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Director
Broadcasting and Gambling Regulation Section
Media Industry and Sustainability Branch
Online Safety, Media and Platforms Division
Department of Infrastructure, Transport, Regional Development, Communications & the Arts

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Response to Issues Paper: Review into the regulation of online keno and foreign matched lotteries

Thank you for the opportunity to make a submission in response to your review into the regulation of online keno and foreign matched lotteries. This submission is made on behalf of the eight member organisations of the Relationships Australia Federation.

This submission complements our submission of 11 November 2022 to the inquiry undertaken by the House of Representatives Social Policy and Legal Affairs Committee into online gambling and its impacts on those experiencing gambling harm, together with submissions to this department and the Australian Communications and Media Authority.

In particular, we draw the department's attention to the framing principles articulated in our submission to it dated 1 June 2023 regarding proposed new mandatory minimum classifications for gambling-like content in computer games. Those framing principles apply equally to this submission.

Our previous submissions can be found at <https://relationships.org.au/what-we-do/#advocacy>.

The work of Relationships Australia

We are an Australian federation of community-based, not-for-profit organisations with no religious affiliations. Our services are for all members of the community, regardless of religious belief, age, gender, sexual orientation, lifestyle choice, cultural background or economic circumstances.

Relationships Australia provides a range of services, including counselling, dispute resolution, children's services, services for victims and perpetrators of family violence, and relationship and professional education. We aim to support all people in Australia to live with positive and respectful relationships, and believe that people have the capacity to change how they relate to others.

Members of the Relationships Australia Federation have been providing Gambling Help Services (GHS), for approximately 30 years (including Relationships Australia South Australia (RASA),

Relationships Australia QLD (RAQ) and Relationships Australia Canberra & Region (RACR) delivers the ACT Gambling Support Service.

GHS provides counselling, education and financial counselling services to people experiencing gambling related harm. Relationships Australia works closely with those impacted by gambling-related harm as well as their families. The stories and voices of our clients are represented in this submission, together with reflections and recommendations based on our practice experience.

Response to Issues Paper

General comments

The regulation of online gambling through an ordinary consumer/provider conceptualisation is inherently flawed due to asymmetries of information and power. Gambling-related harm almost always includes a complex mix of health, financial, relationship and social issues that span family violence, substance misuse and homelessness. Addictive behaviours, on which gambling thrives, are not easily countered without comprehensive understanding of the triggers and symptoms that drive them.

Three in 4 (73%) Australians aged 18 and over reported spending money on one or more gambling products in the past 12 months. Lotteries/scratchies were the product with the highest participation (64%).¹ The Australian Gambling Research Centre has found that 46% of Australians who gamble were classified as being at some risk of gambling harm.²

At present, there is no agreed level of participation at which online gambling is considered harmful. The level at which one person might experience online gambling as a fun leisure activity may for another person result in significant harm. Relatedly, there is a lack of evidence base around which interventions are effective in preventing and minimising online gambling-related harm. This highlights the necessity of undertaking more research in this area. Importantly, the absence of evidence does not negate the need for action. Rather, it necessitates reasonable inference and adaptive learning, for instance, from public health strategies in relation to other unhealthy commodities such as tobacco and alcohol, and the corresponding actions that have achieved change.

The expansion of online gambling has been rapid, sustained and escalating. It can be offered as an online only product, or as a companion product to offline or land-based activities, and so requires multi-pronged strategies to prevent gambling-related harms.

‘Harmful gambling’ refers to ‘difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community’ (Neal,

¹ Australian Institute of Health and Welfare, *Gambling in Australia* (7 Sep 2023), accessed at <https://www.aihw.gov.au/reports/australias-welfare/gambling>

² AGRC Community attitudes snapshot, March 2023.

Delfabbro & O’Neil, 2005). In this sense, gambling-related harms constitute a significant and increasingly pressing public health issue in Australia. Its harms affect not only those who gamble, but also their children, families and friends, the community and governments. A number of studies have found greater levels of harmful gambling among online, compared to offline, gamblers (eg Griffiths *et al.*, 2009; Wood & Williams, 2011). In 2011, the rate of harmful gambling among online gamblers was three times higher than for offline gamblers (Gainsbury, Russell, Hing *et al.*, 2014).

