷⁹ Hume City Council, *Submission 11*, p. 3.

about the higher uptake of emerging forms of online gambling sustaining, or even increasing, gambling harm in the future: ‘We’re really seeing the normalisation of gambling, particularly for young people. It’s concerning for the future when those young people are older.’⁸⁰

The VRGF argued in their submission that the participation in online gambling will continue to increase as new generations of young people reach adulthood:

Lifelong exposure to prolific gambling ads will have normalised for them the idea that having a punt with mates is a rite of passage, and they will partake enthusiastically—especially men—unaware of, or unprepared for, the fact that for some of them this will lead to harm.⁸¹

Professor Linda Hancock of Deakin University advised that ‘youth, as high-volume users of new interactive technology, are particularly at risk of exposure to gambling and gambling advertising.’⁸²

VicHealth also identified the prevalence of gambling promotions and advertisements in many places young people frequent such as supermarkets, social media and local sporting grounds.⁸³ VicHealth added:

We all want to see a future where children and young people can live their lives without the pressure or influence of the gambling industry. This future is compromised when gambling is normalised for children and young people, through advertisements, sporting sponsorships and policies that favour the gambling industry.⁸⁴

The Australian Vietnamese Women’s Association (AVWA) provided evidence of the gambling harms experienced by young people in their communities. The AVWA noted that there has been a shift from problem gambling offline, to online providers. Apps and websites are more accessible and can be used in-language, there is no need to understand regulations, it is easy to use and easy to access. Users are reported to be ‘getting hooked’ via games that use digital in-game money, which feels less risky for casual users, before transitioning players to platforms that use real money with losses being seen in the thousands to tens of thousands.⁸⁵

The Alliance for Gambling Reform noted that while gambling online is illegal for people under the age of 18, young people are still accessing online betting services. Parents or other known adults are setting up accounts, using their identification, or minors are creating accounts themselves using adult details. The informal betting between friends

⁸⁰ Monash City Council, *Submission 12*, p. 3.

⁸¹ Victorian Responsible Gambling Foundation, *Submission 25*, p. 22.

⁸² Prof Linda Hancock, Alfred Deakin Institute of Citizenship and Globalisation, Deakin University, *Submission 32*, p. 2.

⁸³ VicHealth, *Submission 53*, p. 5.

⁸⁴ *Ibid*, p. 9.

⁸⁵ Ms Anh Bui, Counselling Team Leader, Australian Vietnamese Women’s Association, public hearing, Melbourne, 25 July 2023, *Transcript of evidence*, p. 7.

and family has encouraged a culture of normalisation towards gambling for both children and parents.⁸⁶

Participants in the Committee's Youth Roundtable also noted the ease of access to gambling through online apps, with those aged 15 years placing bets on sports and accessing illegal online poker as a result of minimal identity verification protections.⁸⁷ One participant described online sports betting as 'endemic to several male friendship groups at school' with teachers also participating.⁸⁸ A number of participants noted that gambling has an impact on lives where advertising is rampant.⁸⁹ Although not limited to online gambling, participants noted several negative impacts of gambling, including repercussions for employment, relationship issues with family and friends, increased social isolation, aggression and consequences for mental health.⁹⁰

Box 5.1 Contributors to youth gambling culture from ECCV submission

In its submission to the Inquiry, the Ethnic Communities' Council of Victoria (ECCV) provided a lived-experience case study of how gambling is impacting young people from a participant of one of their Gambling Harm Reduction forums in 2020. The participant described a culture of gambling being substantially normalised amongst young people, especially online sports betting, which is easy to use, easy to access and provides a large variety of betting options depending on a young person's interests.

Participation in sports also brought young people in close proximity to gambling environments, including advertising and sponsorships. The ECCV forum participant spoke about how his sporting team met in local pubs before and after matches, to socialise and bond as a team. The pub environment is oriented towards a culture of gambling. Younger players see senior players gambling and want to join in to feel accepted, so they too start flocking to one of the many betting machines available. Betting has become a regular part of the match-day routine and camaraderie between players.

It extended beyond the pub as well. Young people make bets amongst themselves and at home, for socialisation, fun or just something to do. What starts off as casual betting amongst friends, becomes normalised and routine, leading to betting and gambling in other, higher-risk circumstances. There are currently very few programs aimed at preventing gambling harm in youth but there is an urgent need for more.

Source: Ethnic Communities' Council of Victoria, *Submission 50*, p. 7.

⁸⁶ Alliance for Gambling Reform, response to questions on notice received 14 August 2023, p. 1.

⁸⁷ PAEC Youth Roundtable – gambling regulation, *Submission 48*, p. 1.

⁸⁸ *Ibid.*, p. 2.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

In evidence to the Committee, the peak body representing Australian-licensed wagering service providers, Responsible Wagering Australia (RWA), noted that efforts to pre-verify age requirements are being increased and that 100% of online wagering accounts within their membership would be pre-verified by the end of September 2023, to meet new obligations under the National Consumer Protection Framework.⁹¹ Prior to the new obligations, providers had a 72-hour window from registration in which to verify customer details. This window has now been removed and all customers must be verified before they can transact on their accounts in any way.⁹²

Industry has broadly supported the obligation, with RWA stating that it is an ‘important measure’ that ‘provides online wagering operators the ability to continue to advertise the adoption of safer gambling tools’ to customers.⁹³ The Director, Regulatory Strategy and Safer Gambling for online gambling provider, Entain, shared this sentiment in their evidence to the Committee, noting that age verification was a ‘very important issue’ and ‘we are an entertainment product designed for adults and we only want adults using our products.’⁹⁴ The General Manager of Corporate Affairs for Sportsbet similarly highlighted their support for customer verification prior to any wagering activity.⁹⁵

FINDING 68: Young people are particularly vulnerable to online gambling harm, due to being higher volume users of technology and the normalisation of gambling resulting from exposure to gambling advertising and the use of gambling products by family and friends.

FINDING 69: The measures in place to restrict young people under the age of 18 from accessing gambling products online have not been wholly effective.

RECOMMENDATION 44: The Victorian Government consider how Gambling Codes of Conduct and harm minimisation ministerial directions can be intentionally designed and enforced to ensure young people are protected from the harms of online gambling and people under the age of 18 are unable to access gambling products online.

⁹¹ Mr Kai Cantwell, Chief Executive Officer, Responsible Wagering Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 10.

⁹² Responsible Wagering Australia, *Mandatory pre-verification for online gambling goes live*, 29 September 2023, <<https://responsiblewagering.com.au/mandatory-pre-verification-for-online-gambling-goes-live>> accessed 26 October 2023

⁹³ Responsible Wagering Australia, *Mandatory pre-verification for online gambling goes live*.

⁹⁴ Mr Steven Lang, Director, Regulatory Strategy and Safer Gambling, Entain Australia and New Zealand, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, pp. 7–8.

⁹⁵ Mr Jules Norton Selzer, General Manager, Corporate Affairs, Sportsbet, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, pp. 1, 10.

5.5 Simulated gambling and gambling-like activities

Children and young people are being increasingly exposed to new and emerging forms of simulated gambling and gambling-like activities in interactive games. Several participants in the Committee's Youth Roundtable highlighted the need for government to focus on these more 'subtle' forms of gambling and testified that such products can act as a gateway to other, more extreme forms of gambling.⁹⁶ The monetisation of video games has accelerated in recent years and features such as loot-boxes⁹⁷ and in-game purchases are now common and popular.⁹⁸

The distinction between simulated gambling, gambling-like activities and traditional monetary gambling is becoming increasingly blurred and public concern that these products normalise and encourage harmful gambling behaviour is growing.⁹⁹

In evidence to the Committee, treatment service provider Meli advised that further work and research is required to address 'grooming' of young people and children for gambling through access to gaming that impacts their brain development.¹⁰⁰

The Federation of Chinese Associations' (FCA) submission discussed in-game purchases and loot-boxes and their relationship to cultivating a behaviour of 'chasing luck'.¹⁰¹ The FCA asserted these simulated gambling and gambling-like activities expose young people to higher risks of addiction.¹⁰² Bear Lin, Counsellor and Project Manager of FCA further stated that in some cases 'we can see that if the teens have played loot box games before, they become more easily addicted to online betting ... [meaning] they will tend to become problem gamblers very easily.'¹⁰³ The FCA expressed concern regarding the difficulty of parents monitoring for harms associated with loot boxes, particularly for CALD parents with low English proficiency, who may rely on their children for translation support.¹⁰⁴

The FCA's submission noted that harms associated with simulated gambling and gambling-like activities were underestimated by the industry and less discussed than other forms of gambling harm.¹⁰⁵ They further explained that loot-boxes and other

⁹⁶ PAEC Youth Roundtable – gambling regulation, *Submission 48*, p. 6.

⁹⁷ In video games, a loot box (also called a loot crate or prize crate) is a consumable virtual item which can be redeemed to receive a randomised selection of further virtual items, or loot, ranging from simple customization options for a player's avatar or character to game-changing equipment such as weapons and armour. A loot box is typically a form of monetisation, with players either buying the boxes directly or receiving the boxes during play and later buying "keys" with which to redeem them.

⁹⁸ Lisa Clausen, *Gambling with their future: teenage gamers and pathways to gambling*, Victorian Responsible Gambling Foundation, 10 May 2023, <<https://responsiblegambling.vic.gov.au/about-us/news-and-media/gambling-with-their-future-teenage-gamers-and-pathways-to-gambling>> accessed 2 October 2023.

⁹⁹ Nancy Greer, Caillem Murray Boyle and Rebecca Jenkinson, *Harms associated with loot boxes, simulated gambling and other in-game purchases in video games: a review of the evidence*, report for Australian Gambling Research Centre, June 2022, p. 4.

¹⁰⁰ Meli, *Submission 51*, p. 5.

¹⁰¹ The Federation of Chinese Associations, *Submission 33*, p. 2.

¹⁰² Ibid.

¹⁰³ Ms Bear Lin, *Transcript of evidence*, p. 2.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

gambling-like features were primarily perceived as features of video games and they can be introduced to children or young people without their parents' knowledge.¹⁰⁶ The FCA recommended the Victorian Government reconsider whether existing legislation is effective in regulating simulated gambling and gambling-like activities, considering these purchases are often made without parental knowledge until they receive massive bills. The FCA stated 'it may be time to reconsider whether there are some protections or work that we can do for these groups.'¹⁰⁷

Participants in the Committee's Youth Roundtable expressed broad support for the banning of loot boxes, however, it was noted this would be difficult to implement. Participants also supported stricter age verification regulations.¹⁰⁸

Simulated gambling and gambling-like activities in interactive games—such as social casinos and video games containing loot boxes or in-game purchases—do not meet the criteria of a gambling service in the *Interactive Gambling Act 2001* (Cth) so the Australian Communications and Media Authority has no jurisdiction to regulate them.¹⁰⁹ However, there is evidence that loot boxes meet all the psychological criteria for gambling, if not the legislative definition.¹¹⁰

The Commonwealth Government recently announced it had reached unanimous agreement with the states and territories on mandatory minimum classifications for computer games containing gambling-like content from September 2024.¹¹¹ Games with in-game purchases linked to elements of chance, such as paid loot boxes, will receive a minimum classification of M (Mature: not recommended for children under 15 years of age) and games containing simulated gambling, such as social casinos, will be legally restricted to adults only with a minimum classification of R18+.¹¹² The Committee notes however, that an M rating may have minimal impact on the reduction of harm given that it cannot be enforced. Classification imposed at R18+ may also increase illegal access if parental education is not improved to prevent children from continued attempts at access.

The Commonwealth Inquiry received extensive evidence on the harms associated with children and young people being exposed to gambling through interactive games like social casinos and simulated gambling such as loot boxes. The Commonwealth Inquiry noted support for the Commonwealth Government's proposed changes to the classification system and recommended that it be consistently applied across online app stores as well as the development of a simulated gambling warning label

¹⁰⁶ Federation of Chinese Associations, *Submission 33*, p. 2.

¹⁰⁷ Ibid; Ms Bear Lin, *Transcript of evidence*, p. 2.

¹⁰⁸ PAEC Youth Roundtable - gambling regulation, *Submission 48*, pp. 7–8.

¹⁰⁹ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 136.

¹¹⁰ Dr Aaron Drummond, Ms Lauren Hall, Dr Emily Lowe-Calverley and Associate Prof James Sauer, *Submission 89*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, pp. 4–5.

¹¹¹ Hon Michelle Rowland MP, *New mandatory minimum classifications for gambling-like games content*, media release, Australian Government, Canberra, 23 September 2023.

¹¹² Ibid.

to be incorporated into the classification scheme.¹¹³ The Commonwealth Inquiry also recommended:

- convening a working group to develop and implement minimum consumer protections for interactive games and make suggestions for legislative mechanisms to implement tighter controls on simulated gambling and its advertising.¹¹⁴
- the development of an evidence-based public information campaign to better educate young people, parents, caregivers and teachers about simulated gambling.¹¹⁵

As highlighted in the Commonwealth Inquiry,¹¹⁶ education is critical to prepare young people for the risks associated with gambling before they are legally able to participate, but also parents, to understand what is at stake when placing bets for their children.¹¹⁷ Though the VRGF has undertaken some awareness raising and education campaigns for parents, children and young people relating to video gaming, which include aspects related to simulated gambling, young people are largely being given very little information on the risks associated with gambling.¹¹⁸ It is not taught thoroughly in the school curriculum and primarily left to parents and guardians, who may already be enabling a child's participation in gambling, to educate them on potential harms.¹¹⁹

Participants of the Youth Roundtable expressed their support for incorporating gambling education and awareness raising activities into the school curriculum.¹²⁰ The VRGF currently works alongside the Department of Education to deliver resources centred on the harms caused by gambling to secondary school children but not in primary schools.¹²¹ Further education in schools is supported by industry, with RWA stating in their evidence to the Committee that 'ensuring that children are aware of the risks of doing something that is an adult behaviour is entirely reasonable' and encouraged gambling education programs being run in schools.¹²²

RECOMMENDATION 45: The Victorian Responsible Gambling Foundation or its successor work with the Department of Education to review and update or develop evidence-based resources for Victorian students and their families addressing the harm caused by simulated gambling and gambling-like activities, to be introduced to support curriculum delivery at both a primary and secondary school level.

¹¹³ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, pp. v, xxv.

¹¹⁴ *Ibid.*, pp. v, xxvi.

¹¹⁵ *Ibid.*, p. xxv.

¹¹⁶ *Ibid.*, p. 144.

¹¹⁷ Alliance for Gambling Reform, response to questions on notice, p. 1.

¹¹⁸ Victorian Responsible Gambling Foundation, *Video gaming and gambling*, (n.d.), <<https://responsiblegambling.vic.gov.au/reducing-harm/video-gaming-and-gambling>> accessed 26 October 2023.

¹¹⁹ Alliance for Gambling Reform, response to questions on notice, p. 1.

¹²⁰ PAEC Youth Roundtable - gambling regulation, *Submission 48*, p. 3.

¹²¹ Victorian Responsible Gambling Foundation, *Be Ahead of the Game: a school education program about gambling and gaming*, (n.d.), <<https://responsiblegambling.vic.gov.au/reducing-harm/schools>> accessed 26 October 2023.

¹²² Mr Kai Cantwell, *Transcript of evidence*, p. 10.

Chapter 6

Regulating online gambling

6.1 Overview

This Chapter focuses on the regulatory arrangements for online gambling in Victoria. It contains a summary of the governing legislation and the powers vested in the Victorian Gambling and Casino Control Commission (VGCCC) as they relate to online gambling. The ways in which online gambling providers are monitored and the options for enforcement of any breaches are also outlined.

The licensing processes for wagering and betting in Victoria and the online gambling providers operating in Victoria but licensed in other Australian states and territories are set out in this Chapter, as well as the effectiveness of Responsible Gambling Codes of Conduct.

Bookmaking licensing, monitoring and enforcement in Victoria is also considered, particularly in the evolving landscape of online gambling and rapid technological advances and the effectiveness of the role of Racing Victoria. The role played by Sports Controlling Bodies, including oversight of betting in sports, is also reviewed in this Chapter.

