

REPORT ON NOTICE OF MOTION – NOM 28/02/23 – ADDRESSING PROBLEM GAMBLING AND MONEY LAUNDERING IN NEW SOUTH WALES

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CEO COMMENT

The Independent Liquor & Gaming Authority (ILGA) is the statutory decision-maker responsible for a range of liquor, registered club and gaming machine regulatory functions in NSW including determining licensing and disciplinary matters under the gaming and liquor legislation.

ILGA is currently overseeing a number of trials of cashless gaming technology in clubs and hotels. The impact of these trials will be monitored, identified and assessed by an independent researcher.

ILGA states that the research methodologies for the trials of cashless gaming cards, developed by independent researchers, seek to address the following key areas:

- changes, if any, in player attitudes and behaviours due to the use of technology, including changes in gambling behaviour, the ability to manage and control gambling spend, the frequency and duration of sessions and the level of harm experienced.
- player experiences using the technology, particularly the harm minimisation tools made available, and any barriers identified areas for improvement to reduce gambling harm or consumer protection.

The first cashless gaming trial is currently underway at Wests Newcastle. The trial allows gaming machine users to set limits, access real-time spending data, take a break or self-exclude from gambling and access other responsible gambling tools and services. Examples of limits that can be set using the technology include session length, frequency of play, amount spent and total bets.

As part of the trial, an independent researcher will assess qualitative and quantitative data, gathered from gaming system and mobile app, as well as from surveys, interviews and focus groups from participants. The trial has received ethics approval.

Other cashless gaming trials are set to commence over the coming months at the Lone Pine Tavern in Rooty Hill, the Crows Nest Hotel in Crows Nest and Club York in the Sydney CBD. A trial of cashless gaming card technology at either licenced casino in NSW is unlikely due to the large number of alternative forms of gambling available at both venues.

The issue of cashless gaming card technology is not new. To date the most detailed study on the subject was undertaken in 2020 by the Victorian Responsible Gambling Foundation on behalf of the Victorian Government. The Foundation's main research partners are:

- Central Queensland University
- Deakin University
- Turning Point
- Monash University
- Australian Institute of Family Studies.

The review identified substantial and concerning evidence that cashless gaming using monetary substitutes such as gaming cards will likely facilitate less controlled gambling behaviour, and potentially lead to gambling harm in some consumers.

Findings from consumer behaviour and cognitive psychology literature include:

- Cashless payment methods are generally associated with increased expenditure, with evidence appearing to support that this applies to credit cards, debit cards, and potentially also mobile payments.
- Cashless payment methods are largely associated with less 'pain of payment' when compared to cash, which suggests that cash is better for expenditure regulation
- Certain segments in the community may have difficulties with managing sufficient working memory and/or mental accounting, which is required in budgeting and expenditure management using cashless forms of expenditure. Previous research has identified such issues as highly likely among problem gamblers. Many forms of gambling already require complex mental tasks to be performed under time pressures that put a load on working memory.

Findings from gambling research literature include:

- Little gambling research has examined the unique effects of cashless gaming as a payment method, when compared to cash
- Many of the purported benefits of cashless gaming have been conflated with the benefits of other gambling harm-minimisation tools in ways that are not logical. There is no evidence to suggest that the use of cashless forms of gambling provides any consumer or harm-reduction benefits
- While some gamblers indicate that cashless gaming may help with the management of gambling expenditure, others report that it makes expenditure management more difficult
- The tokenisation of money tends to lead gamblers to spend more, when compared to cash
- Cashless gambling forms can increase the continuousness of gambling (a factor contributing to harm) by reducing the time an individual needs to take between bets.

The findings indicate the need for further research to establish who is affected by cashless gaming, and also identify how gambling may be affected by all payment methods, including credit cards, debit cards and mobile payments using eWallets.

The full report can be read at the below link.

<https://responsiblegambling.vic.gov.au/resources/publications/what-is-the-impact-of-cashless-gaming-on-gambling-behaviour-and-harm-1021/>

The 2020 findings of the Victorian Responsible Gambling Foundation study are consistent with overseas jurisdictions where cashless gambling cards have been introduced with limited success.

This includes Nova Scotia, a Canadian province with a population of almost 1 million people, where a mandatory gambling card system was introduced in 2012 and then abandoned in 2014, due to the technology driving away casual gamblers without any significant reduction in play by problem gamblers. The Government found that problem gamblers used multiple cards to get around daily play limits while casual players didn't want to use the technology due to feeling that they were being categorised as problem gamblers. The technology also presented challenges for tourists, who did not want to register for a likely one off gambling activity.