Responses to Consultation Questions

1. *Do you consider the definition of an ‘excluded lottery service’ under the IGA is fit for purpose?*

Relationships Australia is concerned that the current definition of “excluded lottery service” creates a loophole through which damaging forms of gambling are able to proliferate.

Regulation needs to keep up with changing technologies. Unregulated expansion of online gambling is not consistent with the public health goal of reducing harm from gambling. Regulation needs to be anchored to a more nuanced understanding of the nature of online gambling and its prevalence, adaptability to changing technologies, and evidence about effective interventions.

Opportunities to gamble on keno within Australia are increasingly moving online. The size of the market for this product is growing, at the same time as the growth of foreign matched lotteries, as noted in the Issues Paper.

While engagement in Keno and Lotto has always been viewed as “less harmful” than other forms of gambling, the increase in online opportunities has increased the risk that those engaging with these products in an online environment will experience harm. This is especially as result of the increasing exposure to products, especially among vulnerable cohorts including children and young men.

For example, KenoGO is now available at KenoGO.com.au, where a person can play every three minutes, 24 hours a day, 7 days a week. The motto with KenoGO, is “With KenoGo the excitement never ends”.

There is a popular argument that these forms of gambling are not as harmful as sports betting or casino games, which has meant that regulation of these forms of gambling has not occurred at the same pace as for others.

We suggest that this argument is weak, and increasingly masks the significant risk posed by these products.

As the government focuses more on early intervention strategies to prevent occurrences of gambling harm, we suggest that targeting emerging products *before* they become more harmful should be a priority. By regulating now, and addressing the ease with which such products are

accessed, government can avoid the challenges experienced when implementing previous interventions, which often come too late for the many lives that have been impacted.

Relationships Australia notes developments in recent years, including the implementation of a range of critical preventative measures (including the ban on use of credit). However, a consistent and fearless commitment to action is necessary to ensure the regulatory framework remains appropriate in response to emerging technologies and products.

2. Are lottery products such as online keno and foreign matched lotteries consistent with the intent of the IGA to minimise gambling harms from internet technologies, and the Government's harm minimisation agenda?

Relationships Australia does not believe that online keno and lottery products are consistent with the intent of the IGA or the Government's harm minimisation agenda. In fact, the proliferation of these products has led to an increase in gambling-related harms, especially among vulnerable populations.

The key factors driving this increase in harm include:

- **Accessibility, Anonymity, and Availability:** Online products are accessible 24/7, anonymous, and can be easily accessed from the comfort of one's own home. This has dramatically increased the availability and hidden nature of these gambling activities.
- **Changes in technology:** The relentless advancement of technology has made these products much more ubiquitous and less visible. Individuals can now engage in online keno or foreign matched lotteries with just a few clicks, without the physical and visible cues that would have previously been present.
In addition, Relationships Australia notes that many clients are able to make use of technological measures (such as Virtual Private Networks) to establish multiple accounts across multiple service providers, thus escalating the speed and severity with which harms are experienced.
- **Relentless spruiking and incentives:** The gambling industry has become increasingly aggressive in its marketing and promotion of online products, using a range of incentives and inducements to encourage more frequent and intensive play.
- **Relaxed regulation:** the relaxed nature of regulations specifically dealing with these online products has led to a situation of lawlessness that, if left unchecked, further exacerbates the potential for harm.

Client experiences shared by Relationships Australia practitioners point to:

- increased accessibility, with a proliferation of online casinos and mobile device options, contributing to increased time spent gambling
- some clients wanting to remain involved with online keno/lottery despite stopping other forms of gambling, with comments such as "it's not really gambling"

- some clients experiencing difficulty sticking to their limits with keno/lottery gambling because of the increasingly predatory nature of online keno and casino companies with consistent email / SMS enticements being sent. (Examples given include: “(Name) \$5 million is tonight – don’t miss it”; “Grab an entry now”; “It’s getting closer, don’t miss out” ; and “Only hours left to grab your entries”).