The National Consumer Protection Framework for Online Wagering has been a significant development in the online gambling landscape. It has been implemented across Australia by the federal, state and territory governments, with the final measure – BetStop – now active as of August 2023. This Chapter contains an analysis of the measures implemented in Victoria, including their limitations according to a range of stakeholders. It concludes by considering future additional consumer protection measures necessary to regulate online gambling, including whether a national regulator dedicated to online gambling is required.

6.2 The regulation of online gambling

The national regulatory framework for online gambling is spread across:

- 60 pieces of Australian, state and territory legislation¹
- several voluntary or mandatory industry codes of practice
- multiple Australian Government ministries, and

¹ Salvation Army, *Submission 43*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 11.

- the racing and gaming portfolios of state and territory governments.²

In Victoria, the Minister for Casino, Gaming and Liquor Regulation (the Minister) grants wagering and betting licences under the *Gambling Regulation Act 2003* (Vic).³

Under Section 9 of the *Victorian Gambling and Casino Control Commission Act 2011* (Vic),⁴ the VGCCC is responsible for performing the regulatory, investigative and disciplinary functions of gambling activity, as outlined in the:

- *Gambling Regulation Act 2003* (Vic)
- *Casino Control Act 1991* (Vic)
- *Racing Act 1958* (Vic).

The VGCCC's regulatory powers are also stipulated in the *Gambling Regulations 2015* (Vic) and Sections 9 and 31 of the *Casino and Liquor Legislation Amendment Act 2022* (Vic). These outline the VGCCC's regulatory functions and the VGCCC's obligation to enforce ministerial directions in exercising its powers.

The role the VGCCC plays in implementing its regulatory functions across the entire Victorian gambling sector was discussed in Chapter 3 of this report. In relation to online gambling, the VGCCC has several powers and functions to oversee the actions of gambling providers. The following patchwork of the VGCCC and other's powers and functions are examined in this chapter:

- review of the wagering and betting licence award framework; and online keno licences (Section 6.3.)
- approvals, monitoring and enforcement of ministerial directions relating to Responsible Gambling Codes of Conduct⁵ (Section 6.4)
- monitoring and enforcement of wagering and betting providers licensed in Victoria or providing services to Victorians (Section 6.5)
- registering bookmakers and their key employees to enable their application for a Club Bookmakers' Licence from Racing Victoria (RV),⁶ and monitoring and enforcement of bookmakers alongside RV⁷ (Section 6.6)
- approval of Sports Controlling Bodies (SCBs) and monitoring of sports betting services⁸ (Section 6.7)

2 Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 40.

3 *Gambling Regulation Act 2003* (Vic), ss 4.3A.7 and 4.3A.9.

4 Former title: *Victorian Commission for Gambling and Liquor Regulation Act 2011* (Vic).

5 Racing Victoria, *Submission 40d*, pp. 6–7.

6 Ibid.

7 Ibid.

8 Victorian Gambling and Casino Control Commission, *Sports Controlling Bodies*, 2023, <<https://www.vgccc.vic.gov.au/gambling/wagering-and-sports-betting/sports-controlling-bodies>> accessed 19 October 2023.

- harm minimisation measures relating to the National Consumer Protection Framework for Online Wagering⁹ (Section 6.8).

FINDING 70: The role the Victorian Gambling and Casino Control Commission plays in regulating the actions of online gambling service providers in Victoria – across licensing and approvals, monitoring and analysis, education and enforcement – is outlined in several pieces of legislation, regulations and ministerial directions. There is no single source of clear and accessible information to inform the Victorian community about how online gambling services are regulated.

RECOMMENDATION 46: The Victorian Gambling and Casino Control Commission outline clear and accessible information on its webpage explaining its role in regulating online gambling in Victoria across licensing and approvals, monitoring and analysis, education and enforcement.

RECOMMENDATION 47: The Victorian Government establish its strategy for the regulation of online gambling. This strategy should outline harm minimisation objectives for the Victorian Gambling and Casino Control Commission across licensing and approvals, monitoring and analysis, education and enforcement of online gambling products accessible by Victorians, with an outcomes framework to be reported against annually.

6.3 Licensing, monitoring and enforcement of wagering and betting providers

6.3.1 Review of the wagering and betting licence award framework

The Victorian Responsible Gambling Foundation's (VRGF) most recent data estimated that in 2018–19, 78% of Victorians who gambled online placed bets on sports via an online bookmaker or mobile app.¹⁰

Evidence to the Committee has outlined that from August 2024, applicants for the new wagering and betting licence(s) will be required to address specific criteria for harm minimisation for the first time.¹¹ However, the Committee did not receive further information on what these specific criteria will be nor if it will align with best practice international harm minimisation.

⁹ Victorian Gambling and Casino Control Commission, *Annual Report 2021–22*, Melbourne, September 2022, p. 10.

¹⁰ Victorian Responsible Gambling Foundation, *Victorian population gambling and health study 2018–2019*, 12 March 2020, <<https://responsiblegambling.vic.gov.au/resources/publications/victorian-population-gambling-and-health-study-20182019-759>> accessed 8 September 2023, p. 66.

¹¹ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 13.

The *Gambling Regulation Act 2003* (Vic) (the Act) currently permits only one wagering and betting licence to be in operation in Victoria at a time. Tabcorp has been the long-time holder of this licence, with its current licence being awarded in August 2012 for a period of 12 years.¹² The *Gambling Regulation Amendment Act 2023* (Vic) revised the Act to authorise the Minister to determine the number of wagering and betting licences in Victoria and any exclusivity periods for future licences. This was to amend historical expectations of lengthy and exclusive licencing arrangements, which may lack transparency or agility to respond to changes in gambling trends, and ‘provide for a more competitive wagering and betting licence process and greater flexibility in awarding licences.’¹³

The Victorian Government undertook a review of Tabcorp’s current licencing arrangements in anticipation of it expiring in 2024. Conducted by the Gambling Licencing Program in the Department of Justice and Community Safety (DJCS), in consultation with industry, community and government stakeholders, the review considered current trends and developments in the wagering market including digitisation, minimisation of gambling harm and improvement of economic and social outcomes for the Victorian community.¹⁴ Stage one of the review commenced in 2018 and was expected to conclude, with recommendations delivered to the Minister, in 2019. The Independent Review Panel, established under the Act, will also oversee and publicly report on the integrity of the review and any subsequent licencing changes.¹⁵

The Committee considers it important that the outcome of this review be publicly and transparently reported, including which and how stakeholders were consulted. In its submission, the Alliance for Gambling Reform (AGR) advocated for the inclusion of stakeholders outside of industry, such as those with lived experience and those with gambling harm expertise. The AGR noted that industry ‘should not be involved in consultations that have implications relating to their financial interests.’¹⁶

FINDING 71: From August 2024, applications for wagering and betting licences will be required to address harm minimisation criteria.

RECOMMENDATION 48: Wagering and betting licences awarded by the Minister for Casino, Gaming and Liquor Regulation from August 2024 include gambling harm minimisation conditions in line with international best practice.

¹² Department of Justice and Community Safety, *Wagering and betting licence review: Terms of Reference*, 4 August 2022, <<https://www.justice.vic.gov.au/wagering-and-betting-licence-review-terms-of-reference>> accessed 19 October 2023. Tabcorp’s license required them to enter into a joint venture agreement with the Victorian racing industry and share with them the revenue from any wagering and betting conducted under the licence. The revenue is used to support thoroughbred, harness and greyhound racing in Victoria.

¹³ *Gambling Regulation Amendment Bill 2023*, Minister for Consumer Affairs, Gaming and Liquor Regulation, Second reading; Hon Daniel Andrews MP, *Supporting Victoria’s racing industry*, media release, Victorian Government, Melbourne, 2 May 2023.

¹⁴ Department of Justice and Community Safety, *Wagering and betting licence review: Terms of Reference*.

¹⁵ Ibid.

¹⁶ Alliance for Gambling Reform, *Submission 39*, p. 7.

6.3.2 Award of online keno licences

The VGCCC advised that in recognition of the harm that 24/7 access to keno may generate, certain keno game rules that were submitted by licensees were not granted.¹⁷ Ministerial Direction No. S 195 Thursday 14 April 2022 requires keno game providers, whether physically located in Victoria or elsewhere that provides keno games to Victorian residents, to comply with harm minimisation directions relating to: inducements, direct marketing, account closure, account deposit limits, self-exclusion and maximum draw frequency.¹⁸

Keno is a rapid-draw game in which a set of numbers are randomly generated and drawn from a number pool. In 2018–19, the VRGF estimated that 4% of Victorians who gambled online placed bets on keno.¹⁹ An exclusive 10-year licence to distribute keno across eligible hotels, clubs and wagering outlets was previously held by Tabcorp before its expiration in April 2022. Similar to the review into wagering and betting licences, a Keno Licencing Project regulatory review was conducted for future keno licencing in Victoria. The aims of the review were to determine trends and developments in the market since the licence was issued, how arrangements could provide better economic and social outcomes for Victorians, including minimising gambling-related harm, and the appropriateness of financial arrangements and product distribution under the licence.

A keno public discussion paper was released in October 2018 to inform the policy design of a new licencing arrangements. Between October and December 2018, submissions were received through the Victorian Government's online public consultation website and published via Engage Victoria. The DJCS analysed submissions and issues raised by key stakeholders through consultation and provided them to the Minister.²⁰ The Independent Review Panel also examined the regulatory review and licence allocation process and provided recommendations to the Minister in May 2022.

The Committee notes that the report does not include the submissions provided to the review or outline the stakeholders consulted. The Engage Victoria webpage is no longer public and there is no visibility on the perspectives that informed the outcomes and recommendations provided to the Minister. Further, the evaluation criteria for licencing applicants did not address the reduction of gambling harm as per the Terms of Reference for the review.²¹

FINDING 72: The May 2022 Independent Review Panel Report on the Keno Licencing Project does not include information on the submissions provided or stakeholders engaged during consultation.

¹⁷ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 11.

¹⁸ Victoria, *Victorian Government Gazette*, No. S 195, Thursday 14 April 2022, pp. 1–5.

¹⁹ Victorian Responsible Gambling Foundation, *Victorian population gambling and health study 2018–2019*, p. 66.

²⁰ Independent Review Panel, *Keno Licencing Project*, Victorian Government, Melbourne, 2022, p. 12.

²¹ *Ibid.*, p. 15.

FINDING 73: Online keno licence applications were assessed against ‘responsible gambling’ criteria rather than criteria directed to reducing gambling harm. As a concept, responsible gambling is outdated and problematic, because it places the onus of responsibility on the user of gambling products rather than acknowledging the inherent harm of gambling products.

The Minister granted Victoria’s keno licences to both Tabcorp and Lottoland until 2022. For the first time, online keno services were included in the 20-year licences, in addition to traditional retail outlets like hotels and clubs.

FINDING 74: The Minister for Casino, Gaming and Liquor Regulation awarded licences to Tabcorp and Lottoland, allowing the provision of online keno until 2042. The provision of a 20-year licence does not limit the ability of the State’s regulation of these products, including the rapidly evolving online gambling environment.

FINDING 75: Operators of online keno must comply with harm minimisation measures outlined in ministerial directions which took effect on 14 April 2022.

6.3.3 Online gambling providers licensed in other Australian jurisdictions

The aim of the amendments to the *Gambling Regulation Act 2003* (Vic) and the review of the wagering and betting licence award framework is to create options for the State to attract greater interest from industry in the Victorian wagering and betting market.²² This could encourage wagering and betting service providers currently licensed and regulated in other Australian jurisdictions to license their gambling services in Victoria, resulting in further economic benefits to Victoria.

In 2008, the High Court of Australia ruled unanimously in favour of allowing residents of Western Australia to place bets with a licensed online betting exchange regulated in Tasmania. The decision enabled online gambling providers regulated in one jurisdiction to advertise and offer bets to customers located in other Australian jurisdictions.²³ According to the VRGF this decision led to a rapid increase in the number and scale of online gambling providers offering services to Australian residents and the proliferation of gambling advertising and other promotions by these companies.²⁴

²² Victoria, Legislative Assembly, 3 May 2023, *Parliamentary debates*, p. 1391.

²³ Nerilee Hing et al., *Interactive gambling*, report for Gambling Research Australia, Canberra, March 2014, p. 5.

²⁴ Brett Heatherington and Tony Phillips, *Gambling harm and the online gambling environment*, report for Victorian Responsible Gambling Foundation, Melbourne, 2023, p. 5.

Most online wagering and betting providers currently operating across Australia are licenced in the Northern Territory (NT).²⁵ As of 29 June 2023, there were 29 providers licensed in the NT.²⁶ These providers are regulated by the Northern Territory Racing Commission (NTRC) under the *Racing and Betting Act 1983* (NT) and must comply with the *NT Code of Practice for Responsible Service of Online Gambling 2019*, while also adhering to state-based ministerial directions on gambling harm. The NT Government is considering new legislation to increase the regulatory powers of the NTRC, which may include the capacity to enter into enforceable undertakings and issue larger fines, and a requirement for licensees to contribute to the costs of regulation and enforcement.²⁷

FINDING 76: Most online gambling service providers operating in Australia are licensed and regulated by the Northern Territory Racing Commission. Online gambling providers licensed in other states and territories must still comply with the legislation, regulation and harm minimisation directions of the jurisdiction in which they are providing services.

The Alliance for Gambling Reform argued that many online gambling providers licensed in the NT do so due to the lower tax requirements in that State.²⁸ The NT charges the lowest taxes and fees for online wagering and betting of all Australian jurisdictions.²⁹ These online gambling providers are eligible to apply for a fit-for-purpose corporation sports or corporate bookmaker licence and there is no limit to the number of licences that can be granted to a NT licenced corporate bookmaker, which permit the offering of fixed odd products in all Australian states, and overseas where lawful.³⁰

The licencing fees for online gambling services in the NT are significantly lower than for on-course betting exchanges which may also provide electronic betting provisions. A corporate bookmaker licence, designed for online wagering averages \$24,000 per annum, compared to \$242,000 per annum for alternative licences.³¹ The NT is also the only jurisdiction with a fixed cap tax on sports betting and betting exchange profits.³²

25 Australian Communications and Media Authority, *Check if a gambling operator is legal*, 2 August 2023, <<https://www.acma.gov.au/check-if-gambling-operator-legal>> accessed 8 August 2023.

26 The online Wagering Service Providers licensed in the Northern Territory include: BaggyBet, bet365, Bet Deck, BetEasy, Betfair, BetKings, BetM, Bet Nation, BetDeluxe, Surge, betr, Bet Right, BlueBet, Booki, BoomBet, buddybet, CrossBet, Dabble, Group 1 Sports, Ladbrokes, Neds.com.au, Lottoland, Picklebet, PlayUp, Draftstars, PointsBet, Rivalry, SportChamps, Eskanderbet, Sportsbet, Swopstakes, GetSetBet, Ubet NT; Northern Territory Department of Industry, Tourism and Trade, *Sports bookmakers and betting exchange operators*, 2023, <<https://industry.nt.gov.au/boards-and-committees/racing-commission/sports-bookmakers-and-betting-exchange-operators>> accessed 28 October 2023.

27 Northern Territory Racing Commission, *Submission 143*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing harm*, 2023, p. 2.

28 Alliance for Gambling Reform, *Online gambling policy*, Melbourne, 2023, p. 2.

29 Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 19.

30 Alexander Norrish et al., *In review: licencing and taxation of online gambling activities in Australia*, 2023, <<https://www.lexology.com/library/detail.aspx?g=43d7a3dc-33fb-4f91-a13d-0752d4bb238b>> accessed 20 October 2023.

31 Norrish et al., *In review: licencing and taxation of online gambling activities in Australia*.

32 Northern Territory Government, *Revenue Paper Overview*, 2022, <https://revenuepaper.nt.gov.au/_data/assets/pdf_file/0009/457749/Overview.pdf> accessed 16 October 2023, p. 5; NSW Treasury, *Interstate Comparison of Taxes 2022–23*, NSW Government, Sydney, 2023, pp. 30–32.