<https://www.cbc.ca/news/canada/nova-scotia/vlt-cards-that-track-gambling-habits-abandoned-in-nova-scotia-1.2741683>

The NSW Government's most recent gambling prevalence survey was updated in March 2020, and undertaken by the Central Queensland University. The report concluded:

"Just over half (53%) of NSW adults surveyed had participated in at least one gambling activity in the last 12 months. This represents a significant ($p < 0.001$) decrease since 2011, when approximately 65% of respondents reported participating in at least one form of gambling in the last 12 months.

"Buying lottery tickets remains the most prevalent form of gambling in 2019 (37%), followed by electronic gaming machines (EGMs) (16%), betting on horse or greyhound races (13%), buying instant 'scratchies' (13%), playing Keno at a club, hotel or casino (9%), betting on sporting events (6%) and playing table games at a casino (5%). Participation across all forms of gambling has significantly declined since 2011, with the exception of participating in Bingo (2%) and betting on non-sporting events (1%) which remained the same, and informal private betting which has increased from 3% in 2011 to 5% in 2019."

Results identified 1% of the NSW population as problem gamblers, with 5.4% of gaming machine players considered to at least occasionally spend more than they intend to do. The gambling prevalence survey also found that the median monthly spend by gaming machine players in NSW is \$30.

The full report can be viewed at the link below:

https://www.responsiblegambling.nsw.gov.au/_data/assets/pdf_file/0008/881279/NSW-Gambling-Survey-2019-report-FINAL-AMENDED-Mar-2020.pdf

It should be noted that Councillor Pull's Notice of Motion references proposed restrictions on gaming machines only. It does not include other forms of gambling activity which exist without any limits on betting, losing or the form of currency such horse racing and online sports betting.

The House of Representatives Standing Committee on Social Policy and Legal Affairs has commenced an inquiry into online gambling and its impacts on those experiencing

gambling harm, with hearings occurring throughout February 2023. The terms of reference can be viewed at the below link:

https://www.aph.gov.au/Parliamentary_Business/Committees/House/Social_Policy_and_Legal_Affairs/Onlinegamblingimpacts/Terms_of_Reference

Gambling revenue from the 32 online sports bookmakers and two betting exchanges licensed in the Northern Territory shows player spend has increased from \$5.7 billion to \$50 billion during the past ten years (to 2021/22). The majority of online sports bookmakers are based in the Northern Territory due to favourable Territory Government taxation rates. The \$50 billion figure does not include earnings from Tabcorp which is based in NSW and accounts for 25% of the domestic sports betting market share.

Online sports betting offers less protection, support and controls to assist problem gamblers than those already available to NSW residents who play gaming machines. This is likely due to the immaturity of smart phone technology compared to poker machines, the later which were legalised in NSW in 1956. The NSW gambling prevalence study referenced above found that “Almost one in five (19%) respondents reported participating in online gambling, which most commonly occurred alone (63%) and at home (85%).”

Existing harm minimisations regulations in NSW that apply to gaming machines but that do not apply to online sports betting include:

- advertising restrictions (Nielsen Research found that online sports betting spent \$287.2 million on advertising in Australia in 2021, up from \$89.7 million in 2011.)
- state-wide cap on the number of gaming machines
- local impact assessments prior to an increase in poker machine numbers
- bans on inducements (e.g. free bets)
- bans on credit gambling
- payment of large prizes via cheque rather than cash or credit
- restrictions on the locations of ATMs in venues
- mandatory shutdown periods
- clocks on gaming machines
- signage about the risks of excessive gambling.

RECOMMENDATION:

That Council:

1. Writes to both the NSW Premier and NSW Opposition Leader stating that any reforms relating to electronic gaming machines must be evidenced based.
2. Notes that the NSW Government is considering trials of cashless gaming at four venues, with one trial already underway in the Newcastle local government area.
3. Notes that the cashless gaming card trial occurring at Wests Newcastle allows poker machine users to set bet limits, set loss limits, set play limits, set frequency of play limits, as well as access real-time spending data, take a break or self-exclude from gambling and access other responsible gambling tools and services.
4. Notes that the findings of a study into cashless gaming cards by the Victorian Responsible Gambling Foundation in 2020 found no evidence to suggest that the

use of cashless forms of gambling provides any consumer or harm-reduction benefits.

5. Notes that existing NSW legislation prevents electronic gaming machines from accepting credit cards, and further that cash withdrawals from credit cards using EFTPOS and ATM facilities is not possible at registered clubs and licenced hotels.
6. Notes that an inquiry by the Federal Government is currently reviewing online gambling and its impacts on those experiencing gambling harm.
7. Writes to the Chair of the House of Representatives Standing Committee on Social Policy and Legal Affairs asking that the inquiry specifically review the continued use of credit card funded online gambling.