Client story: My ‘loyalty’ rewarded

One GHS client described signing up to online keno where he received a “welcome dollar bonus” which was put into his account, matching the amount he deposited. He was encouraged to sign up to a keno loyalty program and received ongoing SMS offers of further deposit matching in addition to constant direct marketing attempts inviting him to buy tickets for other draws.

He described being offered bonuses and incentives for being a “loyal keno player” he acknowledged this as triggering for him, contributing to playing for longer periods than he had planned. Historically the client had been gambling at harmful levels via online and land-based EGM and sports betting. He had a period of abstinence for over 5 months then began buying the “odd keno / lottery ticket” stating “I didn’t think it was really gambling or as addictive as the other forms”. He described the ease of access and the quick game turnover as enticing, often playing around 15 games in an hour, with 24/7 availability to the site.

He revisited the GHS for therapeutic support to stop gambling on online keno/ lotteries. At the time he met the criteria for gambling disorder, (as per the DSM 5), was experiencing low mood and was in significant credit card debt.

Relationships Australia is also acutely aware of a range of social and economic pressures impacting our clients, which serve as exacerbating factors, driving up the use of online gambling products among those at most risk of harm. The current cost of living crisis, in particular, has been observed as a significant contributor to the number of people choosing to engage in these high-risk gambling activities. It is a common experience among clients that they will seek to “spend a little” in the hopes of winning big and alleviating their financial and personal struggles.

This, in turn, is leading to significant harms not just for the individual gambler, but also for their families and children. The nature of these harms was canvassed in greater detail in our submission to the House of Representatives Social Policy and Legal Affairs Committee into online gambling and its impacts on those experiencing gambling harm.³

Relationships Australia believes that the proliferation of online keno and foreign matched lottery products is fundamentally at odds with the intent of the IGA and the Government's harm

³ See the full submission at <https://relationships.org.au/what-we-do/#advocacy>.

minimisation agenda. These products pose a significant and growing threat to the wellbeing of individuals, families, and communities, and urgent action is needed to address this issue.

3. *Are you aware of any adverse experiences from customers playing these products, including loss of deposits or non-payment of winnings?*

Yes, we are deeply concerned about the numerous reports of adverse customer experiences with online keno and foreign matched lottery products, including significant financial losses and issues with the non-payment of winnings, among others.

The nature of online gambling platforms, with increased accessibility, anonymity, and lack of visible cues, has created an environment ripe for exploitation of vulnerable consumers. We work with a growing number of families and individuals who have suffered significant harms, including loss of life savings, falling into crippling debt, and experiencing severe emotional and mental distress as a result of their interactions with these products.

Client story: "He was continuously bombarded with offers"

Our client was a female in her mid-thirties who was seeking assistance with her husband's gambling. She had just discovered that he had lost \$200,000 of the savings they had accumulated for their 'dream home'. Her husband received numerous emails from an online gambling site with offers of \$300 of 'free' money to gamble with. He eventually accepted the offer and played the games to the point where his 'winnings' had accumulated to \$1200. At that point, he decided to stop and take the money, believing he had just made \$1200 from nothing. The site would not make the payout telling him he could not withdraw until his winnings were \$3,000. He decided to add \$1800 of his own money to build the balance to \$3,000 and then ask for the payout. The site told him he could not withdraw because he had not won the money. He decided to continue playing until he had won his \$1800 back. After 18 months he was still trying, and in the process lost their savings.

Relationships Australia practitioners shared a number of examples of clients who experienced harm as a result of engagement with keno/ foreign matched lottery products. Some clients report moving to keno/ scratchies/ lottery after stopping gambling on EGM or sports betting as they believe that these are safer forms of gambling. Many reported subsequently finding themselves in a similar cycle to online sports betting. This resulted in them:

- spending more than they planned,
- spending more time engaging with the product on mobile devices,
- chasing losses and being enticed to continue playing after experiencing "near misses".

In addition, the limited regulation of these products has led to significant issues with the non-payment of legitimate winnings. Customers who have managed to achieve rare winning outcomes have found themselves unable to access their rightful prizes, further compounding the financial and psychological harm they have suffered.