All other Australian jurisdictions require a fixed percentage of monthly gross profits, with no limit to taxation revenue.³³

The wagering and betting industry is a significant contributor to NT's economy, with online gambling providers contributing approximately \$50 billion in annual turnover.³⁴ In 2020–21, gambling taxes made up almost 15% of total tax revenue for the NT, double the amount of the next highest jurisdiction, and have a per-capita tax profit of \$407 which is substantially higher than any other Australian jurisdiction.³⁵ Comparatively, gambling taxes made up 7.6% of total revenue collected in Victoria in 2022–23.³⁶ According to the NT Government, gambling taxes are a critical 'own-source' revenue stream for NT.³⁷

In response to questions from the Committee as to why most online gambling providers are licensed in the NT, the Chief Executive Officer (CEO) of Responsible Wagering Australia (RWA)—the peak body representing most of the wagering and betting industry in Australia—advised that the NT was the first Australian jurisdiction to offer licenses from 1995, resulting in many early adopters coming under this licensing regime. It is RWA's view that as long as the NT continues to offer a fit-for-purpose regime which appropriately protects consumers, 'there would be no reason to move elsewhere.'³⁸ The Committee sought further clarification on any taxation benefits to online gambling providers as a result of being licensed in the NT.³⁹ RWA's response did not outline how its members may or may not benefit from being licensed in the NT from a tax perspective.⁴⁰

FINDING 77: There is inconsistency across Australian jurisdictions in how online gambling is regulated and the fees and levies imposed on gambling service providers.

FINDING 78: Online gambling providers licensed in the Northern Territory pay lower taxes and fees compared to providers licensed in other Australian states and territories.

FINDING 79: Gambling taxes made up 7.6% of total revenue collected in Victoria in 2022–23. The Northern Territory is more heavily reliant on this revenue stream than Victoria.

³³ NSW Treasury, *Interstate Comparison of Taxes 2022–23*.

³⁴ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 32.

³⁵ Australasian Gaming Council, *A guide to Australia's gambling industries 2019/20*, Melbourne, 2022, p. 63.

³⁶ Committee calculation, Department of Treasury and Finance, *2022–23 Financial Report*, Melbourne, p. 48.

³⁷ Department of Treasury and Finance, *Northern Territory Budget 2023–24 Paper No. 2: Strategy and outlook*, Darwin, 2023, p. 63.

³⁸ Mr Kai Cantwell, Chief Executive Officer, Responsible Wagering Australia, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 5.

³⁹ *Ibid.*, p. 6.

⁴⁰ Responsible Wagering Australia, response to questions on notice received 21 September 2023, p. 2.

At the hearings, the VGCCC acknowledged that most online gambling providers are regulated in another jurisdiction outside of Victoria but did not speculate on why this may be the case.⁴¹ The VGCCC is currently considering how national agreements—such as the National Consumer Protection Framework—and standards of advertising and behaviour can be put in place, in addition to Victorian regulations, to further hold online gambling providers to account.⁴²

On 3 October 2023, the Victorian Government introduced the *Gambling Legislation Amendment Bill 2023* which extended the prohibition on betting on contingencies in Victoria, such as betting on minors and amateur sports, to events taking place in other Australian jurisdictions.⁴³ There is no information on the Engage Victoria webpage concerning any community consultation that took place in relation to the Bill.

At the hearings, the Committee asked RWA about its support for restricting the kind of activities that can be bet on. The CEO of RWA did not comment on the prohibition and stated ‘I probably will not go to product offerings. I try very hard to stay out of what products my members offer.’⁴⁴

6.4 Responsible Gambling Codes of Conduct

6.4.1 Approval and monitoring of Responsible Gambling Codes of Conduct

In Victoria, there are currently three ministerial directions for Responsible Gambling Codes of Conduct. The first and second cover gaming venues and the casino, while the final Code covers all other gambling activities, including wagering and betting, bookmakers, lotteries, keno, bingo and raffles.

Ministerial direction No. S 430 17 September 2018 Responsible Gambling Codes of Conduct (RGCC) outlines the obligation for gambling service providers to implement an RGCC as a requirement to obtain a licence, including wagering and betting licensees and bookmakers who offer services online.⁴⁵

The RGCC must set out standards, requirements and contents, including:

- a message that identifies the service providers commitment to responsible gambling and requirements around its clear and visible display to customers
- information about responsible gambling for customers

41 Ms Fran Thorn, Chair, Victorian Gambling and Casino Control Commission, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 7.

42 Ibid.

43 *Gambling Legislation Amendment Bill 2023* (Vic) Pt 3 cl 15.

44 Mr Kai Cantwell, *Transcript of evidence*, p. 11.

45 Engage Victoria, *Review of Victoria's Responsible Gambling Codes of Conduct*, (n.d.), <<https://engage.vic.gov.au/responsible-gambling-codes-of-conduct>> accessed 19 October 2023.

- a statement on how any relevant rules for gambling will be made available to customers
- how customers will be informed about loyalty schemes and the benefits that will be accrued
- how a pre-commitment decision can be made and how customers will be supported to do so
- how customers will be interacted with to foster responsible gambling and how customers displaying gambling harm will be supported to obtain assistance or exclude themselves from gambling services
- whether a staff member is permitted to participate in gambling offered by the service provider
- the process for contact with gambling harm support services
- the process for resolving customer complaints concerning compliance with and operation of the code
- how the service provider will ensure compliance with the law in relation to prohibition of gambling by minors
- how the service provider will discourage customers from engaging in extended and intensive gambling and where appropriate, ensure customers are made aware of the passage of time
- the restrictions on the payment of winnings by cheque and the provision of credit or the lending of money for the purposes of gambling
- how any advertising and promotions permitted under relevant legislation will comply with the advertising code of ethics, will not be false, misleading or deceptive, or promote the consumption of alcohol while engaging with gambling products.⁴⁶

Tabcorp—which currently holds Victoria’s sole wagering and betting license—published its second RGCC on 23 June 2023.⁴⁷

If a gambling service provider wishes to adopt a model RGCC developed by an industry representative association, the VGCCC must be notified.⁴⁸ For example, the Victorian Bookmakers’ Association has developed a model RGCC for bookmakers. Only nine bookmakers have published RGCCs on the VGCCC’s webpage.⁴⁹

⁴⁶ Victoria, *Victorian Government Gazette*, No. S 430 Monday 17 September 2018, pp. 1–7.

⁴⁷ Tabcorp, *Responsible Gambling Code of Conduct Version 2 – 23 June 2023*, 2023, <[tab_vic_rg_code_of_conduct_-_june_2023.pdf \(vgccc.vic.gov.au\)](https://www.vgccc.vic.gov.au/june_2023.pdf)> accessed 19 October 2023.

⁴⁸ Victorian Gambling and Casino Control Commission, *Statement of adoption for gaming industry*, 2023, <<https://www.vgccc.vic.gov.au/gambling/gaming-venue-operator/understand-your-gaming-licence/codes-conduct-and-standards/statement-adoption-gaming-industry>> accessed 19 October 2023.

⁴⁹ Victorian Bookmakers Association, Zbet, Betdeluxe, WinnersBet, OkeBet, Puntnow, Justbet, BitWinning, Tradiebet; Victorian Gambling and Casino Control Commission, *Venue Codes of Conduct*, (n.d.), <<https://www.vgccc.vic.gov.au/resources/information-and-data/venue-codes-conduct>> accessed 19 October 2023; Victorian Commission for Gambling and Liquor Regulation, *Corporate Plan 2020–23*, Victorian Government, Melbourne, 2020, p. 8.

RECOMMENDATION 49: To increase transparency for the Victorian community, the Victorian Gambling and Casino Control Commission consider publishing all gambling service provider Responsible Gambling Codes of Conduct on their webpage.

The VGCCC approves RGCCs and can take enforcement action against gambling service providers for breach of RGCC. The Committee did not receive evidence as to the number of actions the VGCCC has taken against online gambling service providers, and notes that this data is not available in the VGCCC's Annual Report.

RECOMMENDATION 50: The Victorian Gambling and Casino Control Commission report on the nature and number of breaches of gambling service provider codes of conduct in its Annual Report.

6.4.2 Review of Responsible Gambling Codes of Conduct

Section 10.6.8 of the *Gambling Regulation Act 2003* (Vic) (the Act) requires that the ministerial direction on RGCCs be reviewed every 5 years to determine how effectively they:

- ensure gambling products are supplied in a responsible manner
- promote practices that support and encourage responsible gambling
- assist in minimising harm caused by gambling.⁵⁰

The Department of Justice and Community Safety (DJCS) is currently undertaking a review of the RGCC. Submissions closed on 17 September 2023. Targeted consultation will be undertaken from late 2023 to early 2024 and a report on the results from consultation including recommendations will be published in early 2024.⁵¹ The information concerning the review on the Engage Victoria webpage does not outline if the submissions received will be made public and the stakeholders to be consulted in the process, limiting transparency of the evidence relied upon to make recommendations on RGCCs.

The consultation paper for the review explains key issues surrounding the codes and invites feedback on suggestions to improve the codes through implementing:

- a duty of care or obligation to prevent harm
- measures to identify signs of gambling harm and appropriately respond, including engaging in extended and intensive gambling
- measures to limit exposure of minors to gambling

⁵⁰ Engage Victoria, *Review of Victoria's Responsible Gambling Codes of Conduct*.

⁵¹ Ibid.

- restrictions on advertising and direct marketing and/or inducements by wagering and betting operators and bookmakers
- limitations on gambling products, such as multiple bets and maximum bet offers.⁵²

The consultation paper poses questions about how ministerial directions on harm minimisation associated with the National Consumer Protection Framework can be improved to ensure online gambling providers licensed in other Australian jurisdictions but operating in Victorian are still required to reduce gambling harm.⁵³

FINDING 80: The Department of Justice and Community Safety’s review of the Responsible Gambling Codes of Conduct (RGCC) seeks feedback on how RGCCs can be revised to ensure gambling products are supplied responsibly and minimise harm, rather than ensuring that Victorians gamble responsibly.

The Committee was unable to make an assessment as to the effectiveness of RGCCs in reducing harm to date. Across Australian jurisdictions, evidence from the review of RGCCs in Tasmania suggest their effectiveness in achieving harm minimisation objectives.⁵⁴ In Queensland, some progress and impact on gambling harm resulting from the non-mandatory Code was reported.⁵⁵ In South Australia the Auditor-General found limited compliance and a review found limited data on harm minimisation and no data on effectiveness.⁵⁶ In New South Wales little positive impact on the prevention or reduction of harm was found and the need to move to a harm minimisation approach was identified.⁵⁷ Similarly in the Australian Capital Territory several specific issues relative to the Code were identified to be addressed, such as pivoting to a harm minimisation approach from a problem/responsible gambling stance.⁵⁸ No review of the RGCC has been conducted in Western Australia and although a review was conducted in the Northern Territory, the outcomes have not been made publicly available.

The Committee considers it important that the Victorian Government puts evaluations processes and measures in place to establish the effectiveness of any new codes that are developed.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Tasmanian Liquor and Gaming Commission, *Second review of the Responsible Gambling mandatory Code of Practice for Tasmania: Final outcomes paper*, Department of Treasury and Finance, Hobart, 2022, pp. 3, 6-7.

⁵⁵ Queensland Treasury, *Queensland Responsible Gambling Code of Practice: Report on the Cultural Shift Review*, Queensland Government, Brisbane, 2018; Nick Gibbs, ‘Queensland’s gambling code up for review’, *The Canberra Times*, 28 July 2021, <<https://www.canberratimes.com.au/story/7361204/queenslands-gambling-code-up-for-review>> accessed 28 October 2023.

⁵⁶ Auditor-General’s Department, *Gambling harm minimisation*, Government of South Australia, Adelaide, 2023, p. 49.

⁵⁷ Nerilee Hing et al., *Responsible conduct of gambling study*, report for the NSW Responsible Gambling Fund, Sydney, 2020, p. ii.

⁵⁸ ACT Gambling and Racing Commission, *Review of the Gambling and Racing Control (Code of Practice) Regulation 2002*, ACT Government, Canberra, 2013, p. 10.

RECOMMENDATION 51: The Victorian Government implement an evaluation process for measuring the effectiveness of gambling codes of conduct and gambling provider requirements are routinely updated in line with international best practice to prevent gambling harm.

The consultation paper also sought feedback on whether the distinct gambling types—i.e. venue gaming vs wagering and betting—offer unique challenges and therefore would benefit from the establishment of separate ministerial directions for types of gambling rather than the uniform requirements provided in current codes.

The Committee notes that the Northern Territory (NT) is currently the only Australian jurisdiction with purpose-designed codes for online gambling providers. The NT *Code of Practice for Responsible Service of Online Gambling 2019* was updated following a review and last amended on 31 March 2023 to implement changes to the National Consumer Protection Framework.⁵⁹ Breaches of this mandatory code can result in a reprimand, fine, suspension or cancellation of a license.⁶⁰

At the hearings, the Committee was advised by gambling industry representatives that the specific requirements present in the NT codes is one of the features that ensures the NT's regulatory system for online gambling is 'fit-for-purpose' from a licensing perspective.⁶¹ Identified requirements include the obligation to monitor for red-flag behaviours and other signs of gambling harm, such as gambling for an extended period, changing gambling patterns, increases in deposit frequency and escalating sums of money deposited.⁶² However, the NT code does not outline policies and procedures on how red flags should be detected or a requirement for gambling providers to limit the provision of gambling services or close accounts following detection.

Unlike the protections in place in other Australian jurisdictions,⁶³ the NT code has no restrictions on the use of lines of credit and payout method via credit as well the provision of loyalty programs for online gambling.

The NT code emphasises 'responsible gambling,' placing the onus on the individual to make informed decisions about how they choose to gamble, exercise control over their gambling behaviour and understand the risks of participating.⁶⁴ While self-exclusion features are a mandatory requirement for NT licenced operators, the NT code explicitly states that self-exclusion is the client's responsibility to determine, not the gambling

⁵⁹ Australasian Gaming Council, *Codes of Conduct*, (n.d), <<https://austgamingcouncil.org.au/responsible-gambling/codes-standards/codes-conduct>> accessed 19 October 2023.

⁶⁰ Northern Territory Racing Commission, *Submission 143*, pp. 1-2.

⁶¹ Mr Steven Lang, Director, Entain, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 1.

⁶² Ibid.

⁶³ Across legislation (NSW), regulations (ACT, NSW), ministerial directions (Vic) and codes of conduct/practice (ACT, Cth, Qld, SA, Tas, WA).

⁶⁴ Northern Territory Government, *Gambling codes of practice: NT Code of Practice for Responsible Online Gambling 2019, 2023*, <<https://nt.gov.au/industry/gambling/gambling/gambling-codes-of-practice/nt-code-of-practice-for-responsible-online-gambling-2019>> accessed 19 October 2023.

providers.⁶⁵ Yet in 2021, the Northern Territory Racing Commission failed to inform operators of 48 clients who had voluntarily self-excluded, resulting in significant risk of harm to those individuals.⁶⁶

FINDING 81: The Northern Territory (NT) is the only Australian jurisdiction with a purpose-designed code of practice for online gambling providers. The NT code does not outline policies and procedures on how gambling harm red flags should be detected or a requirement for gambling providers to limit provision of gambling services or close accounts following detection.

RECOMMENDATION 52: The Victorian Government implement a purpose-designed code of conduct for online gambling providers which identifies indicators of gambling harm, policies and procedures for detection and the required actions of providers to address these harms. The code should also include all National Consumer Protection Framework measures so that information regarding the obligations of online gambling providers to reduce gambling harm is accessible in a single location.

6.5 Monitoring and enforcement of online gambling providers

The VGCCC's powers and regulatory functions extend to gambling providers licensed in Victoria. The VGCCC can also enforce ministerial directions on gambling operators providing services to Victorians.

In evidence to the Committee, the VGCCC advised that in its first year of operation it had updated its complaints handling process to embed a harm minimisation lens in its triaging, assessment and reporting of complaints. VGCCC aims to ensure that:

- high risk complaints are provided the appropriate level of scrutiny and assessment
- data is captured on harm themes and patterns
- gambling service providers are reminded of their duty to minimise harm and
- other gambling regulators are actively engaged to ensure trends are identified and a joint effort to minimise harm.⁶⁷

The Committee was also informed of the launch of a tip-off (complaints) program on the VGCCC webpage for community reporting on gambling harm, including prohibited

⁶⁵ Ibid.

⁶⁶ Henry Belot, 'NT gambling regulator admits not telling bookmakers of 48 addicts who asked to be banned', *The Guardian*, 4 March 2023, <<https://www.theguardian.com/australia-news/2023/mar/04/nt-gambling-regulator-admits-not-telling-bookmakers-of-48-addicts-who-asked-to-be-banned>> accessed 19 October 2023.

⁶⁷ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 14.

inducements, illegal advertising or promotional activity relating to online gambling products and illegal gambling provided on social media.⁶⁸

The Committee received extensive evidence on the monitoring practices of VGCCC in relation to inspections of licensed gaming venues in Victoria (See Chapter 3 of this report). However the Committee did not receive evidence relating to the monitoring regime of the VGCCC encompassing the routine review of online gambling services licensed in Victoria to ensure compliance with relevant legislation, codes of conduct or ministerial directions.

Tabcorp's licence agreement states that a monitoring and assurance system must be implemented and carried out by the VGCCC, however, the monitoring process is not outlined in the agreement.⁶⁹ Although the VGCCC is able to 'do all things reasonably necessary to facilitate compliance by the Licensee' with regards to the development of implementation plans and business rules outlined in the licence requirements,⁷⁰ and Tabcorp is obligated to declare any breaches of contract or offences committed to the VGCCC, the agreement does not make mention of proactive investigations.⁷¹

RECOMMENDATION 53: The Victorian Gambling and Casino Control Commission consider publishing its monitoring regime for providers of online gambling products accessed by Victorians.

In terms of enforcement activity, the VGCCC's *Annual Report 2021–22* notes that:

- charges laid against BetEasy for offering an inducement to open a betting account and was subsequently fined \$3,304, ordered to undertake a 12-month good behaviour bond, pay \$5,000 to Gambler's Help and pay VGCCC costs of \$4,400
- a non-compliance notification issued to WinnersBet for failing to comply with harm minimisation directions.⁷²

The Committee notes that these enforcement actions are not listed on the VGCCC's disciplinary actions webpage.⁷³

FINDING 82: Since 2021, it has been publicly reported that two enforcement actions have been taken out in Victoria on online gambling providers, one of which resulted in \$12,704 in fines and remedies being paid.

68 Victorian Gambling and Casino Control Commission, *Complaints and tip offs*, 2023, <<https://www.vgccc.vic.gov.au/i-want/complaints-and-tip-offs>> accessed 19 October 2023.

69 Victorian Gambling and Casino Control Commission, *Wagering and Betting Agreement: Hon Michael O'Brien MP, Minister for Gaming for and on behalf of the Crown in right of the State of Victoria and Tabcorp Wagering (Vic) Pty Ltd*, Melbourne, 19 December 2011, p. 25.

70 Ibid, p. 27.

71 Ibid, pp. 54–55.

72 Victorian Gambling and Casino Control Commission, *Annual Report 2021–22*, p. 30, 32.

73 Victorian Gambling and Casino Control Commission, *Disciplinary actions*, (n.d.), <<https://www.vgccc.vic.gov.au/gambling/gaming-venue-operator/understand-your-gaming-licence/compliance-and-enforcement/enforcement-actions>> accessed 30 October 2023.

RECOMMENDATION 54: The Victorian Gambling and Casino Control Commission publish all disciplinary actions taken and outcomes regarding online gambling providers, on its webpage in a timely manner.

Under section 4.8A.6 of the *Gambling Regulation Act 2003* (Vic), a wagering service provider can be fined up to \$11,538.60 for failure to comply with harm minimisation directions.⁷⁴

The Commonwealth inquiry into online gambling and its impacts on those experiencing gambling harm (2023) (the Commonwealth Inquiry) recognised that current penalties for breaches of online gambling responsibilities neither match the seriousness of the breaches nor provide an adequate deterrent to change behaviour.⁷⁵ It was noted that regulators require ‘a broad suite of powers so that enforcement decisions can be targeted at particular activities, can compel behavioural change and create a culture of compliance.’⁷⁶

RECOMMENDATION 55: The Victorian Government review the penalty framework for enforcement action available to the Victorian Gambling and Casino Control Commission against online gambling providers to ensure penalties for breaches of online gambling harm minimisation requirements match the seriousness of the breaches and provide an adequate incentive to change behaviour.

The VGCCC advised the Committee that its new complaints focus ensures that:

those that are the subject of a complaint are reminded of their duty to reduce harm, which means acting immediately and decisively whenever there are signs of harm or possible harm, and that failure to honour this duty invites scrutiny of the regulator.⁷⁷

In evidence to the Committee, it was outlined that the following Victorian and Commonwealth Government entities also play a role in handling complaints relating to the conduct of Victorian gambling service providers:

- Victoria Police (VicPol) in relation to criminal conduct
- Consumer Affairs Victoria (CAV) in relation to consumer law breaches
- the Australian Competition and Consumer Commission (ACCC) in relation to consumer law breaches
- the Australian Transaction Reports and Analysis Centre (AUSTRAC) in relation to anti-money laundering and counter terrorism financing

⁷⁴ Up to 60 penalty units - \$192.31 per penalty unit; Committee calculation, Victorian Legal Aid, *Penalty units*, 2023, <<https://www.legalaid.vic.gov.au/penalty-units>> accessed 30 October 2023.

⁷⁵ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 85.

⁷⁶ *Ibid.*, p. 95.

⁷⁷ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 14.

- Australian Communications and Media Authority (ACMA) in relation to breaches of the *SPAM Act 2003* (Cth), the *Do Not Call Register Act 2006* (Cth), the *Interactive Gambling Act 2011* (Cth), Commonwealth advertising restrictions and BetStop (See Appendix B for further detail)
- the Office of the Australian Information Commissioner (OAIC) in relation to breaches of privacy laws
- the Racing Integrity Commissioner (RIC) in relation to certain integrity matters
- the Australian Taxation Office (ATO) in relation to taxation
- Ad Standards (AdS) in relation to breaches of the Australian Association of National Advertisers' (AANA) Wagering Code and Code of Ethics
- bodies authorised by the VGCCC to be Sports Controlling Bodies.⁷⁸

These bodies have each experienced gambling complainants being unsure of where to direct complaints and/or had gambling service providers contact them unsure where to direct aggrieved customers.⁷⁹

FINDING 83: The complaints process concerning gambling service providers is complex given that there are at least 10 government entities that operate at the Victorian state and Australian national level which play a role in this process.

The Committee notes that the VGCCC website contains advice about how customers can make complaints, the complaints the VGCCC can investigate and which bodies the complaints the VGCCC is unable to investigate can be referred to. The Committee welcomes this initiative to provide one point of contact for clear and accessible information to the Victorian community and notes the option for complainants to obtain assistance with completing the form or making a complaint over the phone for Victorians with limited language, literacy and digital skills.⁸⁰

The VGCCC's *Annual Report 2021-22* indicated that it received a total of 1,614 complaints during the year. Of these complaints, 60 were linked to the casino, 610 were gambling-related and three involved gambling and liquor jointly (with the remainder liquor-related). The VGCCC noted formal investigation in respect of 938 complaints, which in turn concluded 466 complaints were unsubstantiated. Investigations resulted in various outcomes, ranging from education to prosecution.⁸¹ It is unclear what proportion of the complaints, investigations and prosecutions were related to online gambling.

⁷⁸ Racing Victoria, *Submission 40d*, p. 3.

⁷⁹ Ibid.

⁸⁰ Victorian Gambling and Casino Control Commission, *Make a complaint*, 2023, <<https://www.vgccc.vic.gov.au/i-want/complaints-and-tip-offs/make-a-complaint>> accessed 19 October 2023.

⁸¹ Victorian Gambling and Casino Control Commission, *Annual Report 2021-22*, p. 30.

The Commonwealth Inquiry made recommendations for the establishment of a national ombudsman for complaints against online gambling providers to address limitations in the current fragmented complaints system.⁸²

RECOMMENDATION 56: The Victorian Government provide in-principle support for the establishment of a national ombudsman for complaints against online gambling providers.

6.6 Licensing, monitoring and enforcement of bookmakers

Since 2001, Racing Victoria (RV) has been responsible for providing independent governance of the Victorian thoroughbred racing (VTR) industry by developing, encouraging, promoting and managing conduct to sustainably grow the industry's economic and social value.⁸³

RV's historic role in bookmaking regulation has been primarily focussed on managing the day-to-day operations of on-course betting rings and the relatively minor level of betting that is derived from on-course patrons and in some cases, off-course customers wagering via telephone and digital channels.⁸⁴ The majority of this wagering activity has historically taken place relating to VTR by way of issuing and administering Club Bookmakers Licences to persons (including companies) registered by the VGCCC. Harness Racing (HRV) and Greyhound Racing Victoria (GRV) play the similar roles with respect to their sport. According to RV, it is well placed to act as a regulator in this sphere.⁸⁵

The Victorian Bookmakers' Association (VBA) acts as a statutory entity to guarantee the wagering transactions and defaults of its members pursuant to the *Racing Act 1958* (Vic).⁸⁶ The VBA has developed a model RGCC for its members to aid in their bookmaking registration with VGCCC.⁸⁷

In light of technological advancements diversifying the industry, Victorian bookmakers are now offering a 24/7 worldwide product and promotional tools such as money back specials and bonus bets. RV has found itself responsible for regulating Victorian bookmakers whose businesses are growing rapidly and offering complex services comparable to corporate wagering and betting providers with an increasing share of activity coming from non-VTR product—including sports betting—that RV considers it is not well placed to regulate.⁸⁸

⁸² Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 95.

⁸³ Racing Victoria, *Who we are*, 2023, <<https://www.racingvictoria.com.au/about-us/who-we-are>> accessed 19 October 2023.

⁸⁴ Racing Victoria, *Submission 40*, p. 2.

⁸⁵ Ibid.

⁸⁶ Victorian Bookmakers' Association, *VBA Guarantee*, (n.d.), <<https://vicbookmakers.com.au/vba-guarantee>> accessed 19 October 2023.

⁸⁷ Racing Victoria, *Submission 40d*, pp. 2–3.

⁸⁸ Racing Victoria, *Submission 40*, p. 2.

In evidence to the Committee, RV stated that its role in relation to monitoring and enforcement of bookmakers is centred on processing customer complaints in relation to:

- bookmaker terms and conditions
- breach of bookmaker betting rules
- criminal conduct of bookmakers
- operation of the VBA Guarantee Fund under section 94A of the *Racing Act 1958* (Vic) (i.e. alleging that the bookmaker did not pay the wagers)
- general betting disputes, including minimum betting limits (MBLs).⁸⁹

In 2022, RV received 78 complaints and as of 14 July 2023, a further 59 complaints were received relating to bookmaker terms and conditions, account closures, treatment of cancelled bets, treatment of bonus bets and issues relating to anti-money laundering and counter-terrorism financing and account verification.⁹⁰ In October 2022, RV laid charges against two bookmakers and one key employee for breaches of the RV Rules of Racing which resulted in fines being issued.⁹¹

In February 2023, a Memorandum of Understanding (MOU) was signed between the VGCCC, RV and the VBA outlining the roles of these bodies and other entities to process and refer Victorian customer bookmaking complaints. The MOU sets out an agreement between RV and the VGCCC to convene biannually in relation to Victorian licensed bookmaker conduct and consumer complaints.⁹² The VGCCC's role in monitoring and enforcing bookmakers includes processing complaints concerning:

- bookmakers offering an inducement to open a betting account
- bookmakers allowing a minor to gamble
- absence or breach of the VBA Responsible Gambling Code of Conduct and National Consumer Protection Framework self-exclusion registers
- breach of state gambling advertising legislation
- bookmaker suitability with relation to criminal convictions, insolvency, improperly obtained licence, registration, or membership
- bookmaker engagement with a convicted person in their operations.⁹³

⁸⁹ Ibid, p. 3; Racing Victoria, *Submission 40d*, pp. 20–22.

⁹⁰ Racing Victoria, *Submission 40*, pp. 3–4.

⁹¹ Ibid, p. 4.

⁹² Ibid, Racing Victoria, *Submission 40d*, p. 2.

⁹³ Racing Victoria, *Submission 40*, p. 4; Racing Victoria, *Submission 40d*, p. 2.

RV considers the role of licensing, monitoring and enforcing bookmaking should be transferred to the VGCCC and the Victorian Government should introduce 'suitable, contemporary and 'fit for purpose' regulatory arrangements to address':

- regulatory overlap, duplication and inefficiency and associated costs and burden under existing co-regulatory settings, where the VGCCC, RV and the VBA each have a role in bookmaker licensing and regulation
- risks around perceived conflicts of interest arising from the tension between RV's commercial role and relationships with bookmakers [including Victorian Racing Industry's joint venture with Tabcorp (VicTAB JV)],⁹⁴ and its regulatory oversight functions
- diversion of essential RV integrity and wagering-related resources away from their focus on advancing VTR commercial and regulatory outcomes and securing industry integrity
- rapid sector growth associated with increased scope and complexity of bookmaker businesses and systems, demonstrating increased betting activity on non-thoroughbred racing product
- escalating capability and resource gaps because RV incurs responsibility for corporate bookmaker oversight, despite evolving business models and the growth of sports betting which has limited, if any, connection with VTR.⁹⁵

In evidence to the Committee, online gambling provider, Entain, provided support for the views of RV, noting that the licensing regime for online bookmakers in Victoria was designed for on-course bookmakers, whereby provisions have been added to allow bets to be taken over the phone and via the internet. Entain argues that the framework itself had not been designed for that purpose, which explains in part why the regulatory system in the Northern Territory is seen by many online gambling providers to be the only fit-for-purpose system currently operating in Australia.⁹⁶

The Committee notes that similarly, in New South Wales, Queensland and Western Australia regulators share responsibility with racing bodies on the licensing, monitoring and enforcement of bookmakers.⁹⁷ In contrast, in the Australian Capital Territory, South Australia and Tasmania, regulation of bookmaking is situated with a sole authority.⁹⁸

RV advised that it has been advocating for regulatory change since 2016.⁹⁹ RV has met with DJCS representatives as recently as March 2023 to discuss the bookmaker framework review with RV's preference that a new regulatory framework be put into place by August 2024.¹⁰⁰

⁹⁴ Racing Victoria, *Submission 40b*, p. 3.

⁹⁵ Racing Victoria, *Submission 40*, pp. 1–3; Racing Victoria, *Submission 40c*, p. 1.

⁹⁶ Mr Steven Lang, *Transcript of evidence*, p. 2.

⁹⁷ Liquor and Gaming NSW and Racing NSW; Office of Liquor and Gaming Regulation and Queensland Racing Integrity Commission; Racing and Wagering WA and Gaming and Wagering Commission.

⁹⁸ ACT Gambling and Racing, Independent Gambling Authority, Tasmanian Liquor and Gaming Commission.

⁹⁹ Racing Victoria, *Submission 40*, p. 1.

¹⁰⁰ *Ibid*, p. 2.

FINDING 84: Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria have responsibility for the licensing, monitoring and enforcement of all Victorian licensed bookmakers, many of which offer gambling services online.

FINDING 85: The role of racing authorities in the regulation of Victorian bookmakers is no longer fit-for-purpose due to regulatory overlap across licensing, monitoring and enforcement activity, conflicts of interest in regulatory function, diversion of resources away from Victorian thoroughbred, harness and greyhound racing and Victorian bookmakers offering wagering services unrelated to racing, including sports betting.

RECOMMENDATION 57: All Victorian licensing, monitoring and enforcement of bookmaking be transferred to the Victorian Gambling and Casino Control Commission.