Client story: "They wouldn't release her money for 24 hours"

Our client was a woman in her forties who had recently lost her highly paid fly in/fly out mining job. When working, she gambled at a high level because she had an income that could maintain it. The client told us she gambled on a site that offered mostly casino games. After losing her job, she had difficulties in containing her gambling activity. She said that, when she did have a win, the site refused to payout for twenty-four hours, by which time she had always gambled again. She said that if she had received the money immediately, she might not have. The counsellor looked at the web site, discovered that it was run overseas, and inferred that the site was not subject to Australian Law.

These adverse experiences are not isolated incidents but rather a systemic problem that demands urgent regulation. The existing framework has proven inadequate in protecting consumers from the predatory practices of the online gambling industry, and stronger measures are necessary to safeguard the financial and emotional wellbeing of individuals and families.

4. What harm minimisation measures, if any, should be applied to these products?

Harm minimisation alone is no longer a sufficient strategy. We have reached a critical juncture where the focus must shift to prevention. A comprehensive public health approach is essential; one that prioritizes early intervention and proactive measures to reduce the onset, causes, and recurrence of gambling-related harms.

This preventative strategy must encompass a range of targeted initiatives:

1. Support services for individuals and families experiencing low levels of harm: Providing early intervention and support services can help prevent the escalation of gambling and mitigate the potential for more severe harms.
2. Technological restrictions on access: Leveraging available technological solutions to limit access to foreign matched lottery and online keno products, especially for vulnerable populations.
3. Whole-of-government approach: Exploring the potential to leverage the regulatory powers of the Office of the eSafety Commissioner, or another suitable agency, as part of a coordinated, whole-of-government strategy, could significantly enhance the ability to address the proliferation of online gambling harms.

Relationships Australia urges the government to prioritize the implementation of these comprehensive harm prevention measures, recognizing that a proactive, public health-focused strategy is essential to safeguarding the wellbeing of individuals, families, and communities in the face of the growing risks posed by online lottery and keno products.

5. *Are there any other impacts of online keno and foreign matched lottery products in Australia?*

Relationships Australia is concerned about the growing prevalence of individuals using multiple accounts and sophisticated methods to circumvent firewalls and other protective measures put in place by online gambling platforms. If left unchecked, this troubling trend not only undermines the effectiveness of existing harm minimisation strategies but also leaves consumers vulnerable to a range of other risks.

Adding to these concerns is the alarming risk of data breaches affecting online gambling operators. The exposure of personal and financial information of customers further exacerbates the potential for harm, as this sensitive data can be exploited by unscrupulous actors, leading to identity theft, financial fraud, and other devastating consequences for affected individuals.

Additionally, the increasing use of cryptocurrencies in the online gambling space is presenting new and complex challenges, providing greater privacy and anonymity. The rapid growth of this sector, with reports of 337 bets per second being placed on bitcoin platforms, underscores the urgency of the situation.

Conclusion

The expansion in exposure to, and availability of, online gambling has been rapid and sustained. The place of online gambling in our society is a contentious, emotive issue. The regulation of online gambling can be considered on a continuum from maximum consumer choice to prohibition, largely with a moral dimension to arguments. In preventing online gambling-related harm, we recognise that no single strategy could ever be totally comprehensive. However much is achieved, there is always more that can be attempted.

Our submission rests on the principle that responsibility for population health is a shared responsibility, conferring both freedoms and obligations on individuals, community groups, businesses, corporations and governments at all levels. This responsibility is even greater in respect of children and young people.

The rapid expansion in popularity of the products discussed in the Issues Paper, and the apparent agility with which gambling providers identify and exploit loopholes in regulation, reveal the critical need for government to maintain vigilance and exercise its own agility to respond to gaps in regulation. We therefore welcome the government's attention to this issue and strongly urge quick and decisive action to close the loopholes and address the harms identified above.

Thank you again for the opportunity to participate in this consultation. Should you require any clarification of any aspect of this submission, or information on the services that Relationships Australia provides, please contact me or Dr Susan Cochrane, National Policy Manager,

Relationships Australia (ntebbey@relationships.org.au and scochrane@relationships.org.au).
We look forward to future opportunities to engage with you in this policy area.

Kind regards

A handwritten signature in black ink, appearing to read 'Nick Tebbey', with a long, sweeping tail extending to the right.

Nick Tebbey
National Executive Officer