It is difficult to quantify how many bookmakers—corporate or individual—are licensed in Victoria due to inconsistencies in the data collected by the VGCCC and ACMA. While many licensees appear in both lists, it is not possible to identify how or why an operator has been classified as either a corporate or bookmaker partnership. There are also multiple duplicate names across the VGCCC bookmaker partnership and sole trader lists and some listed corporate bookmakers are no longer licensed in Victoria, instead now located in NSW.¹⁰¹

Currently, the ACMA list appears to be the most accurate in terms of number of licensees and their licensed location which notes that as of 15 September 2023, 18 corporate bookmakers and 37 on-course bookmakers¹⁰² were licenced in Victoria.¹⁰³

FINDING 86: The Victorian Gambling and Casino Control Commission’s list of licensed bookmakers published on their webpage is not up-to-date.

RECOMMENDATION 58: The Victorian Gambling and Casino Control Commission publish on its webpage accurate data on the number of licensed bookmakers in Victoria, including how the different types of bookmakers—such as corporate or individual—are characterised.

In evidence to the Committee, RV advised that unlike the VGCCC, the RV’s regulatory role does not encompass a mandate to reduce harm.¹⁰⁴ This means that the VGCCC’s

¹⁰¹ Merlehan Bookmaking Pty Ltd (trading as TopSport), for example, is included on the VGCCC Approved Bookmakers list while licenced in NSW: <<https://www.topsport.com.au/Terms>> (2(C)).

¹⁰² Australian Communications and Media Authority, *Check if a gambling operator is legal*, 9 October 2023, <<https://www.acma.gov.au/check-if-gambling-operator-legal>> accessed 19 October 2023.

¹⁰³ Ibid.

¹⁰⁴ Racing Victoria, *Submission 40*, p. 4.

move to a harm minimisation approach does not extend to bookmakers licensed, monitored and enforced by RV.

RECOMMENDATION 59: The Victorian Gambling and Casino Control Commission (VGCCC) review the bookmaker licenses awarded by Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria and include in the review harm minimisation criteria that draw on the VGCCC's Harm Minimisation Assessment Tool (HMAT) and international best practice measures.

While the wagering and betting and keno licenses now being awarded by the Minister for the provision of online gambling services may include criteria to reduce harm, bookmaker licenses awarded by RV do not include such criteria. Further, as is the case for the award or extension of gaming venue licences, there is no opportunity for stakeholders to share their views on the social and economic impacts on the community of the award of bookmaker licenses, or the obligation for license applicants to demonstrate that there will be 'no net detriment' to the community.¹⁰⁵

The mechanism with which harm reduction measures are applied to licensed bookmakers in Victoria and other Australian bookmakers licensed outside of Victoria that offer services to Victorian customers, is through monitoring and enforcement of ministerial directions, such as those relating to the Responsible Gambling Code of Conduct or the National Consumer Protection Framework (NCPF). As part of the NCPF measures implemented in Victoria, gambling service providers must ensure that new account holders set limits on the funds deposited into their betting accounts.

In relation to minimum bet limits (MBLs), RV has strong requirements for VTR events, similar to many other racing codes and jurisdictions. However, RV does not impose MBL requirements for Victorian licensed bookmakers for non-VTR products, as RV considers it is not sufficiently informed or resourced to be making policy decisions of that nature for other sports. RV's inability to enforce bet limits on Victorian licensed bookmakers who offer sports betting means that harm minimisation consumer protections are limited in this sphere.¹⁰⁶

FINDING 87: The Victorian Gambling and Casino Control Commission's harm minimisation mandate and ministerial directions relating to the National Consumer Protection Framework do not fully extend to the gambling services offered by Victorian licensed bookmakers.

The Committee notes that although the Victorian Auditor-General's (VAGO) 2017 audit *Regulating Gambling and Liquor* covered all licensing, monitoring and enforcement activities of the VGCCC's predecessor—the Victorian Commission for Gambling and

¹⁰⁵ Municipal Association of Victoria and Victorian Liquor and Gambling Association have argued that the onus should instead be on the licence applicant to prove there will be a social and economic benefit to the community.

¹⁰⁶ Racing Victoria, *Submission 40*, p. 4.

Liquor Regulation—including in relation to wagering on racing, the audit did not consider the regulatory functions of RV.

In response to questions on notice from VAGO, the Committee was advised that this was due to RV not being a public entity or public body under the *Public Administration Act 2004* (Vic) and *Financial Management Act 1994* (Vic) and VAGO not having ‘follow the dollar’ powers at the time of the audit.¹⁰⁷

FINDING 88: The scope of the Victorian Auditor-General’s (VAGO) 2017 audit *Regulating Gambling and Liquor* did not include the licensing and compliance functions of Racing Victoria as VAGO did not have ‘follow the dollar’ powers at the time which would enable the examination of activities of non-public bodies.

6.7 Approval of Sports Controlling Bodies and monitoring of sports betting services

An organisation that is approved by the VGCCC as the controlling body for a sports betting event is known as a Sports Controlling Body (SCB). SCBs have oversight of the betting on the sport it controls and regulates and may enter into agreements with sports betting providers. This allows the sharing of information to protect and support the integrity in sports and sports betting and enables a SCB to receive a financial return from sports betting providers. This return is intended to support the provision of integrity processes in the sport and promote confidence in the sport and associated betting activities. SCBs also monitor, investigate and sanction any alleged match fixing.¹⁰⁸

There are currently 13 approved SCBs in Victoria, including the Australian Football League, Cricket Australia, Rugby Australia and Tennis Australia.¹⁰⁹

A SCB is required to enact policies and procedures to investigate allegations of sports betting by athletes who are also participants in the sport. The VGCCC is responsible for ensuring that the SCB has those policies and procedures in place.

A SCB is required to report any potential breach within 14 days. A SCB is also required to inform the VGCCC within 14 days of the commencement of an investigation and within 14 days of an investigation being finalised.¹¹⁰ The VGCCC has the authority to investigate the SCB’s response to allegations and respond to complaints regarding the process of their investigations.¹¹¹

¹⁰⁷ Victorian Auditor-General’s Office, response to questions on notice received 28 July 2023, p. 1.

¹⁰⁸ Victorian Gambling and Casino Control Commission, *Sports controlling bodies FAQ*, 2023, <<https://www.vgccc.vic.gov.au/gambling/wagering-and-sports-betting/sports-controlling-bodies/sports-controlling-bodies-faqs>> accessed 19 October 2023.

¹⁰⁹ Victorian Gambling and Casino Control Commission, *Annual Report 2021-22*, p. 17.

¹¹⁰ Victorian Gambling and Casino Control Commission, *Sports controlling bodies FAQ*.

¹¹¹ Ibid.

Approved SCBs are required to report:

- arrangements with betting providers
- changes to integrity policies, rules, codes of conduct, expertise and resources
- suspected or actual breach of policies, rules or codes of conduct, any action taken to investigate, the results of an investigation and any action taken.¹¹²

The VGCCC regulates SCBs through:

- ongoing monitoring of the SCBs adherence to its obligations as detailed in Part 5 of the *Gambling Regulations Act 2003* (Vic)
- regular reviews of the SCB to ensure its ongoing suitability
- investigations of incidents and breaches, where deemed necessary, that may impact the integrity of betting on the sports and the suitability of the SCBs.¹¹³

The VGCCC is not involved in the negotiation of agreements between the sports betting providers and SCBs themselves. For example, Tabcorp must enter into agreements with SCBs directly to allow use of content as per their licencing agreement.¹¹⁴

In evidence to the Committee, Victoria Police provided details of its role in the regulation of SCBs, including:

- engagement with, and provision of advice to the VGCCC for the approval of SCBs for sports betting events
- working with the Australian Transaction Reports and Analysis Centre (AUSTRAC) to detect and investigate gambling related match-fixing offences in Victoria
- engagement with Sport Integrity Australia in its development of the Australian Sports Wagering Scheme which provides clarity, transparency and consistency of the sports wagering regulatory regime at a national level to establish a national approach to the regulation of sports wagering, across integrity frameworks, stakeholder information and intelligence gathering and alert schemes¹¹⁵
- engagement with wagering and betting providers in relation to match-fixing and receiving requests from providers relating to fraudulent credit card activity linked to online gambling accounts to assist them with reporting activity to the Commonwealth Government's Australian Cyber Security Centre.¹¹⁶

¹¹² Victorian Gambling and Casino Control Commission, *Sports controlling bodies*, 2023, <<https://www.vgccc.vic.gov.au/gambling/wagering-and-sports-betting/sports-controlling-bodies>> accessed 19 October 2023.

¹¹³ Ibid.

¹¹⁴ Victorian Gambling and Casino Control Commission, *Wagering and Betting Agreement*, p. 25.

¹¹⁵ Sports Integrity Australia, *Sports Wagering*, (n.d.), <<https://www.sportintegrity.gov.au/what-we-do/sports-wagering>> accessed 19 October 2023.

¹¹⁶ Victoria Police, *Submission 54*, pp. 6-7.

In 2022, Victoria Police's Sporting Integrity Intelligence Unit arrested four men over allegedly suspicious betting activity relating to that year's Brownlow Medal Count.¹¹⁷

FINDING 89: The Victorian Gambling and Casino Control Commission and Victoria Police both have a role in the regulation of sports controlling bodies and sports betting in Victoria.

6.8 The National Consumer Protection Framework for Online Wagering

6.8.1 The framework

In 2018, the Commonwealth, state and territory governments launched the National Consumer Protection Framework (NCPF) for Online Wagering in response to the *2015 Review of Illegal Offshore Wagering*.¹¹⁸ The review identified online gambling as the fastest growing form of gambling in Australia, expanding at a rate of 15% annually, with the rate of online problem gambling three times higher than other forms.¹¹⁹ The review found the regulatory framework for online gambling in Australia was fragmented and inconsistent, resulting in increased compliance burdens for online gambling service providers and limiting the effectiveness of legal protections for consumers.

To address these concerns and reduce the harm of online gambling to Australian consumers, the NCPF established nationally consistent minimum protections for consumers of all forms of online gambling services licensed in Australia, regardless of the Australian jurisdiction in which they are licensed and in line with international best-practice. The NCPF consists of 10 agreed consumer protection measures that were progressively introduced by Australian Governments. While all Australian Governments collectively share responsibility for implementing NCPF measures, each government has responsibility for deciding how best to implement the measures.¹²⁰

The NCPF measures, when they took effect and the jurisdictional responsibility for each across Australian Governments are contained in Appendix B. The measures cover prohibition of lines of credit, payday lenders, customer verification, restrictions on inducements, account closure, voluntary opt-out pre-commitment scheme, activity statements, consistent gambling messaging, staff training and a national self-exclusion register.

¹¹⁷ 'AFL umpire arrested in Victoria police investigation into betting on Brownlow medal', *The Guardian*, 14 November 2022, <<https://www.theguardian.com/australia-news/2022/nov/14/four-arrested-in-victoria-police-investigation-into-betting-on-afls-brownlow-medal>> accessed 19 October 2023.

¹¹⁸ Department of Social Services, *Review of Illegal Offshore Wagering*, Australian Government, 18 December 2015.

¹¹⁹ *Ibid.*, p. 46.

¹²⁰ Department of Social Services, *National Consumer Protection Framework for online wagering in Australia: National policy statement*, Australian Government, 3 May 2022, p. 5.

FINDING 90: The National Consumer Protection Framework outlines minimum consumer protection measures for implementation across Australian jurisdictions. States and territories can tailor the measures.

It was intended that the NCPF would be regularly reviewed, updated and refined for continuous improvement and to keep pace with best-practice and the changing gambling environment.¹²¹ The Commonwealth Government planned to initiate and coordinate the establishment of a Governance Committee to oversee implementation of the NCPF and facilitate ongoing oversight, through assessing, monitoring and determining proposed changes to the NCPF, in accordance with the principles for maintaining consistency. It was also intended that oversight would include consultation with stakeholders and reporting to Commonwealth ministers on progress.¹²² It is unclear whether the Governance Committee has been established and what actions it has progressed. A multi-staged evaluation of the NCPF is due to commence in 2023.¹²³

In evidence to the Committee, it was highlighted that current regulatory and licensing regimes for online gambling need to be reviewed to assess the effectiveness of harm minimisation and the consumer protection effort.¹²⁴ This view was supported by industry. Entain referred to ensuring existing regulations are monitored and researched to assess whether they have achieved their safer gambling objectives.¹²⁵ Online gambling provider, Sportsbet, recommended that the outcomes of the upcoming NCPF review underpin future policy development, with policies designed around targeted, evidence-based harm minimisation measures to be implemented only once a thorough evaluation of each measure has been undertaken in consultation with all impacted stakeholders.¹²⁶

FINDING 91: The Commonwealth Government planned to regularly review, update and refine the National Consumer Protection Framework for Online Wagering (NCPF) for continuous improvement. Since its implementation in 2018, a baseline evaluation of the NCPF was undertaken in 2019. A multi-staged evaluation of the NCPF is due to commence in 2023.

One of the avenues available to Australian states and territories to provide feedback on the implementation and effectiveness of NCPF measures is through the Ministerial Meeting on Online Wagering and Harm Minimisation. The Ministers met on 3 February 2023, marking the first meeting since September 2017, whereby they shared a commitment to pursue nationally consistent actions to prevent and reduce online

¹²¹ Ibid, pp. 2–5.

¹²² Ibid, p. 20.

¹²³ Department of Social Services, *Submission 87*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 2; Rebecca Jenkinson et al., *National Consumer Protection Framework for Online Wagering: Baseline study final report*, report for the Department of Social Services, Canberra, 2018.

¹²⁴ Monash City Council, *Submission 12*, p. 5.

¹²⁵ Entain, *Submission 35*, p. 4.

¹²⁶ Sportsbet, *Submission 38*, p. 5.

gambling harm. Ministers discussed emerging themes from the Commonwealth Inquiry and discussed broader harm minimisation measures being pursued by the Australian states and territories.¹²⁷ Ministers were due to meet again in September 2023,¹²⁸ however, as of 19 October 2023, the outcome of this meeting had not been publicly reported.

FINDING 92: The Ministers on Online Wagering and Harm Minimisation did not meet between September 2017 and February 2023—a hiatus of five and a half years between meetings.

6.8.2 National Consumer Protection Framework measures implemented in Victoria

Although the VGCCC has several roles and functions in respect of online gambling, as demonstrated throughout this Chapter, at the hearings the Committee was advised that its role with regard to the regulation of online gambling is to ‘hold...service providers to national standards.’¹²⁹

The Victorian Government has implemented many of the consumer protection measures contained in the NCPF via two ministerial directions issued under section 4.8A.2 of the *Gambling Regulation Act 2003* (the Act). The first direction¹³⁰ was gazetted on 6 July 2022 and the second direction¹³¹ was gazetted on 24 March 2023. The directions require online gambling providers licensed in Victoria and interstate online gambling providers who offer services to Victorian residents to comply with obligations outlined in Appendix C and address inducements, direct marketing and account closure amongst others.

In evidence to the Committee, Sportsbet advised that the implementation of activity statements is the most notable change to the regulation of online gambling in Victoria since the Victorian Auditor General’s 2017 audit *Regulating Gambling and Liquor*.¹³² The VGCCC advised that they have found that some statements are misleading and do not accurately reflect customer spending through artificially inflated winnings. The VGCCC is developing further guidance for online gambling providers on activity statement requirements and will undertake further compliance assessment in late 2023 to identify whether misleading practices have been remediated and take enforcement action against providers that do not comply.¹³³

¹²⁷ Department of Social Services, *Ministerial Meeting on online wagering and harm minimisation*, 8 February 2023, <<https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-gambling/ministerial-meeting-on-online-wagering-and-harm-minimisation-communique>> accessed 19 October 2023.

¹²⁸ Paul Karp, ‘Gambling reform in Australia awaits the states, but most have already called for action’, *The Guardian*, 18 September 2023, <<https://www.theguardian.com/commentisfree/2023/sep/18/gambling-reform-in-australia-awaits-the-states-but-most-have-already-called-for-action>> accessed 19 October 2023.

¹²⁹ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 7.

¹³⁰ Victoria, *Victorian Government Gazette*, No. S 349, Wednesday 6 July 2022, pp. 1–7.

¹³¹ Victoria, *Victorian Government Gazette*, No. S 137, Friday 24 March 2023, pp. 1–5.

¹³² Sportsbet, response to questions on notice received 22 September 2023, p. 9.

¹³³ Victorian Gambling and Casino Control Commission, *Submission 28*, p. 13.

6.8.3 National Consumer Protection Framework limitations

The Alliance for Gambling Reform (AGR) argues that although the NCPF has achieved important reforms, these measures do not address the fundamental drivers of gambling harm which is growing and evolving exponentially due to emerging technological developments being weaponised by an industry for profit. AGR has concluded that ‘the systems preventing and limiting gambling harm across this country are in serious need of overhaul.’¹³⁴

On the other hand, Responsible Wagering Australia (RWA) described the NCPF as a ‘significant, world-leading regulatory framework that RWA is fully committed to.’¹³⁵ RWA has outlined that Australia’s licenced gambling providers had substantial input into the development of the NCPF.¹³⁶ Entain stated that it has long been a supporter of the NCPF and has actively participated in consultation processes and testing procedures to support its roll out.¹³⁷

Similarly, Sportsbet advised the Committee that ‘the online wagering market in Australia is one of the most highly regulated globally and provides Australians with strong consumer protections.’¹³⁸ Sportsbet went further to state that:

there is a clear divide between the consumer and community protections in online wagering, compared to the unrestricted and anonymous nature of utilising cash in land-based gambling environments. This includes protections related to active monitoring of customer spend and behaviours, and effective self-exclusion. Online activities are monitored, measurable and auditable, unlike physical environments which are reliant on subjective human interpretation of physical signs which are unreliable and importantly, completely impossible to verify.¹³⁹

While the evidence received by the the Commonwealth Inquiry noted that the NCPF has shown Australian state and territory governments can work together to progress gambling harm reduction measures for all Australians,¹⁴⁰ several limitations with the NCPF were identified, including:

¹³⁴ Alliance for Gambling Reform, *Online gambling policy*, pp. 1–2.

¹³⁵ Responsible Wagering Australia, *Submission 106*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 1.

¹³⁶ Ibid.

¹³⁷ Entain, *Submission 61*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 4.

¹³⁸ Sportsbet, response to questions on notice, p. 9.

¹³⁹ Ibid.

¹⁴⁰ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 40.

- not offering sufficient safeguards and relying too heavily on personal responsibility¹⁴¹
- limited uptake and use of protections by gamblers¹⁴² due to inadequate awareness that tools exist and negative perceptions (stigma) that tools are intended for people experiencing ‘problem’ gambling¹⁴³
- inconsistency in the way states and territories have implemented NCPF measures and regulated online gambling¹⁴⁴
- not having an overarching requirement for online gambling service providers to guard against excessive, unhealthy and damaging gambling.¹⁴⁵

6.8.4 Improving consumer protection

The limitations of the NCPF and the steady increase in the prevalence of online gambling harm point to the need for further consumer protections. For example, the AGR stated that it must be acknowledged ‘the NCPF has positive elements but is very limited and must be expanded to have a more significant impact on preventing and reducing gambling harm.’¹⁴⁶

This view was supported by many witnesses that provided evidence to the Inquiry. Recommendations made by witnesses with regard to the implementation of additional consumer protections put forth to the Committee are summarised below:

- Consistent with recommendations of the Commonwealth Inquiry, phase in a ban of all online gambling advertising over three years, starting with a ‘prohibition of all

¹⁴¹ Australian Psychological Society, *Submission 109*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 3; Wesley Mission, *Submission 85*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 4; STRS Consultants, *Submission 28*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 1; Queensland University of Technology, *Submission 91*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 2. Cited in Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 16.

¹⁴² Central Queensland University, *Submission 24*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, p. 2.

¹⁴³ Australian Gambling Research Centre, *Submission 76*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impact on those experiencing gambling harm*, 2023, pp. 3–4.

¹⁴⁴ Responsible Wagering Australia, *Submission 106*, p. 14; Financial Counselling Australia, *Submission 152*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, pp. 5, 37; Entain, *Submission 61*, p. 10; Sportsbet, *Submission 81*, p. 13; Dr Angela Rintoul, *Submission 150*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 4. Cited in Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, p. 16.

¹⁴⁵ Financial Counselling Australia, *Submission 152.2*, supplementary submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 1.

¹⁴⁶ Alliance for Gambling Reform, *Submission 39*, p. 4.

online gambling inducements and inducement advertising, and all advertising of online gambling on social media and online platforms.’ (See Chapter 3).¹⁴⁷

- Prohibit online gambling providers from offering any free credit, voucher, reward, or other benefit, not just as an incentive to open an account or refer another person to open an account, but also as an incentive to existing customers.¹⁴⁸
- Pilot the use of pop-up messaging that gives real-time updates on spending and prompts people to reflect on their gambling behaviours.¹⁴⁹
- Implementation of real-time parent-control/partner-control on gambling.¹⁵⁰
- Setting of default limits for customers to opt out of rather than the setting of an initial limitless deposit limit. Default limits should be high enough that the majority of recreational gamblers will rarely reach, but not so high that the default limit would have no impact on the majority of people engaging in risky or harmful gambling behaviour. Evidence from the Productivity Commission notes that a default limit between \$50 to \$75 a day would be effective.¹⁵¹
- Additional measures to avoid identity fraud to ensure that a person may not use the identifying documentation of another person to open an account.¹⁵²
- Implementation of affordability checks¹⁵³ and the requirement to complete a government registration to use online gambling products.¹⁵⁴
- Stronger protections for cohorts that may be targeted by industry, such as children and young people.¹⁵⁵

RWA, Entain and Sportsbet argued that introducing further consumer protections, such as mandatory deposit limits and affordability checks, would encourage illegal offshore gambling.¹⁵⁶ Entain believes the current level of Victorian Government regulation, combined with the national regulatory framework and industry’s commitment to innovation and self-regulation, is appropriate. Entain stated that ‘regulation that is not proportionate risks undermining the customer experience and driving growth in the use of black market illegal offshore gambling providers.’¹⁵⁷

Sportsbet provided evidence sourced from research funded by the Betting and Gaming Council, the industry association for licenced betting and gaming operators in the United Kingdom, and Sportsbet’s own research stating that the black market and

¹⁴⁷ Turning Point and Monash Addiction Research Centre, *Submission 15*, p. 5; PAEC Youth Roundtable – gambling regulation, *Submission 48*, pp. 4, 6, 8; Meli, *Submission 51*, p. 5.

¹⁴⁸ Turning Point and Monash Addiction Research Centre, *Submission 15*, p. 5; Meli, *Submission 51*, p. 5.

¹⁴⁹ Turning Point and Monash Addiction Research Centre, *Submission 15*, p. 5.

¹⁵⁰ Federation of Chinese Associations, *Submission 33*, p. 2.

¹⁵¹ Uniting Church of Australia, *Submission 42*, p. 4.

¹⁵² *Ibid*, p. 5.

¹⁵³ Turning Point and Monash Addiction Research Centre, *Submission 15*, pp. 5, 18.

¹⁵⁴ Uniting Church of Australia, *Submission 42*, p. 5.

¹⁵⁵ VicHealth, *Submission 53*, p. 4.

¹⁵⁶ Mr Steven Lang, *Transcript of evidence*, pp. 5, 8; Mr Kai Cantwell, *Transcript of evidence*, p. 11.

¹⁵⁷ Entain, *Submission 35*, p. 4.

illegal betting increased in Norway, Denmark and Sweden following the introduction of increased consumer protections.¹⁵⁸ Research conducted by H2 Gambling Capital and Global Betting and Gaming Consultants, prepared for RWA, found that the illegal offshore gambling market in Australia is estimated to be worth more than \$1.63 billion, accounting for 15% of the total wagering market.¹⁵⁹ According to RWA, in 2019, 47% of Australian online gamblers had used an illegal offshore gambling provider.¹⁶⁰

The idea that the introduction of further consumer protections in Australia on licenced online gambling service providers would necessarily result in an increase in illegal online gambling is disputed. For example, the Australian Gambling Research Centre found about 10 to 15% of gamblers have accounts with illegal, offshore providers and of those, most gambled on online table games or pokie machines rather than betting on sports or racing.¹⁶¹

Tabcorp said that ‘illegal offshore betting has largely been addressed by the disruptive powers’ given to ACMA.¹⁶² While Financial Counselling Australia argued that positioning illegal offshore gambling as the main threat to Australian consumers is another strategy used by licenced online gambling providers to protect their own interests.¹⁶³

The Committee notes that Racing Victoria cautioned against advancing further harm minimisation measures, noting the need for recognition of the distinction between wagering on racing and wagering on sport and consideration of the potential economic impacts of regulatory measures on the racing industry:

Unlike non-racing sporting codes, wagering is racing’s biggest source of revenue. Any decline in wagering therefore poses a disproportionate economic risk to racing and the tens of thousands of jobs it supports particularly throughout regional and rural Victoria. We submit that future reforms of the NCPF are implemented in consultation with the racing industry to ensure that measures are appropriately targeted and do not have unintended consequences including any contraction of the racing industry and consequential loss of revenue and jobs.¹⁶⁴

In evidence to the Committee, industry representatives outlined the significant contribution that is made to the racing industry from taxes and fees generated from online gambling, which would be negatively impacted if further protections and harm minimisation measures were put in place, such as restrictions on inducements.¹⁶⁵

¹⁵⁸ Sportsbet, response to questions on notice, p. 10.

¹⁵⁹ Responsible Wagering Australia, response to questions on notice, p. 4; Mr Kai Cantwell, *Transcript of evidence*, p. 2.

¹⁶⁰ Responsible Wagering Australia, *Submission 106*, p. 3.

¹⁶¹ Dr Rebecca Jenkinson, Executive Manager, Australian Gambling Research Centre, Standing Committee on Social Policy and Legal Affairs, public hearing, Canberra, 5 April 2023, *Transcript of evidence*, p. 3.

¹⁶² Tabcorp, *Submission 101*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, Inquiry into online gambling and its impacts on those experiencing harm, 2023, p. 1.

¹⁶³ Financial Counselling Australia, *Submission 152*, p. 31.

¹⁶⁴ Racing Victoria, *Submission 40*, pp. 5–6.

¹⁶⁵ Mr Jules Norton Selzer, General Manager, Corporate Affairs, Sportsbet, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 14; Mr Steven Lang, *Transcript of evidence*, pp. 9.

The Committee notes that the racing industry existed prior to online gambling, so the argument that further protections and harm minimisation measures would cripple racing in Victoria is somewhat questionable.

6.8.5 Industry-led interventions

Online gambling providers outlined various industry-led approaches to detect and reduce gambling harm in addition to government-mandated consumer protections. Measures included appropriately marketed account management tools (e.g. take a break, time out, self-exclusion), data-driven monitoring of gambling harm indicators, investigation and intervention practices (e.g. email and phone contact, account suspension or closure), safer gambling training for staff and education campaigns.¹⁶⁶

The CEO of RWA advised the Committee that its:

... 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.¹⁶⁷

Entain outlined the importance of striking the right balance between freedom of choice, a positive customer experience, individual responsibility, and appropriate and tailored safeguards to minimise gambling related harm.¹⁶⁸ Entain informed the Committee that from the start of 2022 to 21 September 2023, approximately 186,000 customer transactions were processed in Victoria per day, consisting of bets, deposits and withdrawals.¹⁶⁹ Of the accounts that had a transaction in 2023, approximately 21% had at least one account management tool in place (Punter Assist). Entain advised that Punter Assist was used 340,000 times in the last 12 months.¹⁷⁰ Entain pointed to the decrease in the number of self-exclusions following investment in account management tools as a demonstration of increased customer self-control and self-removal from gambling risk.¹⁷¹

In terms of the proportion of customers Entain identified as experiencing gambling harm, up to August 2023, the total number of safer gambling calls and emails to customers was over 32,000, representing approximately 6% of active customers.¹⁷² Entain advised the Committee that its safer gambling team receives around 30 referrals per day from staff throughout the business which are reviewed and acted on. However, in addition to calls relating to customer support, referrals are also

¹⁶⁶ Entain, *Submission 35*, pp. 2–7; Tabcorp, *Submission 37*, pp. 6–7.

¹⁶⁷ Mr Kai Cantwell, *Transcript of evidence*, p. 1.

¹⁶⁸ Entain, *Submission 35*, p. 5.

¹⁶⁹ Entain, response to questions on notice received 21 September 2023, p.4.

¹⁷⁰ Mr Steven Lang, *Transcript of evidence*, p. 4.

¹⁷¹ Entain, *Submission 35*, p. 6.

¹⁷² Entain, response to questions on notice, p. 1.

received on fraud or money laundering and counter-terrorism.¹⁷³ Entain pointed to the increase in the use of account management tools following email intervention as evidence of its positive impact.¹⁷⁴

Tabcorp advised its systems, processes and tools to monitor customer behaviour are constantly updated. Tabcorp also aims to equip people with information and resources to help them make informed decisions about how they gamble and to gamble safely.¹⁷⁵ In terms of gambling harm interventions, Tabcorp reported that since January 2020, around 1,600 wagering accounts had been closed.¹⁷⁶

Sportsbet uses a Real Time Intervention (RTI) system to assign a three-tier daily predictive score to each customer (between 0 and 1), aimed at identifying red flags and at-risk behaviour. The Committee was not provided with further details as to whether gambling harm experts and treatment services were consulted in the development of Sportsbet's RTI system.

Table 6.1 outlines details relating to the RTI rating system and associated interventions, which as of 5 September 2023 had been rolled out across 50% of Sportsbet's customer base.

Table 6.1 Sportsbet's 'Real Time Intervention' system

Tier and predictive score	Metric	Percentage of RTI triggers	Percentage of customer base (July 2022 and June 2023)	Intervention
Tier 1: 0 to 0.5	Slightly outside normal gambling behaviour	52.1%	[Data not provided]	<ul style="list-style-type: none"> Pop up before deposit: 'Are you sure you want to gamble?' Deposit limit suggested
Tier 2: 0.5 to 0.95	Material increase above normal pattern of behaviour	46.2%	1.19%	<ul style="list-style-type: none"> Deposit limit mandated Suspension of marketing communications while assigned score or 3 day cooling off period
Tier 3: 0.95 to 1	Significant outlier to normal pattern of behaviour	1.7%	0.04%	<ul style="list-style-type: none"> Deposits blocked Account suspended Call from safer gambling specialist within 30 minutes to determine whether account will be reopened

Source: Mr Jules Norton Selzer, General Manager, Corporate Affairs, Sportsbet, public hearing, Melbourne, 5 September 2023, *Transcript of evidence*, p. 3; Sportsbet, response to questions on notice received 21 September 2023, pp. 2-3.

¹⁷³ Ibid.

¹⁷⁴ Entain, *Submission 35*, p. 8.

¹⁷⁵ Tabcorp, *Submission 37*, p. 6.

¹⁷⁶ Ibid, p. 7.

Sportsbet advised that of the 134,567 interventions in July 2022 to June 2023, there were 33,421 interactions with customers, resulting in 581 account suspensions to address gambling harm.¹⁷⁷ Since March 2023, of the 90% of the customers who interacted with its RTI system, 30% had set a new deposit limit.¹⁷⁸ Approximately one third of Sportsbet's safer gambling team interactions are with its Victorian customer base,¹⁷⁹ which is in proportion to the total active Australian customer base.¹⁸⁰ Interventions take place over the phone, usually within 30 to 60 minutes of a high-risk behavioural trigger being identified and if Sportsbet staff are unable to speak with a customer, their account is automatically suspended and they must speak to Sportsbet before returning to play.¹⁸¹

FINDING 93: Online gambling providers have a range of real-time account management and data monitoring processes in place to assist their customers to gamble safely and allow providers to detect gambling harm and intervene to address harms.

FINDING 94: The number of gambling harm interventions actioned by online gambling providers—such as deposit limits and blocks, account suspension and closure—is an indication of the extent with which gambling harm is being experienced by their customers.

Industry bodies provided evidence to the Committee of the training received by their staff members to recognise and address gambling harm in their customer base. This is summarised in the Tables 6.2 and 6.3 below.

¹⁷⁷ Sportsbet, response to questions on notice, p. 2.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid, p. 3.

¹⁸⁰ Ibid.

¹⁸¹ Ibid, p. 7.

Table 6.2 Entain staff training

Training	Content	Provider	Hours
NCPF Mandatory	<ul style="list-style-type: none"> Responsible Service of Online Wagering Training Online course with knowledge test Covers gambling harms in the community and ways to engage with a customer that may be at risk of experiencing harm Refresh course undertaken annually 	TAFE QLD	1-2
Customer Safety Mandatory	<ul style="list-style-type: none"> Online module covering gambling harm Internal processes for escalating safer gambling concerns Internal strategic safer gambling targets 	In-house	0.5
Specialist training for Safer Gambling Team Unclear	<ul style="list-style-type: none"> Buddy system pairing new staff with a senior staff member Discussion in greater detail aspects of safer gambling monitoring and interventions that can be undertaken Ongoing feedback through a quality assurance program Option to attend Gamblers Anonymous meetings for observational purposes (1.5 hours) 	In-house	4 weeks
Consultation with Safer Gambling Team Optional	<ul style="list-style-type: none"> All Entain staff can meet with the Safer Gambling Team for a session to better understand how their role impacts customers 	In-house	0.5

Source: Entain, response to questions on notice, p. 3.

Table 6.3 Sportsbet staff training

Training	Content	Provider	Hours
NCPF Mandatory	<ul style="list-style-type: none"> Responsible Service of Online Wagering Training Undertake all training stipulated by NCPF Covers gambling harms in the community and ways to engage with a customer that may be at risk of experiencing harm Refresh course undertaken annually 	In-house	1-2
Safer Gambling Compliance Training Unclear	<ul style="list-style-type: none"> Internal course on Sportsbet's commitment to safer gambling Understanding what safer gambling looks like Internal processes on recognition and escalation of customer behaviour to the Safer Gambling Team Offered annually 	In-house	1
Specialist training for customer-facing staff Unclear	<ul style="list-style-type: none"> Increased level of training in the safe service of gambling Additional, practical learnings on internal escalation processes and relevant department contacts 	In-house	Ongoing
Lifeline: Managing Difficult Interactions Unclear	<ul style="list-style-type: none"> Designed to support Safer Gambling Officers and Customer Service supervisors handling customer interactions Offered annually 	Lifeline	4

Source: Sportsbet, response to questions on notice, p. 6.

FINDING 95: Online gambling providers are meeting their mandatory staff training obligation under the National Consumer Protection Framework, which is minimal.

RECOMMENDATION 60: The Victorian Government advocate through the Ministers on Online Wagering and Harm Minimisation forum for a review of the adequacy of safer gambling training requirements.

Although online gambling providers noted the establishment of dedicated teams trained to identify gambling harm and assess the appropriate approach to intervention,¹⁸² as was noted by Entain, these staff are not counselling professionals.¹⁸³ Sportsbet also noted its safer gambling team does not include trained psychologists, rather consisting of safer gambling specialists, data scientists, an advisor and a sustainability specialist.¹⁸⁴

Tabcorp and Entain provided evidence of teams referring customers to specialised external gambling harm helplines or prevention, treatment and support services, such as the Victorian Responsible Gambling Foundation, Financial Counsellors Australia, Lifeline and Gamblers Anonymous Australia.¹⁸⁵ Sportsbet also advised that from July 2022 to June 2023, customers were sent information on external support services in over 100,000 instances, and approximately 40 customers were referred to external counselling support services following the identification of harm indicators by a safer gambling specialist.¹⁸⁶

In evidence to the Committee the Chair of the VGCCC advised that:

... the nature of some of the complaints we have been receiving to our offices would suggest that those online wagering service providers are not in fact intervening at all and leveraging the data that they have...They claim that they can and that they are, but we have not yet seen evidence of that.¹⁸⁷

The size of these safer gambling teams relative to their marketing teams and customer base is also of note. Entain noted it has 800 staff servicing 700,000 customers and 16 full time (FTE) staff members in its safer gambling team trained to identify red flags and determine whether to intervene.¹⁸⁸

Sportsbet have 20.5 FTE staff members responsible and accountable for safer gambling outcomes, whereas its marketing department comprises 95 FTE employees whose responsibilities cover a broad range of business functions other than

¹⁸² Entain, *Submission 35*, pp. 6–7.

¹⁸³ *Ibid.*, p. 6.

¹⁸⁴ Sportsbet, response to questions on notice, p. 5; Mr Jules Norton Selzer, *Transcript of evidence*, p. 13.

¹⁸⁵ Tabcorp, *Submission 37*, p. 7; Mr Steven Lang, *Transcript of evidence*, p. 6.

¹⁸⁶ Sportsbet, response to questions on notice, p. 11.

¹⁸⁷ Ms Fran Thorn, *Transcript of evidence*, pp. 10–11.

¹⁸⁸ Mr Steven Lang, *Transcript of evidence*, p. 10.

advertising, such as management and execution of key partnerships, customer communications and marketing technology.¹⁸⁹ Across Australia, Sportsbet has over 1.2 million customers,¹⁹⁰ and employs over 1,200 staff.¹⁹¹ However, according to Sportsbet:

There are no roles at Sportsbet that are focused on increasing the frequency of betting or increasing the amount that an individual might bet at a particular time. Moreover, Sportsbet believes that safer gambling is every staff members' responsibility. To that end, every single Sportsbet team member is financially incentivised to improve our safer gambling practices. We have ensured that over 20% of all variable remuneration is based on meeting our safer gambling performance metrics. In addition, in 2020 we removed commissions from our account management teams to ensure that they focus on customer satisfaction and safety – not on encouraging losses. For similar reasons, Sportsbet has ceased the use of third-party affiliate commission deals to encourage responsible wagering.¹⁹²

The Committee was not provided with evidence of Sportsbet's safer gambling performance metrics.

FINDING 96: Sportsbet's safer gambling team of 20 people aims to achieve safer gambling outcomes for 1.2 million Australian customers through measures such as interventions and referrals to external support services.

The existence of industry-led approaches to the detection and reduction of gambling harm exemplifies a gap between government-mandated protections and what is required to appropriately protect consumers from harm. If such measures are necessary, this warrants their enactment, enforcement and monitoring for positive outcomes.

At the hearings the VGCCC noted its support for 'calling out' online gambling providers and using its regulatory powers to require that provider technologies be used to not only monitor harm but actively intervene and provide data to the government on these processes.¹⁹³ The VGCCC noted that the establishment of a ministerial direction to this effect could be an appropriate mechanism to require such action.¹⁹⁴

In evidence to the Committee, Turning Point advised that the VGCCC's 22 June 2023 position statement stated 'gambling providers have a duty to care for the wellbeing of their customers and their communities.' As such a statutory duty of care should be

¹⁸⁹ Sportsbet, response to questions on notice, pp. 5–6.

¹⁹⁰ Sportsbet, *About Us*, (n.d.), <<https://careers.sportsbet.com.au/about-us>> accessed 31 October 2023.

¹⁹¹ Sportsbet, response to questions on notice, p. 8.

¹⁹² *Ibid.*, p. 6.

¹⁹³ Ms Fran Thorn, *Transcript of evidence*, p. 8.

¹⁹⁴ *Ibid.*

implemented that requires gambling providers to advise people when their pattern of gambling is consistent with that of someone experiencing gambling harm.¹⁹⁵

The Commonwealth Inquiry outlined the opportunity for such responsibilities to be placed under the guise of a national regulator and recommended that a customer duty of care be imposed on online gambling providers, assessed against a set of standard indicators of risk of harm.¹⁹⁶

RECOMMENDATION 61: The Victorian Government consider the benefits of implementing ministerial directions that compel online gambling providers to:

- a. effectively monitor gambling harm
- b. intervene and refer customers to qualified specialist gambling harm counselling professionals for access to support services
- c. collect and provide data on the effectiveness of their interventions against gambling harm outcome indicators as well as provide details on their models of intervention and how they meet best practice
- d. annually report on the outcomes of their interventions to the Victorian Gambling and Casino Control Commission and how they will improve them.

6.9 The need for a national regulator for online gambling

To combat the inconsistencies in the national online gambling regulatory environment and the issue of online gambling service providers shopping around Australian jurisdictions for the best licensing, tax and regulatory system to meet their needs, the Commonwealth Inquiry made recommendations to implement a national strategy to reduce online gambling harm and establish a national regulator.¹⁹⁷

In evidence to this Inquiry, the Committee received support from the VRGF,¹⁹⁸ private citizens,¹⁹⁹ peak bodies,²⁰⁰ and expert witnesses in support of a national regulator for online gambling.

The Alliance for Gambling Reform stated that ‘the gambling industry has benefited from legislative loopholes across jurisdictions whilst the Australian community has been left without seamless regulation to protect them from gambling harm.’²⁰¹

¹⁹⁵ Turning Point and Monash Addiction Research Centre, *Submission 15*, pp. 5, 18.

¹⁹⁶ Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 93.

¹⁹⁷ *Ibid.*, p. xix.

¹⁹⁸ Mr Shane Lucas, Chief Executive Officer, Victorian Responsible Gambling Foundation, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 4.

¹⁹⁹ Richard Irvine, *Submission 36*, p. 1.

²⁰⁰ Alliance for Gambling Reform, *Submission 39*, p. 10.

²⁰¹ *Ibid.*

Professor Samantha Thomas of Deakin University stated that ‘a national regulator should be tasked with implementing systems to prevent health and social harms associated with products, including both their structural characteristics and their widespread accessibility in community settings.’²⁰²

Associate Professor Livingstone of Monash University stated that:

... there should be a national regulatory system and...the taxes derived from that system should be uniform and...be distributed to the states on the basis of where the bets were made so that the states will not lose any revenue and there is a consistent and reasonably good standard of national regulation for the lawful operation of gambling ... we need to have an international agreement on how to regulate internet gambling, because it is a problem globally. Every country in the world has the same problem. And the colleagues I met recently at WHO are all saying the same thing. We have to have an international agreement.²⁰³

Although industry bodies called for a harmonised regulatory approach to online gambling,²⁰⁴ support for the establishment of a national regulator was not unequivocal. RWA said that ‘national regulation is a positive aspiration.’²⁰⁵ Entain suggested that while it supported national consistency around regulation, ‘it is a matter for the Commonwealth and the states to determine whether there would be an advantage to a national regulatory model.’²⁰⁶ Licenced online gambling providers claimed they are more heavily regulated than their land-based and illegal offshore competitors,²⁰⁷ and warned against introducing further complexity or regulatory measures until the effects of existing measures, such as the NCPF, had been assessed.²⁰⁸

Tabcorp holds licences for both online and land-based gambling in seven Australian jurisdictions.²⁰⁹ Tabcorp outlined its commitment to a sustainable gambling industry and its support for nationally harmonised regulation to ensure undesirable elements are excluded from the sector, such as the Australian economy not fully benefitting from the operations of online gambling providers with foreign parent companies.²¹⁰ Similarly,

²⁰² Professor Samantha Thomas, *Submission 43*, p. 7.

²⁰³ Associate Professor Charles Livingstone, School of Public Health and Preventive Medicine, Monash University, public hearing, Melbourne, 24 July 2023, *Transcript of evidence*, p. 9.

²⁰⁴ Mr Kai Cantwell, *Transcript of evidence*, pp. 7, 9; Mr Jules Norton Selzer, *Transcript of evidence*, pp. 2, 7, 10; Mr Steven Lang, *Transcript of evidence*, p. 12.

²⁰⁵ Mr Kai Cantwell, *Transcript of evidence*, p. 7.

²⁰⁶ Mr Steven Lang, *Transcript of evidence*, p. 12.

²⁰⁷ Mr Nick Minchin AO, Chairman, Responsible Wagering Australia, Standing Committee on Social Policy and Legal Affairs, public hearing, Canberra, 4 April 2023, *Transcript of evidence*, pp. 50, 58; Sportsbet, *Submission 81*, p. 2. Cited in Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 17.

²⁰⁸ PointsBet Australia, *Submission 105*, submission to the Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *Inquiry into online gambling and its impacts on those experiencing gambling harm*, 2023, p. 2; Sportsbet, *Submission 81*, p. 2; Entain, *Submission 61*, p. 4. Cited in Parliament of Australia, Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more: Inquiry into online gambling and its impacts on those experiencing gambling harm*, June 2023, p. 17.

²⁰⁹ Tabcorp, *Submission 37*, p. 4.

²¹⁰ *Ibid*, pp. 2–3.

Victorians may not fully benefit in the areas of employment, taxation and funds to the community from online gambling providers licensed in other Australian jurisdictions. Noting that the wagering and betting licensing and regulatory environment is, therefore, beyond the reach of any one state or territory and their concern for the effectiveness of the NCPF being hindered by inconsistent regulations,²¹¹ Tabcorp called for:

1. a single national betting regulator that can effectively licence and enforce consistent regulations and consumer protections across Australia
2. further restrictions on gambling advertising
3. prioritising policy settings to support betting in local retail venues rather than on mobile phones at home.²¹²

The Committee notes that Tabcorp's third recommendation would be commercially advantageous.

**Adopted by the Public Accounts and Estimates Committee
55 St Andrews Place, East Melbourne
13 November 2023**

²¹¹ Ibid, pp. 2, 4.

²¹² Ibid.

Appendix A

About the Inquiry

A.1 Submissions

1.	Chloe Grace	29.	Parliamentary Budget Office
2.	Bendigo Professional Cleaning Service Pty Ltd	30.	Greater Dandenong City Council
3.	Name withheld	31.	Australian Vietnamese Women's Association
4.	Name withheld	32.	Professor Linda Hancock
5.	Rachel Jones	33.	The Federation of Chinese Associations
6.	Evan Walton	34.	ADA Australia
7.	Ken Fuji	35.	Entain Australia and New Zealand
8.	Name withheld	36.	Richard Irvine
9.	Deva Weitman	37.	Tabcorp
10.	Shaun McDonough	38.	Sportsbet
11.	Hume City Council	39.	Alliance for Gambling Reform
12.	Monash City Council	40.	Racing Victoria
13.	Suicide Prevention Australia	41.	Victorian Trades Hall Council
14.	No to Violence	42.	Uniting Church in Australia
15.	Turning Point and the Monash Addiction Research Centre	43.	Professor Samantha Thomas, Dr Hannah Pitt and Dr Simone McCarthy
16.	John Potter	44.	Department of Justice and Community Safety and Department of Families, Fairness and Housing
17.	Mornington Peninsula Shire Council	45.	Victorian Responsible Gambling Foundation
18.	Brimbank City Council	46.	Coroners Court of Victoria
19.	Yarra City Council	47.	Nathan Heereman
20.	Centre for Excellence in Child and Family Welfare	48.	PAEC Youth Roundtable – gambling regulation
21.	The University of New South Wales	49.	PAEC Youth Roundtable – liquor regulation
22.	Victorian Local Governance Association	50.	Ethnic Communities Council of Victoria
23.	Municipal Association of Victoria	51.	Meli
24.	Health and Community Services Union	52.	Parveen Shanmukham Ramesh
25.	South Gippsland Shire Council	53.	VicHealth
26.	Victorian Alcohol and Drug Association	54.	Victoria Police
27.	Alcohol Change Victoria		
28.	Victorian Gambling and Casino Control Commission		

A.2 Public hearings

Monday, 24 July 2023

Legislative Council Committee Room, Parliament House, Spring Street, East Melbourne, VIC 3002

Name	Title	Organisation
Andrews Greaves	Auditor-General	Victorian Auditor-General's Office
Tony Brown	Senior Manager	Victorian Auditor-General's Office
Fran Thorn	Chair	Victorian Gambling and Casino Control Commission
Annette Kimmitt	Chief Executive Officer	Victorian Gambling and Casino Control Commission
Scott May	Deputy Chief Executive Officer and Executive Director, Regulatory Operations	Victorian Gambling and Casino Control Commission
Shane Lucas	Chief Executive Officer	Victorian Responsible Gambling Foundation
Tass Mousaferiadis	Board Chair	Victorian Responsible Gambling Foundation
Claire Wilkinson	Senior Research Fellow, Drug Policy Modelling Program; Honorary Research Fellow, Centre for Alcohol Policy Research	University of New South Wales; La Trobe University
Charles Livingstone	Associate Professor, School of Public Health and Preventive Medicine	Monash University
Samantha Thomas	Professor, Determinants of Health Team, Institute for Health Transformation, School of Health & Social Development	Deakin University

Tuesday, 25 July 2023

Legislative Council Committee Room, Parliament House, Spring Street, East Melbourne, VIC 3002

Name	Title	Organisation
Dan Lubman AM	Executive Clinical Director	Turning Point
Rick Loos	Manager of Telephone and Online Services	Turning Point
Damian Ferrie	Chief Executive Officer	Better Health Network
Scott Drummond	Acting Executive Officer	Victorian Alcohol and Drug Association
Dave Taylor	Policy and Media	Victorian Alcohol and Drug Association
Mark Zirnsak	Senior Social Justice Advocate, Uniting Church	Alcohol Change Victoria

Name	Title	Organisation
Robert Taylor	Knowledge Manager - Advocacy and Policy, Alcohol and Drug Foundation	Alcohol Change Victoria
Anne-Marie Laslett	Senior Research Fellow, Centre for Alcohol Policy Research, La Trobe University, Adjunct Senior Research Fellow, National Drug Research Institute, Curtin University, Honorary Senior Fellow, Melbourne School of Global and Population Health	Alcohol Change Victoria
Sarah Jackson	Legal Policy Adviser	Alcohol Change Victoria
Bear Lin	Counsellor and Project Manager	Federation of Chinese Associations
Ngoc Chung	Chief Executive Officer	Australian Vietnamese Women's Association
Anh Bui	Counselling Team Leader	Australian Vietnamese Women's Association
Thao Ha	Gambling Prevention Project Officer	Australian Vietnamese Women's Association
Carol Bennett	Chief Executive Officer	Alliance for Gambling Reform
Tim Costello AO	Chief Advocate	Alliance for Gambling Reform
Rose O'Leary	Policy and Advocacy Lead	Alliance for Gambling Reform
Troy Edwards	Executive Director Policy & Advocacy	Municipal Association of Victoria
Jan Black	Policy Adviser	Municipal Association of Victoria
Kathryn Arndt	Chief Executive Officer	Victorian Local Governance Association
Simon Harrex	Policy & Program Lead	Victorian Local Governance Association

Tuesday, 5 September 2023

Davui Room, 55 Saint Andrews Place, East Melbourne, VIC 3002

Name	Title	Organisation
Steven Lang	Director, Regulatory Strategy and Safer Gambling	Entain Australia and New Zealand
Kai Cantwell	Chief Executive Officer	Responsible Wagering Australia
Jules Norton Selzer	General Manager, Corporate Affairs	Sportsbet

A.3 Site visits

On 31 July 2023, the Committee undertook a site visit in Geelong, Victoria as follows:

- Meli, a Victorian not-for-profit organisation offering multiple services including therapeutic and financial counselling services in the Barwon and Greater South Coast regions
- Wearn Ponds Hotel gaming room.

A.4 Roundtables

On 9 August 2023, the Committee hosted a Youth Roundtable at Parliament House to ensure the views of young Victorians from a range of backgrounds were gathered.

The Youth Roundtable was attended by 35 people between 18 to 29 years of age who shared their experiences with alcohol and gambling. The participants' insights were collated into a submission accepted by the Committee as evidence to the Inquiry.

Appendix B

National Consumer Protection Framework measures and their implementation

NCPF Measure	Implementation status	Regulatory framework
Prohibition of lines of credit: Online gambling service providers cannot provide credit to people who gamble on their site or app (with limited exemptions).	Implemented 17 February 2018	Regulated by ACMA via the <i>Interactive Gambling Amendments Act 2017</i> (Cth)
Payday lenders: Restricting the use of small amount credit contracts (payday lending) for online gambling to better protect consumers.	Implemented 17 February 2018	Regulated by ACMA via the <i>Interactive Gambling Amendments Act 2017</i> (Cth)
Customer verification: The maximum customer verification period for the use of an online wagering account has been reduced from 14 days to three days.	Implemented 26 February 2019, updated 2 May 2022	Regulated by Australian Transaction Reports and Analysis Centre (AUSTRAC) via the <i>Anti Money Laundering and Counter Terrorism Financing Rules Instrument 2007</i> (No.1)
Restrictions on inducements: Online gambling providers cannot offer any incentives to open an account or to refer another person to open an account. This measure protects consumers from incentive-based marketing and strengthens standards for direct marketing.	Implemented 26 May 2019 (all jurisdictions except NSW) and 26 November 2019 (NSW)	Regulated by States and territories
Account closure: Online gambling providers must prominently display information on how to close an account. The account closure process must start as soon as the provider receives the request. Providers cannot entice consumers to keep an account open.	Implemented 26 May 2019 (all jurisdictions except NSW) and 26 November 2019 (NSW)	Regulated by States and territories
Voluntary opt-out pre-commitment scheme: Every online gambling provider is required to offer deposit limits. Customers can track and manage their gambling by setting limits before they start gambling. The deposit limits cannot be increased on the spot.	Implemented 26 May 2019	Regulated by States and territories
Activity statements: Activity statements increase consumers' awareness of their spending, wins, and losses. They will be sent monthly and will be easily accessible.	Implemented 31 July 2022	Regulated by States and territories
Consistent gambling messaging: All online gambling providers must use the same messaging about the risks and potential harm of gambling across advertising, direct marketing, websites and other direct communications to consumers. This ensures consistent and effective messaging about safer gambling practices. State and territory governments may tailor gambling message(s) to their own campaigns.	Implemented 30 March 2023	Regulated by States and territories

NCPF Measure	Implementation status	Regulatory framework
Staff training: All staff involved in the online gambling industry will be required to undertake training in the responsible service of online wagering. This will reduce harm by creating a culture of safer gambling within wagering organisations nationally.	Implemented 30 March 2023	Regulated by States and territories
National self-exclusion register: BetStop – the National Self-Exclusion Register – allows consumers to exclude themselves from all interactive gambling services in Australia. Registering is a quick and easy process. People will be able to exclude themselves from all interactive gambling services and direct marketing for a minimum of three months and up to a lifetime.	Implemented 21 August 2023	Regulated by the ACMA through the <i>Interactive Gambling Act 2001</i> (Cth)

Source: Department of Social Services, *National Consumer Protection Framework for Online Wagering in Australia – National Policy Statement*, Canberra, 2018, pp. 7-18; Department of Social Services, *Gambling reforms*, 2023, <<https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-gambling/gambling-reforms>> accessed 14 November 2023.

Appendix C

National Consumer Protection Framework measures implemented in Victoria

NCPF Measure	Requirements
Inducements	<p>Online gambling providers must not:</p> <ul style="list-style-type: none"> offer credit, vouchers or other rewards to an account holder as an incentive to refer another person (such as family and friends) to open a betting account, or offer complimentary or free bets unless the winnings received from that bet can be withdrawn by the account holder (i.e. the winnings cannot be subject to a requirement that the account holder continue to bet with those winnings).
Direct marketing	<p>Online gambling providers, or persons acting on their behalf, must not:</p> <ul style="list-style-type: none"> send direct marketing to customers without their express consent and where consent is given, providers must not send direct marketing unless the customer can easily unsubscribe to receiving direct marketing send direct marketing to customers who have unsubscribed, and provide any credits, vouchers or rewards to customers to encourage them to consent to receive direct marketing. <p>From 30 June 2023, providers must also ensure that new customers can create a betting account without being required to consent to receive direct marketing or being required to take additional steps to opt out of receiving direct marketing.</p>
Account closure	<p>Online gambling providers must ensure customers can simply and easily close a betting account if they choose to do so and must not offer any credit or other reward to encourage customers to keep a betting account open.</p>
Deposit limits	<p>Online gambling providers must:</p> <ul style="list-style-type: none"> ensure that all customers opening a new account either set a limit on the amount of money that can be deposited into their betting account (deposit limit) or opt out of setting a limit provide customers with simple and easy-to-use tools, with clearly explained and prominently displayed processes, to allow them to set deposit limits, and not allow a person to deposit money into a betting account which would breach a deposit limit they have set.
Activity statements and betting account records	<p>From 31 July 2022, online gambling providers must:</p> <ul style="list-style-type: none"> provide customers with monthly activity statements that include specified information on betting activity, which must be emailed to the customer free of charge or sent by post to the customer's nominated address. The activity statement of the previous month must also be accessible by a customer on request or via the customer's online betting account, and provide customers with access to a record of betting account transactions for a period specified by the customer, up to at least seven years of the request. These records must be available at all times via the customer's online betting account or be provided to the customer via email or post.

NCPF Measure	Requirements
Gambling advertising messaging and taglines	<p>From 30 March 2023, online gambling providers must communicate required taglines and call to action messages as part of any gambling advertising via platforms, including but not limited to, television, radio, social media, website, internet application, print and direct marketing. These taglines include:</p> <ul style="list-style-type: none"> • Chances are you're about to lose. • Think. Is this a bet you really want to place? • What's gambling really costing you? • What are you prepared to lose today? Set a deposit limit. • Imagine what you could be buying instead. • You win some. You lose more. • What are you really gambling with? <p>The Direction gazetted on 24 March 2023 outlines specific requirements as to which taglines and/or call to action messages must be communicated based on the method of advertising and the way the taglines and call to action messages are spoken or displayed. Providers must also keep a copy of any gambling advertising (in print or electronic form) for at least 12 months following the end of any advertising campaign so it is available for inspection.</p>
Training requirements	<p>From 31 March 2023, online gambling providers must ensure that all relevant persons (including any employees, contractors and directors involved in providing betting services or involved in decisions that impact on their betting services) complete the initial and refresher responsible service of wagering training courses as follows:</p> <ul style="list-style-type: none"> • existing relevant persons as at 28 February 2023 must complete initial training by 31 March 2023 • all other relevant persons must complete the initial training no later than one month after commencing employment • all persons must complete an annual refresher training within 12 months of completing the initial training and every year thereafter. <p>Providers must also ensure that the training is delivered as online micro-credential training by TAFE Queensland, or accredited training developed by a registered training organisation or TAFE, that meets the National Unit of Competency, or via in-house training developed by the provider, where the in-house training must meet the National Unit of Competency and be annually reviewed by an independent reviewer or incorporate a requirement for participants to successfully complete the Online Knowledge Test as part of the course assessment.</p> <p>Providers must keep training records for at least seven years after the training is conducted, including the date each relevant person commenced employment, the date the relevant person completed training and the relevant training completed, as well as records of any independent review of in-house training developed/ delivered. The VGCCC may request a provider to produce a copy of these records for inspection.</p>

Source: Victorian Gambling and Casino Control Commission, *Interactive wagering and betting services*, 2023, <<https://www.vgccc.vic.gov.au/gambling/wagering-and-sports-betting/about-wagering-and-sports-betting/interactive-wagering-and-betting-services>> accessed 22 November 2023.

Extracts of proceedings

The Committee divided on the following questions during the consideration of this report. Questions agreed to without division are not recorded in these extracts.

Ellen Sandell moved that the Committee add a recommendation to Chapter 3: 'That in light of the potential for harm caused by products promoted by the gambling and alcohol industry the Government consider reforming donations from the gambling and alcohol industry and associated entities to State political parties.'

The question was put.

The Committee divided.

Ayes (6)	Noes (3)
Sarah Connolly MP	Nicholas McGowan MLC
Michael Galea MLC	Bev McArthur MLC
Mathew Hilakari MP	Danny O'Brien MP
Lauren Kathage MP	
Ellen Sandell MP	
Meng Heang Tak MP	

Resolved in the affirmative.

Bev McArthur moved that the Committee remove from Chapter 4 of the report 'Recommendation 1: Gambling prevention and treatment programs be delivered by a health- rather than justice-based agency to embed the public health approach to gambling.'

The question was put.

The Committee divided.

Ayes (1)	Noes (7)
Bev McArthur MLC	Sarah Connolly MP
	Michael Galea MLC
	Mathew Hilakari MP
	Lauren Kathage MP
	Danny O'Brien MP
	Ellen Sandell MP
	Meng Heang Tak MP

Resolved in the negative.

Bev McArthur moved that the Committee remove from Chapter 5 of the report ‘Recommendation 1: The Victorian Government advocate for the Commonwealth Government to compel online gambling providers to provide comprehensive data on customer use of their products. This includes data on demographics, indicators of gambling harm and the outcomes of intervention measures to increase understanding of the drivers and impact of online gambling harm.’

The question was put.

The Committee divided.

Ayes (2)	Noes (6)
Bev McArthur MLC	Sarah Connolly MP
Danny O’Brien MP	Michael Galea MLC
	Mathew Hilakari MP
	Lauren Kathage MP
	Ellen Sandell MP
	Meng Heang Tak MP

Resolved in the negative.

Bev McArthur moved that the Committee delete from Chapter 6 of the report ‘Recommendation 14: ‘The Victorian Gambling and Casino Control Commission (VGCCC) review the bookmaker licenses awarded by Racing Victoria, Harness Racing Victoria and Greyhound Racing Victoria and include in the review harm minimisation criteria that draw on the VGCCC’s Harm Minimisation Assessment Tool (HMAT) and international best practice measures.’

The question was put.

The Committee divided.

Ayes (1)	Noes (7)
Bev McArthur MLC	Sarah Connolly MP
	Michael Galea MLC
	Mathew Hilakari MP
	Lauren Kathage MP
	Danny O’Brien MP
	Ellen Sandell MP
	Meng Heang Tak MP

Resolved in the negative.

Minority report

**Minority Report prepared by Ellen Sandell MP
on behalf of the Victorian Greens**

Throughout 2023, PAEC heard important evidence from a range of experts into the regulation of liquor and gambling in Victoria.

Overwhelmingly, the majority of submissions and witnesses to this inquiry presented clear and compelling evidence about the significant harm being done to Victorians as a result of gambling and the insufficient regulation of the gambling industry in Victoria, going back many years and during both Labor and Coalition Governments.

While I largely support the majority report from this inquiry, which provides a good summary of this evidence and recommendations regarding how to ameliorate and reduce the harm from gambling and liquor, I have prepared this minority report to highlight further actions, supported by evidence, that we believe must be undertaken by the Victorian Government in order to prevent significant harm to people's lives.

The Greens believe that, to reduce harm from gambling, it is necessary for the Victorian Government to adopt the following measures:

Specifically regarding poker machines and pokies venues:

1. Bet limits (\$1 per bet).
2. Reduced load limits for carded play (such as \$20 per load, rather than \$100)
3. Jackpot limits (such as \$500 per jackpot).
4. Longer mandatory closing periods for pokies venues, from 12am until 10am (rather than 4am to 10am as announced by the Victorian Government), given the evidence the inquiry heard about the significant harm that occurs especially between 12am and 4am at these venues.

Regarding other parts of the gambling industry, and the industry as a whole:

1. A ban on political donations from the gambling industry and associated industries to state candidates and political parties, and local government candidates, Councillors and political parties.
2. The Victorian Government using all the tools available to it to ban and limit gambling advertising on mediums controlled by the State Government (such as outdoor advertising and at sporting grounds, and following the South Australian Government's precedent in banning gambling advertising on television during certain hours, as part of the SA gambling codes of practice).
3. Victoria following the example of other jurisdictions (such as Queensland) in setting the point of consumption tax at 20%, and
4. Abolishing the Victorian racing industry payment.

The inquiry heard that gambling harm is a serious public health issue that affects individuals, families and communities and has far-reaching consequences for Victorian society and for the wellbeing of the people of Victoria.

Working towards a pokies-free Victoria is possible and must be considered as a way to rid our community of this harm, and this will require a total overhaul of the system rather than just tinkering around the edges.

